

March 2002

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Getting Ready for ILAC Congress 2002

Adding Excitement with Licensed Properties

SMART-Tech 2002 Wrap-Up

Until now the best lottery terminals came from ILTS.



The ILTS Intellimark is
built around the Epson IR 300

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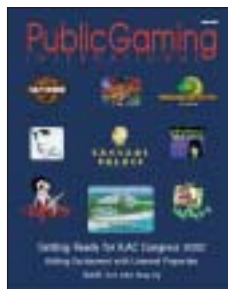
The Intelimark's powerful microprocessor and advanced modular design provide a flexible platform that can be configured

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Public Gaming International is now also available on the web.

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PUBLIC GAMING INTERNATIONAL

PUBLISHER
Duane V. Burke
EDITOR
Todd Koeppen

ART DIRECTORS
Asil Nosnibor
FINANCIAL DIRECTOR
Elsie Grote

CEO/CHAIRMAN
Duane V. Burke
EXECUTIVE VICE PRESIDENT
Doris J. Burke

FORMER DIRECTOR
Ralph Batch
CIRCULATION
Tel: (425) 803-2900
Fax: (425) 803-6830

ADVERTISING SALES

VICE PRESIDENT OF MARKETING & SALES
David Mello
Tel: (202) 244-9301 Fax: (202) 244-9302

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E-mail: publicgam@aol.com

Web site: www.publicgaming.org



Congratulations to all of the award winners at the recent SMART-Tech Conference in Atlanta. Some very smart ideas were presented, and I think everyone who attended agreed, we all could use a few new smart ideas. I think everyone went home with something new that they will want to try in their own lotteries. I know I did. If you weren't lucky enough to be there, or just want to refresh your memory if you were, you can read all about the SMART-Tech Award winners and their smart ideas in this issue of Public Gaming.



Congratulations are also in order for Duane and Doris Burke, the PGRI staff, and Rebecca Paul and the Georgia Lottery staff for their efforts in putting on a very fine conference. The speakers were excellent, and so were the networking opportunities. I enjoyed spending time with many old friends and even met some new ones.

Among my many conversations, I kept hearing lottery executives and staff members from across North America say that their governments were facing very difficult budget situations. Thirty-five states are estimating serious shortfalls in their current budget cycles. The National Governor's Association estimates that deficits could reach as high as \$40-50 billion!

A sluggish economy, dwindling tax revenues, skyrocketing Medicaid costs, and unexpected anti-terrorism security costs are at the root of the budget problems for many states. Additionally, many lotteries face a growing demand from their beneficiaries. The aging baby boom population is putting a financial strain on senior citizens programs in some states. Scholarship programs, like those in Kentucky, Georgia, and New Mexico, are experiencing increasing demand for funding.

What is the solution for states facing a budget crisis? Well, many are turning to, or considering, expanding gaming. At least eight states have already expanded or have approved an expansion. That includes South Carolina where a lottery recently started and Missouri where keno will be launched in a few months. Pennsylvania, New York, and Ohio are all slated to join multi-state jackpot games, while New York will join the ranks of VLT states. West Virginia, Louisiana, and Rhode Island will add more VLT's.

Meanwhile, 19 other state legislatures are looking at possible expansion, ranging from VLT's at racetracks or in social environments to adding full-fledged casinos. Three non-lottery states are talking about starting lotteries.

Tennessee will hold a lottery referendum in November, while North Carolina and Oklahoma's legislatures are kicking the lottery idea around once again.

Why all of the interest in gambling expansion? Well, as we all know, history has a way of repeating itself. In the recession of the late 1980's and early 1990's, many states turned to gaming as a solution for budget woes. Several new lotteries started and we saw the advent of riverboat casinos during that period. Now, with a new recession taking its toll on budgets, states are inclined to once again look at expanding gambling. And there's less resistance to doing so today because more information is available than in the past, and states now have more experience with gaming. In many politicians' view, despite a significant and vocal group of critics, expanding gaming is a better alternative than raising taxes, and a faster way to generate much needed revenue.

Regardless of what the various state legislatures decide to do because of their respective budget problems, we as lottery managers face closer scrutiny than we've ever faced in the past. Many of us will have to justify our marketing and advertising expenses better than we ever have before. Some of us will be asked, or told, to cut prize expenses, leaving us to fight to keep prize percentages where they are so that we can continue to generate maximum revenue through high sales volume.

The bottom line? Well, it's the bottom line, of course! We're all going to have to work harder and smarter than ever before to continue generating the kinds of revenue that our various beneficiaries need.

So keep up the drive and determination, and let's take those smart ideas and get to work!

A handwritten signature in black ink that reads "Arch Gleason".

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Industry News

Scientific Games Gets Extension of Florida Contract

Scientific Games has received an extension on its instant ticket and cooperative services contract with the Florida Lottery. The total value of the extension is approximately \$32 million over its two-year term. The extension is the first of three available options as part of the original agreement that began in 1997.

MDI Extends and Expands Licensing Pact for Pink Panther

MGM Consumer Products has extended and expanded its Pink Panther licensing agreement with MDI Entertainment. The extension will continue to extend exclusive Pink Panther lottery marketing rights to MDI through 2004, while expanding the marketing rights to worldwide. The original licensing territory was limited to North America.

Promo-Travel Launches New Site

Promo-Travel is proud to announce the launch of their new website. This is a great resource for lotteries to use to check out the latest new products as well as sample tickets, results and point of sale from past programs. Also, check out their new online 2nd chance opportunities. There is a sample site attached to the Elvira Monster Money page. Of course, you'll find them at www.promo-travel.com.

Interlott Selected by Oregon Lottery to Provide Instant Ticket Vending Machines

Interlott Technologies, Inc. was selected by the Oregon Lottery to provide Instant Ticket Vending Machines (ITVMs). Interlott anticipates a purchase order for a minimum of 225 16-bin ITVMs upon completion of successful contract negotiations. Interlott supplies ITVMs to 29 of the 38 domestic lottery jurisdictions.

Wincor Nixdorf to supply over 500 Xion /Mtop lottery terminals to Delaware Lottery

Wincor Nixdorf has successfully entered the US lottery business market – the first non-American company to do so. The Delaware Lottery has given an order for the supply of 506 Xion /Mtop lottery terminals and 180 Xiprint thermal printers to Automated Wagering International INC. (AWI), thereby deciding to go for a Wincor Nixdorf terminal solution.

Xion /Mtop is the name given to the very latest range of models completing the tried-and-trusted Wincor Nixdorf Xion product family. The new terminal features an even more improved version of the Xion /M modular design. The proven touchscreen technology and open PC architecture are also used in the Xion /Mtop. Meeting the Delaware Lottery requirements, Wincor Nixdorf is using Linux as the operating system on its lottery terminals for the first time.

As the main contractor, AWI will assume overall responsi-

bility for the project, including development of the terminal application.

New Jersey Signs with Oberthur

The New Jersey Lottery recently selected Oberthur Gaming Technologies to produce unique instant proprietary games, pouch games, and specially packaged games offered exclusively by OGT. The five year contract, which also includes options for two 1-year renewals, is the first between New Jersey and Oberthur.

GTECH to Upgrade Saskatchewan: Extends in New Mexico and Kentucky

The WCLC has selected GTECH to negotiate a contract to supply the Province of Saskatchewan with an upgrade to the existing video lottery central system. Upon successful completion of negotiations, GTECH will upgrade the Lottery's existing video lottery central system with the company's new Video ProSys central system, which will monitor the security and integrity of 3,600 VLTs in the network. The upgrade will generate approximately \$4 million for GTECH.

