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Public Gaming International is now also available on the web.

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PUBLIC GAMING INTERNATIONAL

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Public Gaming International (ISSN-1042-1912) June 2005, Volume 31, No. 6. Published monthly by the Public Gaming Research Institute, Inc., 218 Main Street, #203, Kirkland, WA 98033. (425) 935-3159. ANNUAL SUBSCRIPTION RATES: United States: \$145. Canada & Mexico: \$160(U.S.). All other countries: \$225(U.S.). POSTMASTER: Send address changes to Public Gaming International, 218 Main Street, #203, Kirkland, WA 98033. SUBSCRIPTION REQUESTS: Sent to same address. NOTE: Public Gaming International is distributed by airmail and other expedited delivery to readers around the world. ©2005 All rights reserved. Public Gaming Research Institute.

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Creating Our Future: Part III – New Distribution Channels

(Part three of a three part series on driving revenue growth)

By Steve Saferin, President, Scientific Games Ventures



Steve Saferin, President, Scientific Games Ventures

Last month I talked about improving and enhancing distribution in the existing bricks-and-mortar retail market. This month's focus will be on the new distribution channels: the Internet, cell phones and interactive TV.

Now I could smother you with all kinds of glowing statistics, but all you really need is a pair of eyes (really, one would do) to see the potential.

Let's take the Internet, where a recent Harris Interactive survey showed that nearly three in every four adults are now online.

That's 156 million users, including my 77-year-old lottery-buying mother. That's real potential!

That's also our best avenue for reaching new, younger players. Or, another way of putting it, our future players!

The Internet is also a viable solution for distributing extended play probability games.

It's the ideal tool to eliminate long lines at retail during weeks when the Powerball or Mega Millions jackpot reaches fever pitch.

And, contrary to the thoughts of many in Congress and other interest groups, this can be done from the home with strict age and border control; with daily, weekly or monthly wagering limits...and without credit cards. In fact, the Internet's a far more secure distribution channel than the existing bricks-and-mortar retail channel or the ITVM.

Already in certain parts of Europe, lottery players can play their same numbers automatically and conveniently through their Internet account.

In Berlin, the Lottery is now using the Internet as a medium for selling Instant lottery tickets.

To participate, players must establish an Internet account with the Lottery, deposit funds in the account – for example, by using their credit card or a wire transfer – and then purchase a ticket and scratch it like a regular instant ticket.

I want to emphasize that this does not require the player to purchase the ticket from a retailer (in order to activate an access code), like players must do with Internet-based games being marketed in the U.S.

As we look for ways to attract the players of the future, one of the more promising media channels is the cell phone.

Again, lottery players in some parts of the world are already wired and wagering to win. In Europe, cell phone wagering, at the moment, is mainly done by text messaging.

For about two years now, players in Munich, for example, have been purchasing their Lotto tickets using what's known as SMS, or short message service, technology.

The Lottery, in turn, sends players an automatic notification when they've won a prize. In other words, SMS permits a two-way exchange.

Players in Munich can also configure their Internet accounts to receive an SMS when one of their Internet-placed bets wins a prize.

This 'alert' is sent whenever they win a prize for any game, not just Lotto.

Mobile telecommunications is trekking a parallel evolutionary path to traditional media. With traditional media, first there was print, followed by radio, then television. With mobile telecom, there's text messaging (akin to print). Sound and pictures – on a mass scale – represent the future.

Finally, there's interactive television, which essentially is any television where information flows not only from the broadcaster to the viewer, but also back from the viewer to the broadcaster.

To run interactive television, you'll need a set top box. Established companies like Motorola, Scientific America and Microsoft are making these devices.

Many people in many industries predict the set top box will become the network gateway in the home. All electronic devices, and perhaps even certain appliances – will be linked to your television. It will be able to record not just every click of your TV remote, but every time, for example, you go to the refrigerator.

As consumers become more aware of interactive TV, its full power will likely be unleashed in the decade to come.

What's more, a healthy percentage of these consumers will be younger. As consumers who've grown up and are comfortable with technology, they'll not only want it, they'll expect it.

Let's say you want to offer your players an opportunity to play at home in real-time. I-TV is your medium.

Want to give your players a convenient way to place their Powerball or Mega Millions bets without leaving the couch? I-TV is your medium.

Here's something to think about. Could this be a viable solution for reaching the growing number of gas-and-go consumers who have no intention of entering the store, but who would play-at-the-pump if given the option?

Of course, for a variety of reasons, not everybody's sold on these new technologies. But make no mistake: these are the 'new channels of convenience.' Each has the power and promise to make lottery play more convenient for the player of tomorrow.

Love 'em or hate 'em, they're here to stay. Just how big a role they'll play in our future – at least here in the U.S. – will depend to a large extent on our government leaders and the legislative paths they choose for us and how well (and cost-efficiently) we are able to integrate these technologies as a complement to the traditional bricks-and-mortar distribution venues. ♣

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Industry News



Loto Catalunya Chooses Scientific Games

Loto Catalunya has awarded Scientific Games and Indra the contract to provide full lottery facilities management services for the autonomous region of Catalonia in Spain for both online and instant lottery products and services. Scientific Games' portion of the award is valued at \$37.3 million over the initial term of eight years and commences October 22, 2005. The contract also contains an option for a two-year extension.

Under the new agreement, which was secured through a competitive bid that included four other bidders, Scientific Games and Indra will provide Loto Catalunya with 2,500 EXTREMA® online lottery terminals, a state of the art AEGIS® central system, the printing and design of instant lottery tickets, complete online lottery services, warehousing and distribution, as well as marketing services.

ate revenues of approximately \$8 million to \$10 million from the sale of the central system and the video site controllers.

Missouri, SCEL Extend Scientific Games

Scientific Games was awarded a two-year extension of its instant ticket and related services contract with the Missouri Lottery. There are four additional mutually agreeable one-year extension options available. The contract is valued at \$11 million over its term and commences July 1, 2005.

Also, the South Carolina Education Lottery has exercised the final one-year option to extend Scientific Games' online lottery contract. The option is valued at \$5.4 million and extends the contract until November 15, 2008.

GSA Announces Advances in BOB, S2S

The Gaming Standards Association (GSA) has developed new versions of two of its groundbreaking standards. Best of Breed (BOB) 1.1 and System-to-System (S2S) 1.1 have completed development and been approved by the membership for release. The original BOB and S2S protocols were released last year, and the new versions improve the protocols' functionality and make them easier to implement.

The BOB and S2S standards are available free of charge to GSA members and for a simple license fee from non-members. Companies that are interested in membership, or more information on GSA and its mission to bring important protocol standards to the gaming industry, should visit GSA at gamingstandards.com.

Scientific Games International Ltd. Wins Prestigious 2005 Queen's Award for Enterprise

Scientific Games International Ltd., based in Leeds, England, has won the highly coveted Queen's Award for Enterprise in the International Trade category.

"We are proud and honored to have won this prestigious award and wish to express our sincere appreciation and gratitude to Her Majesty the Queen for recognizing our contribution to both the British economy and the global economy," said Jim Trask, Managing Director, Scientific Games International Ltd. *"This award is a credit to our staff of more than 500 and to our many suppliers who embrace the high quality standards to which we adhere in our daily delivery of goods and services to our global base of customers."*

2005 marks the 40th year for the Queen's Awards. Today there are three categories of awards: International Trade, Innovation and Sustainable Development. Although the criteria and nomenclature of the categories have changed since 1966, one thing has not – the awards remain the exclusive showcase for Britain's top achievers.

To be conferred with an award in the International Trade category, businesses must demonstrate substantial growth in earnings outside the United Kingdom and commercial success to levels that are outstanding for the goods and services concerned.

Over SGIL's six-year application period, goods exported as a percentage of total revenue increased to 99%, direct sales outside the UK increased by 238%, while employment increased by 124%. ♣

JCM American Provides Total Currency Solution System to Wynn Las Vegas

Known worldwide for its bill validators and currency solutions, JCM American has supplied a total currency solution to the new Wynn Las Vegas.

Now celebrating its grand opening, Wynn Las Vegas received the very latest in currency solutions, including two products making their world premiere – JCM's Universal Bill Acceptor (UBA) and Plastic Cash Box (PCB). Linking the slot floor with the back-of-house is JCM's Intelligent Cash Box (ICB). Wynn Las Vegas is the world's first property operating completely with 100 percent JCM currency solution technology.

Wynn Macau is also slated to receive the UBA/ICB/PCB total currency solution.

Louisiana Selects GTECH for Video Gaming Monitoring System

GTECH has been selected as the preferred vendor to provide a video gaming monitoring system and site controllers for the Louisiana Department of Public Safety & Corrections (DPS&C) video gaming program. Upon successful completion of negotiations with the DPS&C, GTECH will replace the existing video central system, currently provided by another vendor, with the Company's Enterprise Series™ (ES) Video central system. ES Video will monitor the integrity and security of approximately 15,000 video gaming devices (VGD) at approximately 2,800 distributed locations in the state. GTECH will also provide internet protocol (IP)-ready video site controllers at these locations.

The new system is expected to be operational by June 2006. Upon the successful completion of negotiations, GTECH expects to gener-





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SAGEM



Brazil

GTECH Brazil Ltda., has signed a new one-year contract with Caixa Economica Federal, the administrator of the National Lottery in Brazil. Under the terms of the new contract GTECH will continue operating the existing lottery and financial transaction processing systems for Caixa for at least one year or until a new system, being developed in house by Caixa, is installed and operational. At its sole discretion, Caixa may extend GTECH's contract beyond the expiration date of May 14, 2006. GTECH expects the new contract to generate up to \$200 million in revenue.

China

The Shanghai Welfare Lottery Issuing Center began the approval process to award 100 new Keno franchises. The center plans to launch Keno in June. Established leisure locations (bars, coffee/tea shops, restaurants, resorts, etc.) can qualify for a license with a deposit of 100,000 yuan (US\$12,092) for each Keno machine.

Czech Republic

SAZKA, a.s. prepared its consolidated financial statements, as required by the European Union, in accordance with the International Accounting Standards (IAS) and with the International Financial Reporting Standards (IFRS). SAZKA, a.s., first fulfilled this EU requirement last year when it applied the IAS/IFRS to consolidated accounts.

Finland

Players keen on scratching off instant tickets have a new game to play now that Veikkaus introduced the new Labyrinth Instant. It is a new type of instant game requiring players to scratch off arrows on the ticket, which guide them through the labyrinth on the game field. With each arrow the course of the game changes. The last arrow leads players either to a win of 3-30,000 or out of the game field without a prize.

Germany

Scientific Games signed a contract for new online terminals and maintenance services valued at euro 17.4 million or \$21.5 million with Staatliche Toto-Lotto GmbH Baden-Wurtemberg in Germany. The contract includes the delivery of 4,100 units of the Extrema® S8 terminal with customized software and all project services including ongoing maintenance and support services for a period of seven years. Included in the scope of the project is the delivery of a state of the art download server, a content management system to optimally exploit the multimedia capabilities of the Extrema S8, as well as a highly secure VPN network. The software for the terminals was developed by LotSys SAS and the hardware by Sagem SA, which will provide their products and services as subcontractors to Scientific Games Austria.

