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# AGENDA 2016

## MAY

**INDUSTRY DAYS**  
Dates: 30 May – 01 June  
Location: Marrakech, Morocco  
Host: La Marocaine des Jeux et des Sports

**EL GENERAL ASSEMBLY**  
Date: 1 June (14:00-17:00)  
Location: Marrakech, Morocco

## JUNE

**EL/WLA SPORTS BETTING SEMINAR**  
Dates: 21 – 23 June  
Location: Nice, France  
Host: Française des Jeux

## SEPTEMBER

**EL/WLA CSR/RESPONSIBLE GAMING SEMINAR**  
Dates: 19 – 21 September  
Location: Paris, France  
Hosts: Française des Jeux

## OCTOBER

**EL/WLA SECURITY SEMINAR**  
Dates: 18 – 20 October  
Location: Canary Islands, Spain  
Host: Sociedad Estatal Loterías y Apuestas del Estado

## NOVEMBER

**INNOVATION METHODOLOGY WORKSHOP**  
Dates: tbd  
Location: tbd  
Host: tbd

## DECEMBER

**LEGAL SEMINAR**  
Dates: (tbc)  
Location: Vienna, Austria  
Host: Austrian Lotteries

## 2017

**FEBRUARY**

**EL/WLA MARKETING SEMINAR**  
Dates: 8 – 10 February  
Location: London, UK

## MARCH

**INNOVATION SEMINAR (TBC)**  
Dates: (tbc)  
Location: (tbc)  
Host: (tbc)

## JUNE

**9TH EL CONGRESS – “NEW DIRECTIONS”**  
Dates: 5 – 7 June  
Location: Krakow, Poland  
Host: Totalizator Sportowy Sp. z o.o.

Registration for all our seminars can be made online at [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. **STAY TUNED!**

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It was only three months ago that I wrote the introduction to the previous edition of this magazine remembering the tragic attacks in Paris. Once again, I cannot avoid mentioning the shock and the pain we all felt watching the images of these further attacks on our freedom and our values when several bombs simultaneously exploded in the just few weeks ago. Our thoughts and prayers go to the families of these innocent citizens who paid with their lives for these brutal attacks that this time have hit a metro station just 200 meters away from EL Office in Brussels and an airport in which many of us have been sitting waiting for our flights. Our Association is doing all that is in its power to keep performing its mission and work without letting these threats change our commitments and our daily lives.

In line with EL purposes to stay positive and proactive, I have been working together with our editor in charge of the contents of this Magazine to give it a new structure. We want to create a “News Centre” where our readers can find all the information regarding the lottery industry in general, organised into four main sections: Major changes in the sector; Legal developments; EL initiatives; News from the world.

In this edition, within the first section you will find an update on the ongoing important changes within Finland’s gambling market. It is about a major operation EL is closely monitoring with great interest since the three separate operators’ monopoly (Veikkaus, Finland’s Slot Machine Association (RAY) and Fintoto), will be replaced by a new completely state-owned gambling operator with the monopoly in the provision of gambling activities in Finland. In the last section our editor Paul Jason will take us through the very recent incredible success (and even more incredible numbers) of the Powerball jackpot in the USA, which literally destroyed any precedent with its 1.6 billion dollars.

For what concerns the updates on the EU policy, the EL team in Brussels is following on a daily basis the several initiatives carried on by the European Commission, the European Parliament and the other EU Institutions. Just before the winter break, the European Commission adopted the first legislative proposals following up on its Digital Single Market Strategy, including the proposal for a Directive on the supply of digital content: “Directive on certain aspects concerning contracts for the supply of digital content”. The relevant news for our sector is that gambling was excluded from the scope of the Directive, already in this very first step of its legislative process. EL continues monitoring the following steps of the dossier with the European Parliament, where at the beginning of March has been formally given to the IMCO and JURI Committees the co-lead on the Report on “Contracts for the supply of digital content”.

Coming to EL’s seminars and workshop activities, the Executive Committee approved during its last meeting a very ambitious and busy events agenda for 2016-2017, with over 12 dates all over Europe. These exciting times of digital revolution and new challenges have positively inspired the various EL Working Groups that came up with innovative and stimulating new challenges to present and debate within these important upcoming events where I am sure EL will have an always broader and broader participation. Our last Marketing Seminar, hosted jointly with WLA in London in February 2016, was indeed a great success not only for the level of the speakers and the challenging content, but moreover for the great participation this regular first event of the year gathered together.

Last but not least, I want to conclude my brief introduction by spending a few words on what probably will be EL’s most important event for 2016: the EL Industry Days, taking place in sunny Marrakech between 30 May and 1 June 2016. A part from the magic location, this three day meeting will be focused on the core theme of “The renaissance of retail in digital times”: it is a call to all lottery professionals to envision the future of the retail gaming sector and share their knowledge and experience of the opportunities, challenges and threats ahead for retail. Lotteries and Partner/Suppliers will have the chance to interact and collaborate to provide together a road map for the future of gaming in the retail space. With the hope to see most of you in Marrakech,

Yours Sincerely,

Hansjörg Höltkemeier
EL President
Sell It YOUR Way

A flexible, open terminal application, Aurora Open Retail supports platform independence and improves time to market, allowing you to expand to locations of any size or trade style and ensuring lottery remains relevant at retail.

The tools you need to grow your business today... and tomorrow. That’s the brilliance of Aurora.
SECTOR DEVELOPMENTS
THE THREE FINNISH GAMBLING OPERATORS ABOUT TO MERGE INTO ONE SINGLE STATE-OWNED OPERATOR

Finland’s gambling market is about to see some major changes since its current model, with three separate operators’ monopoly (Veikkaus, Finland’s Slot Machine Association (RAY) and Fintoto), will be replaced by a new completely state-owned gambling operator with the monopoly in the provision of gambling activities in Finland.

A draft act on a merger of the gambling activities of the three current gambling operators, which will require amendments especially to the Lotteries Act, has been completed and sent for comments. The proposal has been prepared on the basis of independent survey completed in spring 2015 and the memorandum of understanding where the gambling operators, the state and representatives of the beneficiaries agreed on the principles for the merger.

The merger aims to strengthen the monopoly of Finnish games since the Finnish government recognizes in this model the best way to reduce the negative social and health effects of gambling and to prevent abuses. The new gambling operator will develop more effective tools to help control gambling, including tools for gamblers to monitor their own gambling, tools to manage restrictions on gambling and close a gambling account.

The revenues of the Finnish gambling operators are currently used for non-profit purposes and this commitment to the benefit of society will obviously remain for the revenues of the new gambling operator, who will use them to promote sports and physical education, science, arts, youth work, health and social wellbeing, and horse breeding and equestrian sports.

According to the proposal, the monitoring of gambling activities would be made more effective by strengthening the operational independence and status of the Gambling Administration Department under the National Police Board. The deadline for comments is on 12 April 2016 and then the government proposal on the legislation on the merger is due to be submitted to Parliament during the autumn session 2016. The Government Ownership Steering Department of the Prime Minister’s Office would be responsible for implementing the merger in practice together with the gambling operators with the declared objective to have the new gambling operator starting its operations on 1 January 2017.


EL INITIATIVES

Sport
Within the field of sport, our EL Sport Committee has been extremely active, carrying out and planning numerous initiatives and developing positive relations with sport and sport-related organisations. Last January the President of EL, Hansjörg Höltkemeier, accompanied by EL Sport Executive Secretary, Vagelis Alexandrakis, and the President of the Federation of the European Sporting Goods Industry (FESI), Luca Businaro, accompanied by the FESI Secretary General, Alberto Bichi, met in Berlin. The two Presidents presented the organisations and their main initiatives and activities. The two organisations had very positive discussions and identified several points of relevance and agreed to continue to identify topics of potential synergy, for the benefit of sport and society.

Driven by its core values, integrity, precaution and solidarity, EL goes on fighting strongly for the integrity of sports. EL joined the project of the Council of Europe “Keep Crime out of Sport” (KCOOS), which was inaugurated last February and seeks to promote the Convention on the manipulation of sport competitions and to assist states in the implementation of its provisions.

EU Standardisation initiative online gambling
In the 2012 Action Plan on Online Gambling, the European Commission has already declared its intention to work towards a standardization pertaining to online gambling. The Commission has now declared that it wishes to pursue this work. The future initiative could take the form of either work towards a CEN-standard on reporting obligations to national regulators or a Recommendation on Testing, Auditing, system certification, or both. Given that we could be affected by this initiative, EL is participating in the process and experts from our organisation are invited to the relevant European Commission workshops on the subject. Internally, a Taskforce involving the relevant EL working groups has been set up: the Public Order and Security Working Group, the Legal and Regulatory Working Group, and the Public Affairs Group. This Taskforce is chaired by Carlos Bachmaier of our member SELAE.
LEGAL DEVELOPMENTS

A start of 2016 very rich in EU legal and judicial developments impacting the lottery sector

Alongside all national regulatory developments directly targeting the lottery sector, many regulatory and judicial developments have been taking place at EU level since the beginning of 2016. Some developments are indirectly impacting lottery operators while others, namely the judgments delivered by the Court of Justice of the EU ("CJEU"), as well as the prospective cases to be dealt with, directly focus on national lottery or gambling policy and their compliance with EU law.

Many EU initiatives involve the need of an early preparation for lottery operators. To name but a few, one might think of the future adoption of the General Data Protection Regulation. This Regulation is directly applicable to all operators (hence lotteries) in the EU as soon as it comes into force and therefore calls for an early structuring and planning to allow lotteries to comply with the obligations laid down by this text. On another topic, it is worth mentioning the Communication issued by the European Commission on an Action Plan for strengthening the fight against terrorist financing. It is now well-known that lotteries (unless exempted at national level in the future) fall within the scope of the 4th Anti-Money Laundering Directive (2015/849). The main consequence of this Communication is the need for EU member states to implement the text of the Directive into their national law at the latest by the end of 2016 (instead of Q2 2017 as initially foreseen).

Turning now to the judicial developments and the cases handled by the CJEU, the Court has already issued two judgments in relation, first, to the Italian gambling concession regime and its post-licence termination measures (see judgment of 28 January 2016 in case C-375/14 Læzza) and second, to the compliance with EU law of the German sports betting monopoly (see judgment of 4 February 2016 in case C-336/14 Ince).

Finally, two new requests for preliminary ruling have just been filed with the CJEU. The first one comes from Austria and aims to analyse the compliance with the free movement liberties of the EU Treaties and the EU Charter of Fundamental Rights of a national legislation that provides that in penal cases aimed at assessing the compliance of a monopoly in the light of the CJEU case-law, it is for the national court itself to independently delineate appropriate evidence and assess it through an autonomous investigation, rather than for the prosecuting authority, even if that court is finally adjudicating on the legality of the measure (see case C-685/15 Online Games et al.). The second case comes from Hungary and is a request for preliminary ruling that seeks to know whether national legislation that allows in theory EU operators to obtain an authorisation to provide online games, without however having adopted the national secondary regulations implementing the gambling policy, and secondly, without having opened any award procedure allowing the granting of such authorisations in practice is lawful under EU law (see case C-49/16 Unibet International).

Following this bird-eye view of the recent developments at EU level, one can easily conclude that 2016 will be a year of particular importance for the shaping of lotteries’ operation and regulation.

RESPONSIBLE GAMING

Many thanks to all the respondents to the survey the CSR/Responsible Gaming Working Group recently conducted. The aim of the survey was to gather feedback on the Responsible Gaming certification process, which will inform any future developments of the certification, and identify any Lotteries not yet certified who would like support with their application.

The response rate was excellent, with 65% of EL Lottery Members submitting their feedback. The Working Group members were encouraged to find that 21% of respondents were from Lotteries not yet certified. Many of these Members stated that they intended to certify in the future, and that they would welcome support from the Working Group in getting started. The Working Group will be in touch shortly.

The respondents were encouraged to enter a competition to win a free place at the joint EL/WLA CSR/Responsible Gaming seminar in Paris in September. The EL General Secretariat have conducted a draw, and the winner is Audrey Bettens from Loterie Nationale in Belgium. Congratulations!

At the joint EL/WLA CSR/Responsible Gaming seminar in Paris in September, the Working Group will be hosting informal “World Café” on Tuesday evening from 4pm to 5pm, where you can ask any questions about certification you may have. In the meantime, anyone wishing to speak to someone from the Working Group please contact the Chair Raymond Bovero in the first instance: rbovero@lfdj.com
On Jan. 13, Powerball was hit at $1.584 billion. Three people held the winning tickets for the $1.584 billion Jackpot and split the prize. The run-up to this record jackpot attracted over 10 million new players to the game of Powerball. From the time that the previous Powerball jackpot was won on November 4, 2015 to the drawing for the world record-setting advertised jackpot of $1.58 billion on January 13, 2016, Powerball jurisdictions nationwide sold more than $3.3 billion in Powerball tickets. That’s almost as much as was sold over the course of the entire year 2015. More than $1.3 billion in additional revenue was generated nationwide for good causes like public education, scholarships, the environment, and assistance to veterans and senior citizens. All told, the $1.58 jackpot was a singularly momentous event for the U.S. lottery industry.