The Company also received a five-year contract extension from the New Mexico Lottery. The extension calls for GTECH to provide equipment and services for the Lottery's online games (Powerball, Roadrunner Cash, Pick 3). Including the remaining 21 months of the current agreement, GTECH's contract with New Mexico now runs through November 20, 2008. The new contract calls for GTECH to receive slightly over 8.5 percent of online sales, or nearly two percent less than the current contract. GTECH expects to generate approximately \$25 million from the extension.

Finally, GTECH also received an extension from the Kentucky Lottery. The five-year extension, which would extend through June 27, 2008, is subject to approval of the Government Contract Review Committee. The terms call for GTECH to install and maintain 175 GVT Extra terminals, provide 300 Starlight II messaging systems, 150 GTECH AccuView Vacuum Fluorescent Displays, and to continue to provide services such as maintenance to the central system hardware, software and terminals, and other services. The Company expects to generate approximately \$41 million over the five-year extension.

British Columbia Orders More Bingo from Jenosys

Jenosys Technologies Inc. received \$1 million in additional orders from the British Columbia Lottery Corporation for the supply and installation of Jenosys' electronic bingo systems. The systems are to be shipped in the current quarter ending March 31, 2002, and will be installed in commercial bingo halls by the Lottery. ■

The instant product is not a commodity.
It is an important lottery revenue stream.
One that requires ongoing business solutions to flourish.

Innovative Business Solutions such as:

Speeding up the validation process at the point-of-sale.

Expanding the retailer network.

Reducing inventory obsolescence.

Streamlining the ticket delivery process.

It is a lottery product that responds well to marketing.

A product whose success in the marketplace depends as much on its inner workings as its physical appearance.

Which is why regular analytical exams are so important.

Crucial Analytical Exams that monitor the health of the product category – for example:

Which game attributes are performing well and why?

Which retailers are bringing in the lion's share of revenue?

At what level do prize payouts optimize sales and net revenue?

What are the marketing strategies of other top-performing lotteries?

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From the Publisher,

It's strange how the mind works on things that you perceive as problems.

On the first day of PGRI's Smart-Tech meeting in Atlanta, in the first session, one of the panelist expressed a very pessimistic view about the future of lotteries in the US in the light of increasing competition. The comment annoyed me at the time because I thought that it was so shortsighted and so far off of the mark. So, the comment subsequently lodged itself in my subconscious mind as a problem waiting to be solved. And it hung there throughout the meeting like a bat in a cave, hanging upside down and waiting for darkness to free it.

I came back to the problem comment several times during the course of the Smart-Tech conference not sure just what to do about it but feeling that the comment needed to be refuted in some way in this professional forum.

It wasn't until the last day of the conference and the last session of that day, during the TalkBack Live session moder-

ated by Sharon Sharp, that I got my resolution to the problem. It came in the form of a statement by Chuck Kline, Vice President of MDI and former Pennsylvania lottery director. Chuck's remarks on what he saw as the future of lotteries was such a thorough repudiation of the offending, earlier forecast of lottery doom, that it was like a bolt of lightning, blindingly bright in its vision and clarity and resoundingly shattering of the earlier negativism.

So it was that Chuck Kline was recognized at Smart-Tech 2002 for his wisdom and vision and thus was born PGRI's LOTTERY VISIONARY AWARD with Chuck as its first recipient.

Thank you Chuck, for sharing your vision with us.
Congratulations on this well deserved award.

Duane V. Burke
CEO & Publisher

Around the World

Czech Republic

The introduction of double tips and "solo" bets last year contributed considerably to the increase of SAZKA's revenues from odds betting. Preliminary economic results achieved by SAZKA show an increase of hundreds of percentage points in this particular section of its business activities in the year 2001 compared to the previous year. The unexpected interest of customers in betting on sports events produced a record net profit of the company in 2001 which is estimated to exceed 1.1 billion CZK (about US\$30.3 million). Because of this SAZKA, a.s. will be able to contribute the highest amount in its history to public good causes.

France

In 2001, La Française des Jeux sales increased by 7.4% (the Rapido game is the biggest part of this increase). The global gaming market in France in 2001 increased by approx. 8.4% (the most significant part of this increase comes from casinos slot machines).

Slovak Republic

The Slovak Republic's TIPOS a.s., has agreed to extend its current contract with GTECH. The company will replace TIPOS' existing terminal base with approximately 1,650

Isys terminals. GTECH will also upgrade TIPOS' existing communications network with a secure nationwide network consisting of a private radio and satellite network, which will provide highly reliable communication between a central hub and a number of geographically dispersed sites.

GTECH will also provide ongoing services to TIPOS, including operation and maintenance of central system hardware, software, and terminals, telecommunications services, hotline management, retailer training, and data center operations.

Virgin Islands

Caribbean Lottery Services Inc. (CLS), recently awarded a contract to run new lottery games in the Virgin Islands, is trying to lure Powerball to the territory. The company is turning over 10 percent of its gross revenue, estimated to be \$10 million per year, to the Virgin Islands Lottery, but is saying that adding Powerball could bring that number into the hundreds of millions.

CLS currently has the right to run online games such as Caribbean Keno, Pick 3 and Hot 5. CLS officials are arguing that the Powerball game would appeal to the millions of tourists that frequent the islands each year. ■

PGRI's Lottery Visionary Award

Lottery Vision ★ Lottery Visionary ★ 2002

A Vision of the Future of Lotteries from the Year 2002

by Chuck Kline, the recipient of PGRI's first "Lottery Visionary" Award

These are exciting times in the lottery industry. If history is any indication, both lotteries and vendors are headed for a period of vigorous experimentation and sales growth.

Despite current economic indicators pointing in the wrong direction, this industry has historically performed well under fiscal pressure. It will continue to do so. To a large extent, that's because lotteries are better able to experiment with new marketing ideas during tight fiscal times.

The last time we saw a true renaissance in our industry was between 1988 and 1993. That was a period when we saw a number of groundbreaking innovations take root, like Powerball, instant ticket vending machines, instant Bingo, instant games with million dollar top prizes, tickets with higher price points, all-cash lotto games, multiple instant game strategies, win-for-life games and new validation systems that featured bar coding technology.

Under pressures by state governments to improve sales, we grew as an industry during that period by taking risks. Lotteries, as well as vendors, loosened their grip on the known and reached for something that they didn't fully understand, but believed to be in their best long-term interests.

In 1991, the Virginia Lottery, for example, took a chance on a concept that was around since 1985 -- a concept that was considered by many to be quite risky at the time because it raised the possibility of underage purchasing. Today, instant ticket vending machines are well accepted and continue to play an important role in that product's success.

Similarly, the director of the Atlantic Lottery Corporation took a chance on an idea brought to his attention by a couple of lottery employees. Oberthur Gaming Technologies, then BABN, took a chance on dedicating resources and converting that idea into a new scratch game. As a result, we now enjoy the most popular scratch game of all-time, instant Bingo.

Another groundbreaking idea that took shape about that period was hatched in Iowa. It didn't involve any new tech-



nology. It simply repositioned a mature lotto game with a brilliant, new matrix. With the cooperation of a large segment of the industry - lotteries and on-line vendors alike - Powerball was soon to become America's game.