Luxembourg

Loterie Nationale, Luxembourg has contracted with Smartplay to replace their PiccoBello prize wheel with a custom gaming table. In this new game, suspense will captivate the audience as game balls teeter on the brink of settling on a given number, and then may well roll the other way. Will the ball land on the number the player has chosen? Maybe or maybe not, and that's the new fun of PiccoBello as the player makes a series of decisions prior to the launch of each game ball. A September launch is planned.

Mauritius

The Central Tender Board (CTB) on behalf of the Government of Mauritius wishes to publicly announce the re-launching of the international procurement process for the implementation and operation of the Mauritius National Lottery. The Invitation to Submit Proposals applies to all firms or corporate bodies having or being able to provide a proven track record in the implementation and/or operation of lottery systems and having or being able to provide the required knowledge, expertise and capabilities to undertake such a comprehensive assignment. The Request for Proposals (RFP) is released and available for download from the webpage of the Ministry of Finance and Economic Development (MOFED) at <http://mof.gov.mu/lottery.htm>. Alternatively, the RFP documents can also be obtained by calling in person at the MOFED, Government House, Port Louis, Mauritius between 09:00 and 16:00 hours on weekdays. All interested parties are required to register before downloading/collecting the RFP documents.

Puerto Rico

ESI Integrity Inc. has successfully deployed its Lottery Internal Control System (ICS) to independently monitor the gaming transactions of Lotería Electrónica, the online lottery of Puerto Rico. Under the terms of the contract, ESI Integrity will provide the Integrity Independent Monitoring system to monitor all the on-line games offered by Lotería Electrónica. The Integrity system will provide an independent and continuous audit check of all lottery transactions processed, providing assurance that the lottery rules are followed.

Philippines

The Philippine Amusement and Gaming Corporation reportedly submitted to the National Telecommunications Commission (NTC) guidelines regarding its plan to operate Internet and cellular phone-related gambling. PAGCOR's plan would require all players to register through SMS, and would require valid government ID (driver's license, passport, etc.) to ensure they are of legal age. Winners would also be required to present valid IDs. Any that could not provide such identification would forfeit their winnings to the government. To further prevent underage gambling, PAGCOR would require games be paid for via prepaid cards in the denomination of P500, P1,000 and P5,000.

Thailand

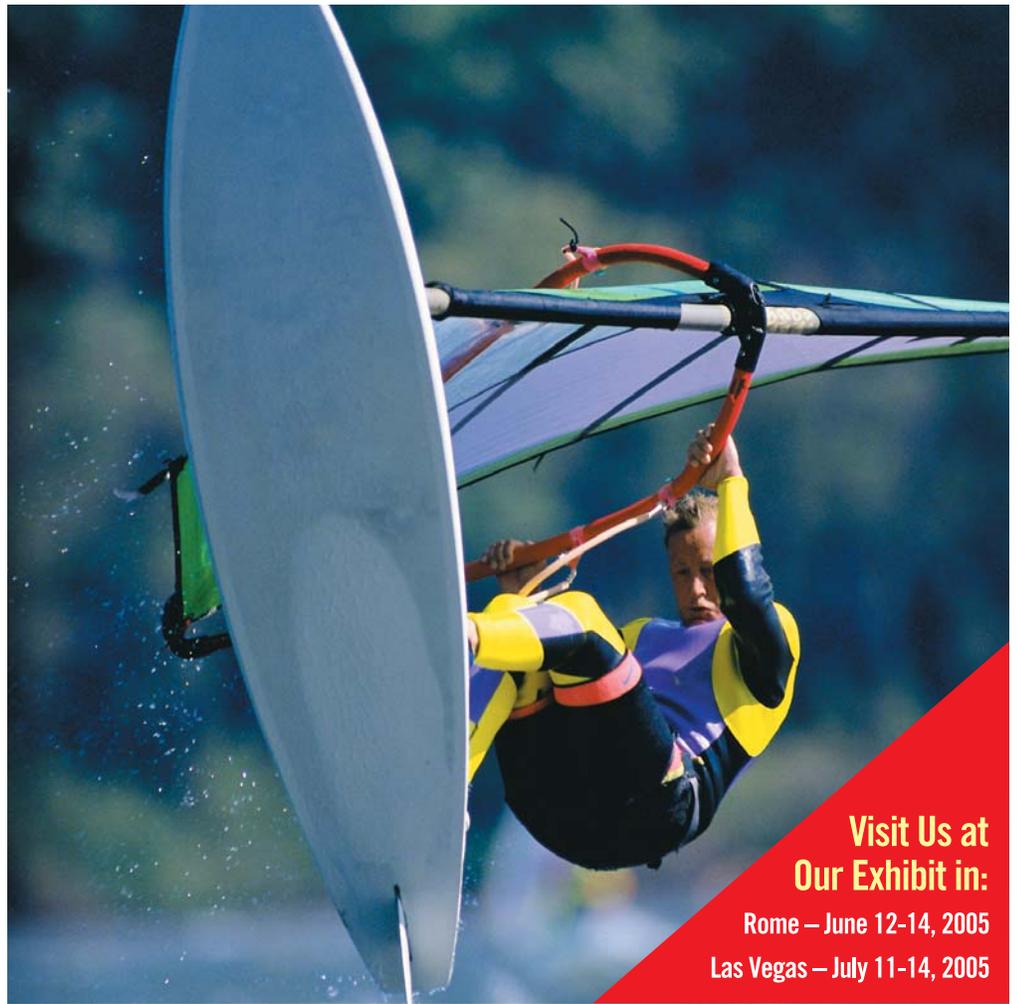
Thailand's Government Lottery Office is taking measures to prevent lottery retailers from overcharging for tickets. Lottery tickets will now be classified according to region. Tickets sold in the provinces will be blue, tickets sold in the Metropolitan area will be green, tickets issued for organizations will be brown, and pink tickets will be for other legal entities. Retailer's licenses will be issued in the color that matches their tickets. The GLO is also opening a 24-hour hotline that allows customers to place complaints about retailers who are charging too much for tickets. Retailers who violate the rules will lose their licenses.

UK

Sky Active offered free U.K. National Lottery Lotto tickets to Sky viewers who register for a National Lottery account through Sky Active's interactive TV service. The first 50,000 customers to register had £1 credited to their account to purchase a ticket.

Camelot reported a rise in sales for the second year in a row to more than £4.7 billion. Sales for the year to the end of March are thought to be £100m higher than the previous year. ♣

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The D.C. Lottery Reloaded



D.C. Lottery Chief Operating Officer Jeffrey "Jay" Young critiques a presentation with Sales Director Billy Parson at the strategic planning retreat for fiscal years 2006 & 2007.

I. The Challenge

As nearly a 25-year-old business, the D.C. Lottery and Charitable Games Control Board (DCLB) is mature by lottery industry standards based on its years of service, product set, and technical operation. In fiscal year 2004, DCLB generated \$241.3 million in revenue and transferred \$73.5 million to the District of Columbia. And since its inception, the D.C. Lottery has generated \$3.8 billion in gross revenues and transferred more than \$1.2 billion to the District's General Fund, which is used for a variety of city expenditures, including: school, fire, safety, and transportation expenses.

During the past decade, DCLB has been a successful lottery. In fact, during the tenure of Executive Director Jeanette A. Michael, DCLB achieved record sales in fiscal years 2003 and 2004. However, its compound growth rate for top line revenue and transfer (profits) growth has remained in the 1% range, while other similarly situated lotteries (e.g. similar age, product set, and geography) have grown at much higher rates. In more populous jurisdictions, such as New York State, the lottery generates more than \$5 billion annually. As an industry, U.S. lotteries generate more than \$50 billion per annum. Yet, despite having one of the highest per capita growth rates for its core online products, DC Lucky Numbers™ (three-digit), DC-4™ (four-digit), and POWERBALL®, as well as attractive growth rates for its instant ticket products, DCLB has been unable to rapidly accelerate its sales or dramatically increase its contribution of operating profits to the District.

The D.C. Lottery's situation is not unique. The lottery industry as a whole is facing similar problems, as traditional lottery games have lost their luster and the product life cycle of core lottery products has moved into the mature stage. Additionally the competition for entertainment dollars and discretionary spending has dramatically increased due to an increase in the number of state lotteries, retail channels, and demographic shifts, while the core online product offerings have failed to capture the imagination of the 21-35 year old player. Faced with these trends and an ever-growing need for more revenue, states have started adopting more aggressive forms of gaming, such as rapid draw games like Keno, while simultaneously pushing into the slot machine frontier with video lottery terminals (VLT's). The states that have adopted these measures (e.g.

On August 27, 2004, the D.C. Lottery and Charitable Games Control Board was on its way to posting a second year of record sales. Yet, on that Friday morning, all positions were abolished and the employees were given 10 days to compete with outside applicants for positions that required higher levels of formal education, new skill sets, and corporate experience.

The following article is based on a case study by the D.C. Lottery's Chief Operating Officer Jeffrey "Jay" Young, a principle architect in the restructuring of the agency.

Massachusetts, Delaware, West Virginia, etc.) have been able to energize their lotteries and dramatically increase their sales along with money transferred to their governments.

States that have taken a more conservative approach to the lottery business have been left to managing the organization from the expense side. Recently, Minnesota, Colorado, Texas, and other states have been cutting costs by reducing headcount and operating expenses, such as advertising. They have also been looking for other ways to energize their operations, including hiring professional management, outsourcing, and changing the operation of lotteries to an independent business model (e.g. Iowa, Georgia, Tennessee). The latter phenomenon is designed to help lottery operations accelerate and more effectively meet the demands of the marketplace.

II. Analysis and Solutions

Realizing that DCLB had hit a plateau, it was clear to Michael that the agency needed new ways to increase performance, professionalism, service delivery, innovation, and profits to the District. Since Michael's primary obligation was to maintain day-to-day operations, the Chief Financial Officer of the District of Columbia Dr. Natwar Gandhi encouraged her to hire a top-level manager to help implement the needed changes. In June 2003, DCLB hired Jay Young as its Chief Operating Officer (COO).

As a newcomer to the lottery industry, Young brought a wealth of corporate experience to the agency. He had served as President of the Washington D.C. Technology Council, Inc., a not-for-profit association of technology companies in the District of Columbia; Chief Operating Officer for Proteus, Inc., a developer of wireless applications for handheld devices based in Washington, D.C., and as Regional Executive for MCI Communications Corporation, where his responsibilities included business development, commercial transactions, and government affairs.