**The Tipping Point: Where “Jackpot Fever” Takes Hold**

Every time someone wins the Powerball Jackpot, the jackpot resets to $40 million. The Jackpot size increases as people buy Powerball tickets without the Jackpot being hit. Sales are lower in the first jackpots rolls. In the record Jackpot run, it took 50 days for the Jackpot to roll up to $261 million. Then, once the Jackpot hit $261 million on Dec. 26, sales exploded. Over the next 18 days, the Jackpot rose by over $1.3 billion, to a high of $1.58 billion when the Jackpot was hit on January 13. That’s the power of Jackpot Fever.

The tipping point is the point at which sales go from slow and steady to exponential growth. With each new Jackpot record, the media typically does not start reporting it (effectively advertising it) until the Jackpot size gets to record or near-record levels. The question arises as to where we go from here. Does that mean the press won’t start reporting/advertising the Powerball Jackpot until it gets to a billion dollars? That would obviously be a problem if it were the case. We expect that this giant Jackpot will be properly understood as an extraordinary event that will not be considered as the “new normal”. The tipping point for the record Jackpot run was $250 million. That was considered quite a large sum three months ago and most people will continue to consider it to be quite a large sum. We hope the press will also consider it to be a big enough Jackpot to vigorously publicize!

Gary Grief is the Chair of the Powerball Group, past president of the North American State and Provincial Lottery Association (NASPL), and Executive Director of the Texas Lottery. Gary explains: “We made critical gains in the younger demo-

graphic by virtue of this incredible jackpot that grabbed the nation’s attention. 20 and 30 something’s were “discovering” the Powerball brand and game, and their purchases helped fuel sales to heights never seen before. The attractive jackpot taught them how to play, when to play, and forever impressed them with the “power” of the Powerball brand.

“Likewise, significant inroads into the social media space occurred at many lotteries around the country. The number of “likes”, “followers”, and “friends” increased exponentially as the jackpot rolled, bringing in new players to the space, many of them of the younger variety.

“The question for us now as an industry is how we can leverage all the excitement that was generated, all the new players reached, all the social media progress made, and turn this moment into a “tipping point” for the industry in an upward direction. That’s a tall order but I know we are up to the challenge.”

Rebecca Hargrove is the Senior Vice President of the World Lottery Association and CEO and President of the Tennessee Education Lottery Corporation. Rebecca comments: “People often ask if the Jackpots are too big. Or, if it would be better for 300 people to win $1 million than to give a $300 million Jackpot to one winner. U.S. lotteries offer a huge variety of options for the consumer, with all varieties of value propositions to appeal to all varieties of consumer preferences. Powerball and Mega Millions are just two unique games that offer the option of buying a $1 or $2 ticket for the outside possibility of winning a giant Jackpot. Point of fact, sales of Instant Scratchers far exceed the sales of Powerball and Mega Millions combined. Even sales of in-state draw-games exceed the combined sales of PB and Mega. We are just offering the consumer options and Powerball is one of those options.

“There’s also the residual impact that the incredible publicity of the big Jackpot games showers on Brand Lottery and all the games in our portfolio. The periods of super high Jackpot sales generates a significant sales lift for the other products. The increased awareness that big Jackpot runs brings in new players and invigorates current players and gives us a great platform to promote and build the entire family of lottery products. That’s great for the Lottery, exciting for the players, and most importantly contributes to our mission to increase funds for the Good Causes that is Lottery’s mission to serve.”

Patrons line up to buy Powerball lottery tickets outside the Primm Valley Casino Resorts Lotto store in California on January 12, 2016.
Time to meet your players

INTRALOT Canvas™ platform is designed to offer centralised management of multiple game verticals and focus on providing to the players a personalised and consistent User Experience across all sales channels.

www.intralot.com
CHRISTIANE JANSEN APPOINTED NEW MANAGING DIRECTOR AT WESTLOTTO

Christiane Jansen has been appointed Managing Director at WestLotto with effect from 1 January 2016. The fully qualified lawyer is the first woman to head Germany’s biggest lottery operator. Jansen has many years of experience in corporate strategy issues and boasts expertise in communications, parliamentary and European affairs in this regard. She previously worked as General Manager at the NRW. BANK in Münster and Düsseldorf, where she was responsible for the Consulting & Infrastructure Finance department. Together with Andreas Kötter, spokesman for the management of WestLotto, she is laying the foundations of the company’s future.

One of Jansen’s main aims will be to position the company as a leading, professional and responsible provider of legal gambling products operated by the State.

She is convinced that the principle of the lotto is fundamentally just: it is organised in such a way that around 40% of the stakes go to the State as payment, which in turn is used to promote public welfare. Jansen is therefore advocating for the appropriate framework to be put in place. “The State lottery monopoly in Germany is successful, fit for purpose, and sought by society,” says Jansen, who is personally involved in international social environment volunteering.

Jansen is hopeful about working together with national and international colleagues. One of her responsibilities will be, above all, to act at different political levels. In this regard, the Brussels office of WestLotto plays an increasingly important role and coordinates directly with the management.

“I’m looking forward to exchanging information with the other members of EL to further develop the gambling offer together”.

CHRISTIANE JANSEN

JOCHEN STASCHEWSKI, NEW MANAGING DIRECTOR OF LOTTO THÜRINGEN

On January 1, 2016 Jochen Staschewski became managing director with sole power of representation of Lotterie-Treuhandgesellschaft mbH Thüringen (hereinafter LOTTO Thüringen). From 2009 to 2014, Mr. Staschewski was the State Secretary (Staatssekretär) at the Thüringen Ministry for Employment, Economy and Technology. The new orientation of business development in Thüringen and the design of energy transition policies were the key focus areas in his role as State Secretary. Jochen Staschewski can draw from ample experience he gained as head of office of the Federal Minister for Transport, Construction and Urban development, Manfred Stolpe, from 2002 to 2005, as head of office of the former leader of the SPD, Matthias Platzeck, from 2005 and as SPD General Secretary for the federal state Thüringen from 2007. His university studies in German, Social studies and History as well as his training in economic mediation form the basis of his manifold activities.

“I truly appreciate EL’s work for state-regulated gambling and their commitment in the legal field - as can be seen in the 4th directive regarding money laundering”.

Jochen Staschewski

In his new function as managing director of LOTTO Thüringen, his experience from the world of politics will correlate with the vision for a close cooperation of the company and all parties who are interested in a state-regulated legal gambling portfolio. In future, this portfolio must be safeguarded and shaped in a secure, responsible and attractive way. It is the main focus of Jochen Staschewski that “public welfare is supported and promoted by lotto funds”. This is the goal he and his staff are working for. The first major challenge in his tenure will be the procurement of a new online lottery system that shall pave the way for the lottery’s future. Jochen Staschewski: “In 10 years’ time, LOTTO Thüringen shall still be an important partner and team player for all parties supporting public welfare in our state, i.e. special interest groups, sports clubs and cultural associations. To achieve this, we will provide a stable foundation based on state-of-the-art technology, an interesting portfolio and the focus on compliance with the protection of minors and players.”

Jochen Staschewski considers it indispensable for LOTTO Thüringen to become a part of a large and strong community following common goals like EL. Mr. Staschewski considers the offer of interesting seminars and workshops, specifically tailored to the gambling industry, concerning legal aspects, security, responsible gambling, sports bets and the involvement in the latest developments of the industry of vital importance. Jochen Staschewski also embraces the motto of EL - “for the benefit of society” - unconditionally as he is completely aware of the importance of state-regulated lotteries for the strengthening of public welfare from his long-term involvement in politics.

“I’m looking forward to exchanging information with the other members of EL to further develop the gambling offer together”.

Jochen Staschewski
EDMUNDO MARTINHO, NEW VICE-PRESIDENT OF SANTA CASA DA MISERICÓR迪A DE LISBOA

After the resignation of the CEO of the Gaming Department and Vice-President of Santa Casa – also EL 1st Vice-President - Fernando Paes Afonso, last January, Edmundo Martinho is now taking over as Vice President of Santa Casa and will have the challenging task of leading the Lottery operations.

Edmundo Martinho holds a Degree in Social service by the “Instituto Superior de Serviço Social de Lisboa” and is post graduated in Project Management.

From 1998 to 2003, he was President of the Institute for Social Development.

Between 2001 and 2003 he held the position of President of the National Commission for the Protection of children and young people at risk and also National Coordinator of the National Plan for Inclusion.

Last March, the Government appointed him as Vice-President of Santa Casa da Misericórdia de Lisboa, a position which he firmly intends to serve with full commitment to Santa Casa’s core mission. Edmundo Martinho is proud to give his valuable contribution to Santa Casa’s strategic vision, strongly focused on the Good Causes.

HARTMUT SCHAPER, MEMBER OF THE BOARD OF MANAGEMENT, DIRECTOR FOR IT AND GAMING OPERATIONS, GKL

Since June 2015 Hartmut Schaper is a Member of the Executive Board of GKL, together with Günther Schneider (CEO).

Hartmut Schaper is 54 years old and lives in Munich with his family. He studied in Erlangen and at the University of Warwick, England and carries a Master Degree in Mathematics.

Prior to joining GKL, he was responsible for developing innovative software solutions for almost 30 years in the IT Industry. This included senior management positions at Siemens AG and SAP AG as well as at the Boston Consulting Group.

The first challenge in his new function at GKL was to determine the current status of the implementation of the CRM-system for a new lottery - called “Glückstag” - and to bring the project back on track.

“This project was a major step for GKL – aimed at broadening their offering and increasing their market share. There are plans for even further innovations of existing products as well as new innovations in the next years to bring even more attractive products to the German lottery market.

He looks forward to sharing his knowledge and experience with other EL members and learning from their experience, working together with the intention to create reliable conditions for a safe and attractive lottery market.

In closing with a thought on a more personal note: what would Hartmut Schaper do if he were to hit the jackpot in one of their lotteries? “I wouldn’t change my life in general. Surely, there are some limited wishes I would like to fulfill for my family and myself, but I would invest the bulk of the money thoughtfully – and yes, maybe enjoy the comfort of just a little more financial autonomy and personal independency. I’d like to assume that this is what most of our customers wish for as well.”
INTERNATIONAL COOPERATION AGREEMENT WITH AND FOR PEOPLE WITH DISABILITIES IN HUNGARY

Szerencsejáték Zrt., the Hungarian Council of Disabled Persons’ Associations (FESZT) and the National Organisation for the Blind in Spain (Organización Nacional de Ciegos Españoles - ONCE) have signed a cooperation agreement.

Szerencsejáték Zrt. (Hungarian National Lottery), the Hungarian Council of Disabled Persons’ Associations (Fogyatékos Emberek Szervezeteinek Tanácsa - FESZT) and the National Organisation for the Blind in Spain (Organización Nacional de Ciegos Españoles - ONCE) have signed a framework agreement to promote the employment of people with disabilities in Hungary, contribute to full integration of people with disabilities in society, raise social awareness to disability and share best international practices on disabilities, according to the guidelines of the Cooperation Agreement signed by the European Disability Forum (EDF) and the association of European Lotteries (EL). This is the first local agreement under the umbrella of the EL-EDF Cooperation Agreement.

On the initiative of Szerencsejáték Zrt., the signatories to this agreement committed themselves to work for the improved social inclusion of the nearly one million people with disabilities living in Hungary and to promote disability awareness.

Imre Nyitrai, Hungarian Deputy State Secretary for Social Policy, who attended the signing, welcomed the initiative and the agreement on behalf of the Hungarian Ministry of Human Resources. Erzsébet Földesi, President of FESZT underlined that the cooperation agreement creates the framework of joint work between for and non-profit organisations to promote human rights with the active involvement of disabled persons themselves. Patricio Cárceles, ONCE’s General Manager of Gaming, proclaimed ONCE is very happy to contribute to this social model of lotteries as a tool to finance social services in the European Union and is very proud of this collaboration in Hungary.

Szerencsejáték Zrt. has always considered it a social mission to offer a role model for other companies wishing to establish a robust framework for employing people with disabilities on the open market. That is why Szerencsejáték Zrt. and FESZT will take as a reference the example of the INSERTA project, implemented with great success by ONCE in Spain and will count on the collaboration, experience and technical assistance of ONCE.

Sensitisation to, and raising awareness of disability is another key component of this agreement in the effort to help the inclusion of people with disabilities as much as possible. To this end, Szerencsejáték Zrt. and FESZT intend to join forces to adopt ONCE’s school sensitisation programme in Hungary; the ONCE’s Scholarship Contest in which thousands of students teams of more than 1,800 Spanish Schools compete in order to develop the best project on the subject proposed by ONCE each year, has worked successfully for over 30 years and aims to make children aware of disability at a young age and to teach them how to accept diversity and offer assistance as a matter of course. ONCE will also provide its collaboration and technical assistance for the successful implementation of this project in Hungary. Another important pillar to this agreement is the creation of an instant ticket carrying positive messages about persons with disabilities in order to sensitise the wider society.

Other important features of the agreement are the parties’ commitment to popularise and use universal design and the commitment to volunteering and equal opportunities.
IN MEMORIAM – ZACH FISHBEN

In one’s life, it is a rare occasion when you meet someone who embodies so many admirable qualities that you genuinely desire to both learn from and emulate them.