And, during that period, few concepts had a greater positive and long-term effect on instant game

sales than the validation and accounting systems delivered by the on-line vendors.

The slow pace of change over the past few years has begun to erode the confidence of some in the industry. But, the fears facing the industry are no different today than they were at any other pivotal moment in this industry's development.

The lottery industry is filled with creative minds. There are plenty of great ideas out there just waiting to be tapped, and there are plenty more waiting to be fully developed. The slow rate of lottery sales growth, combined with the increasing demands placed on the lotteries as a result of these tight times, will create a lively interest in these ideas. That means there are exciting time ahead.

With history on our side and with lotteries and vendors working together, we will remain a vibrant, customer focused industry for years to come. ■

Chuck joined MDI in 1998 and currently serves as Vice President of Marketing. Prior to joining MDI, Chuck served five years as Executive Director of the Pennsylvania Lottery where he helped reverse a three year slide in lottery sales with five consecutive years of sales growth. Prior to overseeing the Lottery, Chuck served in a variety of key positions in state government, including overseeing Pennsylvania's State Fair and serving as a legislative assistant in the state House of Representatives where he helped craft legislation which established Pennsylvania's off-track horserace betting facilities. Chuck has a B.A in Public Service and a Masters in Public Administration, both from the Pennsylvania State University.

SMART-Tech 2002 Wrap-Up

SMART-Tech 2002 was a great conference that provided a truckload of information on new directions that Lotteries can take to grow their profits. There were several fantastic presentations given by many lottery experts (see page 10) who were kind enough to share their time and knowledge with all present. Unfortunately, there isn't enough room in this magazine to do more than sum up a few of these wonderful and valuable presentations.

Kentucky Lottery Director Arch Gleason started off the presentations with a piece titled "New Revenue Challenges for the States." Arch was kind enough to hit some of the finer points of his speech in his NASPL Report (see page 3).

Later, the Honorable Stephen I. Cohen, Senator, Tennessee talked about the prospects for the approval of a state lottery for his state – Tennessee's lottery referendum is coming to a vote in November. Of course, there is a strong anti-lottery contingent in the state, and they are hitting the Lottery efforts with all they've got, so Senator Cohen also used his SMART-Tech presentation as a plea for help.



*SMART-Tech's SMART-Ideas winners
(see story on page 11).*

Hitting the Jackpot: The Multi-State Games

Three lottery directors led the section dealing with the hot topic of Multi-State Games. Rebecca Paul, President/CEO of the Georgia Lottery, and Mark Zamarripa, Director of Colorado each presented, and Connecticut Lottery Director James Vance gave a presentation that, among other things, detailed Connecticut's Powerball Action Alert Plan.

The plan is triggered automatically when the Powerball jackpot reaches \$150 million. Phase one deals with notifying the necessary parties: internal Lottery entities; external entities such as the gaming regulatory agency, online vendors (to send extra service techs), retailers and town officials; news media (kick off "Play Responsibly" campaign and offer traffic updates); and consumers (Lottery website, electronic highway signs, brochures at train stations).

Account Wagering – A Good Bet for Lotteries

Lorne Weil, CEO & Chairman of Scientific Games shared his time with a presentation on Account Wagering, a system that is proven in on-track and off-track betting, and could

also boost lottery revenues. For more on account wagering, see the February issue of PGI (pages 13-15).

Marketing Instant Games – Maximizing Sales & Hottest Scratch-Offs and How They Got That Way

This section examined the best strategies for the marketing and distribution of instant games. Texas Lottery Director Linda Cloud began the presentations

with a piece entitled "Maximizing Instant Game Revenues," in which she used the example of the recent Texas Instant sales turnaround. Texas Instant sales had been declining the first three quarters of CY 01. To turn it around, the Lottery listened to retailers and found that they were running too many stagnant games, and retailers were begging for newer, more exciting games. The Lottery ran a historical analysis of Instant game data, and found that a significant drop in sales occurred after 12 weeks. They also found that 25 percent of the retailer base accounts for 60 percent of the sales. So, they shortened the print runs, introduced more games while being sure to keep \$3, \$7 and \$10 tickets available at all times, and decided to stock up the retailers that were doing the majority of the selling. As a result, CY '02 first quarter sales are already \$4 million higher than last year's.

Sean Athey, VP Marketing, Oberthur Gaming Technologies added to Ms. Cloud's thoughts with a presentation on creative game design. She pointed out that every ticket is an opportunity to generate new revenue, and focused on smart design, strategic launching of games, and pointed out opportunities to increase value. To gain continued growth she suggested developing a strategy for multiple segment, multiple game marketing; continuing to develop added value play styles and game; and considering new ideas with the potential to increase your market – CD-ROM game, licensed properties, etc.

Ingenio GM Nathalie Rajotte backed up Athey's senti-

ments on the CD-ROM games by reviewing some of Ingenio's new CD-ROM games. She pointed out that in many jurisdictions lottery product penetration rate is decreasing, while total sales are the same – fewer players are buying more. The CD-ROM games offer something different and reach out to a new clientele. She showed previews of new games (Golf, Gong and Treasure Tower II), and mentioned that CD-ROM games are the only product of the instant family that have shown an increase of net profit during the last two years. Also, she stated it has been clearly demonstrated that there is no cannibalization whatsoever with other instant games.

Jim O'Brien, Marketing Consultant for Scientific Games discussed "Key Elements for Instant Growth." He accented the need for extensive research and variety in games offered, as well as in play mechanics. He felt tickets themselves are the best advertising vehicle for the product – gaudy graphics are good, tickets should be exciting down to the last scratch, and prize structures should consistently satisfy the need for gambling excitement. He urged Lotteries to move toward higher price points, and emphasized that game introduction cycles should be used to foster the growth of higher price points.

Bring More to the Bottom Line with On-Line Games

This segment was kicked off by a presentation from California Lottery Marketing Director James Hasegawa, dealing with California's recent success with SuperLotto Plus (sales up 33 percent in FY01). He discussed the Lottery's buy ten get one free promo, and the Lottery's Xtra Reward program, but the gem of the presentation dealt with how California is starting to promote group play.



California's Joan Wilson and James Hasegawa

The Lottery found that one-fourth of their Lotto sales

were coming from group purchases, and that number would shift to nearly one-half for larger jackpot games. In response to this the Lottery created a Lotto Captains club for group leaders. Membership perks include a drawing for fifty free plays, as well as offering jackpot alerts, information on specials and more. Since May 2001 they've signed up 11,000 Lotto Captains, and 95 percent signed up online.



Georgia's Rebecca Paul (left), South Carolina's Ernie Passailaigue and Leah Staton

Joint Advertising for Multi-State Lotteries

With multi-state games capturing so many national headlines, it only makes sense that the groups that play together should also work on cooperative promotions. MUSL Marketing Director Doug Orr was kind enough to discuss the recent production of a nationwide Powerball campaign using Ray Charles. Normally very expensive, the collaboration of different jurisdictions turned the venture into one that was affordable to all involved.

Together, they filmed six different 30 second spots, using a variety of sets, songs, and song styles. leaving a 5 to 10 second donut in the interior for state specific tag lines. They then recorded eighteen radio spots, and completed a photo shoot that provided three photographs from various sets to use on P.O.S.