As the new COO, Young quickly assessed DCLB. The agency had authority for 100 full time employees and at least 60% of the workforce had been with the agency for 15 years or more. Many of these employees were maxed out at the top grade levels for their positions, had not received formal training in a number of important areas, and were not measuring operational effectiveness and efficiency. Furthermore, DCLB was not managing its vendors in a way that generated the support necessary for product research and analysis and the quick and efficient addition and deletion of lottery games and promotions.

So, to systematically address DCLB's problems on several fronts, Young worked with the Executive Director to develop a plan to improve the agency by instituting a top to bottom change management process, featuring performance measurement management, developing an operating



D.C. Lottery Executive Director Jeanette A. Michael leads a work session that includes Marketing Chief Sandra Mitchal, and Associate Counsel Ridgely Bennett (foreground) at the strategic planning retreat for fiscal years 2006 & 2007.

scorecard, establishing operating metrics, and redesigning the entire organization. He helped institute a four-part program aimed at turning around how the agency operated by creating a short term and medium range strategic plan. He said, "We had to create a plan that focused on outputs, as well as gain control of employee performance. We also identified key markets and constituents and changed the focus of the organization to be centered on increasing the transfer and financial support to the operations of the District." With the support of the entire agency, Young developed, initiated, and implemented the strategic planning process within 90 days of conceptualization.

The strategic planning effort focused the agency on three important goals: (1) increasing the transfer and the efficiency of the organization; (2) improving the personnel practices and training of the employees, and (3) improving the relationship with key internal and external constituents. Almost immediately after the completion of the strategic planning process, Young launched into developing an assessment and benchmarking study for the agency. He explained, "to accelerate development, DCLB needed to completely evaluate the skills, abilities, and competencies of the employees to measure our capacity to address the market, as well as optimize the structure and functioning of the organization." Accordingly, the design of the assessment featured one-on-one interviews, group meetings, a paper process analysis, and a gap analysis tied to the agency's strategic plan. The benchmarking activity was designed to buttress the assessment analysis by studying and in some cases visiting four similarly situated lotteries to evaluate "better practices." This activity was executed within five months of final approval. The report generated from this activity advocated significant reengineering of agency operations, upgrading staff capabilities, and more thorough performance evaluation of managers and staff.

After evaluating the report and management plan, the Chief Financial Officer decided to more aggressively expand the process. Dr. Gandhi called for the abolishment of all positions at DCLB and used the Lottery's report as a blueprint for completely restructuring the agency. In the process, the agency's operating budget was slashed by 20% (\$2 million) and the headcount was reduced to 80 full time positions.

Within the new structure, the reporting structure was streamlined and a number of the new positions were created with a focus on technology, sales, marketing, and financial analysis. Also, basic support functions, such as Human Resources, Procurement, and Legal were moved to a centralized government support operation. Deputy Director positions were eliminated, administrative staff positions were concentrated, and a Resources Management Department was developed. Under the current, structure the COO directly manages the Information Technology, Financial Services, and Resources Management Departments, and coordinates the central support functions.

During the 10-day enrollment period, the D.C. Lottery received more than 700 applications for its 80 positions. The restructured positions required new skill sets including project management, computer analysis, and teamwork acquired and demonstrated through previous employment and educational background. Recent DCLB hires have solid business and educational experience, the ability to process information required by the market, and a focus on execution. Each person was selected through a prescreening process, followed by a panel interview that focused on behavior, knowledge, and scenario questions developed by the COO. At this time, DCLB is continuing to work through the change management process, revisiting strategic planning, and focusing on refining role definition within the agency. It will take approximately 18-24 months to be able to fully evaluate the structural changes at DCLB, as well as assess whether the changes will have the desired impact on the capability and functioning of the organization. Michael said, "Jay utilized his corporate strategic planning expertise to quickly and accurately evaluate the agency to implement my vision for the future of the D.C. Lottery."

III. Market Implications

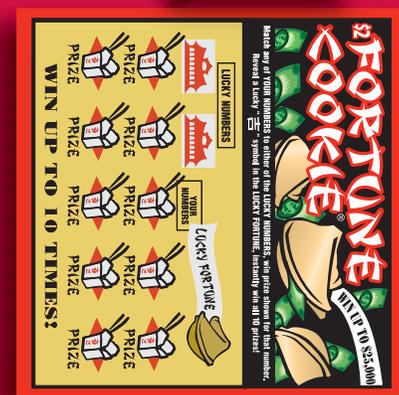
The restructuring activity at DCLB is garnering attention around the industry. As Young sees it, "We are at the forefront of the creative destruction process, massive implementation of change management, and government reengineering in a unique segment." Many other states have an interest in ...continued on page 28



Resource Management Director Carol Jackson Jones with COO Young at the opening of the new D.C. Lottery Resource Center that features a media room, research materials, and conference rooms.



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International Lottery Players' Survey

By Phil Kopel, President Kopel Research Group, Inc.

In this article, respondents of our International Lottery players survey¹ provide their perspective on high priced Scratch tickets.

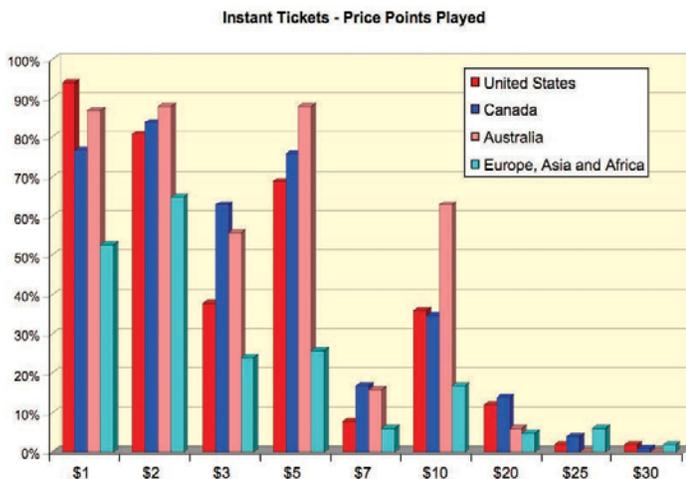
In the 1980's and early 1990's all Instant Scratch tickets cost \$1, and the Lottery player's only choice was to buy the Instant Scratch ticket available or buy an on-line game. How things have changed, given that many Lotteries are now offering upwards of 25 Instant Scratch tickets at a time, with a variety of price points.

But what price is high enough and what are the lottery players' expectations? Who are purchasing the high priced tickets and how do they differ from those playing the lower priced tickets?

Instant Ticket Price Points

In the United States, Canada and Australia the majority of Instant players have purchased the \$1, \$2 and \$5 tickets. In Australia, the \$10 ticket was also a popular price point.

In Europe, Asia and Africa most Instant ticket players have played only the \$1 and \$2 tickets (US value).



Overall, only about 10% of Instant ticket players have played tickets with a price point of \$20 or more.

Reasons for preference

Those that enjoy playing the \$1, \$2, \$3 and \$5 tickets the most, find them fun to play, are attracted to the ability to know if they won right away, enjoy scratching off and they feel they offer a good chance

to win a prize.

Those that play the \$7, \$10 and \$20+ tickets most often, play for all of the reasons mentioned above but also enjoy higher top prizes, better odds of winning and have better sized lower level prizes.

Top Prize Expectations

The following table presents the median expected top prize amounts for the \$5, \$10 and \$20 Instant Scratch tickets. In general, players would be satisfied playing \$5 tickets that have a top prize payout of \$50,000, \$10 tickets that have a \$100,000 top prize and \$20 tickets with a top prize of \$500,000.

- Lottery players from the United States appear to expect lower top prizes, whereas those in Canada expect a higher level top prize.

EXPECTED TOP PRIZES – MEDIAN VALUES	US	CANADA	AUS, EU, AFRICA
\$5 Instant Scratch Ticket Expected Top Prize	\$10,000	\$50,000	\$50,000
\$10 Instant Scratch Ticket Expected Top Prize	\$35,000	\$100,000	\$100,000
\$20 Instant Scratch Ticket Expected Top Prize	\$100,000	\$1,000,000	\$500,000

Likelihood to play the \$20 Tickets

About one-half of Instant ticket players do not expect to ever play the \$20 ticket. About 10% to 15% of Instant ticket players either already have or say they definitely would buy a \$20 ticket if the top prize was high enough. About one-third of players say they possibly would buy the \$20 ticket if there was a very large incentive.

Using our probability model, about 25% of Instant ticket players would potentially buy a \$20 Instant Scratch ticket.

Of those that would buy a \$20 ticket, about 45% said that they would

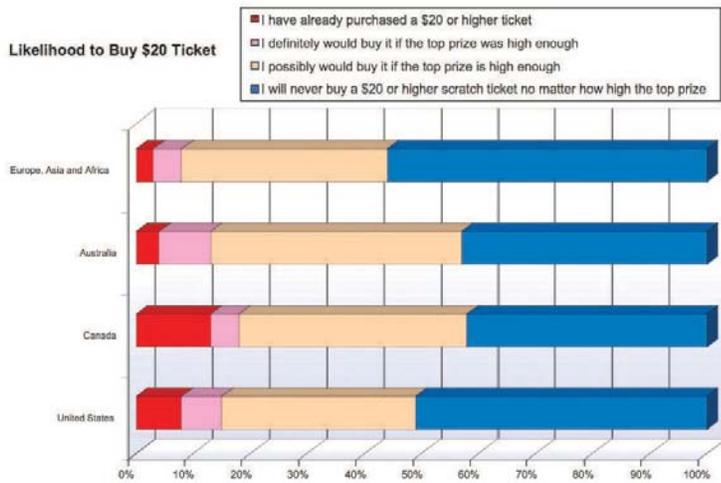
¹For information about the demographic and lottery play distribution of the International Lottery Research Panel please see the April edition of Public Gaming.



WELCOME TO PLAYER CITY, MICHIGAN

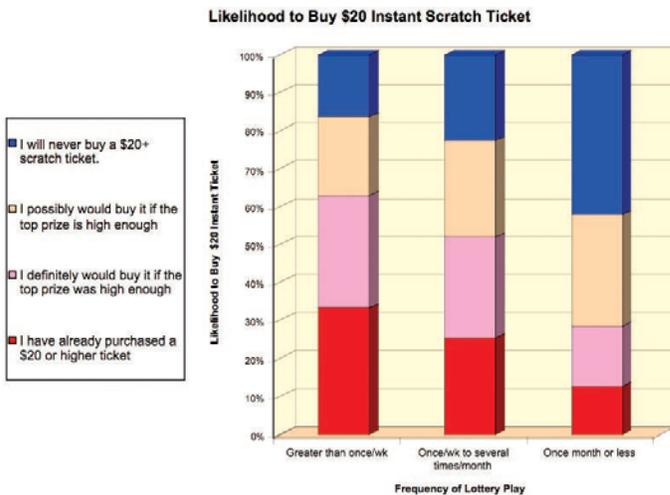
est. 2005

New residents are flocking to the Welcome Center in PLAYER CITY™, Michigan – a new virtual community for people who play Michigan Lottery games and enjoy having FUN on the Internet. Developed for the Lottery by MDI Entertainment, PLAYER CITY™ “neighborhood amenities” are different and better than the features of any “player VIP club” ever offered before. When you’re ready to take player relationships and your Internet Services to the next level, contact the Lottery professionals at MDI.



continue to buy their other lottery games at the same rate resulting in an increase in their total lottery expenditure. About 30% said that they would re-allocate their purchase so that their overall expenditure would remain the same. About 25% indicated that if they played a \$20 ticket their expenditure might actually go down.