Such was the case when I met and eventually worked with Zach Fishbein, the Chairman of the Israel Sports Betting Board (ISBB) until his passing in December 2015. At only 57 years old, Zach left us way too soon but he did entrust the ISBB with a legacy which will last for years to come.

Zach was a leader in every sense of the word. He was a man you wanted to follow and his vision took the ISBB to new heights. Under his watch, revenues doubled from 1.5 billion to 3 billion Israeli Shekels. This allowed us to finance dozens of youth programs backed by the ISBB.

From top to bottom, Zach successfully pushed for a major upgrade in the ISBB’s technological infrastructure. This move had a decisive rippling effect which impacted everyone from senior management to end clients. As a result, new internet and mobile phone platforms were created to help us expand our reach. These came on top of other new products which were pioneered during Zach’s tenure such as horserace betting.

He reconfigured the ISBB’s management structure itself, advancing more women into key roles across the organization.

The ISBB was also chosen to co-host the EL congress back in 2013 and as chairman, Zach relished at the opportunity to host our esteemed colleagues in Israel and make sure they would come away with a very positive and memorable experience.

But perhaps Zach would consider his proudest achievement with the ISBB, is the outreach to Israeli youth. He took it upon himself to make kids a priority, especially those from less affluent parts of the country. He believed that sports are a great equalizer for the disadvantaged and he was right. We have seen the overwhelmingly favourable results with the dozens of youth programs backed by the ISBB.

Zach was also widely admired and was mourned by the entire sports world in Israel. Dubbed “Mr. Sport” by the Israeli sport press, his memory was honoured with a moment of silence at every football and basketball game which took place the weekend of his passing. The Sea of Galilee Marathon which he helped champion and was training for, was named in his honour.

The ISBB was also tied together our diversified group of attendees with his enthusiasm and humour. Building bridges and establishing collaborations to reach a common higher level was his nature. The seminar was always a pleasant journey with him. We started at the beginning of the year with first discussions on the programme, went on with follow-up on the speakers and finished with an exciting and successful seminar, with the clear finger prints of Jean as the moderator.

Integrity was for him a way of life and naturally, he led for years the Lotteries’ activities within this field. From the partnership with SportAccord, the creation of the ELMS to its upgrade to a global level with GLMS, Jean achieved a lot in this field and it was our honour to have the chance to pursue with him such a noble cause: to safeguard the integrity and the very credibility of sports.

Over the last three years Jean fought against cancer with frankness, determination and incredible energy. Throughout his illness he never stopped working for the benefit of the lottery sector and society.

But even the toughest of warriors cannot overcome impossible odds. All what matters though is to win life. And definitely, Jean managed this. He was a champion of life, an embodiment of the core lottery principles and a great friend, mentor and colleague that we will always value and dearly remember.

JEAN JØRGENSEN: A FAREWELL TO A FRIEND

How could we possibly start this farewell note to Jean, a person who epitomized inspiration, innovation and integrity, a person who added so much value with his vision and hard work to the lottery sector, a person that we had the honour and privilege to meet, work with and call a friend and even a mentor? A person who will be deeply missed by all of us.

Each of us has had the chance to work with Jean in different capacities. He always impressed with his straightforward and casual style, and at the same time his professionalism and results-driven personality. He indeed was a man focused on facts, clear structures and logical decisions – always resting those on a basis of integrity and responsible behaviour.

The traditional EL/WLA Sports Betting Seminar was so much connected to his name and style. Jean as the moderator always tied together our diversified group of attendees with his enthusiasm and humour. Building bridges and establishing collaborations to reach a common higher level was his experience.

In one’s life, it is a rare occasion when you meet someone who embodies so many admirable qualities that you genuinely desire to both learn from and emulate them.

Such was the case when I met and eventually worked with Zach Fishbein, the Chairman of the Israel Sports Betting Board (ISBB) until his passing in December 2015. At only 57 years old, Zach left us way too soon but he did entrust the ISBB with a legacy which will last for years to come.

Zach was a leader in every sense of the word. He was a man you wanted to follow and his vision took the ISBB to new heights. Under his watch, revenues doubled from 1.5 billion to 3 billion Israeli Shekels. This allowed us to finance dozens of additional projects across the country. New stadiums, gymnasiums and sports halls have and are being built in cities and towns all over Israel.

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Israeli sports lost a giant when Zach passed away. His personal commitment to his position was anchored in his strong belief that sports, in all of its forms, are a part of the basic quality of life that everyone is entitled to.

As for myself and the rest of the ISBB team, from the board of directors and throughout the organization, we are left to mourn the passing of Zach, the leader, the mentor and a true friend.

Itzik Lary – CEO, Israel Sports Betting Board - March 2016
The EL/WLA Marketing Seminar is always one of the high-points of the year.

Following is an all-to-brief summary of a few of the ideas that were shared in presentations and panel discussions at the seminar held on February 3 to 5.

Competing in the modern market-place means serving the modern consumer, and that involves a whole new way of thinking. To some extent, the complex variety of skill-sets required to address all the needs of a corporate enterprise will always need to be compartmentalized by disciplines. Marketing, Sales, Game Development, IT, and all other departments are staffed by professionals with particular skill-sets and knowledge. Hopefully the end-result is a corporate enterprise that integrates the product of the various functional disciplines into a cohesive operation that accomplishes its goals to serve customers and stakeholders. One of the impacts of “Digital Transformation” is that the compartmentalization of operational functions needs to be invisible to the consumer. The challenge of the future is for this all to be integrated into an Anywhere Anytime platform that delivers the holistic player experience that flows seamlessly across all media and distributional channels, and across all devices and consumer touchpoints that connect us to the consumer, and all in a seamless concert with each other.

As Ken Hughes said in his keynote, “Digital is who we are... Not how we shop”. It’s a life-style sea-change, not just a faster and better way of getting things done. He pegs the genesis of this era of digital transformation as being 1998, the year Google was born. Digital Immigrants like me are BG, before Google; Digital Natives are AG, after Google. The AG generation is just now coming of age to be lottery players. Their entire life-style, from how they socialize, how they get information, how they process information and media messaging, even how they think and feel and integrate their observations and experience of the world into the cognitive framework that is the basis for how we make decisions and behave, is completely different from the generations BG.

We need to be ready for this “Always on” consumer. Hughes showed a slide illustrating how cities in China now include pedestrian lanes for people using their Mobile, and “No Mobile” lanes that are for those not using their Mobile. There was a very funny video about “line people” in which a young person makes fun of the whole idea of “being on-line” since, to the AG mind, everyone is always connected 24/7 so the whole notion of “being on-line” is a silly anachronism. So, for instance, since we are always connected, we should not think of Retail as being something different from “on-line”. “www” has switched from meaning World Wide Web to being Whatever, Whenever, Wherever.

The P2P economy. The most impactful form of advertising comes from recommendations from friends on Facebook, Twitter thought-leaders, and the explosion of websites which provide a forum for consumers to share their views on the merchants and service providers with whom they interact, like TripAdvisor, Amazon Reviews, Yelp, etc. Peer-to-peer social networking has replaced conventional advertising as the shaper of consumer perceptions about the businesses they patronize. That’s why we need to “Learn the Art of Conversation” and become a part of the social networking fabric that binds everything and everyone together. We need to become one with our audience, a peer, a part of the in-group, a part of the conversation. A strategy that drives “user-generated content” institutionalizes the P2P network of relationships which we want to create. The key to building brand equity is to make it shareable in this universe of peer-to-peer marketing.

Social media is really about people marketing themselves. You are your own brand and that brand is comprised of your brand affiliations. Your destination of choice for games-of-chance becomes not a place you go but a statement of who you are. You are what you experience and share. And paradoxically, the goal isn’t to own. The goal is to be. Brand affiliation is just the means to that end. In this sense, brand equity is measured not by the value that the business owns, but by the ownership your audience claims.

As Players come to own your brand, they become Ambassadors and BFF’s who tell stories and use their P2P networks to build their brand which includes the brands they choose to self-identify with. Your brand becomes part of their personal brand. Our goal is to motivate the player to self-identify with Brand Lottery, to absorb the brand into their own personal brand.

People don’t buy products. They buy solutions. Not a drill but the hole that the drill makes. Not a lottery ticket, but the opportunity to wonder what you’d do if you won. More importantly, imaginative marketers know there does not even need to be a direct connection between product and solution. What does Coca Cola’s sugar water have to do with winning Wimbledon? How might Lottery apply this concept to create a more emotionally resonant player experience?
THE IMPORTANT ROLE OF MOBILE IN THE BUSINESS STRATEGY
@ THE BELGIAN NATIONAL LOTTERY

Ellen Van den Berghe, Business Development & Innovation Manager, Nationale Loterij, Belgium

There is no way around the central role that Mobile now occupies in our lives. Our Smartphone is our closest companion everywhere and always, in bed, at a party, during sleepless nights, even on the toilet or behind the steering wheel … That makes Mobile a powerful means to reach our players and an important cornerstone of our business strategy.

Let me start with some context around the Mobile ecosystem and its evolution at the Belgian Lottery. Our first Mobile milestone was the launch of a native iPhone app on 29 September 2011. Soon after followed an app for iPad and Android Phones. Yet it took until September 2014, exactly 3 years after our app launch, to release the first versions of our websites in a Mobile-friendly format. Why did it take so long?

When a lot of companies started to launch apps, two of our digital team members decided we couldn’t fall behind and had to develop an app for results-checking. We didn’t know yet if it would be successful, nor how it would fit in with our digital strategy - we just did it. We were delighted to notice that only a year later, we already reached the milestone of 100K downloads, establishing an extra strong communication channel. Our websites (www.e-lotto.be and www.nationale-loterij.be) were already very strong digital communication channels. So changing these websites involved a lot of risk. Thus the need for a strategy, roadmap, sprint planning, releases, involvement of several internal stakeholders … all of which slowed the process down. A few months ago, we applied the same ‘just do it’ approach for the apple watch app. Let’s see what comes out of that over the next couple of years!

Today we are proud that our three main owned digital communication channels - websites, native apps, and email - all offer our players a Mobile-friendly experience. That is an absolute must, because we now see on average of 40% of the 5M monthly visits on our websites coming from tablets and smartphones. 37% of the more than 700K emails we sent are opened on a phone or tablet. And our native IOS, Android and Windows apps are used more than 700,000 times a month by 85,000 different users.

These are not just our online e-lotto players. These also include our retail players: 58% of our app users, 80% of www.nationale-loterij.be visitors, and 75% of our Facebook audiences continue to play in our retail stores.

Soon after launching our app, our players asked that we make it possible for them to play on their Mobile device. This was done in 2014 on www.e-lotto.be, and ever since it has proven to be an important business decision for the Lottery. Month after month we observe that as soon as games become available on Mobile, players try them out and the mobile revenue comes on top of the existing desktop revenue. Yet, we also notice that people are multi-device players. They expect to be able to play on all devices and switch to whatever is most suitable in their situation at the moment. Not surprisingly, the younger generation of our e-lotto players has already embraced playing Mobile: about 45% of them played at least once on their Smartphone in 2015. And more than 25% of the digital sales from 18-24 players comes from Smartphone. The older our players get, the smaller this ‘Mobile sales’ portion. Yet even for the 55+ players, it still counts for more than 10% of the digital revenue! Also, it is key to have this mobile friendly platform for recruiting new players, as 30% of the new account creations happen on our mobile site.

The first phase of our Mobile plan had us focus on getting all our important digital communication channels to be Mobile-friendly. Even as we move onto new Mobile initiatives, we continue to work on making the user experience as friendly as possible.

Even though we welcome about 40% of our digital visitors on Mobile, we are far from 40% of Mobile sales in the digital mix. This is a common phenomenon in Belgium, which is a reasonably immature market for m-commerce. But this monetization gap also has other company-specific reasons. First of all, we noticed a lower rpu (revenue per user) for our smartphone site compared to desktop players. More specifically, analytics showed that people on Smartphones typically tend to play fewer grids than on desktop during a playing session. This can be explained by suboptimal playing experiences due to the screen size, which we believe can be solved by further optimizing the mobile UX experience and design. Initially, we started by copying the desktop bet-slip and simplifying it for Mobile. In this 2nd phase, we relied on our consumer testing insights to implement something more suitable to smartphones.

Besides that, not yet all of our games are available on Mobile. Every time we add a new game to the Mobile portfolio, we notice an important uplift in Mobile sales, without any cannibalization of desktop sales. Since Mobile sales are shown to be incremental, we are pursuing an agenda to logically extend our ‘Mobile games portfolio’.

From a technical point of view, we are currently maintaining two different environments: one for desktop and one for Mobile. This involves a certain duplication of efforts for development, testing, content management, etc. Therefore
we are currently working on an integrated responsive version of the website to improve productivity and further reduce costs.

But we want to go further... we are convinced that the mobile phone and all of its assets will help us to bridge the gap between the online and offline worlds – in our player’s daily life as well as during our sponsored events. Our app will play a crucial role in this, resulting in more traffic and sales, both to our digital and physical point of sales. Loyalty cards, beacons, personalized push notifications, messages based on your location... these are only a few of the initiatives that are currently been worked on. And let’s not stop dreaming there - what about lotto Wifi hotspots, lotto dash buttons, a Mobile wallet to keep your lottery tickets, an app for your Mobile to recommend the scratch card that suits your mood of the day based on biometric info ... The sky is the limit and the mobile world is your playing field. Have fun.