A two year window for usage was obtained, which allowed for jurisdictions to launch their campaigns on their own schedule. The response to the campaign has been positive. Changes for the next commercial shoot of this magnitude include tightening up the consistency and conciseness of taglines, spreading production over a longer time period, and the contracts need to be more specific.

Lottery and Vendor Security: Biometric Security Technology

In the wake of September 11th, biometric security technology is at the forefront of plans by many government agencies

SMART-Idea Winner – The Change Game

Congratulations to Bersch Gaming on their SMART-Ideas award for The Change Game. The game's focus is to get customers at the checkout stand to buy into the game for the change they receive back after purchases. Players can buy in for any amount between \$.25 – \$.99. The game offers three daily winners (guaranteed), with winners owning a percentage of the jackpot proportionate to the size of their wager at the time they purchased the ticket.

Phil Congello, CEO of Bersch Gaming, gave a presentation on Changeplay during the "Bring More to the Bottom Line with On-Line Games" section of SMART-Tech. A good portion of his presentation focused on how easy it would be for retailers to ask for the sale with The Change Game, since many customers don't like receiving change. Retailers would be making money on giving change, since the game pays a five-percent commission, and the Lottery would be growing their net revenue, since the game is not expected to cannibalize. ■

and businesses to ensure all types of security. Dr. Edward Stanek, Commissioner, Iowa Lottery, gave a thorough presentation on this matter. For more on this subject, see page 22.

Making the Most of the Retailer Network and Use of the Internet

At a time when states need more money, it is important to ensure that lotteries are maximizing the sales effectiveness of their retailer networks. Louisiana Lottery Director Randy Davis' presentation gave some ideas on how to create a rejuvenated and enthusiastic sales force and improve retailer performance. His suggestions included identifying successful lottery retailer characteristics, developing tools for predicting lottery sales by game type and region, and selecting the best prospects for expanding the retail network. Lotteries can then evaluate existing retailers (relative to their potential), use retailer optimization to develop a marketing strategy, then implement the Lottery's plan.

Carole Hedinger, Deputy Director of the New Jersey Lottery added to the information with her presentation on

New Jersey's first ever cross over game – Instant Pick 4. The game was not only attractive to both the online and instant market segments, it also increased overall interest in the online version of Pick 4, resulting in a 1.4 percent sales boost.

Ms. Hedinger then presented on New Jersey's new retailer website. The site was created to improve the line of communication between retailers and Lottery staff. The site contains current games promotions, Lottery forms, remaining Instant prizes, weekly invoices and sales figures, status information regarding instant, a place to view instant sales on a daily basis, and much more. The site has resulted in 1,400 registered retailer users, a reduction in the number of calls to the Lottery's Retailer Hotline, and improved administrative procedures for retailers. ■



(Left to right) Nathalie Rajotte, Ed Stanek, and Lorne Weil

PGRI would like to thank those that made SMART-Tech 2002 possible.

Co-host: The Georgia Lottery Corporation

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Speakers

Arthur L. Gleason, President,
Kentucky Lottery Corporation
Budd Libby, President/CEO,
Telecom Game Factory
Carole Hedinger, Deputy Director,
New Jersey Lottery
Charles Strutt, Executive Director,
Multi-State Lottery Association
Dennis Chapman, VP of Marketing and
Sales, Connecticut Lottery Corp.

Don Walsh, Sr. VP of Sales, MDI
Douglas Orr, Marketing Director, MUSL
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James Quinn, Director, Nebraska Lottery
James Vance, President/CEO,
Connecticut Lottery Corporation
Jeanette Michael, Acting Director,
D.C. Lottery
Jim O'Brien, Marketing Consultant,
Scientific Games International
Joan Wilson, Director, California Lottery
Joe Willingham, Director of Marketing,
South Dakota Lottery
John Musgrave, Director,
West Virginia Lottery
Keith Elkins, Director of Communications,
Texas Lottery Commission

Linda Cloud, Director, Texas Lottery Commission
Lisa Murray, Marketing Communications
Manager, Colorado Lottery
Lorne Weil, CEO & Chairman,
Scientific Games Corporation
Mark Zamarripa, Director, Colorado Lottery
Nathalie Rajotte, General Manager,
Ingenio, Loto-Quebec
Penelope Kyle, Executive Director,
Virginia Lottery
Peter Gayton, Sales Manager,
Washington State Lottery
Philip Congello, CEO, Bersch Gaming LLC
Randy Davis, President,
Louisiana Lottery Corporation
Rebecca Paul, President,/CEO,
Georgia Lottery Corporation
Robert F. Mars III, Executive Director,
Pennsylvania Lottery
Robert Matteson, Director of Marketing,
Rhode Island Lottery
Robert Tirloni, On-Line Product Manager,
Texas Lottery
Sean Athey, VP Marketing,
Oberthur Gaming Technologies
Tom Shaheen, CEO, New Mexico Lottery
Tony Gumina, President,
Gamemakers & Consultants
Virginia Haines, Director, New Jersey Lottery
Wayne Lemons, Director, Delaware Lottery
William Conway, Director, Wisconsin Lottery

SMART Idea Awards

Many thanks to all of those lotteries and supplier companies that submitted ideas for the Smart-Ideas portion of SMART-Tech 2002. And thanks to those individuals who presented the ideas during the conference. All of the ideas were great and were definite winners for their respective organizations.

NEW PRODUCT, SERVICE OR TECHNOLOGY

Lottery

First Place: Draws Results Systems – Loto Quebec, presented by Beaudoin Daigneault

Designed to enable the daily transmission of its winning lottery numbers to newspapers and other media, Loto-Quebec established this secure Extranet site in 2001. The system has allowed Quebec to eliminate more than 30,000 photocopies, faxes, modem transmissions and re-transcriptions per month.

Second Place: Enhancing Lotto Game (Lotto Plus) – Washington State Lottery, presented by Julie Martin

After deciding to move from a 6/49 matrix to a 5/43 plus bonus, Washington realized there was not enough room available on a \$5 ticket. The Lottery eventually decided to push the print to the edge of the envelope, and reduce the space between the columns. Money was saved due to eliminating the need to modify playcenters and other display pieces to accommodate a larger playslip.

Vendor

First Place (tie): Collector Game with Multidimensional Bar Code – Oberthur Gaming Technologies, presented by Dennis Miller

OGT and the Minnesota Lottery developed a totally new feature for instant games – a collector feature for their Monopoly game issued the birth of the Collector Series. The game requires players to purchase a \$10 starter kit, including a fold-out board game and three instant tickets. All pieces that make up a block of properties had to be collected before validation. A multi-dimensional barcode was utilized, and all pieces had to be scanned to validate the prize.

First Place (tie): E3-Colorado – Scientific Games International, presented by Jim Kennedy

Scientific Games' E3 system makes Instant games easy to buy, sell and redeem. It allows a ticket to be thrown into the cart and scanned through with the rest of the groceries. A test was run during April and May of 2001, where Sci Games utilized six lanes of a supermarket with four games in each lane. The system operated 24/7, and had a 95 percent up time (limited ticket jamming).

Ninety-five percent of players claimed it was easier to buy, and 54 percent said it was likely to increase their number of Lottery purchases.

Second Place (tie): Laminated Products – Pollard Banknote, presented by Nancy Bettcher

Pollard Banknote developed three exciting new products combining or expanding the features, functions and appearance of traditional pouch, scratch and pull tab tickets. These products have higher perceived value and command higher price points than their traditional counterparts. The products: Action Pack – integrated pouch games; Double Play – combination scratch & pull tab tickets; Pull Tab Plus – variably imaged pull tab games.