The FOLLOWING chart shows that those most likely to play the \$20 ticket are the most frequent Lottery players.



Although an Instant Scratch player’s likelihood to play the \$20+ ticket was strongly influenced by frequency of Lottery play, perhaps surprisingly, there were no significant correlations between demographic population segments (gender, age, education or household income) and level of interest in playing the \$20 ticket.

The Author: Philip Kopel, President, founded Kopel Research Group, Inc. www.kopel.com in 1989. Phil has managed a diverse variety of research projects for many lotteries throughout the United States and Internationally. The company provides comprehensive lottery market research solutions including; benchmark studies, research panel management, game design concept analysis, player segmentation analysis, game mix optimization, sales forecasting and retail agent feedback and satisfaction analysis. ☺

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Mountaineer Racetrack and Gaming Resort: Racino Pioneer Reinvesting the Fruit of its Labor



Mountaineer Racetrack and Gaming Resort, located in Chester, West Virginia is a self-titled “entertainment” complex located in a geographical gold mine. The racino, situated at the northwest point of West Virginia draws deeply from a tri-state population of 6.3 million people located within a two-hour drive of the facility (Cleveland, OH; Pittsburgh, PA; and Youngstown, OH all fall within a 120-mile radius).

Mountaineer features approximately 3,220 VLTs (and is approved for 280 more), a year-round thoroughbred track with import and export simulcasting, an upscale hotel offering 359 rooms, a spa, fitness center, golf course, fine dining and entertainment, a 69,000 square foot theater and events center, and a 39,000 square foot convention center.

Racino Pioneer

Mountaineer Racetrack is more than just a fortunate recipient of video revenue, the track was actually one of the chief drivers of legislation that allowed racinos to operate in West Virginia.

In 1990 the West Virginia Lottery Commission granted permission to Mountaineer to install a maximum of 165 VLTs in order to create more

profit for the struggling racing industry.

Two years later, Mountaineer was purchased by Excalibur Holding Corporation. The new owners asked the Supreme Court for a decision on who owned the computer chip in the video lottery machines – the State of West Virginia or the new owners. The Supreme Court responded with a decision that the way the machines had been allowed (by Lottery Commission rules and regulations) was not sufficient. Their ruling stated that the code was not specific and that enabling legislation had to be passed by the West Virginia legislature. The enabling legislation called for a local referendum in those counties in which the tracks were located.

Soon after, 1st District Delegates Tamara Pettit and Sam Love sponsored the Racetrack Video Lottery Act of 1994, which authorized a local referendum election to allow video lottery at West Virginia’s four racetracks. The Act passed in March of 2004, and Hancock County approved VLTs at Mountaineer in May of the same year.

Today, Mountaineer has clearly benefited greatly from its pioneering effort.

“Our racetrack product has improved dramatically,” said Ted Arneault, President



MTR: Positioned to Succeed

In 2001, MTR Gaming Group, Inc. was ranked as the seventh best company on Forbes Magazine’s 200 Best Companies list. In 2003, the company was named one of Business Week’s 100 Hot Growth Companies for the second consecutive year. The company has been on an upward track ever since Ted Arneault took the helm in May 1995 with the task of turning around a company with a \$5.2 million operating loss.

Arneault has been very effective in turning the company around. In 2000 through 2004 the company’s income from operations exceeded \$157 million, with income rising each of those five years.

What’s more, the good financial news only appears to be getting better. While Mountaineer Racetrack and Gaming Resort’s gaming revenue may begin to experience a decline once border states implement racino programs, MTR Gaming as a whole is positioned to benefit greatly from the expansion.

The company is looking to capitalize on the Pennsylvania racino legislation through a license it holds granting it the right to build a thoroughbred track in Erie, which is planned to come in the form of a state-of-the-art facility called Presque Isle Downs. MTR, which is planning to break ground on Presque Isle Downs in late Spring 2005, expects business generated at its Erie facility to more than offset any losses Mountaineer may see as a result of the increased competition from Pennsylvania. The Erie market not only holds 2.2 million adults within a 90 mile radius, but sees 4 million tourists annually.

The company also owns Scioto Downs, a harness horse racing facility in Columbus with pari-mutuel wagering. If gaming legislation were ever to break through in Ohio, MTR stands to benefit greatly. In the meantime, Scioto is a mere 175 miles from Mountaineer – close enough to allow MTR to take advantage of cross-marketing opportunities.

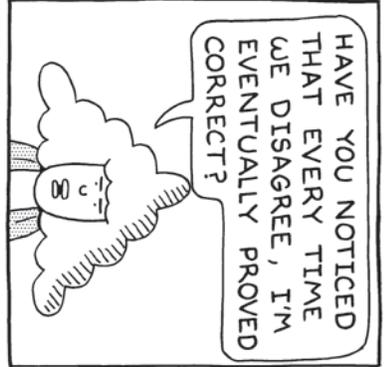
In addition to these opportunities, MTR recently acquired a 50 percent interest in North Metro Harness Initiative, which holds a license to build a harness track just north of Minneapolis, in Anoka County. The track would be one of only two tracks permitted in the seven-county Minneapolis metropolitan area. While Minnesota currently does not allow gaming machines at tracks, the state does allow licensed tracks to operate a card room with up to 50 tables offering non-banked games. ♠

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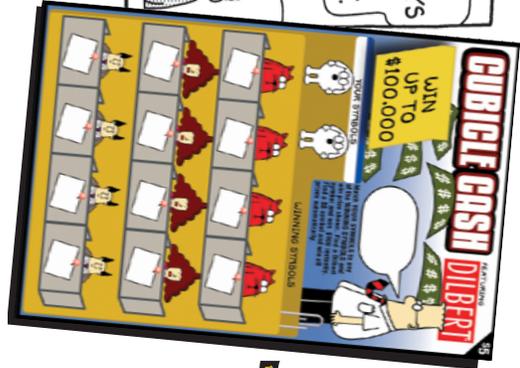


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and CEO of MTR Gaming. "The problem in the smaller racetracks back in 1994, along with the prospect of closing, was the fact that the horse flesh was not of the quality that would allow Mountaineer to compete in the thoroughbred racing arena. But, what happened because of the legislation, it drove the amount that went into purses, so when we had our increase in purses we were able to draw more competitive horses. When we had more competitive horses we were able to put together our product so that we could sell our signal all over the country.

"Right now, if you go into most [Las Vegas] casinos around four 'o clock in the afternoon you'll see Mountaineer's signal in the sportsbooks and you can bet on it. What that did was increase the handle or the pool of betting which then drove higher purses which led to better horses, so it's been a circular affect which has been very good on the racing product we've been able to offer."

Of course, Mountaineer hasn't been the only one to benefit from the enabling VLT legislation. Three other West Virginia tracks have combined with Mountaineer to offer what is by far the West Virginia Lottery's biggest selling product. In fact, video lottery is the third largest source of income for the state of West Virginia, behind only the state sales tax and the personal income tax.

"It's really a public, private partnership that has worked really well," said Arneault. "This piece of legislation met with a lot of doubts when it was first implemented, particularly with respect to crime, questions with respect to controls, and over the last eleven years we haven't really had any of those major issues. I think it's because of the relationship we do have with the Lottery... Director Musgrave has always taken a very business-like approach. He's been a great ambassador for our industry in the legislative arena and in the administrative arena."

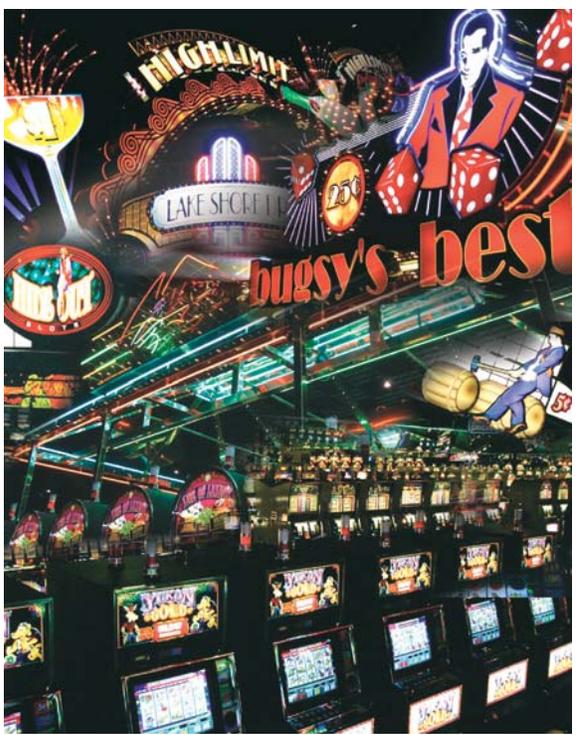
A Formula for Success

Cooperation from the Lottery has certainly helped Mountaineer's video program to succeed, but there's another ingredient to the track's success – community acceptance.

Mountaineer has been operating as a gaming venue since it first opened its doors in 1951 – 43 years before asking Hancock County residents to allow an expansion into gaming machines.

Due to the history of the track, at the 1994 local referendum election residents were voting on more than just gaming machines, they were voting on the viability of a facility that provided jobs for their relatives, friends and neighbors. This factor, combined with the natural transition to allowing machines in an age-controlled gaming facility proved significant in the passing of the legislation.

"The reason tracks have been so successful is that they have been gaming facilities for fifty years and more," said Arneault. "They are respected in that way, they have been part of the economic fiber of the communities that they exist in. Because of that they are looked at as a business that is just expanding its product base."



...continued on page 22

Intralot Offering Competitive VLT Solution

Supplied by Intralot

The operation and control of Video Lottery Terminals (VLT, aka "Video Gaming Device" – VGD) is one of the most appealing business activities of the regulated gaming industry. Lotteries and other VLT operators need the tools to leverage their investment in this market while ensuring integrity and operational control at a low cost.

With great expertise in the design and development of high performance gaming systems, INTRALOT provides extremely competitive solutions for the integration of VLTs, peripheral devices, and VLT monitoring and management software in one centrally controlled communications network.

INTRALOT is not only a video lottery technology vendor, but also a very successful Video Lottery Systems operator. INTRALOT has installed the first on-line Video Lottery System in Central-Eastern Europe that operates countrywide for the Romanian State Lottery (CNLR). Our operational environments in Central-Eastern Europe include currently 2,500 VLTs in Romania and Moldova, which are going to exceed 10,000 units in short term. Moreover, the Department of Internal Affairs in New Zealand following a public procurement has selected INTRALOT as the supplier and operator of New Zealand's Video Lottery Central System for monitoring 20,000 gaming machines.