Q & A

**Paul Jason:** From a conventional cost-per-impression ROI perspective, the cost of analysing data and developing customized messaging for a smaller target market would seem to be much higher than the cost for conventional mass-market advertising. And yet we now know that one-to-one messaging can be far more powerful. How do we assess the relative effectiveness or ROI of all the different media channels and strategies?

**Ellen Van den Berghe:** It’s not that one-to-one communication will replace mass-market advertising. The different strategies and media will work together. I believe that mass communication, segmented communication, and one-to-one communication go hand-in-hand. Each channel has its own strengths and serves its own purpose well. Of course, the merging of data-analytics and one-to-one communications is still in its early stages of development. We are not clear on what the future holds, only that the potential for personal/customized communication to transform the media landscape and relationship we have with the players is very compelling. Even so, I think the media mix will always include a wide variety of channels and strategies.

The way that we measure effectiveness/ROI is always evolving. For instance, the metric that we previously tried to optimize was ‘account creation’, increasing the numbers of consumers who opened an account on our elotto website. Opening an account is a necessary first step, but it is not the same as player engagement. So, now we are optimizing on ‘First Money Deposit’ account creation which is a better metric for actual player engagement.

The age of mass communication is over. Thanks to better segmentation and personalized content, our targeted email campaigns reached up to 36% sales increase by contacting up to 56% less people. When 40% of your players consult your digital channels on a smartphone or tablet, it’s a wake-up call to develop everything for mobile. So, we are focused on everything related to the mobile experience (responsive websites/emails, native apps, push notifications, web analytics, data warehouses, etc.). Facebook is a powerful marketing tool and can teach you a lot about targeting and personalization. Even if you don’t believe in Facebook marketing, it will open your eyes and show you how you should communicate on your own channels – start from insights, look at the context and adjust your message. You can identify the users of your website/app/... on Facebook and can then adjust your message on Facebook based on that. For example, you could launch a campaign to stimulate app downloads, but only to people that you have not seen before on your app yet, but have seen on your mobile player’s website. Facebook is a powerful marketing tool and can teach you a lot about targeting and personalization. Even if you don’t believe in Facebook marketing, it will open your eyes and show you how you should communicate on your own channels – start from insights, look at the context and adjust your message.

**What do you see as the most pressing need for Lottery to address over the next three years - especially as it might relate to the “Digital Transformation in Marketing”?**

**Ellen Van den Berghe:** We need to have one view on the player across all sales and communication channels, across all devices (desktop, tablet, smart-phone, smart-watch, etc.), and across all products (draw games, scratch games, sports-betting, etc.).

The digital native companies of this world set the standards for modern digital experiences. Once the consumer experiences the quality of service and the personalized communication based on consumer knowledge and context that the most advanced e-commerce enterprises deliver, they expect that from everyone they do business with. Lottery players will soon expect to get real-time up-to-date communication on all channels while hopping from one device to another, from the offline to the online world. This requires lotteries to break down the walls that separate retail and online. The IT systems that support the marketing and distribution of lottery products as well as the organizational structure of the company must be integrated to create that one-view-on-the-player business, and also the holistic player experience that follows them from channel to channel and device to device.
OMNI-CHANNEL IN ACTION
INTEGRATING MULTIPLE CHANNELS TO CREATE THE SEAMLESS, HOLISTIC CUSTOMER EXPERIENCE

Paul Jason: UK National Lottery digital sales now make up around 20% of your total sales and they are steadily growing. And yet, your land-based retail sales also continue to increase – albeit at a slower rate. Tell me a bit about how you’re achieving this balance.

Andy Duncan: Yes, we have seen our online sales really accelerate – mainly as a result of the digital platform we built completely from scratch for ourselves and launched nearly two years ago now. Since then, we have seen digital sales grow by almost 30% and mobile sales soar by a massive 108% – as the new platform is completely mobile responsive. With over eight million online players, we run Europe’s largest online lottery in terms of sales. This hasn’t been at the expense of retail though – our retail sales are still strong and growing. This is down to significantly improved access – we’ve gone from 27,000 to 47,000 retail outlets – and great new game propositions.

So, is digital/mobile the future now and will you be focusing all your attention there from now on?
A. Duncan: One thing that we’re really trying to do in the UK – and I think all lottery operators could look to adopt – is to stop thinking of our players by channel. Our research tells us that they don’t think of themselves as online players or retail players – they think of themselves as National Lottery players. So, no matter how they choose to play – whether they always play in their local shop, whether they always play online, whether they play in a shop but check their tickets on our website or app, or whether they usually play on their mobile but will play in a shop if a specific promotion catches their eye – it is our job to ensure they are getting a consistent, high-quality experience across the board.

With tens of thousands of retail partners across the UK, how do you ensure that consistency?
A. Duncan: We provide all 47,000 outlets with some base equipment, which obviously has consistent branding. This includes a state-of-the-art multimedia screen that we update remotely with the newest products and promotions, and we also provide updated Point of Sale materials (like posters and banners) on a regular basis. We also think it’s hugely important that our customers appreciate the amazing role that they play in raising over £34 million every week for Good Causes in the UK – so we use all our channels to remind them of the life-changing difference they make by playing National Lottery games.

Instants (Scratchcards and online Instant Win Games) have been a huge growth area for you – talk me through your successes and future plans there.
A. Duncan: Yes, our Instants growth has been phenomenal – mainly down to improved availability, and having a wide variety of games with different price points and different themes. So, there is always something for everyone. Our new digital platform has really helped too because people can play online Instant Win Games on their mobile or tablet for the very first time. This has been key to attracting the next generation of lottery players – as 41 per cent of our mobile Instants players are aged under 35 (compared to 29% of our Lotto players). We also launched ‘GameStore’ last year – an umbrella brand for our Instants products that sits across both digital and retail channels. This is making it much easier for players to identify and play their favourite instant win games wherever they are.

So, would you say it’s all about integration across the two channels?
A. Duncan: Absolutely. The vast majority of our customers who play in retail also have a smartphone, and we know that around 15 million of our retail players use our digital channels to check their tickets – with 64% of this traffic coming via mobile. So, we are always investigating ways in which we can use mobile to bridge the gap between retail and digital.

Tell me about some of your recent activity in this area.
A. Duncan: Along with our hugely popular apps for iPhone and Android, we have been trialling a second chance draw on our popular Monopoly Scratchcard. This sees players enter a unique code from their non-winning Scratchcard on a microsite for another chance to win. The scale of the uptake has been huge – with over 2.4 million entries – and it has confirmed that the appetite for cross-channel convergence is ready and waiting. Our challenge now is to trial even more of these activities. For example, players have told us that they want to be able to scan their ticket for instant results via our mobile apps – and we hope to launch this capability later in the year.

Andy Duncan
Chief Executive Officer,
Camelot UK Lotteries
Member of the Executive
Boards of the European
Lotteries (EL) and the
World Lottery (WLA)
Associations
It sounds like a lot of your activity centres on mobile – how important is mobile technology to your business?

A. Duncan: Mobile is critical to our future growth. Around 40% of our digital sales now comes from mobile and tablets, and 68% of all digital traffic is coming from these devices – so the potential is huge. I suppose it’s easy for any company to say that mobile is key to its future success, but when you think about how our customers want to interact with us, as lottery operators, it is actually very transactional. People want to get in, buy a ticket and get out fairly quickly. So, innovation in mobile payments is essential.

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What do you mean by innovation in mobile payments?

A. Duncan: Well, last summer, we partnered with British bank, Barclays, and introduced Barclays Pingit as an additional payment option for our players. This offers any smartphone user with a UK-registered mobile number – they don’t have to have a Barclays bank account – a great ‘quick pay and play’ experience. This has been going really well, so we’re continuing to explore other payment options to offer our players even greater access and convenience.

Is player registration the key to building the interactive relationship?

A. Duncan: Well, it’s not necessarily about registration, but it is about building better relationships with our players. Although we have over eight million registered online players, the majority of our sales are still through retail – but we don’t have visibility of those players in the same way. Over the last couple of years, we’ve made a made a good start with our Player Hub – an online community where we now have 5,000+ players sharing their views with us and helping us to generate new ideas for our games.

Do initiatives such as this actually improve your sales?

A. Duncan: They allow us to get closer to our players and are transforming the way in which we collect player feedback – which ultimately has a positive impact on sales. Our increased presence on social media also plays a role – we currently have over 709,000 Facebook ‘likes’ and 180,000 Twitter followers. We’ve actually just recruited a Chief Data Officer – a completely new role – to build our data and customer relationship management capabilities and drive our player relationships strategy. So, it is an exciting time for us and, most importantly, the Good Causes all over the UK that benefit from the increase in sales that this digital transformation brings.
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LESSONS FROM THE EL/WLA MARKETING SEMINAR

A step further to the last point is that the solution needs to be personalized. An example is ATM’s that have been personalized for gays, called GAYTM. I have no idea how the actual function of an ATM could be sexual-preference-specific. But it goes back to the idea that the brand is less about the product than the opportunity for the consumer to augment their own personal portfolio of brand affiliations.

Capturing the attention of the AG generation is going to be more difficult than ever. Their ability to hear what they want and tune out what they do not want is unmatched by previous generations and is very frustrating for us marketers. The only hope is to be “Positive Disrupters” so that the AG audience is surprised with something unexpected that they cannot unconsciously and instinctively categorize and ignore. Otherwise the POS or push-messaging will simply not be seen or head. Promotions, messaging, POS’s, value propositions all need to create a “positive disruption” in order to carve out even a nanosecond on the AG’s radar.

That is what is driving the Digital Transformation of the in-store shopping experience. Digital signage with amazing message-streaming capabilities and high-definition monitors, digital kiosks and information centers and play stations, integration of WiFi and “endless aisle” options into the in-store experience... all this and much more is on the way to modernize the whole retail shopping experience.

The good news for Lottery is that Retail will continue to be a big part of the modern consumer life-style. The “Player Journey” is evolving such that operators need to provide an overall ecosystem of seamlessly integrated media and distribution channels. Any glitch or balkiness in the consumer experience and she just changes the channel. And unfortunately, the standard against which everyone is measured isn’t how much you’ve improved over last year. It’s how you compare to Amazon and others that are continually raising the bar. And we should expect the bar to be raised much higher in the games-of-chance industry. Change is really hard. But the consequence of not changing is even harder.

That’s because games are the most popular Mobile product category. More games are downloaded than music, social networking, weather, maps, news and information, or any other category. Lottery needs to make its products available with a robust Mobile-first strategy. Freemium is the growth spot: free-to-play but with options to pay for a premium experience. And social games based on virtual currency and virtual odds that makes everyone a winner are increasingly popular.

There was a proposal that Lottery reinvent its game development/app development model and base it on the Apple model. Use Application Program Interface (API) to enable fast, inexpensive deployment of content, increase the profit-ability for developers, and open it up for the whole universe of creatives to join in, and see an explosion of new apps and games just like Apple’s i-products did. Interesting in theory, but not everyone agrees that it is a model that works well for Lottery.

There is a marketing technique known as “decoy selling” or “decoy positioning”. Marketers offer a series of products (usually three) that feature two attractive options and a third clearly unattractive option. This “ugly option” makes the others look better by comparison. For example: a magazine is offered as a web-only option for $60 a year, as a print-only option for $125 a year, and as a web-and-print option for $125 a year. The print-only option was clearly an inferior alternative, so the marketers drove the customer to select one of the other two options, both of which benefitted the marketer (most users select the web-and-print option, which, on its face, promised the highest value).

Can lottery products be bundled – or, conversely, de-coupled – to make them markedly more or less attractive than singly sold products? Is the diversity of lottery products being treated as a portfolio of products with the goal to optimize overall performance?

Loyalty Programs, Players Clubs, Membership Programs... Player registration is key to customer retention. In most businesses, it costs five to 10 times more to acquire a new customer than to sell more products to an existing customer. Further, the average value of the transactions of existing customer is 60%-70% higher than the new customer. The math is powerful and all businesses know it. There is, though, a large percentage of registered but inactive or only marginally engaged consumers. Registration is a necessary first step, but it is only the means to the end of dynamic interaction and engagement.

Multi-channel is an operational perspective. It’s about allowing the customer to complete transactions in multiple channels. Omni-channel, however, is viewing the experience through the eyes of your customer, orchestrating the customer experience across all channels so that it is seamless, integrated, and consistent. Omni-channel anticipates that customers may start in one channel and move to another as they progress to a resolution. Making these complex ‘hand-offs’ between channels must be fluid for the customer. Simply put, omni-channel is multi-channel done right.

The sessions this year were so excellent we will be referring to them throughout the year as we work to bring these ideas to life and into the marketplace.
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The art of sports betting
One solution
Online
On land
INTEGRATING MOBILE AND RETAIL: ONLINE MOBILE APPS TO SUPPORT THE OFF-LINE PLAYER
THREE CASE STUDIES

WESTDEUTSCHE LOTTERIE GMBH, GERMANY
Since time immemorial, selecting one’s own lucky numbers has been the most individual game element of lotteries. Today, however, merely using a pencil to make crosses on a paper lottery ticket is no longer sufficient for many lottery players. They would like to be able to place their tips wherever they may be, and at all times. This is why, with the digital playing options, WestLotto is working on making the links with our local sales network even better.