Second Place (tie): Sign Technology – American Lite, presented by Ray Michel

American Lite won second place for sign technology that is brighter, more durable, more lightweight and less expensive than anything on the market.

REVENUE-ENHANCING

Lottery

First Place: On-Counter Scratch Sales in Supermarkets – Washington State Lottery, presented by Julie Martin

An agreement made with a supermarket chain allowed the Washington State Lottery to test on-counter dispensers. The dispensers carried three games and were placed at all checkstands. The stores were required to maintain ITVM and in counter ticket dispensers that had been in place prior to the test. The 16 test stores showed an 11 percent increase in sales over the expected increase.

Second Place: Lotto...to Go! At Fueling Stations – Washington State Lottery, Presented by Julie Martin

The WSL installed "Lotto...to go!" terminals at five Supermarket gas stations. The terminals can be modified to be activated by a clerk or the player. The five test supermarkets saw their average weekly Lotto sales increase by \$327.

Vendor

First Place: The Change Game – Bersch Gaming LLC, presented by Phil Congello (See description on page 9)

Continued on page 28...

Adding Excitement with Licensed Properties

It is quickly becoming common knowledge in the lottery industry that licensed properties are a great way to generate excitement within a player base. Household names such as Harley-Davidson, Caesars Palace, and Survivor are instantly recognizable to lottery players, and often the merchandise given away as prizes for these games is more desired than a cash prize.

Given how these games seem to be rising in popularity, Public Gaming International recently conducted a survey asking Lotteries which licensed property generated the most excitement among their players. Their answers, and some ways in which the game generated excitement are what follows.

California:

Game: Harley-Davidson

Price Point: \$2

Payout: 54.07%

Odds of Winning:

Overall: 4.81 Cash: 9.27

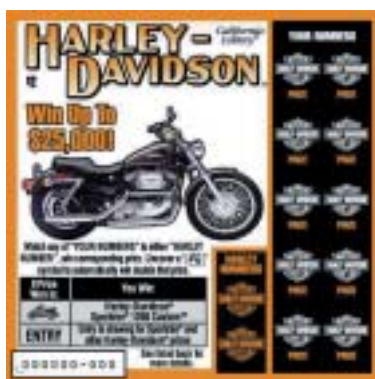
Top Prize: \$25,000

Lowest Cash Prize: \$2

Besides cash prizes, this game offered duffel bags, t-shirts, baseball hats, blankets, leather jackets, and a \$16,000 Harley-Davidson Motorcycle.

This game generated a lot of excitement for California Lottery players. The Lottery had some great POS and over 3,500 merchandise winners. Many players who won the motorcycles were really excited to win an honest-to-goodness "Hawg." Local Harley dealers were very receptive to winner publicity, and the Lottery even had some local TV and newspaper interest.

While the Lottery didn't offer a second chance drawing on the game, players with winning ENTRY tickets were eligible to enter one of four merchandise drawings held throughout the game.



The Idaho Lottery was able to use the momentum of the CBS Survivor series to generate awareness behind the ticket. In addition it opened up many promotion opportunities with local CBS stations and radio stations.

Illinois

Game: Caesars Palace

Price Point: \$5.00

Payout: 67.26

Odds of Winning: 1:3.92

Top Prize: \$50,000

Lowest Cash Prize: \$5.00

In addition to cash prizes, this game offered trips for two to Caesars Palace in Las Vegas. This game had a fun, "Vegas" feel, nice graphics and great prizes. Players loved the cash AND the trips!

DC Lottery

Game: Monopoly

Price point: \$2.00

Payout: 64.03%

Odds of Winning: 1:4.63

Top Prize: \$15,000.00

Lowest Cash Prize: \$2.00

This game proved to be DC's most exciting licensed property game through its sales. The easy identification of "Mr. Moneybags" and instant name recognition of the Monopoly game made the TV commercials highly effective. The nostalgic connection enabled players to purchase the card with a high degree of comfort.



Idaho

Game: Survivor

Price Point: \$3

Payout: 68.5%

Odds of Winning: 1:3.25

Top Prize: \$30,000

Lowest Cash Prize: \$3

Kansas

Game: Heat Wave, Harley Davidson

Price Point: \$5

Payout: 58.21

Odds of Winning: 1:3.79

Top Prize: \$20,000

Lowest Cash Prize: \$5

In addition to the cash prizes, the game offered five Harley Davidson Sportster motorcycles. A second chance drawing on March 12 will award one Harley Sportster to some lucky winner.

Massachusetts

Game: Caesars Palace

Price Point: \$5

Payout: 75.86

Odds of Winning: 1:4.79

Top Prize: \$1 million

Lowest Cash Prize: \$5

In addition to the cash prizes, Caesars Palace offered 2,310 trips for two to Caesars Palace, Las Vegas, with \$500 cash.

The Caesars Palace instant game was enormously successful due in part to its familiar brand image. The top prize of a



chance to win \$1,000,000 (10) or a 3 night/4 day trip- (plus \$500.00 in cash) (2,310) to Caesars Place in Las Vegas contributed to the popularity of the game. The Caesars Palace instant ticket was the fastest selling game on record for a \$5.00 ticket, selling \$90,000,000. in 12 weeks.

Kentucky

Game: Elvis

Price Point: \$3

Payout: 66.76

Odds of Winning: 1:4.03

Top Prize: \$30,000

Lowest Cash Prize: \$3

There were eight trips to Graceland offered on the ticket itself. The trip included airfare for two; three days, two nights luxury suite lodging at Elvis Presley's Heartbreak Hotel; a VIP Platinum Tour package for two; dinner entertainment for two at Elvis Presley's Memphis restaurant on historic Beale Street; \$1,000 in gift certificates redeemable at Elvis Presley Enterprises owned gift shops; and \$500 in cash.

Elvis generated over \$1 million in 1st week sales. The ticket also generated a tremendous amount of media buzz from the press kits that were sent out, the full-size Elvis stand-ups that were placed in retailers, and the radio and

Promo-Travel Partner Promotions – Exciting AND Successful

Charlie Mintz – Managing Partner, Promo-Travel International

Launching an 'exciting' License Product instant ticket is one thing, but lotteries need to continue to focus on the bottom line. Promo-Travel's properties do both. Caesars Palace® is arguably the best selling License Property of all time, if not the best selling instant ticket of all time, by typically outselling the average game within the same price point by 20%, 30% and even 60% at the 10 and 20 week marks.

The reasons for this success are simple. Promo-Travel continually focuses on how to bring incremental revenue to the lotteries. By focusing on the core lottery themes of money and gaming as well as providing significant incremental marketing funds from each of its games. The end results are increased sales and extended marketing budgets.

Promo-Travel's marketing expertise now brings lotteries even greater opportunities as they provide:

- Marketing funds for the instant ticket game. This fund can be utilized for marketing materials or fund the license fees at the lottery's discretion.
- No-charge Vacation Prizes, one for every fifty purchased, for the Lottery to use for retailer incentives.
- Marketing assistance in establishing retailer tie-ins to provide added value to the instant ticket games.
- Point of Sale for the lottery's instant ticket vending machines to support the instant ticket games.
- Online second chance programs for games as requested by the lottery.
- Assistance in establishing a 'Points Reward Program' for all instant ticket retailers, including collateral materials and starter prizes.