Based on its experience as a video lottery operator and its solid technology know-how, INTRALOT is offering V-LOTOS as its complete and integrated video gaming solution. V-LOTOS...

- is equally appropriate for operators of dozens to thousands of VLTs, either dispersed geographically or located in a few destination gaming venues, all connected via various communications options
- enables the video lottery operator to collect transactional and operational data, control and monitor the entertainment venues, offer local and multi-location Jackpots, and perform accounting and oper-

ational reporting, all with high security, integrity and reliability

- supports cashless payment methods, player tracking and responsible gaming features
- is particularly beneficial for lotteries that wish to integrate the support and operation of lottery, video lottery, betting, Internet, GSM, and instant games into a single platform

A number of Lotteries consider the development and adoption of innovative video gaming technologies, such as Central Determination Systems (CDS) and downloadable VLT software. A carefully planned and implemented Video Gaming System utilizing these technologies can offer significant operational, marketing, and cost advantages to a video gaming operation:

- Operationally, the central control and deployment of games minimizes field visits, Point of Sale (POS) complexity, and POS security exposure.
- From a marketing point of view, it offers to the operators the ability to fine-tune the selection and deployment of games according to demographics, timing, and market feedback.
- The costs are reduced by cutting down operational costs and deploying lower cost PC-based VLTs.
- INTRALOT is pursuing CDS and downloadable VLT software technologies to support these business objectives.

Finally, INTRALOT supports the adoption of open interfaces that connect the main business modules of a Video Gaming system: Games, Central Server, Random Number Generator (RNG), Video Gaming Device, Site Controller and Alternative Sales Channels. By introducing open interfaces, the gaming operator can procure and deploy the best and latest technology from the vendor that best supports the business requirements of the particular market. ♣

Mega Millions

Big Changes for Mega Million

When California becomes the 12th state in which Mega Millions is played, players across the country will see changes in the game that will make it even more exciting.

The addition of California adds 35.9 million people to the Mega Millions population – raising the 12-state game total to 155.1 million, an increase of 30%.

The basic Mega Millions game will not change. The price of tickets will remain at \$1, and Mega Millions drawings will continue to be held Tuesdays and Fridays at 11:00 p.m. Eastern Time, 10:00 p.m. Central Time, and 8:00 p.m. Pacific Time.

Changes will include: increasing the prize for matching the first five Mega Millions numbers but not the Mega Ball from \$175,000 to \$250,000; increasing the prize for matching four numbers plus the Mega Ball from \$5,000 to \$10,000; a matrix change from 5:52 and 1:52 to 5:56 and 1:46, changing the jackpot odds from about 1 in 135 million to about 1 in 176 million, and changing the odds of winning any Mega Millions prize from 1 in 43 to 1 in 40. Also, the starting jackpot will

increase from \$10 million to \$12 million.

The California Lottery Commission unanimously approved the game's rules and regulations, opening the door for a task force to receive Mega Millions software in May. After testing the software, the Lottery is expected to join the Mega Millions game in late spring or early summer, although no official date has been set.

Other Mega Millions lotteries are also approving the game changes. One, the Texas Lottery Commission unanimously voted to adopt the rule amendments.

"With the addition of California's anticipated increase in the overall sales of Mega Millions, we expect a rapid increase in the Mega Millions jackpot levels per roll cycle," said Texas Lottery Commission Executive Director Reagan E. Greer. *"It's our belief that increases to the jackpot amounts will translate into increased sales and increased revenue to the Foundation School Fund."*

The planned start date for the Mega Millions game changes is June 22, 2005. ♣

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Interim
Program Schedule

Simultaneous English/Spanish translation will be available for all sessions

JULY 10 - Sunday
8am-Midnight – Exhibit Set-up

JULY 11 –MONDAY
8am – 2pm – Exhibit Set up
12 NOON – 7pm Registration Open/
2pm – 3pm
Orientation for New Gaming & Lottery industry Representatives
3pm – 5:30pm – General Session I

WELCOME TO EXPO-ILAC 2005 & INDUSTRY OVERVIEW

Speaker:
DUANE BURKE
 CEO, Public Gaming Research Institute, Inc.;
 Publisher, Public Gaming International Mag.;
 CEO, ILAC de Guatemala S.A.

RECOGNITION OF COUNTRIES

Recognizing the countries & lotteries represented at this year's EXPO/ILAC

INTRODUCTION OF CO-SPONSORS

Introduction of the companies that are helping to make EXPO/ILAC successful

KEYNOTE ADDRESS

The Challenge to North American Lottery & Gaming Interests from Off-Shore Internet Gaming Operations

Speaker:
DR. EDWARD STANEK, CEO & President,
Iowa Lottery Authority

TOP TIPS FOR INCREASING REVENUES

A panel discussion featuring many of the lottery & gaming industry's leaders at EXPO

LIFETIME ACHIEVEMENT AWARD

Presentation of the Major Peter J. O'Connell Lottery Lifetime Achievement Award to **DANIEL BOWER, Chairman of Telecom Game Factory and Co-Founder of Scientific Games Inc.**

5:30pm – 7:30pm
Reception in Exhibit Area

JULY 12 – TUESDAY
8am – 9am – Continental Breakfast - Exhibit Area
8am – 5:30pm – Registration Open

9am – 1pm – General Session II
KEYNOTE ADDRESS
Revenue Growth and Profits from the Examples of Others
Speaker:
ARCH GLEASON, CEO & President,
Kentucky Lottery Corporation; Vice-President, World Lottery Association (WLA)

Continued next page

SPECIAL GUEST SPEAKER
Growing Through Smart Marketing and the Timely Introduction of New Products
Speaker:
REBECCA PAUL, CEO & President,
Tennessee Education Lottery

NEW PRODUCTS – THE LIFE BLOOD OF GROWTH
A Panel Discussion of Lottery, Gaming and Supplier Experts

SMART MARKETING & PROMOTIONS – THE INDISPENSIBLE TOOLS
A Panel Discussion of Lottery, Gaming and Supplier Experts

LICENSED PRODUCTS FOR GROWTH
A Panel Discussion by Industry Leaders on Best Strategies for Using Licensed Products

GROWTH STRATEGIES FOR ON-LINE GAMES
A Panel Discussion by leading experts
5pm - On
Evening Open

VIDEO GAMING IN RACINOS – A LEADING OPPORTUNITY FOR GROWTH
Panel discussion by leading experts

MONITOR & VIDEO GAMING IN LICENSED LOCATIONS
Panel discussion

1 – 3pm
Luncheon & Networking - Exhibit Area
LOTTERY INDUSTRY HALL OF FAME AWARDS FOR 2005

3pm – 5pm – General Session III

ADVERTISING THAT WORKS
Examples of TV ads that are working from around the world

PLANS FOR GROWTH IN LATIN AMERICA AND THE CARIBBEAN
Panel discussion on product needs and plans for growth in Latin America & the Caribbean

NEWEST INSTANT GAME STRATEGIES
Panel Discussion
JULY 13 – WEDNESDAY
8am – 9am – Continental Breakfast - Exhibit Area

8am – 2:00pm – Registration Open

9am – 1pm – General Session IV

SECURITY & REGULATION OF GAMES
Panel discussion

PRODUCT OF THE YEAR PRESENTATIONS

GROWTH OF LOTTERIES IN INDIA
A panel discussion

GROWTH STRATEGIES IN EASTERN EUROPE
Presentation - speaker to be announced

GROWTH STRATEGIES IN WESTERN EUROPE
Presentation – speaker to be announced

1– 2pm
PRODUCTS OF THE YEAR AWARDS
Luncheon & Networking in Exhibit Area

2:30pm – 6:00pm
VIP TOUR OF GAMING TECHNOLOGY
Limited to government & gaming-operations company representatives only - space limited. Transportation will depart from the front entrance of Bellagio at 2:30pm and will return by 6:00pm.
Advanced and proprietary technologies of these companies will be presented.
Refreshments, paid for by conference Host Public Gaming Research Institute, will be served.
5:30pm – Evening Open

JULY 14 - THURSDAY
8am – 9am – Continental Breakfast
9am – 11am
TV ADVERTISING AWARDS
CLOSING DISCUSSIONS
11am
Conference Adjourned

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on the internet

Rhode Island Lottery Website Receives Extreme Makeover

When visitors key in www.RILOT.com on their computers, they receive more than their usual report of the latest Rhode Island Lottery winning numbers. Instead, they are greeted with a fascinating array of Rhode Island Lottery information, including game descriptions, latest winners, promotional events, jackpots, Retailer information and an opportunity to become a VIP Club member.

The redesigned website, released on April 25, 2005, is intended to complement the efforts of Lottery staff and Retailers, while catering to the needs of a 21st century public.

"The internet has changed the way people do business, gather information and entertain themselves," said Gerald Aubin, the Lottery's executive director. *"What we've come up with is a way for everyone who has internet access to enjoy the Lottery at their convenience."*

With the newly released site comes a new twist for the Lottery – an opportunity for its visitors who are 18 years of age and older to become VIP Club members. To become a VIP member, visitors are asked to respond to a short questionnaire on-line. Once processed, the player may receive the results of each drawing for the Daily Numbers game, Wild Money and PowerBall®, immediately following the official drawing. The results can be transmitted to a user's e-mail, cell phone or other device selected at sign-up.

Other features of the VIP membership will include receiving new game information, promotional updates, and automatic entry into periodic random drawings for free lottery merchandise or a "grand" prize.

Within the first two weeks of the site's "soft" launch phase, 680 visitors signed up as VIP Members. The Lottery plans to advertise its relaunched web presence for its "official" launch on May 27, 2005, offering a Las Vegas vacation in a grand prize drawing for VIP Members. It is anticipated that the Rhode Island Lottery website will become a benefit to anyone interested in learning more about the state's third largest source of revenue.

Yobet Becomes CBS SportsLine.com's Exclusive Horse Racing Content Provider

Yobet.com, Inc. has signed an agreement to be the exclusive horse racing content provider for CBS SportsLine.com. The deal means that Yobet's diverse content offering – including live racing video, race replays, handicapping products, racing tutorials, and games and contests – will now be accessible to the millions of sports fans who visit CBS SportsLine.com's flagship site, cbs.sportsline.com, each and every month.

In making the announcement, Yobet CEO Charles F. Champion said that the arrangement is in keeping with Yobet's strategy to cultivate a broader fan base for the sport of horse racing that will yield long-term benefits for tracks, horsemen and the entire industry.