There are about 3,500 retail outlets in North Rhine-Westphalia. The number of people using a Smartphone for communication, to access information, and conduct business is increasing daily. We use the Mobile channel to contact the customers and enable them to try a modern, interactive gaming experience. The WestLotto-App is an important component of this concept. Thanks to a variable design, every product is now given its own optical gaming character.

The “ShopPlay” function of the WestLotto-App allows users to prepare their tips everywhere, save them and play whenever it suits them, and in every one of our retail outlets. The barcode that is created during the tip preparation is then scanned on site. Players have their figures generated as usual with the click of the mouse per Quicktipp, and by other activators like, for example, by shaking their Smartphone.

With the Sim KENO APP, WestLotto goes one step further: in connection with the Apple Watch, special moments in life can be turned into personal lucky numbers with the “unBEATable” function. The function transfers the measurement data of their own body and translates them into a personal lucky tip.

With the “Gewinn-Checker” all customers have the opportunity to see for themselves whether they have won. Customers who are already registered at WestLotto will receive an automatic notification of winning.

At the point of acceptance, search completes the digital experience with the App. This is where the customers are shown the way to the next point of acceptance.

“Technological innovations are crucial for us as a modern and efficient lottery provider, to approach the challenges of the future.”
Andreas Kötter, CEO of WestLotto

Another innovation is the use of iBeacon technology. Sixty WestLotto retail outlets have been equipped with this for testing purposes. Every customer who has installed the WestLotto-App on his or her Smartphone receives a push message via Bluetooth with Jackpot information, or special offers when the customer is close to the point of acceptance. By means of this, we offer our customers a modern, digital gaming experience, combined with personal contact and consultation on site.
OPAP S.A., GREECE

On the 7th of April 2015 OPAP launched a Mobile app called OPAPP. The purpose of the app was to support the offline player before, during and after their visit to the OPAP agency OPAP POS/Agency store/Retailers shop. Given the regulatory limitations in offering online gaming beyond betting, the best way to approach our digital savvy base was by offering them the benefits of technology in assistance to the traditional way of playing in store. The application is offering live draws, ticket scanning for winnings, statistics, past draw results and ability to prepare play-slips while out of the OPAP agency and storing it in the form of a QR code. Once in store, the user can have his QR code scanned by the agent and play his game as if he had filled in a traditional play-slip.

The rating is at 4.3 out of 5, and over 95% of our agencies have scanned QR play-slips. The most popular service of the app is the ticket scanning for winnings service with over 32 million scans to date. Additionally, the existence of the app has offered OPAP its most direct channel of communication with its base, through push notifications. The information application has offered an enormous amount of information regarding player behaviour and attitude mainly collected through google analytics and ticket scanning logs while the customer still remains anonymous. Never before have we had so much data in our hands, allowing us to better adapt our products and services to our customer needs.

The application has received multiple updates through the year aiming to expand the services offered and meet any new user needs identified. The most important update came in December when the application was received and updated to accommodate the full expanded offering of our sports-betting product. Given the huge amounts of events and markets offered, the betting coupon has become rather difficult to manage and communicate to our players and the application provides the best available channel to perform your betting game, as it not only gives you access to all events with live odds, but it also allows you to build your play-slip (no matter how complicated) within a few seconds. Our betting community has immediately reacted to this update, making this section of the app the most popular within only a few weeks of its launch.

Within a year we managed to bring digital technology to the service of our offline users. The challenge now is how to move to the next level, offering users the alternative to play online or in-store. We wish to offer our players a unified and consistent experience throughout channels, allowing them to play their game as they wish at any time without differentiation, no matter if they are registered or not. OPAPP has clearly demonstrated that our customers are tech-savvy and eager to bring technology into their game no matter their age, sex or the games they prefer to play. Technology is delivering real value to our players and so this is the direction OPAP is moving towards.

The application was immediately embraced by our players and within one month it achieved 100,000 downloads. Its penetration continued equally strong after the first month and just before its first birthday it already has over 650,000 downloads.
SANTA CASA DA MISERICÓRIA DE LISBOA, PORTUGAL

This Santa Casa Placard Mobile app was launched in September 2015 coinciding with the introduction of Santa Casa’s offering of fixed-odds sports-betting. The sports-betting is offered exclusively in the physical network under the brand name Placard.

The main goals underlying the launching of the Mobile app were to smooth the access of Placard players to an updated list of sport events and betting odds and to allow the simulation of bets and expected earnings, while also providing for an explanation of gaming rules. This solution also helped Santa Casa not to rely exclusively on paper lists at POS. In that sense, the Mobile app serves two purposes. First, it delivers a better consumer experience. Second, applying a digital solution enhances our internal operations. Even though the app functionalities and contents are also available at the Santa Casa gaming webpage, the Mobile is crucial for a new generation of players. Not surprisingly, Placard app was on the top of downloaded apps since it was made available. We believe this is in line with the passion Portuguese people have for sports, especially football.

Of course, we continue to work on new Mobile functionalities which we expect will be made available to our players very soon.

We are very excited with the opportunities the mobile brings to the lottery world and we see it as one of the biggest challenges companies are facing (not just lotteries).”
The Lottery model is “defensible” in that it is difficult for others to replicate the core assets (retail network, broad and diverse customer base, brand equity) and competencies (games that generate revenue while minimizing social costs, performance to higher standards of security, integrity, RG, CSR, etc.) that inhabit the Lottery business model. And while it may not be impossible for other sectors to raise their ‘game’, they will never acquire the performance standards of Lottery because they are lacking the most mission-critical asset that is at the heart of the Lottery business model – an internal business culture that genuinely values the welfare of society and a brand image that reflects that culture.

But the market-place is changing quickly. There was a time when the consumer markets took many years to embrace new and improved ways of doing things. For instance, lots of computer companies went broke in the early 1980’s based on the expectation that the consumer would immediately see the benefits of owning their own computer. Likewise internet e-commerce companies in the late 1990’s and early 2000s. Their vision for how affordable computing and e-commerce would transform the world wasn’t wrong. It just took longer than they’d projected.

No longer. The modern consumer is receptive to change, quick to embrace new ideas, new behaviors, new products and services, and new forms of recreation and games. For young adults, it is a point of pride to be the ones to show their friends the benefits of the e-commerce based services or new Mobile apps they discovered. Consider the time-line it took for Uber to completely disrupt the taxi cab industry. Amazon and Apple have created a massive customer culture that anxiously awaits what they will do next because we know it will be something we will want to buy into.

The ideas expressed by our colleagues in this “Digital Transformation in Marketing” issue reflect the keen awareness of the opportunity that this innovation environment represents. Lottery industry leaders are positioning their enterprises for long-term success by moving quickly to meet the needs of tomorrow’s consumers. Getting there won’t be easy. But we know what we need to do, there is the will and dedication to making it happen, and our stakeholders depend on us. The future looks very bright indeed for those who embrace the new world order of consumer-driven disruption.

Why did Microsoft miss out on three of the most important innovations of the last twenty years? First was the internet; second was the business of internet-based search engines; third was social media/networking. How could they not see it? Having more money and tech’ talent than anyone, they were in by far the best position to dominate these businesses. The answer is that they did see it but their impulse to innovate was governed by the quaint notion that whatever they did had to make money. Bill Gates talks at length in “The Road Ahead”, published in 1995, about the impact the internet would have. He also talks at length about how he did not see a way to monetize internet-based services. At that point, 1995, Bill Gates was used to making money. A lot of money. So if he did not see a direct path towards monetization, he was not going to invest in it or mobilize his corporate enterprise to develop it.

Big mistake. Bill Gates was and is a very smart person. He understood the role that the internet was destined to play. But he wasn’t going to invest in something without a logical business model to go with it. The fact that internet search would completely disrupt entire industries as it transformed the way we get information didn’t matter if there was not a visible path to ROI. Larry Page, Sergey Brin, and Mark Zuckerberg made the leap of faith to think that if we could command the attention of hundreds of millions of people, that’s a good thing and we will probably be able to figure out the business model to go with it. Now, the market capitalization of Google/Alphabet is higher than Microsoft, and Facebook’s is rapidly catching up to Microsoft.

The irony is that in “The Road Ahead” Bill Gates also talks about the “positive feedback loop”. He described how the internet would make information free and ubiquitous, and how that would turn the commercial world into a winner-take-all competitive environment. That puts Amazon in a position where it can grow as much as they choose to grow. Everyone tells Jeff Bezos that he is crazy to do the things that he does. What is the ROI for spending so much money to create customer benefits that nobody else is offering and the customer isn’t even expecting? The ROI is in creating a demand for something that nobody else offers.

Government-lotteries will never operate like a Silicon Valley start-up and of course they shouldn’t. But let’s not wait for others to show us the way when it comes to innovation and market leadership. But, like Amazon, let’s be the business that sets the standards of performance that others will always be one step behind.
The CSR/Responsible Gaming Committee is devoted to guiding the European Lotteries Association in the development of leading-edge responsible gaming standards. In addition, it wants to aid members with their requirement to further enhance their corporate social responsibility programmes.

Wider and Deeper - Sounds like a good name for an action plan.

R. Bovero: The initiative to widen the scope of CSR began a year and a half ago. The product of this initiative will be a CSR guidance document that will facilitate the implementation of best practices in CSR. We expect this to be presented to the EL Executive Committee at Industry Days in Marrakech the end of May, and to be approved in the General Assembly in 2017.

A broader scope and actionable Guidance document for CSR is the “Wider”. How about the “Deeper”?

R. Bovero: We have to improve our KPI (Key Performance Indicator) reporting that measures and documents our commitment to Responsible Gaming. We need to be able to prove to stakeholders and regulators, and anyone who is interested, our commitment to Responsible Gaming. We need to clarify measurable KPI’s, document our performance, and format and present it in ways that are understood by shapers of public policy and other stakeholders. This is being done for CSR as well as Responsible Gaming and we hope that it will be embraced and applied by the entire games-of-chance industry. After all, the standards which we are developing are for the good of society. The members of the EL are working together to demonstrate what it means to be dedicated to the principles of Responsible Gaming and CSR.

The “deeper”: We are drilling down, digging deeper into the mission-critical goal of Responsible Gaming. Gaming is our industry’s core competency which means that Responsible Gaming must also be equally core to our mission. To that end, we are working to build a more integrated approach towards the application of Responsible Gaming principles into the process of developing and marketing the games.

Is there a trade-off between games styles that attract the players and games that do not over-stimulate players to play irresponsibly?

R. Bovero: There does not need to be. We need to develop entertaining and fun games that appeal to the consumer but not in ways that lead to over-spending. Not only can this be done, it is the more sensible way to build a sustainable business with optimal lifetime customer value. The goal, for both the consumer and for the operator, is for people to enjoy recreational gaming. It is neither enjoyable nor sustainable for the players to spend more than is healthy and within their limits.

We are in a position to lead when it comes to human rights, fair operating practices, enlightened work-place principles, environmental consciousness, and other ideals which contribute to a better and more productive society.

We produce and the way we market them is, of course, the primary focus. The members of the EL strive to meet the very highest standards of Responsible Gaming in everything we do. In fact, we are all stretching to raise the bar, to identify opportunities for improvement, reset to higher standards, and perform to those standards.

The mission of government-lotteries has always been one of public service. Providing a safe and secure option for the consumer who wants to play games-of-chance; channelling economic benefit back to good causes. Our biggest stakeholders include the government which represents the interests of the general public, the players, and the good causes supported by government-gaming. And yet we also function as a corporate enterprise competing for the attention of the consumer in a dynamic market-place. This puts government-gaming operators in a unique position to lead in the broader context of Corporate Social Responsibility. Just as we lead in Responsible Gaming, and are continually raising the standards of performance in Responsible Gaming, so too should we lead in CSR and continually raise the standards in the much wider scope of CSR. That should include clarifying best practices when it comes to anything that can improve environmental, social, and economic well-being. We are in a position to lead when it comes to human rights, fair operating practices, enlightened work-place principles, environmental consciousness, and other ideals which contribute to a better and more productive society.
It is, though, a valid question. Creating fabulous games that the consumer loves to play which are also aligned with the principles of Responsible Gaming won’t happen without a concerted effort by everyone in the organization. That is why we are working on ways to integrate Responsible Gaming and game development, marketing, and promotional messaging. We need to develop a holistic process in which Responsible Gaming is not set up as the gatekeeper that simply tells marketing what they aren’t allowed to do. Those of us focused on Responsible Gaming expect marketers to embrace the principles of Responsible Gaming. Well, the Responsible Gaming community needs to also embrace the goals of the marketer to develop fabulous games that appeal to the consumer. In fact, we need to become one community that focuses on the singular goal of creating great games and promotional strategies that are also aligned with the principles of Responsible Gaming.

**It sounds like a process of continuous improvement. How many lotteries are certified? And is it intimidating for a lottery to start the process?**

R. Bovero: Presently, the certification framework has 10 or 11 chapters depending on whether it includes VLT’s. The operator needs to be at least 75% compliant on each of the chapters to be certified. Quite a few lotteries in Europe are now 90% or even 100% compliant. But only 55% of the 78 European lotteries are Responsible Gaming certified. It is vital to our industry that we raise that to at least 80%. Government-lotteries are a brand and we share the value of that brand with our colleagues in other jurisdictions. It is important for us to work together to elevate the value of that brand. Insofar as the general public and the stakeholders who influence public and regulatory policy perceive the community of government-gaming operators as holding themselves to the highest standards of Responsible Gaming and CSR – we all benefit from that.