And now, Promo-Travel introduces its latest revenue enhancing line of Partner Promotions: Holiday themed games, covering Christmas, Thanksgiving, Halloween, Father's Day, Mother's Day and Valentine's Day with license properties like: Miracle on 34th Street®, Elvira®, Father Knows Best®, Queen for a Day™ and Love American Style™. Use them to strengthen your holiday strategy or to establish a new one.

Exciting yes, and profitable, OH YEAH! ■



PROMO OUR BEST



“Caesars Palace recently sold more than \$75 million in the first eight weeks it was on sale, making it our fastest-selling \$5 instant game.”

Official Lottery Spokesperson, Massachusetts



“Caesars Palace sold over twice as many tickets in the 1st 20 weeks as our average \$5 ticket.”

Foster Krupa, New Jersey



“On average, Caesars Palace sold more than twice as many tickets in its first twenty weeks compared to all other \$5 games.”

Tom Hofts, Kansas

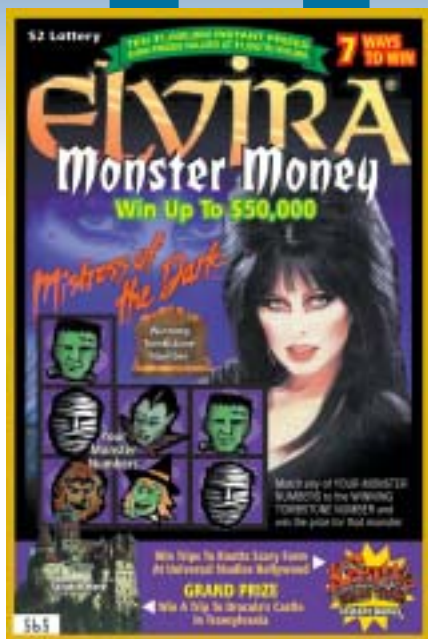


“This game had strong sales consistently for the entire sales period.”

Maureen Blankenbaker, Illinois

OUR NEWEST

New Holiday Properties



Halloween



Father's Day



Valentine's Day



Christmas



Mother's Day

- Incremental Sales Opportunities
- Retailer Incentives
- Flexible Marketing Funds
- Retailer Tie-ins
- Online 2nd Chance Available

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or visit www.promo-travel.com

PROMO-TRAVEL
INTERNATIONAL

television appearances by Kentucky's PR staff.

The ticket also offered a second chance promotion in which players could mail in non-winning Elvis tickets for a chance to win over 4,000 official Elvis Presley merchandise prizes in eight second chance drawings. The prizes included Elvis denim jackets, T-shirts, phones, watches, playing cards, and movies. There was also an Internet promotion in which players could win free Elvis tickets or movies.



New Jersey

Game: Bahama Bonus Poker
Price Point: \$2.00
Payout: 65%
Odds of Winning: 1:6.49
Top Prize: \$50,000
Lowest Cash Prize: \$2.00

Bahama Bonus offered free trips to the Bahamas as well as instant win prizes. Bahama Bonus and Betty Boop were the highest selling licensed instants for New Jersey.

New Mexico

Game: Harley-Davidson
Price Point: \$2.00
Payout: 80%
Odds of Winning: 1: 5.07
Top Prize: \$2,500
Lowest Cash Prize: free ticket (\$2.00) or \$5.00 cash

Prize packs for this game included the following Harley-Davidson merchandise: A telephone, a blanket; a leather baseball cap, a t-shirt; and playing cards. The grand prize finalists received the Harley-Davidson prize packs plus his and her wristwatch set, a duffel bag, or a road song CD set. The grand prize winner won a 2001 Sportster 1200 Custom motorcycle.

Players mailed in 2 non-winning Harley-Davidson tickets to be eligible for one of 5 second chance drawings. 200 prize packs were awarded and 50 grand prize finalists were selected.

Finalists had to be present at the Grand Prize Drawing to be eligible to win the 1st, 2nd, 3rd place prizes or the grand prize motorcycle.

Ohio

Game: Harley-Davidson
Price Point: \$2
Payout: 63 percent prize payout
Odds of Winning: 1 in 3.96

Tips to Maximize Lottery Excitement

Bob Kowalczyk, Senior Vice President & General Manager, MDI Entertainment, Inc.

When you do a second chance promotion, select Grand Prize finalists and create a public drawing event for them – on TV or otherwise, so you can do the one thing that you never get to do with lotto, that is, capture the moment of excitement as a player discovers that they have become a big winner.

Lottery promotions don't get more exciting than Connecticut's Times Square 2000® Millennium Millions, the MDI licensed game where five second chance drawing finalists were chauffeured to New York to experience the Millennium Ball Drop. In a live televised drawing amid the revelers on Times Square, one of the five became an instant millionaire.

But it doesn't require a million dollar Grand Prize.

\$10,000 Harley-Davidson® motorcycles have been won by excited lottery players in drawings held on location or on TV. When Wisconsin Lottery's Wheel of Fortune® Second Chance game made Shirley Romasko's Wheel contestant dream come true at a Grand Prize cost of under \$5,000, the Milwaukee Wheel TV affiliate spread the excitement of her show appearance throughout the market with feature stories, even covering her house party where friends had gathered to watch her compete on Wheel.

Finally, lottery players tell us that the second chance to win merchandise contributes an amazing level of excitement to their lottery experience. Players who have won such prizes, often valued between \$20 and \$100, are vocal and persuasive in their feedback that these "gifts" hold far more significance and long-term entertainment value than similarly valued cash prizes. ■



"CT Lottery player Yasir Ibrahim on Times Square shortly after winning a \$1 million Millennium Millions Grand Prize."

Top Prize: \$10,000
Lowest Cash Prize: \$2

Besides the cash prizes, Harley offered merchandise prizes such as baseball caps, t-shirts, blankets, CD holders, picket watches and motorcycles

This game had a different twist from the standard game, which offers cash prizes only. The Lottery was really hoping to attract new players with the added value of the Harley-Davidson merchandise prizes.

The game also offered public relations exposure for the Lottery through the promotion of motorcycle prizewinners.



Pennsylvania

Game: Betty Boop
Price Point: \$2
Payout: 62.01%
Odds of Winning: 1:3.33
Top Prize: \$15,000
Low Cash Prize: \$2

In addition to the cash prizes, one grand prize winner received a Betty Boop jukebox. The grand prize winner was chosen from 10 Grand Prize Finalists who won merchandise packages consisting of a leather jacket and second place prize packages (one limited edition sericel print, a leather mini-purse, a motion watch and an enamel pen); and 700 second place prize packages were given away (one limited edition sericel print, a leather mini-purse, a motion watch and an enamel pen).

The game proved to be very popular with players and retailers alike. Its first 10 week sales average of approximately \$700,000 made it one of PA's most successful \$2 games of the fiscal year. The game achieved over a 98% sell rate after only 5 months on sale and was one of the main reasons the Lottery set an annual instant sales record of \$607.1 million last fiscal year.

Additionally, retailers were more willing to display the

P-O-S for this game than for other games, probably due to how colorful and fun the ticket and P-O-S looked.

In fact, the Lottery received reports of Betty Boop P-O-S being sold on EBay!

Players sent in three (3) non-winning tickets to be eligible for one 2nd chance drawing awarding the merchandise prizes described above.