"Our industry needs to find a younger generation of fans by reaching out to them," Champion said. *"Based on our own success in growing the 21 to 40 year old demographic, we know that many of them are online – in fact, many of them are at CBS SportsLine.com – surfing for fast-paced, interactive and entertaining ways to get involved with sports. The exposure afforded*

by our agreement with this highly regarded Internet sports company is another key step to engaging them in our sport... and selling them what this great sport has to offer."

The agreement calls for Yobet to provide CBS SportsLine.com with program content in three phases over the next six months. The first installments, which were in time to feature last month's Kentucky Derby, feature live racing audio/video, the Yobet-Daily Racing Form Triple Crown Watch page and a \$100,000 Kentucky Derby Pick 12 contest (www.derbypick12.com).

Other newly created programs will go live before the 2005 Breeders Cup World Thoroughbred Championships at New York's Belmont Park in October.

Kyl Bill Resurfaces

Arizona Senator John Kyl is once again introducing his bill to ban Internet gambling. The major difference between this year's version and previous versions is that this year, no exemptions are being given, all forms of Internet gaming would be deemed illegal.

Kansas Lottery Relaunches eScratch

The Kansas Lottery is relaunching eScratch, its scratch game with interactive features, with some changes that the Lottery is hoping will make the game more appealing to players.

In the new version, eScratch players will be able to choose from more than 20 interactive Internet games (including Hunting Bonanza, Groovy Hoops, Casino Golfer, and Monopoly) after purchasing their ticket and visiting www.escratchks.com.

In addition to the new Internet games, players will see improved odds, an increased top prize (\$50,000), and a revised pricing and prize payout structure. There is also a new "Name in Lights" feature that lets players compete for high score.

The Internet features of the game are meant merely for added value and have no bearing on prizes.

California's "New Look" Retailer Website

There's a "new look" for Lottery retailers using the California Lottery's Retailer Website! In 2002 the California State Lottery's Sales Division implemented a website specifically designed for Lottery Retailers. The website uses the latest web-design technology and is a cost-effective way to send up-to-date information to the over 18,000 California State Lottery's statewide retailer base.

In May 2005, the California State Lottery rolled-out the newest "look and feel" enhancement for its retailer website (www.calottery.biz). The retailer website initially provided information to the Lottery's key accounts but now also provides information to independent retailers. The site is available to retailers 24-hours a day/7 days a week with weekly updates. Retailers can access reports to assist in maintaining inventory controls; publications and promotion information for current games to address their own questions as well as those from their customers; and, obtain financial information for business planning and goal purposes. ♣

Internet Lottery Sales Abound Worldwide.

When Will the U.S. Get in the Act?

Internet lottery sales are taking off all over the place. Every continent (except Antarctica) has seen a lottery that allows Internet lottery sales of some kind (see table below). When will Internet lottery sales catch on in the U.S.? Maybe sooner than many of us think.

It's not like there isn't any legal Internet gambling in the U.S. Horseracing sites have been taking bets on simulcasts for years now. In fact, Washington state just became another on a long list of states that allow horseracing bets over the Internet. Why aren't state governments allowing themselves to access the selling power of the Internet?

There's two answers to that question. One is the gray nature of federal law surrounding the Wire Act (for more on the Wire Act and its implications, please see Martin Owens' article, "Online Poker Anyone? – published in the May 2005 issue of *Public Gaming International*.)"

The other answer is that some states are trying. Illinois, Georgia and Texas have all recently seen legislation that would legalize Internet-based lottery sales. The Georgia bill passed the House before failing in the Senate. The Illinois Bill passed in the Senate, but hasn't seen a vote in the House.

One of the big obstacles to these bills has been the lack of education that legislators receive on the subject. In Texas, one legislator said that it wouldn't matter if the Texas bill passed because the technology to implement Internet lottery sales doesn't exist. Obviously, that legislator isn't aware that several lotteries worldwide are currently employing this technology. ♦

Cyber-Selling Lotteries of the World

Australia: Tattersall's sells lotto games over the internet.

Canada: Atlantic Lottery sells numbers games over its 'Playsphere' Internet portal. The BC Lottery is selling sour sports-based lottery games through its 'PlayNow' portal.

Chile: Polla Chilena de Beneficencia sells Keno, poker and two slots games via the Internet.

China: China Welfare Lottery sells lottery games via mobile phones.

Ecuador: Loteria Nacional de Ecuador sells Passo in packets of 20 over the Internet

Estonia: Eesti Loto sells its Viking and Keno lotteries via the Internet and mobile devices.

Finland: Oy Veikkaus sells all its games on the Internet and wireless devices. Interactive sales make up 6% of total Veikkaus revenue.

France: La Française des Jeux sells both Instant and Lotto-styled games over the Internet.

Germany: WestLotto saw approximately 20-million-euro in its first year of Internet sales. The Lottery also sells via mobile devices. Lotto Brandenburg also sells both Instant and numbers games via the Internet.

Iceland: In 2002, 83% of Islensk Getspa Lottery subscriptions are bought through the Internet. The Lottery sells several products online.

The Netherlands: DeLotto sells sports betting through the Internet and SMS.

Norway: Norsk Tipping sells its products on the Internet, mobile phones and iTV.

Slovakia: Tipos a.s. generated a revenue of nearly US \$43 million from Internet sales in FY04.

South Africa: Uthingo sells games via the Internet through its eBucks Rewards Program.

Sweden: Svenska Spel sells all of its products on the Internet. In 2003, cyber-sales reached US \$67 million.

U.K.: Several U.K. National Lottery products are sold on the Internet and through wireless devices. ♦

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Video News

Oregon Slots Ahead of Schedule

The Oregon Lottery began adding slot games in some bars and restaurants as early as May 16. The original schedule called for a July 3 launch of the games, but the Lottery began using the early launch date as an incentive to get retailers to sign up for the program. Those who signed up for slot games by May 13 were promised operational slot games by July 3.

GTECH Partners with Harrah's in Support of Rhode Island Casino

GTECH will support a proposal by Harrah's Entertainment to build a casino in West Warwick, in return for Harrah's plans to install 200 GTECH VLTs in its casinos around the country. The partnership with Harrah's will allow GTECH to gain a larger foothold in the casino market. Harrah's, with its pending \$9.4-billion acquisition of Caesar's Entertainment, would become the largest gambling company in the world. When the deal closes, it will have more than 70,000 slot machines.

Aristocrat Signs 200th Oasis Customer

Aristocrat Technologies, Inc. announced its 200th OASIS customer, Cashell Enterprises, owners and operators of the Topaz Lodge and the Alamo Travel Center in northern Nevada. The Cashell team is moving towards converting all of its gaming machines at the Topaz Lodge into cashless units, installing Aristocrat's Quickets™ ticket-in/ticket-out technology for cashless wagering. They will implement new marketing and promotions programs at the Topaz Lodge, which attracts tourists and recreation enthusiasts to its location an hour-and-a-half from Reno overlooking beautiful Topaz Lake.

New EZ Pay™ contract for Solverde Group

The Portuguese gaming group, Solverde, has announced its intention to begin installation of IGT's EZ Pay™ ticket-in, ticket-out system in its casinos this summer. Currently, plans are in place for a 'go live' in the Algarve by the end of June and later this year, another

installation is scheduled in the Solverde Group's Espinho casino.

Before the Easter holiday, the Espinho operation will have completed an update to its slot floor to include AFT multi-denomination firmware and the ticket printers necessary to install EZ Pay™. In addition to that, new video slots Joe's Yard Games™, Super Sally Shrimppmania™, It's a Blast™ and Hoot Loot™ will also be delivered ready for EZ Pay™.

NSW to Adopt New Laws for Pokies

The New South Wales Government has accepted 109 of the Independent Pricing and Regulatory Tribunal's 113 recommendations to thwart problem gambling. New laws will be introduced that, among other things, require poker machines to display pop-up messages letting players know how long they've been gambling and a law banning venues from offering offensive or indecent prizes.

The new laws will not slow down playing reels, limit sound from machines or increase natural light in venues.

INTRALOT Signs Contract for Electronic Monitoring of all Gaming Machines in New Zealand

Following an international procurement, the New Zealand Department of Internal Affairs has signed a contract with INTRALOT New Zealand Limited for the provision and operation of the electronic monitoring system (EMS) for all gaming machines in pubs and clubs.

Department Deputy Secretary Andrew Secker said that the contract is for NZ\$ 35 million over six years.

EMS will give the Department information allowing it to: monitor how much money is gambled on each machine; monitor how much each machine pays out in prizes to gamblers; monitor how much money should be banked; ensure that all software being used on the machines is identical to the approved versions; assist in detecting software failures and assist in detecting tampering with a machine or software.

The implementation will start by the end of 2005 and all machines are to be connected by mid March 2007. ♦

Mountaineer Racetrack and Gaming Resort: Racino Pioneer Reinvesting the Fruit of its Labor ...continued from page 13

Reinvesting Revenues

Video retailer commissions are an important consideration for any legislature that is implementing a gaming machine program. A delicate balance has to be struck between the state's need to generate income from the program, and the retailer's need to reinvest in that program. Ultimately, the taking of a slightly smaller share can end up paying big dividends for the state.

Mountaineer's Grande Hotel is the perfect example of such a strategy. In its desire to increase Mountaineer's leverage as a destination racino,

MTR invested portions of its VLT commission in a 359 room hotel combining 1920's style with 21st Century comfort. In addition to playing the gaming machines, visitors can frequent the fitness center, take a swim in the indoor or the outdoor pool, relax in the sauna or the beauty salon and spa, enjoy the nine restaurants and lounges (including a mahogany piano bar), watch big name entertainers perform, buy gifts for friends at Mountaineer's Gift Shoppes, or play 18-holes at Mountaineer's 18-hole Woodview Golf Course.

RACINO NEWS

New York High Court Allows VLTs, Megamillions

In a 5-2 decision, the New York Court of Appeals overturned a lower court ruling that declared illegal the state law authorizing the slot machine-like VLTs because it sends a portion of VLT revenues to horse-racing breeding funds and enhanced track purses. It also stated that the state could participate in a multi-state lottery. The ruling also could end a lengthy court fight waged by gambling opponents. The Court of Appeals approved the VLTs since they operate like a lottery and are not slot machines under the meaning of the state constitution. The constitution bans slot machines.

Batavia Reopens with VLTs

Batavia Downs reopened in May with 586 new Video Lottery Terminals. The harness racing track now features 586 gaming terminals. Batavia is the fifth track to begin Racino operations in the state of New York.

Maine Won't Add Slot Restrictions

The Maine Legislature killed bills aimed at restricting slots planned for Bangor Raceway. One bill would have put a \$300 cap on the amount a racino patron could lose in a 24-hour period. Another would have required the racino to close from 1am to 6am daily. The gambling control board already has set operating hours at 8 a.m. to 4 a.m. daily, except for Sundays, when it would open at noon.

Iowa Casino Expansion

The Iowa Racing and Gaming Commission is in favor of adding three to five new casino licenses. Seven communities have proposed 10 different casino projects. The final decision on new casino sites is scheduled for May 11.