That is the primary objective of the Responsible Gaming/CSR Working Group: Enable all European lotteries to participate in the Responsible Gaming certification framework.

**It does not seem fair that the community of government-lotteries be held to a higher Responsible Gaming standard than the commercial games-of-chance industry.**

R. Bovero: Two things. First, it doesn’t matter if it is fair or not. It’s the right thing to do, in the end it will strengthen our position in the market-place as the trusted operator of games-of-chance, and it is what our stakeholders require of us. Second, government-lotteries operate as a monopoly. Holding ourselves to the highest standards of Responsible Gaming and CSR is the price we pay for the privilege of operating without competition in those game categories. And it is a fair price to pay.

**MOVING BEYOND TRADE-OFFS**

Unlocking the Power of Responsible Gaming to drive consumer engagement and sustainable growth in the 21st Century.

Paul Jason, Contributing Editor, EL NEWS Magazine

Michael Porter, Professor at Harvard Business School and perhaps the foremost business guru of the last 25 years, gave the keynote speech at the 2012 World Lottery Summit in Montreal. “Creating Shared Value” is the title of the book that he had just written and the message that he was promoting. Porter’s core audience and readership is for-profit businesses. He observed that Corporate Social Responsibility is typically undertaken as a response to external pressures and viewed by businesses as a cost to be borne to burnish one’s good-citizen credentials, enhance your reputation, and curry favour with your customers and general public. CSR is perceived as a cost with a terrible ROI but needs to be done because your constituents will think badly of you if you don’t do it. Porter proposed that businesses re-imagine how CSR can be strategically integrated into the corporate mission and add significant value to the brand. So now we see big oil companies being branded as the leading environmentalists, GE as leading the fight against poverty, Monsanto as being the angel investor in small-scale farming in third-world countries, Starbucks Coffee as the protector of coffee plantation workers, etc.

Unlike everyone else, Government-Lottery doesn’t need a spinmeister to craft a CSR story angle. Government-Lottery is already the Real Thing. Service to the public sector is our true mission, our core competency, our reason for being. How exciting is it to discover that CSR is now valued more than ever, that Government-Lottery’s key asset has now become a powerful competitive differentiator in the market-place, that all we need to do is share the value that we are already creating, and connect it to the consumer’s own personal value system.

Now let’s combine that with the way the modern consumer has moved up the Maslow hierarchy-of-needs pyramid. Consumers have countless options for how to meet their needs. The material attributes of most products have been commoditized and are taken for granted. The competitive differentiator that drives consumer behaviour appeals to our need for social interaction, enhances self-esteem, and puts us into some kind of transcendent state they call “self-actualization”. Brands augment and support the persona the consumer wants to project. Lifestyle and values are expressed by the objects we surround ourselves with, the brands we affiliate with, and the merchants we do business with.

The variety of gaming options that the consumer is being exposed to is exploding. As important as producing great games that appeal to the players is, that’s just the starting point. It’s Government-Lottery’s dedication to Responsible Gaming that differentiates us. All we need to do is find a way to connect Responsible Gaming to the games-of-chance player the way that Apple design, Prius environmentalism, and Starbucks hipness connects to the consumer. That may seem easier said than done. But if Monsanto Corp can cast itself as the champion of small-scale organic farming, I think there’s hope for us! We just need to tap into the consumer desire to enjoy recreational gaming in a responsible way. Make Responsible Gaming be the form of gaming enjoyed by players who are cool, hip, smart, socially conscious, and loves really fun games. And smooth a path for the players to affiliate with the CSR values that Government-Lottery represents.
Members of the European Lotteries lead the global sector when it comes to selling online. Most actively leverage digital media to support their marketing communications as well as responsible gaming initiatives. However, interactive second-chance bonusing still offers untapped potential for many of these same lotteries. Our experience has proven that effective interactive bonusing is a high-impact way to (1) engage directly with players, (2) cultivate and act on player insights, and (3) deliver incremental sales and profits.

Many of the world’s lotteries have been successful with online games, advertising and social media. These digital channels should be approached with front-end marketing that connects retail products with the internet channel from the very beginning. A more rewarding path to purchase begins with a strategic plan that includes interactive bonusing as a pivotal component. It enables lotteries to deliver products and build programs in a more effective and integrated way, extending brand value as more players are acquired from other channels.

Reinvesting in your best customers is especially relevant in the lottery sector. With 70 to 80 percent or more of sales occurring via retail, adding a stronger digital marketing plan allows lotteries to build upon a solid player base.

Beyond euro return—and toward value
From the consumer’s perspective, playing lottery games is more fun when there are more chances to win. Today’s consumer enjoys a more meaningful gaming experience.

Even simple second-chance bonusing of the type TIPOS launched in Slovakia offer players more chances to win by entering codes from lottery tickets purchased at retail into internet and mobile promotions. These extend player engagement with the lottery’s brand through an online second-chance opportunity to win cash, merchandise and experiential prizes.

More advanced interactive bonusing, like the GOLD FISH™ game Scientific Games launched with the Ohio Lottery, connects a branded instant game purchased at retail with a highly-involved casual social game that provides players chances to win predetermined cash prizes and drawing entries while playing online. Players earn virtual coins and fish food and advance to new levels in the game for keeping virtual pet goldfish healthy.

And, when it comes to ROI, measuring the success of any marketing promotion is not as simple as quantifying the euro return. It’s also about measuring engagement—how many consumers interact with each game, how frequently they connect and how much we truly understand them.

Transforming sales with engagement, data
Realizing a cross-over opportunity, many lotteries in Europe are recognizing that there is great value in investing in player engagement—even if it’s just to gain a wider base of internet players. Interactive bonusing is a central way to gain insights about their players and therefore an understanding of their preferences. As with all consumer product categories, these new data sets allow lotteries, for the first time, to seek out player groups with segmented products and promotions, invest more efficiently in developing its core players, and redirect marketing funds to broader player acquisition objectives.

A strong marketing plan that includes interactive bonusing gives lotteries a clearer understanding of what, how and why players buy—and player insights are the name of the interactive game.

Michael Lightman is Senior Vice President, Lottery Interactive Products at Scientific Games. With 20+ years’ experience in gaming, he is involved in developing interactive content and secure technology that helps lotteries launch and manage mobile and internet platforms aligned with their retail programs.

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HOW NOT TO CROSS THE THIN RED LINE BETWEEN CUSTOMER ENGAGEMENT AND FRUSTRATION

By Sotiris Sklavounos

Digital transformation will be one of the most significant drivers of business change for lotteries in the upcoming years. Specifically, with the proliferation of mobile technology and the inevitable launch of mobile products, lotteries should quickly embrace new business and marketing strategies focusing on customer experience, engagement and performance management.

Specifically for mobile applications the need for a digital marketing strategy that will drive engagement and conversion, while maintaining the optimum user experience, is mandatory. Consumer expectations have changed with mobile devices. The mobile users expect to get anything they want immediately and within the context they have requested it. The exploitation of these “mobile moments” as Forrester defines the points in time and place when a consumer pulls out a mobile to get the information he wants immediately and in context, are posing the biggest challenges in the operator’s marketing departments.

The most efficient mechanism to exploit mobile moments is with the use of messaging campaigns (using push notifications or in-app messages). A messaging campaign can interact with the app user at all stages of the customer journey and can be used to drive sales and engagement.

This digital messaging strategy however must be very carefully designed and orchestrated in order to have the appropriate results. In the customer’s mobile life, there is a very thin line between engagement and frustration and if this line is crossed, sadly there is no come back.

Operators should carefully consider the following key points that safeguard a successful messaging strategy:

• Design contact rules and stick to them at all times. The contact frequency should keep customers engaged but not lead them to uninstall the app due to frustration.

• Design an engaging and contextually correct message. The possibilities offered by HTML5 based messages are limitless, so there are really very few technical constraints in creating a rich and engaging experience for the customer. At the same time, the actual message should be in context with the player’s actions. There is no bigger fail than getting a Jackpot message while browsing live match market.

• Have a clear call to action that matches the possible next action of the user. Deep linking into the app should be widely used. A campaign message for a big jackpot or a favorable stake on a match should lead the users directly on the game play or match betting screen when they click on the action button.

• Segment the customers based on their dynamic behavior within the app (using analytics) and not only based on static information like Operating System and app version.

Use this segmentation to tailor the messages content and call to action according to the audience.

• Use A/B testing in order to identify the proper message for each audience and optimize conversion.

• Utilize in-app messages in a clever way. These kind of messages can convey a very rich and powerful payload, and can be seen as a natural extension of the application flow. In addition, they bypass the user settings for notifications acceptance, since they are not actual notifications. However, an abuse or out-of-context use of in-app messaging will alienate and eventually drive the customers away from the app.

Lotteries should invest on an appropriate campaign management and engagement platform that will enable them to successfully perform digital marketing campaigns.

INTRALOT offers a state of the art push notification management and engagement platform that significantly enhances operator’s abilities to connect, engage and retain customers. It supports text and rich media push notifications, advanced behavioral analytics, audience segmentation based on analytics and device types, CRM integration and enhanced reporting.

Customers have already used the Push Notification and Campaign Management platform, offered by INTRALOT, in order to create and execute successful digital marketing campaigns. More than 19 million push messages have been delivered in over 300 different campaigns that range from Jackpot announcements, social responsibility activations and complete interactive games, with impressive results in terms of customer engagement and brand enhancement.

Sotiris Sklavounos is the Senior Product Manager for Mobile Applications at INTRALOT. He is responsible for the native mobile apps strategy and product development. Prior to his current position, he held managerial positions in Vodafone in the area of applications, content and innovation.
The digital revolution we live in today pervades everything we see, hear, touch or sense. Usage of CGI in films; radio’s move to DAB; the seemingly non-stop proliferation of online media; and the need to accommodate the format of smartphone screens, being just a few examples. Digital transformation is all around us, and marketing is no exception.

As a consequence, lottery marketers must both understand the increasingly complex digital landscape and the increasingly competitive commercial environments they operate within, with huge challenges materialising from both other forms of gaming and alternative forms of disposable leisure spend.

This also means that the need to innovate in today’s lottery market has never been greater, and that lotteries must be at the forefront of the “digital wave” to stay ahead of the chasing pack. Differentiation is harder to achieve in a crowded and increasingly competitive marketplace, while technology is simultaneously rapidly changing the way customers behave, interact and play.

Smartphones are increasingly becoming the device of choice for many gaming and payment activities and have overtaken desktop usage in many countries. This development has driven the requirement for immediacy, personalisation and seamless presentation and gameplay within the overall lottery and gaming offering. Players demand their products of choice wherever they are and whenever they want, in a flawless manner and on the latest hardware.

Today, many of our customers’ players are millennials who have grown up only knowing fast broadband connections and mobile devices that rarely leave their pockets. Therefore the way lottery operators market, promote and reward players must also keep pace with these rapid changes.

How has marketing changed in recent times in order to cater for the demands of players?

Digital marketing has changed drastically over a short period of time. It is no longer about quantity, but quality and understanding your content and offering. Desktop layouts packed full of games and offers can confuse an increasingly time-poor generation of players who are viewing many of these sites on their smartphones. Operators need to understand their players and, using the right technology, personalise their offerings as much as possible.

At Playtech we have developed a number of modules that complement our leading player management system (IMS) under the Business Information Technology (BIT) umbrella. For example, one of the BIT modules, entitled Game Advisor, uses cutting-edge analytics – based on gender, player history and behaviour, deposit and usage, and demographics (to name just a few categories) – to determine what games to recommend to players once they have finished a session on one game and are either preparing to move to another or leave the site altogether. This gives players a significantly enhanced experience that has been proven to extend loyalty and lifetime value.

How else can marketers use data more effectively?

When we consider how much data we produce as individuals and how much of that information is stored and aggregated on a second-by-second basis, it becomes immediately apparent that data is one of the most powerful tools in a business’s armory. Lotteries are investing ever-greater proportions of their marketing budgets to effectively gain a greater level of understanding of their players. They can then use these insights both to their players’ and their own advantage, improving the product offering, and creating a more personalised and compelling playing experience as a result.

Campaign Manager is a central element within the IMS player management system and is designed to streamline and optimise customer marketing efforts and revenues by fully automating key aspects of the player journey. Offering both scheduled and real-time triggers and conditions, the out-of-the-box system integrates with the advanced bonusing, messaging, personalisation and content delivery tools of the IMS, as well as providing integration options, allowing customers to design user journeys across all their products and channels. Campaign Manager enables features such as an automated player segmentation, multivariate testing with test and control groups and a wide range of outcomes including multi-product and cross-channel bonusing, player messaging and business alerts.

What have been the biggest changes in technology?

Technology has evolved a great deal in recent years. File size is no longer the issue it once was, therefore video marketing has taken on greater significance with players now almost expecting to see a movie trailer-style short clip showcasing a game’s main features and exciting gameplay. This has the benefit of immediately taking players on an emotional journey through the product, and encouraging them to sample the real thing for themselves.