Oregon

Game: Harley Davidson

Price Point: \$2

Payout: 68.60%

Odds of Winning: Overall: 1 in 3.59 Cash: 1 in 3.61

Top Prize: \$5,000 cash. Top Prize - motorcycle \$14,844
(federal and state withholding taxes were also paid)

Lowest Cash Prize: \$2

In addition to the cash prizes, the game offered Motorcycles, leather jackets, duffle bags, blankets, pocket watches, CD sets and leather ball caps.

Harley appealed to all player segments and the motorcycle prize created a lot of excitement. The game was very successful in all retail locations, including bars and taverns. The Lottery conducted a second chance drawing and awarded one additional motorcycle as a prize.

South Dakota

Game: Fast Cash (NASCAR)

Price Point: \$2

Payout: 65%

Odds of Winning: 1 in 4

Top Prize: \$10,000

Lowest Cash Prize: \$2

Besides the cash prizes, this ticket offered trips to a NASCAR event and driver merchandise packs (jacket, t-shirt, hat, plaque).

West Virginia

Game: Elvis

Price Point: \$2

Payout: 73.51%

Odds of Winning: 1:3.21

Top Prize: \$20,000

Lowest Cash Prize: \$2

In addition to the cash prizes, this ticket offered a trip to Graceland, and Elvis prize packages featuring clocks, jackets, watches and other memorabilia.

Elvis effectively generated excitement by providing a branded image with which promotions could be conducted and included a second chance drawing with commodity prizes - all non-winning tickets could be submitted for weekly drawings for prizes ranging from trip to Graceland to Elvis memorabilia. ■



The South Carolina Education Lottery Looks Back on Launch Prepares for On-Line

By Brian Rish, SCEL Publications Specialist

Looking back on the days and months that led up to the January 7, 2002 launch of the South Carolina Education Lottery (SCEL), it's apparent that with hard work and dedication, just about anything may be accomplished.

As most people know, business start-ups are often challenging, and the start-up of the SCEL was no exception. But add to that the scrutiny of the media microscope, a tight deadline, and several thousand pieces to the puzzle, and many would say you have set yourself up for disaster. That is of course, unless you were one of the 105 employees of the SCEL.

"Many people wanted to see us fail," stated Ernie Passailaigue, Executive Director of the South Carolina Education Lottery, "but we knew there were more who wanted us to succeed, and that's what kept us going through countless long nights, holidays, and even a winter snow storm."

"We promised the people of South Carolina a lottery starting on January 7, and there was nothing that was going to stand in our way," stated Passailaigue.

Before the January 7 launch could take place, though, there was a very long list of "to do" items, and checking them all off started a long time ago.

The very first item on the list was that the South Carolina laws had to be amended just to allow a state run lottery. After much legislative debate, a solution was devised; the people of South Carolina would be allowed to vote as to whether or not they wanted a state lottery. So on November 7, 2000 the issue was put to a public vote in the style of a referendum on the ballot. After the votes were tallied, a state run lottery was approved 54% to 46%.

Once the referendum passed, the legislatures once again



Above: The winner of a radio contest was allowed to scratch the first ticket in South Carolina. Photo by Lwellyn Jeffcoat

went to work drawing up a bill that would create the Education Lottery. On January 23, 2001 a bill was read before the South Carolina Senate detailing the creation of the SCEL. Shortly after it was read, the bill passed both the House and the Senate.

This passage made it possible to create the South Carolina Education Lottery, a lottery whose proceeds (as stated in its name) would benefit education. As set forth in the legislation, all proceeds of the SCEL would be used to supplement and create new educational programs, not replace funding already available.

After the passage of the law, a lottery commission of nine members was created. These members, selected from all areas of South Carolina, were appointed to help put in to motion all aspects necessary to create the SCEL, and then to act as the authoritative board.

The first item on the Commissioners' list was to create a staff to run the lottery. This group would become the life blood of the lottery and would handle the daily operations of running it.

The first person selected for the SCEL staff was former South Carolina Senator, Ernie Passailaigue. He was selected to serve as the Lottery's Executive Director. Next came Tony Cooper, a former Executive Director from the Washington D.C. Lottery. He was selected to act as the Lottery's Chief Operating Officer.

Together Passailaigue and Cooper continued to assemble some of the best and brightest staff members they could find. Several executive staff members came from other state lotteries including Pat Koop from Maryland, Ann Scott from West Virginia and Tom Poindexter and Kevin McCarthy from Florida, but most members of the lottery team are experts in their field picked from throughout the state.



First Scratch Greenville: Jackie Logan received the honors of being the first person in the upstate to scratch a lottery ticket. Photo by Lance Lingerfelt

"When you've compiled a staff as fine as we have, success is almost a guarantee. That was our goal when we selected the people we did. I feel we assembled the best staff humanly possible," stated Passailaigue.

Once the staff was assembled it was time to go work, but there was little time in which to create a lottery because by the time the majority of staff reported to work, it was already the beginning of November.

With a list of seemingly endless things to do, and a very short time frame in which to do them, the only thing that seemed appropriate was to give every member of the SCEL staff the same job description. That single job description was "01-07-02;" the numbers representing the day the lottery would start in South Carolina.

"At one of our weekly staff meetings, I tacked a T-shirt to my wall with the numbers 01-07-02 printed on it," stated Passailaigue, "and asked all those interested in embarking on the journey of a lifetime to sign-up. Every day the signatures and inspirational quotes on the T-shirt grew."

With all staff members aware of their job description, everyone went to work, but not always in their assigned departments. There were marketing people working in licensing and legal people answering incoming calls from retailers, but everyone knew their efforts, no matter which department they were working in, were moving everyone one step closer to a successful launch.

"Everyone working together in different departments really helped us build a team atmosphere right out of the gate," stated Cooper. "That has, and will continue to help

us in everything we do."

Through a commitment to team work and the lottery, the SCEL staff had no problem making history on January 7 as they launched the South Carolina Education Lottery with four instant tickets during an event titled "First Scratch."

This event occurred at 6 a.m. in over 3,100 retail location in each of the SCEL's three sales regions. Media outlets were on hand and many went live to show the long lines of people who had assembled to participate in "First Scratch."

As part of the festivities, a lucky winner from each region was selected by radio partners to be the first person to scratch tickets in the state of South Carolina. To assure they were the first, these people were allowed to begin scratching their tickets slightly before 6 a.m.

The winners of the contest also received a prize package including an acrylic encased commemorative ticket, a SCEL hat, T-shirt, coozie, and key chain, as well as a whole stack of tickets (purchased by the radio station). "This is better than Christmas," stated Lwellyn Jeffcoat, the contest winner from Columbia.

First Scratch was a great success, and the excitement it built was sustained through launch week with the Lottery Express.

The Lottery Express is a vehicle created by the SCEL's advertising agency, Newman Saylor and Gregory (NS&G). This vehicle is a Ford Excursion that has been vinyl wrapped in an SCEL design.

This vehicle traveled the state during launch week to help build enthusiasm about the lottery, to teach people how to play the games, and to answer questions about the lottery. The Lottery Express was piloted and co-piloted by SCEL staff members as well as staff from NS&G.

Along its travel route, the Lottery Express stopped at local retailers and areas of public interest so staff members could give out lottery merchandise to people they saw playing the lottery.

The Lottery Express proved to be such a great public relations tool that another tour was scheduled to build excitement about the launch of on-line games. More on that tour later.