Card Rooms Pass Alaskan House

The Alaskan State House voted 23-16 in favor of legalizing card rooms. House Bill 272, which would allow non-house-banked games, including poker, now heads to the Senate. If it passes, the bill requires local referendums on the issue before card rooms could be implemented in a municipality. The bill only allows the state to issue one card room license per 30,000 people in a town. Qualifying towns and cities in Alaska are limited to Anchorage, Fairbanks, Kenai, Matanuska-Susitna and Juneau. The population restriction means a maximum of 15 card rooms statewide, nine of which would be in Anchorage.

Belmont Park Celebrates 100 Years and Opening Day at All Horse Racing

All Horse Racing, <http://www.allhorseracing.com>, announced that its members will be able to participate in the Opening Day celebrations

at Belmont Park. On Wednesday, May 4th, Belmont Park will celebrate its centennial with parties and prizes for those who make the trek to the bucolic 430-acre park located in Long Island's Nassau County. But, thanks to All Horse Racing, people from around the world can make wagers on opening day and enjoy the excitement as if they were at the race.

One Million for Mighty M

Mighty M Gaming at Monticello Raceway just celebrated its one millionth customer. Dora Tomizac was greeted by confetti, streamers, and a plaque and goody bag (courtesy of Mighty M's PR team) after being the one millionth customer to pass through the doors since the racino opened in July 2004.

Florida Slots Talk Stall

The last day of the Florida legislative session (Friday, May 6) produced no action on a bill to tax and regulate slot machines in Broward County. The House passed a bill limiting the four Broward pari-mutuels to Class II machines and a 55% state share of the revenue. But the full Senate never acted on its proposed bill, which would allow the jai alai fronton and three tracks to install Las Vegas-style slot machines and a lower tax rate, ranging from 30 percent to 35 percent.

MTR Reports on West Virginia, Pennsylvania Operations

MTR Gaming announced that in second quarter of 2005, Mountaineer Race Track & Gaming Resort achieved \$69.2 million of total revenues despite a 25% increase in the number of Limited Video Lottery Terminals in bars and fraternal organizations in its target market. The Company will continue to pursue legislation for table games, which, together with the resort's amenities, would further differentiate Mountaineer's product from any current and proposed new competition.

Also, the Company closed on the acquisition of all of the real property required for Presque Isle Downs' racetrack and slot operation at its licensed site in Summit Township, Erie County, Pennsylvania. While the Company had contemplated breaking ground in May, MTR now plans to commence construction immediately after obtaining its gaming license from the Pennsylvania Gaming Control Board, but in any event, in time to satisfy the condition of its racing license that it commence live racing by December of 2007. ♣

As grand as Mountaineer is today, it has plenty of room to grow. Mountaineer has approximately 2,600 acres of undeveloped land as well as nearly 2.5 miles of river frontage allowing for continued expansion.

Still, there is more to revenue reinvestment than just building grand facilities. It's important to keep the customers satisfied with selection of current games, and to be proactive in trying to expand the types of games available to patrons.

"We have worked hard and have had great cooperation from vendors in

keeping our games very popular and I think we are going to have to continually upgrade what we offer," said Arneault. "That's why we are pushing very hard to have table games in West Virginia, because our customers want it. It's something that the customers want. The popularity of poker cannot be denied. The popularity of card games certainly has been very obvious, and I think we have to stay customer driven. We've tried to take the lead in that, and I think West Virginia has done a phenomenal job in working very closely with its four tracks and making sure that its customers are served."

People



The Oklahoma Lottery Commission hired Missouri Lottery Director and current President of MUSL **Jim Scroggins** to get the state's new lottery off the ground. The commission unanimously approved the hiring of James R. Scroggins, 61, as the executive director of the Oklahoma Education Lottery. Scroggins has headed the Missouri lottery for 13 years, and before that was head of the Pennsylvania state lottery for four years. Scroggins is expected to start on June 6.

The Missouri Lottery Commission has named **Gary Gonder** to serve as interim Missouri Lottery executive director. The commission unanimously approved Gonder during a meeting on May 12. Gonder was named acting director subsequent to the resignation of Jim Scroggins, who has accepted the position of executive director for the new Oklahoma Lottery. Scroggins' last day with the Missouri Lottery was June 2. Gonder has served as the Missouri Lottery's communications director since 1992.

An Post (the Irish National Lottery) has appointed **Dermot Griffin** to the new position of Chief Operating Officer and **Eddie Banville** to the new position of Marketing Manager. Griffin comes to the National Lottery from Vodafone Ireland where he was Commercial Director with responsibility for sales and distribution activities. Banville has been with An Post since its inception in 1986.

One of the North American lottery industries most experienced and respected former executives was named Distinguished Alumni by the North Iowa Area Community College. **Ralph Decker** was recognized during the NIACC Alumni Association's 15th Annual Pathways to Success Program. After a stint as director of security for the Missouri Lottery, Decker spent his final 10 years of employment working to start and advance lottery programs across the country. He was the executive director of the Kansas, Arizona and New Mexico lotteries.

Penn National Gaming has named **Jon Johnson** as general manager for its operations in Maine. Johnson's first task will be to oversee the state's first temporary slots facility, Miller's Restaurant on Main Street in Bangor, and the company's harness racing program at Bangor Raceway. He will also be in charge of the permanent slot facility at Bangor Raceway once it is implemented. Johnson's 28 years of gaming industry experience has included positions at some of the world's top casinos, including Caesar's Palace and Park Place Entertainment.

GTECH announced that **Joseph S. Nadan**, Ph.D. has joined the Company as Senior Vice President and Chief Technology Officer. Reporting to W. Bruce Turner, GTECH President and Chief Executive Officer, Dr. Nadan is responsible for managing and overseeing all aspects of technology for the Company. Most recently, Dr. Nadan served as Chief Technology Officer of Emerging Technology Research at American International Group (AIG). Prior to AIG, Dr. Nadan held various senior management positions at Market Data Corporation (MDC) a Cantor Fitzgerald spin-off in Rye Brook, N.Y.

Oberthur Gaming announced that **Jim Nulph** has been appointed US Vice-President, Sales and Marketing. He will be reporting to OGT's Executive VP Sales and Marketing Worldwide, Paul Howell and start his new role June 6th, 2005. Nulph is taking over this role

from Kathy Matson who will retire after twenty years in the lottery industry. Kathy will remain as an Advisor to OGT and assist Jim with his transition into his new role. Mr. Nulph has twenty two years experience in the lottery industry, including marketing roles at the Colorado, Missouri and Virginia lotteries, as well as SGI.

Managing Director and Chief Executive Officer **Matthew Slatter** announced that Anne Tasker has been appointed to Tabcorp's Executive Committee management team as Executive General Manager Strategy and Development. Her most recent position was President – Europe, Middle East and Africa for Beverage Partners Worldwide (a joint venture between Coca-Cola and Nestle).



Lottery executive **Michael Frick** has left the public sector to join Lottery Dynamics LLC as Vice President, Marketing for North America.

Frick, who was Deputy Secretary of the Florida Lottery for two years until May 4, 2005, brings his extensive experience to Lottery Dynamics whose patented Lotto Gold+™ program is being launched and marketed worldwide.

"My first reaction to Lottery Dynamics' Lotto Gold+™ concept was one of excitement and relief," Frick said. "I remember thinking, 'Finally!' Here's a game concept that is completely aligned with my own research and articles that I had worked on several years earlier.

"The Lotto Gold+™ concept is not only fundamentally sound, but, more importantly, it offers a mechanism to increase net income from online sales without increasing prize expense or otherwise compromising net margins. And, with so many lotteries struggling to keep profits moving in the same direction as sales, Lotto Gold+™ is being introduced at a time when the industry is sorely in need of such innovative solutions. I'm very excited to be a member of the Lottery Dynamics team."

Frick is the author of various articles and industry presentations that examine the need to integrate pricing strategy into the product development process for online (terminal-generated) lottery games. His published articles on this subject include *The Missing P*, Lottery Insights (NASPL – July, 2002) and *New Frontiers in Business Development*, Public Gaming Magazine (August, 2004).

Prior to joining the Florida Lottery, Frick served three years as Deputy Executive for Support Services at the Pennsylvania Lottery where sales rose by more than 20 percent and annual profits climbed 12 percent. His previous state government experience includes serving in the Policy Office of Pennsylvania Governor Tom Ridge from 1995-1997 and as Corporation Bureau Director for the Pennsylvania Department of State from 1997-2000.

Frick received a Bachelor of Arts in history, with honors, from Marquette University. He has also earned post-graduate degrees in law from Marquette University Law School and a Masters Degree in Business Administration, with honors, from Kutztown University of Pennsylvania. He is licensed to practice law in Pennsylvania and Wisconsin, and has argued successfully before the Pennsylvania Superior Court and Supreme Court of Pennsylvania. ♦

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Arizona

The Arizona Lottery has elected to use a state-of-the-art Digital Draw System to replace its mechanical machines for The Pick, Pick 3 and Fantasy 5. The move replaces the traditional, mechanical drawing ball machines with an Origin™ Digital Draw System (DDS) – a high-tech, custom-built, stand-alone computer created by Smartplay. The Lottery purchased three Origin™ System machines for a total of \$70,000. Replacement of the mechanical drawing ball machines and ball sets would have cost nearly \$128,000.

Delaware

In an effort to fuel PLAY 4 sales, the Delaware Lottery launched a promotion during the month of April which offered players much needed relief from gas prices by extending two top prizes of \$400 worth of gas.

During the month-long promotion, retail parties allowed Lottery Representatives to talk to players and educate them on how to play the game. In-store promotions and live radio remotes were hosted every Thursday in April at select retail locations. A second-chance drawing contest offered prizes at four levels including \$400 gas cards for non-winning ticket holders and online Players Club members.

Illinois

This summer the Illinois Lottery has eight new games with more than \$150 million in available prizes for its new summer promotion "Road to Riches." Featuring the largest amount of available prizes of any promotion in Lottery history, "Road to Riches" also provides 20 lucky winners with a chance to walk away with a brand new Chrysler automobile and additional cash prizes of up to \$1 million through a second-chance drawing. Each of the 20 finalists will be given a key to unlock one of five different Chrysler car models. Nineteen of these cars will have cash prizes ranging from \$25,000 to \$100,000 in the trunk and one lucky car winner will find \$1 million in the trunk.

Maine

The Maine State Lottery will be releasing a new \$10 \$1,000,000 Hold'em Poker instant game on June 1, 2005. Lucky players could win \$1,000,000. Non-winning Hold'Em Poker tickets can be entered into a second chance to win prizes, including the \$1,000,000 Cash Grand Prize, four Ultimate Poker Experience prizes and more than 2,300 World Poker Tour prize packs! In the Ultimate Poker Experience four lucky winners will experience the ultimate poker player's dream prize – a seat at a US qualifying World Poker Tour tournament event of their choice (worth a maximum buy-in of \$10,000), round-trip airfare for two and 6 nights/7days hotel accommodations and \$1,000 spending cash. Upon arrival at the event, a poker professional will give winners private lessons to help sharpen their skills before the tournament.