Meanwhile, from a software perspective, HTML5 is now largely embedded within the majority of software suppliers’ platforms and games development, with Flash technology rapidly being phased out. HTML5 is the solution which, unlike Flash, enables developers to use a single code base whereby they are able to develop and rapidly deploy games and marketing banners once that then work across all solutions and channels.

What is key from a product perspective when marketing to players?

Branded content can also play a vital role in acquiring, converting and retaining new players. This is the case in the online gaming world and has been seen to also play a significant role within lottery businesses as they expand their online operations and look towards further extending their reach into other revenue generating areas.

The benefits of including branded games within the content mix are extensive. The outlay of securing and licensing branded content may initially be high, however they are a huge draw, particularly with younger players and command a large follow-through lottery operators market, promote and reward players must also keep pace with these rapid changes.

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Branded content can also play a vital role in acquiring, converting and retaining new players. This is the case in the online gaming world and has been seen to also play a significant role within lottery businesses as they expand their online operations and look towards further extending their reach into other revenue generating areas.

The benefits of including branded games within the content mix are extensive. The outlay of securing and licensing branded content may initially be high, however they are a huge draw, particularly with younger players and command a large follow-through.

In summary, it is possible to say that the digital transformation in marketing has already happened, and what we have today is a new reality. It is fast, targeted and, if well implemented, more effective than anything that has previously existed. As some of the largest mass consumer brands of today, lotteries stand to gain more than most from harnessing their complete capabilities.

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As the retail industry continues to evolve, merchants who want to thrive in the coming years need to be more forward-thinking and accepting of this change. After all, one of the keys to succeeding in the future is to anticipate it, or indeed create it. Of course, predicting the future is easier said than done. It’s not like there’s a crystal ball that can give you a fool-proof glimpse of what’s in store ahead. It has been said many times that the key to improving revenues is to make lottery attractive to a wider audience. “How do we sell to the Millennials?” is a topic often explored at the various lottery seminars and symposia. So what’s the answer? Well here’s a few things to think about.

**Retail Optimisation – does it really help?**
This is effectively retail footprint reduction; we figure out which retailers are selling the least and we eliminate them. We encourage the top selling retailers to sell more. This has three effects:

1. We reduce the number of terminals out in the field, with the corresponding reduction on operating costs
2. We encourage fewer retailers to sell more, this means we potentially squeeze more revenue form a smaller player base (Responsible?)
3. There are fewer points of presence – less visibility and therefore less potential to attract new players.

In some ways it’s difficult to avoid this paradigm; lottery terminals are expensive, telecommunications networks are expensive, finding retailers is time consuming and expensive, installing the de-installing equipment is expensive.

**Traditional Retail Ecosystem**
Where do we buy lottery tickets from?
This is the top response from Google:

1. Go to a grocery or convenience store. If lottery tickets are legal in your state, you'll generally be able to buy them at grocery stores (especially large chains), convenience stores, and gas stations. Though not every single one of these locations will carry and sell lottery tickets, many will. A good general rule is, "If you can buy cigarettes at this place, there's a good chance you can buy lottery tickets!"
   - Many lotteries have online tools that can help you locate licensed retailers. For instance, the California State Lottery's online retailer locator allows you to search for vendors near any given address in the state.[2]

Generally, it’s what we all think of, newsagents, tobacconists, gas stations, grocery stores, etc. Are these places where people (especially millennials) congregate? Further is association with cigarettes – is it good for business?

**Targeting Millennials**
Recent research reveals that Millennials are changing the rules of brand marketing, redefining purchase habits, and revolutionizing the shopping experience as we know it. Along with changing ideologies in technology, privacy, and social interaction, Millennials are forcing retailers to re-evaluate how they attract and communicate with consumers.

Millennials are anything but traditional when it comes to retail shopping. It should come as no surprise that Millennials prefer being able to interact with brands through digital channels versus historical marketing tactics such as circulars or in-store advertisements. Retailers also cannot rely on the traditional “quality products at a good deal” approach, an effective marketing component of baby boomers. Instead, Millennials are forcing brand marketing strategies to become much more participative in ways such as casually engaging them on Facebook or Twitter. In fact, the entire marketing equation for Millennials has evolved to include this participative aspect.

One way for brands to become more participative is to offer loyalty and reward programs; 77 percent of Millennials reported participating in such programs and 78 percent reported being more likely to purchase from a brand with a loyalty/rewards program than a brand without one. Brands that succeed in attracting Millennials are often then rewarded for their efforts: Millennials are leaders in “word-of-mouth” recommendations. In this age of social media, “valuable brand advocates” who share opinions on and off-line with peers are arguably the most effective marketing tool.

Online retailers interested in appealing to Millennial consumers need to provide them with a more shareable and social shopping experience. As the pioneers of social media, it is especially important for online retailers to offer products and advice to Millennials on social networks. Millennials want to share these things with 100, 1’000, or even 10’000 friends and followers (i.e. your potential customers). This dialog can be enhanced by a well-developed mobile strategy that engages the 50 percent of Millennials that are browsing and reviewing products via their mobile devices.

Millennials live and shop in the moment, often making purchases and timing with the repercussions later. In one survey, 52 percent of Millennials were more likely to make impulse purchases than any other generation. This is an alarming difference from the nearly 8 out of 10 baby Boomers whose purchases are driven by practical decisions. But again, nearly everyone is guilty of making these purchases. Per the industry publication DrugstoreNews, in a story suggesting how the CVSs and RiteAids of the world can get customers to make more unplanned purchases:

“Our data shows that 61% of off-list shoppers purchase an additional one to three items,” Integer SVP Craig Elston said. “This shows that if you reach a particular shopper at the right moment with the right message, for example — using in-store signage to play into their desire to pamper themselves — it can end with that item being added to their basket.”

Despite the rapid spending habits of Millennials, they put a lot of thought into the products and services they adopt. Millennials are more cosmopolitan in nature, and view their purchases through a global lens, which for example, leads to a higher preference for “green” products. These reasons are why Millennials are more likely to shop at smaller retailers with authentic cultural items than large chain operations.

Millennials do more than just purchase environmentally or socially responsible products; they donate their time and money to charitable causes. In 2011, 75 percent of Millennials donated to charity and 60 percent volunteered for a good cause. In the near future, the brands that Millennials support the most are likely to have a positive impact on the world.

Millennials are using the advancements in technology and mobile communication to change how they interact with brands. The brands that nurture these interactions and turn them into strong relationships will be rewarded in new ways. For instance, Millennials are willing to share private information in exchange for benefits – 56 percent would share their location for a discount. So let’s take this small scratch of and distil down what it really means:

1. To sell more we need to increase our points of presence, not reduce them.
2. Our products and message needs to be available in all channels at all times so we need a true omni channel strategy, including social networks.
3. We must take advantage of the lottery’s charitable foundations.
4. We must provide a ‘fair exchange’ for our customers, a loyalty system that provides something of interest, be it concert tickets, cool gadgets or a sense of contribution to a just cause...

Ultimately, Millennials are now calling the shots, and retailers will just have to listen.
One balmy Sunday in San Francisco I received an unexpected lesson in the new realities of digital marketing. I was visiting friends for a barbecue and enjoying their incredible view of the bay area. One of them cooked, while the other was absorbed by data streaming on his laptop. A senior engineer at Google, he was experimenting with a tweak to the algorithm the company used to auction the ad space around its search results.

Advertisers bid for these placements, and Google gets paid if a user clicks on the ad displayed. The higher the ad appears on the page, the more costly the listing is, and the more likely the ad will be clicked. Advertisers bid for what they think each placement is worth. Higher bids list further up, but an advertiser can overbid, potentially crowding out less wealthy advertisers who may actually have a more relevant message. If, as a result, no one clicks, everyone loses.

Those clicks are worth nearly $70 billion a year to Google and can be life or death to the advertisers who rely upon the search engine to find their customers.

So my host deployed his new algorithm on a few thousand servers with the touch of a button and we sat down to eat. Before leaving I asked how long it would take to get a result. “Oh,” he said, “we already got it,” and smiled a big, multi-million-dollar smile. Marketing, it seems, has become more about data science than inspiration.

This transformation of marketing into a digital discipline was already well underway when the iPhone arrived less than ten years ago, but smartphones turned an interesting trend into a fully-fledged revolution from which there is no way back.

It is tempting to see the mobile device, and the millions of apps created for it, as the true agent of change here. However, the complete digital transformation of marketing is happening because of a combination of things, in addition to the rise of the smartphone. The second trend has been the collapse in the cost of data storage and transmission. For the first time in human history there is no reason to ration the capture and collection of information or limit its reproduction. A gigabyte of data storage capacity on a hard drive today costs about $0.03, roughly one one-hundredth of what it cost just over a decade ago. In 2015, the International Telecommunications Union, a UN body that measures our digital lives, reported that in just one year, mobile-broadband prices had become “on average between 20% and 30% more affordable worldwide.”

This has happened almost unnoticed but is of profound and lasting significance. Through our phones, watches, and tablets, we now allow ourselves to be recorded, monitored, weighed, and measured to a degree and with an enthusiasm impossible even a few years ago.

Now an algorithm can be deployed to wait for the location sensors in your customer’s mobile phone to tell you that she is within a few yards of a lottery retailer (walking, not driving, since we also know her speed), that she hasn’t bought her ticket yet, and that she always did buy when the jackpot reached the forecast prize for tonight.

Without consulting a real person, the system will construct and send a perfectly tailored message, delivered just as she walks past your store. It will be just a friendly reminder.

With the message delivered, you can track, as she stops in to purchase the ticket, how long it takes and whether she pays through the app or uses cash and scans in the ticket for safekeeping. We know the message was delivered, and at precisely what time, but maybe she doesn’t stop. That is also valuable information that we can learn from.

Some people scoff that the best marketing these days has been the rebranding of statisticians as data scientists and analysis as big data. The truth is that it is this newly glamorous offshoot of computer science and statistics, allied with the ubiquitous smartphone and our unlimited bandwidth and data storage capacity, which allows us to perform this new kind of marketing.

The ability of data science to analyze and act upon all that information we’ve generated is the feedback loop driving the digital transformation of marketing. Individually, these elements may influence how we market and design our products. Together, however, they are transformative.

The more precedents we have, the more confident we should be about our predictions. A computer does not need to understand why things are related. All the machine has to do is sift and measure the chances that different events are related and tell us by how much.

“Teaching an algorithm” boils down to counting the number of times one thing coincides with something else and telling us how often it appears to happen.

We want better, more effective marketing. The more data you collect, the more valuable the data you already have is. The relevance of information is not something you as a marketer should consider – just capture it. Hand it to your data scientist, and let that person figure out which facts matter.

The most important lesson is that we are all now experimenters in the great laboratory of data science.

Smartphones, and the apps we build for them, are our scales and Bunsen burners. Every new feature, every design change, indeed every marketing message, is a bench test whose primary goal is to feed the algorithm.

Sometimes, you will be able to let the data decide: the impact of a new app design on customer usage will be unambiguous. More likely, however, the data will only help you narrow your options and come up with new experiments to try.

If you are looking for advice on where to start, I have just one recommendation. Do what we’ve done at IGT, and bring the engineers, the data scientists, and the marketing people together into one team. As Pablo Picasso once observed, “Computers are useless because they can only give us answers.” Someone has to ask the right questions.

This is the third in a series of articles on the mobile landscape by Charles Cohen, who, as Vice President, Mobile, has overall responsibility for IGT’s mobile product development and strategy.
The project “Keep Crime out of Sport – Together against sports competitions manipulations” (KCOOS), led by the Council of Europe, and funded by the European Commission and the Council of Europe was inaugurated on 9-10 February in Brussels. The project seeks to explore innovative approaches aimed at fighting the manipulation of sports competitions, promote the Council of Europe Convention on the Manipulation of Sports Competitions (the Convention), raise awareness and exchange experience and good practices on the fight against match fixing and illegal betting, assist with the transposition of Convention requirements into states and encourage better international cooperation.

The Convention provides for a complete set of provisions that address different issues, such as education and prevention, domestic co-ordination, risk assessment and prevention of any conflicts of interest, exchange of information, setting up of national platforms, criminal sanctions etc. The Convention also facilitates the effective fight against illegal betting, (“any sports betting activity whose type or operator is not allowed under the applicable law of the jurisdiction where the consumer is located”), as it invites Parties to consider adopting measures against illegal betting, like IP blocking, payments blocking and advertising ban.

Through the KCOOS, the Council of Europe and the project partners shall provide maximum visibility and information on the Convention in order to encourage further signatures and notably ratifications. The development of capacity building in terms of the implementation of the Convention, which includes support to the setting up of national platforms and regulatory authorities, the facilitation of exchange of information and the strengthening of the institutional capacity of relevant authorities, is a key element of this project.

EL will seek to constitute an active partner, providing constructive input throughout the project, thanks to the expertise developed in the field, through the long-term involvement in such projects. EL will be also supporting the Council of Europe in communication activities in order to ensure high visibility of the project.