Maryland

Marylanders are learning that Bovine Unite is part of the Maryland Lottery's ongoing "Let Yourself Play" campaign. The cows are starring in a new commercial where they get even with humans by redefining "cow tipping." In this case, the cows tip a sleeping young man from his bed in the spirit of "In life, whoever has the most fun wins." The lottery's advertising agency, Eisner Communications, created a BovineUnite.com Web site, put up 42 billboards and sent street teams to bars and college campuses to spread the word about Bovine Unite. In just over a month, BovineUnite.com has received nearly 100,000 hits and the campaign was discussed on blogs nationwide.

Massachusetts

The Massachusetts State Lottery's newest jackpot game – CASH WinFall – boasted record sales leading up to the Monday, May 9th

drawing, which rocketed the game's top prize past the \$2 million mark. CASH WinFall raked in \$1,261,656 in sales between draws, the game's best sales since its introduction last September.

Michigan

In an effort to educate residents about Michigan lighthouses and increase tourism and stewardship at the same time, the Michigan Lottery is unveiling its newest charity game ticket, Michigan Lighthouses. These tickets, which were launched in May, include photos of lighthouses, information about the location of the featured lighthouse and lighthouse trivia. This \$1 ticket is available from non-profit organizations at their bingo events and feature a range of prizes from \$1 to \$200. Proceeds from these and other charity game tickets support the lawful purposes of the organization selling the tickets.

Nebraska

The Nebraska Lottery is introducing a new Lotto game, developed in part as a result of direct player input. Nebraska Pick 3 went on sale across the state on Sunday, May 22. Nebraska Pick 3 drawings will be held six days a week, Monday through Saturday. Prizes in Nebraska Pick 3 will range from \$1 to \$600. The odds of winning will range from 1 in 4.12 to 1 in 1,000. In all, there will be 9 ways to win. Nebraska Pick 3 will give players the chance to not only select the numbers they wish to play, but also the opportunity to decide what type of play style and potential prizes to play for. Players can first choose from four bet types; Straight, Box, Straight/Box or Combo. Each bet type costs \$1.

New Hampshire

The New Hampshire House approved a new \$20 lottery ticket. The vote was reportedly 196-154 in favor of the new ticket(s). The higher-priced scratch ticket(s) will offer larger prizes and are expected to add about \$5 million to state revenues over the next two years. The ticket(s) have already been approved by the Senate and have the support of the Governor.

New Jersey

For the third time since 2000, the New Jersey Lottery's Green Ball Double Draw promotion has produced tremendous results for Pick 3 players. During this year's promotion, which took place from March 7-29, the green ball was drawn seven times, leading to an additional 29,208 Pick 3 winners and \$3.2 million in additional Pick 3 prizes. Each night during the promotion, the lottery held a bonus Pick 3 drawing from a separate machine that contained five white balls and one green ball. When the green ball was chosen, an additional set of Pick 3 numbers were drawn to give players another chance to win on the same ticket. Overall, Pick 3 sales were up 5.99% in March 2005 compared to March 2004, with a total sales increase of \$2.372 million.

New Mexico

When colleges and universities across New Mexico held commencement ceremonies this spring, the New Mexico Lottery interviewed and photographed parents whose graduating seniors attended college with Lottery Success Scholarships. The effort was part of an upcoming advertising campaign sharing the importance of the Lottery Success Scholarship not only for the students who received it, but also for the families whose burden of a college education was eased.

Ontario

On May 23, the Ontario Lottery launched Daily Double, a three-part, horse racing-themed lottery ticket, born out of a partnership between the Lottery and the Ontario Horse Racing Industry Association, Ontario Harness Horse Association and racetracks across Ontario. The \$2 ticket allows players the ability to win up to \$35,000, and includes a section giving customers a shot at winning a

The Ultimate Lottery Research Panel

The Internet has emerged as the key source of information for this generation of consumers. Lotteries have responded with Players Clubs and Online marketing programs. Lottery research methods have also changed to leverage this new communication channel.

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\$2 to \$10 betting voucher at an Ontario track. There is also a portion on the ticket that can be taken to any racetrack for a chance to win a Chevy Avalanche.

Pennsylvania

Beginning in August, the Pennsylvania Lottery's LUCKY FOR LIFE LOTTO game will move from its current drawing nights of Wednesday and Saturday to Monday and Thursday. LUCKY FOR LIFE's new drawing schedule will begin Monday, August 1, 2005. As part of this move, it will be necessary to step-down the game's advance-play feature.

South Carolina

SCEL players now have a chance to win a 2005 Chevy Cobalt SS! When players purchase \$5 in Powerball® with \$5 in PowerPlay®, an entry form will dispense from the lottery terminal. The promotion began on May 9 and ends on July 1 with the grand prize drawing being held on July 27.

Texas

The Texas Lottery® Mustang Money scratch game offers players a chance to win their very own 2005 Ford Mustang Convertible, with a powerful V6 engine, or to cash in on a \$20,000 top prize. The Texas Lottery Mustang Money scratch game also offers prizes ranging from \$3 to \$2,000. There are

12 top cash prizes available to win. The cost to play is \$3, and overall odds of winning any prize, including break-even prizes, are 1 in 4.36.

Virginia

The Virginia Lottery saw record breaking sales in April, making it the highest sales month in the Lottery's 17-year history. The chart-topping \$130 million in sales surpassed the previous monthly record set back in 2002 by \$3 million and is 19% higher than the previous April's sales. All product categories recorded increases, and Mega Millions topped the list by increasing sales an astonishing 77.5%.

West Virginia

The West Virginia Lottery's seventh "Veterans' Cash" instant game created under special legislation to provide funding for a skilled care nursing facility benefiting West Virginia veterans, went on sale May 5 at lottery retail locations statewide. Designed with the look of a government document, the new "Veterans' Cash" game includes nearly \$1.7 million in cash prizes. The special veterans' games were provided by the Legislature in 2000 to earmark funds for a 120-bed, 75,000 sq. ft. nursing facility in Clarksburg. ♣

The D.C. Lottery Reloaded ...continued from page 9.

the actions taken thus far and are awaiting an indication from the market that this process will produce substantially better results. If these measures prove effective, additional organizations will likely adopt similarly aggressive restructuring measures. There have been no business cases chronicling the forces and factors affecting the lottery industry, and given the nature of state fiscal affairs, the issues are timely and could generate significant market impact.

For DCLB, progress is being measured project-by-project. In February 2005, the agency successfully launched its Negro Leagues instant scratch ticket. The \$5 ticket features a detachable collectable item, a photo highlighting one of four different Negro League teams: Kansas City Monarchs, New York Black Yankees, Indianapolis Clowns, and Washington, D.C.'s Homestead Grays.

The legendary John Jordan "Buck" O'Neil, Negro League All-Star, former first baseman, and manager of the Kansas City Monarchs, participated in the kickoff event on February 23 at Washington, D.C.'s Union Station. O'Neil autographed baseballs and told colorful stories of the glory days of African American baseball.

And, as part of the launch, DCLB sponsored the Negro Leagues Baseball Museum's traveling exhibit, Discover Greatness, which documents the history of African American baseball from the late 1800s through the 1960s. The exhibit was on display at Union Station from February 21 through March 13.

The entire Negro Leagues instant ticket campaign from inception to launch was completed in less than six months, which is a significant improvement over previous game launches. It was also the first time in recent years that the agency developed a multi-dimensional campaign to promote a specific instant ticket.

Additionally, with the restructuring of the agency, DCLB is creating a

true working relationship with its vendors that will facilitate the research, analysis, and development required for the rapid implementation of new online products. With a smaller staff and a bigger mission, it is imperative that the partnerships DCLB forms with its vendors result in better defined, reliable, and expansion promoting relationships. In the future, data analysis, product promotion, and execution support will be tested more frequently with pilot projects, customization, and alternative service delivery mechanisms like the Internet. According to Young, *"the business model for the agency has to more closely incorporate the strengths of our partners to bring leverage to every aspect of the value chain."*

IV. Conclusion

The lottery industry is going through major changes associated with its product life cycle, product positioning, competitive forces, and the demands by the public for greater revenue support. These factors have far reaching implications on a number of institutions and government operations around the country.

Currently, DCLB is heavily engaged in the change management and creative destruction process in the effort to revamp its operations and produce substantial improvement in its financial results. This process includes a "Think Differently" campaign that engages all Lottery employees to break-down information silos and improves cooperation and job performance at every level. The launch of the Negro Leagues instant ticket was a success because the staff formulated a good work plan and then executed as a team to meet deadlines. *"Good things can happen when personal agendas give way to customer service,"* Young said. *"Increased vendor support is critical to helping DCLB reach new heights and to 'Think Differently' about market opportunities."*

Industry observers around the country are watching the issues addressed here. There is potentially a large, untapped market for research, focus, and discussion in this very important market segment. ♣



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Multi-Hand Easy Win™ (MHEW) (patent-pending)

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Match numbers straight across 3 lines for 3 ways to win
and
Combine number matches from all 3 three lines for another way to win

In this example, player wins 3 of 6 match on line 1 **and** 6 of 18 match for another win.

PENNSYLVANIA LOTTERY - Match 6 Lotto

MHEW Sales (2004)	Wkly Per Cap (2004)	Previous Lotto Game Sales (2003)	Wkly Per Cap (2003)
\$121.9 million	\$0.21	\$88.8 million	\$0.15

DELAWARE LOTTERY - Multi-Win Lotto

MHEW Sales (original goal)	MHEW Sales (since January 2005 launch/ first 9 weeks)
\$65,000 per draw	\$70,000 per draw

Multiplier / Group Participation™ (patented*)

A separate draw or wheel spin determines **multiplier** (2x, 3x, 4x or 5x) at time base draw is conducted.

Here, player pays \$10:

- \$1 per play for each base game
- Extra \$1 per play to activate **multiplier**



In this example, player wins 4 of 5 match on line B **and** multiplies prize by 3 times.

SOUTH CAROLINA EDUCATION LOTTERY Palmetto Cash 5 with Power Up

Average weekly sales of game without multiplier in CY04	Average weekly sales of game with multiplier since launch (first 7 weeks)	Approximate Increase
\$407,000	\$870,000	114%

MARYLAND LOTTERY - Keno Bonus

Group Participation Playership in 1999 (at launch)	Group Participation Playership in 2005 (since January)	Average Wkly Sales
26%	50%	\$5.3 million for base game; additional \$2.5 million per week with multiplier component

Sales above in U.S. dollars and accurate at press time.



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Contact Amy Hill at +1-770-664-3700 for more information on how these and other new online games can multiply your lottery's sales and revenue!

*Patented in the U.S. and Australia. Additional patents pending.