The project can be followed on twitter: @KCOOS_coe

So far, the Council of Europe Convention has been signed by 23 countries and has been ratified by 2 (Norway, Portugal). In order for the Convention to enter into force, 5 ratifications (including 3 by Member-States of the Council of Europe) are needed.
What is in your opinion the added value of the Council of Europe Convention? Why would you recommend to states to sign and ratify it?

The issue of the manipulation of sports competitions is not a new one. The economic growth of the sports sector, notably in the last ten to fifteen years, due to various factors, including the commercialisation of sport such as the supply of more betting products and the rise of the betting market due to factors including increased TV rights, has pushed the existence of this phenomenon into the spotlight, as it affects a number of sectors, notably financial crimes and transnational criminality. The Macolin Convention is the first legally binding instrument of its kind and reunites various actors in the sporting world towards a common objective: to fight match fixing and to regulate sports betting. The Convention highlights the multi-dimensional risks involved in match-fixing, including organised crime, cross-border criminality, money laundering and financial fraud. It provides for the establishment of regulatory betting authorities and paves the way for enhanced cooperation at national and international level between sports betting operators, betting regulatory authorities, sports organisations, public authorities and law enforcement. Following increasing awareness from the EU and Member States, signature and ratification of this ground-breaking Convention is a logical step towards a formal intergovernmental framework to fight the manipulation of sports competitions.

"KCOOS aims to not only raise awareness, but to play an active role in assisting countries with the implementation of measures to combat match-fixing."

The Macolin Convention is open to signature by Council of Europe member States as well as non-member States. We also hope that the situation within the EU will unblock soon, allowing EU member States to ratify the Convention, as many Member States themselves have shown an active interest in signing and ratifying.

What are your expectations from the KCOOS Project? Do you believe that it will make a difference in the ongoing fight against match-fixing?

KCOOS aims to not only raise awareness, but to play an active role in assisting countries with the implementation of measures to combat match-fixing. There is already an awareness of the issue among most actors. The objective now is to ensure that all relevant actors are aware of the gravity of the situation but, going one step further, to assist all these actors with setting up the necessary bodies and mechanisms required to tackle the issues. This is being carried out in three phases: initially to gather information on the current situation regarding national cooperation, exchange of information, and challenges faced. The first phase is being carried out through a questionnaire, follow up questions and analysis. The second phase will be implementation, via Regional Seminars in autumn 2016, followed by study visits to the French and the UK betting regulatory authorities. Finally, two expert missions will be organised in order to provide customised assistance to two beneficiary countries. The objective of all these events is to tackle challenges faced and to provide possible solutions, via the aid of experts in the field and through exchange of information at the regional level. The KCOOS project will also set the groundwork for the establishment of national platforms, which will act as national points of contact facilitating national cooperation, as well as international collaboration in the fight against sports manipulations and will produce educational tools based on all research and events.

"EL’s added value is in its continued contributions, its network, its experts and its willingness to offer assistance and input."

My expectation is that, when the KCOOS project arrives at its end in June 2017 that, thanks to its network of project partners and experts, as many countries as possible within Europe will have received some form of valuable assistance or information on obtaining assistance in their fight against the manipulation of sports competitions. An added bonus would be the Convention entering into force, as the Council of Europe has already put its Convention Secretariat in place, ready to continue the work started with the KCOOS pilot project.

Having a strong commitment for the fight for sports integrity, EL was very happy to join as a partner in this project. What is the added value that EL could bring to the project and what are your expectations from the involvement of EL?

European Lotteries is a very important partner for the KCOOS project, notably representing one of the target actors. EL’s added value is in its continued contributions, its network, its experts and its willingness to offer assistance and input. EL provides a voice for actors in this sector; this allows our desk research to be more complete and ensures that the needs of the sector are not forgotten. In order for the pilot project to be successful, all target actors need to be well represented, so that we can tackle challenges that they face and produce a stronger outcome in the fight against sports manipulations. It is great working with such an encouraging EL representative, as EL Sport Executive Secretary, Vagelis Alexandrakis as well!
2016 will mark the second edition of the European Week of Sport. The main objective will continue to be the promotion of participation in sport and physical activity and raising awareness about the numerous benefits of both.

The 2016 European Week of Sport will start on 10 September 2016. Similar to 2015, it is intended to be a truly European event, with activities taking place in the whole of Europe, targeting everyone regardless of age, background or fitness level.

This year, events and activities will take place from 10-17 September (with official opening on Saturday, 10 September in Slovakia and parallel events in major European cities, as well as a flagship event in Brussels on September 15 focusing on good governance). The implementation of the Week across Europe will be decentralised, in close cooperation with the national coordinators, through national Weeks of Sport. National Weeks are to start between 10 and 24 September 2016.

Fully in line with the core lottery values, in 2015 EL and its Members dynamically and enthusiastically promoted the European Week of Sport. The activities of EL Members all over Europe were presented by EL in the EU Sport Forum 2016 (9-10 March 2016, the Hague) and the European Commission referred to EL as a best practice in terms of the promotion of the Week by the EWOS Partners.

EL will be again an active partner in the 2016 edition of the Week and EL Members are encouraged to once again plan their communication activities (banners, infographics and news items on websites, posters on outlets, social media posts, etc.) and, notably, local and regional events and activities in order to encourage and inspire their citizens to #BeActive.

EL Members are also encouraged to contact the national coordinator of the EWOS in their country to coordinate the activities.

EL Members should feel free to contact EL Sport Executive Secretary, Evangelos Alexandrakis, at el-sport@european-lotteries.org to discuss their ideas for activities and for further information.

SAVE THE DATE:
GENEVA, SWITZERLAND,
7 DECEMBER 2016

Sport Integrity Conference as part of the International Sport Convention (ISC), organised by the ISC and supported by EL/WLA

EL and WLA have a partnership status in the Sport Integrity Conference that is to be organised on 7 December 2016 in Geneva, as part of the International Sport Convention. The information for the registration will be shortly uploaded on the website of EL. EL Members will be able to profit from a special package that EL and WLA have guaranteed which includes free registration and participation in the Sport Integrity Conference on 7 December 2016 as well as free entrance to the sport Conferences of their preference on the 2nd day of the International Sport Convention (8 December 2016).

The International Sport Convention in close cooperation with EL and WLA is now developing an exciting programme, with many high level speakers. The Conference will address numerous significant matters related to sports integrity, like the EPAS Convention on the Manipulation of sport events, education & prevention, monitoring betting patterns, etc. Also, different on-going projects and initiatives will have the chance to present results of their work.

Further information on the event can be found on the International Sport Convention’s website: http://iscgeneva.com.

For any questions, please do not hesitate to contact us at el-sport@european-lotteries.org

We look forward to welcoming you to Geneva on 7 December 2016 for an exciting Sport Integrity Conference!
The EL/WLA Marketing Seminar is held in London every year during the first week of February. Each year attracts a larger attendance than the year before. A few reasons for that. One is that London is the place to be for everyone in the games-of-chance industry because of the ICE Totally Gaming Exhibit which is the largest show of its kind. The Marketing Seminar is on Thursday and Friday and ICE is on Tuesday and Wednesday which makes it easy to attend both.

Two is that the Marketing Seminar is attended by the top leaders of the government-gaming industry so it is a great venue to meet your colleagues. Three is that the speakers and content are always super high-level to be compelling for knowledgeable industry professionals. This year’s theme, Digital Transformation in Marketing, added sorely needed context and clarity to the trends that we are all aware of but not necessarily clear on the implications it has for our specific sector.
This year’s theme, Digital Transformation in Marketing, added sorely needed context and clarity to the trends that we are all aware of but not necessarily clear on the implications it has for our specific sector.
Executive director of Kambi’s state lottery business Joni. P. Hovi on why lottery operators must take the integrity of sports data seriously

There is no doubt that consumer demand for sports betting continues to rise and many governments are responding to this demand with new regulatory frameworks intended to create a level playing field for all. This industry dynamic represents a big opportunity for traditional Lottery operators to leverage their brand strength and distribution power into the sports vertical. However, it has to be accepted that such a move is not entirely risk free. Lottery operators will face a number of challenges when entering this highly competitive sector.

Lotteries often find themselves fighting for market share against multi-jurisdictional operators which enjoy greater freedom and larger budgets in terms of product, business development and marketing not to mention the experience curve benefits that private operators enjoy from years of perfecting their offering.

So for Lotteries who seek to grow and take advantage of this opportunity, the fastest and safest route to market would be to partner with an experienced provider that can satisfy market demand and compete at the highest levels. Of course at face value this sounds like common sense, but the key for a Lottery is to select not only the right partner, but the partner with values that are aligned with the Lottery itself and one that actively practises the correct approach to integrity and data rights management.

Gaming’s data revolution has touched almost every element of the industry. Perhaps the two areas which have the biggest impact on lottery operators looking to transition into sportsbook are data rights and sports integrity.

Benefits of compliance
So why is it important to ensure you are compliant when it comes to the acquisition of data rights? It is a sad reality that some providers continue to breach the integrity of rights owned by sports associations. As a listed company, full compliance is a top priority for Kambi. We work closely with a number of data feed suppliers, including IMG, to ensure we have licensed access to leading event data such as the WTA.

This compliance brings several benefits for our customers, particularly the knowledge that they can rely upon our data in terms of accuracy, quality and speed - something which is not guaranteed when data is not fully licensed.

Integrity is key
Sports integrity is another area where responsible lottery operators are demanding more extensive solutions – and for good reason.

Kambi is one of the few sportsbook providers to operate a separate unit for sports integrity. We feed huge amounts of data into a traffic light system which flags up potential cases of fraud or match-fixing in sport.

We are then able to pass on this information to our customers while also working alongside sports authorities.

With regulators sometimes hesitant when it comes to allowing lotteries to expand their product offer into sportsbook, working alongside a partner which can guarantee the highest standard of monitoring can make a real difference.

Keeping the customer safe
Beyond sports integrity, we are also able to use data to protect customers. Our Green Values tool, which we currently are building in response to a request by one of our operators, will enable us to use the data at our disposal to analyse patterns in a player’s behaviour and take a proactive approach to customer protection.

For example, if a player’s daily or weekly stakes suddenly increases dramatically, we are in a position to swiftly inform an operator before that problem begins to escalate.

This is a major departure from most existing responsible gaming protocols, which are based on in-game behaviour and usually only detect a problem when it is already too late.

Personal approach
The intelligent use of data can also improve the overall customer experience, as Kambi is showing.

Personnalisation is growing in importance, and we are able to use the insights we gather from players to present them with a tailored experience.

In a sector where differentiation is key, using the data to stay flexible has numerous upsides. It allows lottery operators to compete in the sportsbook arena without having to commit significant investment.

But what is important to understand is that running a successful sportsbook is about more than just picking the right software.

At Kambi, our use of data means we are able to take risks in a professional manner, and use our tools to swiftly identify threats.

We are also able to customise our sportsbook dependent on jurisdiction, so it meets all regulatory requirements in terms of product and pay-out as an example.

A data-driven sportsbook
It is clear that data must be placed at the heart of any sound sportsbook experience. As sportsbook is rarely a lottery’s core business, finding a partner you can trust allows you to focus on your core products.

Most lottery operators are unlikely to have the resources to dedicate to the full risk management of a sportsbook, so we use our mathematical models and tools to identify any potential risks.

And as integrity has long been a core value for the lottery sector, when selecting a provider operators need to think beyond product and software.

There is a temptation to take shortcuts when it comes to data rights management and integrity, but the impact of doing so will ultimately be felt on the bottom line.

Instead, taking the data-first approach to sportsbook across all fields from integrity to rights management is the only way to guarantee a responsible, and ultimately successful, sportsbook operation.

About the author
Joni Hovi (Finnish, born 14.2.1970)
Joni Hovi joined Kambi as executive director of the state lottery business in January 2016, and brings with him more than 13 years of experience and expertise across the government sector. Most recently, Joni held a similar role at Sportradar and before that spent many years in senior positions at Finnish monopoly operator Veikkaus. He was also an advisor to the B jurisdictions/countries and respectively B CEO’s of the Viking Group. Joni has been active in the global lottery community across the field of sports integrity, developing a code of conduct, a lotteries monitoring network and negotiating contracts with key stakeholders. Joni holds a degree in Production Management and Business Administration from Kymenlaakso University of Applied Sciences.

About Kambi
Kambi is a B2B provider of premium sports betting services to licensed B2C gaming operators. Kambi Group plc is listed on First North at Nasdaq Stockholm. Our services encompass a broad offering from front end user interface through to odds compiling, customer intelligence and risk management, built on an in-house developed software platform. Currently providing to 12 operators, we have seen our revenue increase by 70% in 2014 and 35% in 2015. We employ 440+ staff across offices in Malta (headquarters), London, Manila, Bucharest and Stockholm.

At Kambi, we live and breathe sports betting. It is in everything we do. From delivering a premium service to our operators, to creating an entertaining experience for the end user. We are unwavering in our belief that there is only one way to do something and that’s to make it perfect. Every time.
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SAVE THE DATE
Vic engineers ways to extend your lottery’s reach.

In the Digital Content Studio at Scientific Games, Vic Marinelli embraces a “mobile first” approach to digital development: “Our goal is for all players to interact with an optimized experience, regardless of how they are permissibly accessing lottery content.” From bonusing and second chance, to loyalty rewards and iLottery, let Vic and his team show you how you can engage your players in new and exciting ways.

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