When the Lottery Express returned to headquarters after its week long adventure it was met with great news. The first week's sales figures had been reported by Scientific Games International (the instant and on-line vendor for the SCEL) and the numbers had beaten all estimates. In its first week of sales, the SCEL had grossed over \$19 million dollars, with per capita sales of \$4.77.

"We had beaten all the odds," stated Cooper. "We launched this lottery under extreme circumstances, and we came out on top."

With second and third week's sales also in and near the \$19 million mark, the original print run of 80 million tickets began to run low, and even sell out in the warehouse, so steps had to be taken to support the demand for tickets. After a reprint of one of the games barely put a dent in the rapidly diminishing ticket supply, a decision was made to release two games (slated for a February 5 roll out) a week early. This early release would make available 22 million more tickets.

With the successful launch of instant games behind them, it was time for the staff to turn their attention to the March 7, 2002 launch of on-line games.

The on-line games will launch with Pick 3 and more numbers game will be added as the on-line player base learns how to play Pick 3. Currently a 5 digit numbers game is slated for launch in May.

As part of the preparation for on-line games, the SCEL built a street level draw studio in which to hold their live numbers drawings. This studio contains a large pane of glass in the front of the studio so passers-by on the street may see the live drawings taking place inside.

"The SCEL has and will always be the lottery of the people of South Carolina," stated Passailaigue. "We want for them to experience the pride of ownership as often as possible. This store front studio is just one more way we are bringing the lottery to the people."

What's the point of having a great studio without great talent to make watching the drawings fun and entertaining? This is a question the SCEL asked and answered by holding a statewide talent search in conjunction with NS&G to find the draw personalities for the numbers games.

Members of the SCEL Broadcast Network had been selected the week prior to the talent search and proved very helpful in getting the word out about the auditions. These media partners were selected based on their proposals to the lottery to carry the live numbers draws every night. The stations selected to be members of the network were WCBD in Charleston, WLTX in Columbia, WPDE in Myrtle Beach, and WSPA in Greenville.

Through announcements by our media partners, potential candidates for the draw personalities were asked to put on VHS tape in 60 seconds or less why they thought they should be picked as a SCEL draw personality. These

tapes were collected at four different audition locations throughout the state.

Of all the tapes submitted, five finalists from each of the four audition locations were selected and invited to Columbia on February 23 for a screen test before a live audience. The draw personalities were then selected from this pool. Several personalities were selected to allow for the coordination of draw schedules, personal appearances at special events and promotions, and to work around those personalities with jobs, and/or

those who do not live in Columbia.

After the draw personalities were selected, it was time once again to deploy the Lottery Express on a statewide tour. This tour was designed to help build excitement for Pick 3 and teach people how to play the game.

After the statewide tour, the Lottery Express was given a tour schedule of its own and began popping up at local towns and festivals throughout state, giving out Lottery merchandise and answering lottery questions at every stop.

All in all, it has been a fantastic journey for the South Carolina Education Lottery and its staff members during the first couple of months of startup. The launch of on-line is just days away, and the staff stands prepared for another entry in the history books of South Carolina.

For more information on the South Carolina Education Lottery, including pictures of our tickets, winners, and more, please visit our website at www.sceducationlottery.com. ■



Legal in Licensing: Farris Carroll, a member of Legal Services, is hard at work in the licensing department. During the weeks leading up to launch, many staff members helped out in the licensing department to assure a solid retailer base for launch. Photo by Lance Lingerfelt

Lotteries and the Internet Part 2

Public Gaming International recently conducted a survey to find out how lotteries worldwide are using the Internet. Last month we showed how lotteries were using the Internet for Communications and Market Research. In this installment of the series we reveal how lotteries are using the Internet for VIP Clubs and entry into second chance drawings.

VIP Clubs

Delaware: The Delaware Lottery recently launched a new Web site with a first-generation Players Club, in order to begin building a permission-based e-mail database to communicate and build relationships with players. Plans are to evolve the Players Club into a robust marketing tool, providing players the option to receive drawing results based on their desired frequency, and allowing the Lottery to deliver direct e-mail marketing campaigns with enhanced functionality, including the option to deliver rich media, as well as niche marketing to various segments of the player base.

Idaho: The Idaho Lottery is primarily using their web site, as one method of registration into their VIP Club. Within the VIP web pages the Lottery provides users avenues to update their profile, view previous mailings and review promotions. Idaho sends updated winning numbers update as bi-weekly emails. This is a membership "opt-in."

Kentucky: The Kentucky Lottery is currently in the process of creating a VIP/players club. It will include interactive games members can play for fun and earn points, and will gather information for the Lottery database. The Lottery will then push information out to members, based on member game preferences, and will look for ways to promote new games by e-mailing members bar-coded single use coupons for discounts or free plays. The club will become the conduit for players to enter second chance promotions on-line.

Maryland: Maryland has a VIP Club which has grown pretty steadily since it's inception in April 2001. They currently have over 14,500 members, 11,000 of which have e-mail addresses. The VIP Club is used to inform members of jackpot amounts, new games and promotions. A newsletter is posted monthly. Members without e-mail receive the newsletter via the mail. Members can choose to participate in random drawings for prizes or tickets to events around the State.

Mifal Hapais (Israel): Mifal AHapais is looking into this matter in terms of functionality and profit.

New Jersey: The New Jersey Lottery debuted it's Internet VIP Club in mid January 2002. Players can now register to become a VIP Club member to receive upcoming instant game and pro-

motion previews, winning number email service, direct access to Second Chance Drawings through the Lottery's special "Bonus Zone" and enter contests to win many special prizes like a trip to see the Academy Awards in Hollywood, CA. Future plans include on-line, unique couponing for birthdays and specific game promotions.

New Zealand: Plans are underway to implement an Internet VIP program.

SA Lotteries (Australia): Club subscription application lodgement, automated email based results service, member regular wagers update and member personal account detail changes are either implemented or being planned.

Veikkaus (Finland): Veikkaus currently does not have a VIP Club over the Internet. They have registration for players who use the Internet, but no VIP services.

Second chance drawings:

Delaware: Delaware may add the ability to enter second chance drawings via their Web site in 2003.

Idaho: The Idaho Lottery has used their web site for registering voucher numbers in 2nd chance drawings. Only VIP members can register, so it does encourage players to register as a VIP member.

Kentucky: The Kentucky Lottery is currently running a second chance promotion called Win Dough 2002, tied to a \$10 scratch-off of the same name. Players can enter for a chance to win a trip for two to Las Vegas, a personal computer system or one of 20 one-year subscriptions to America On-line. The Lottery has run two previous second chance promotions, one on Elvis scratch-off and another on Fast Cash scratch-off, a race car themed game. They're promoting the second chance in the changeable promotion window on their site. They're also doing an e-mail push to the more than 40,000 email addresses in their database.

Mifal Hapais (Israel): Mifal Hapais is looking into combining scratch cards with second chance activity over the web.

New Jersey: The New Jersey Lottery offered its first internet instant second chance drawing in January 2001 with the "Elvis" instant game. Since that time, this extended play feature has been utilized with "Spam", "Raceway Wishes," "Hollywood Squares" and "CMT."

SA Lotteries: Web based entry into second chance draws (eg recent "Tour Down Under" promotion) have been successfully implemented. ■

Biometric Security:

A Glimpse at the Near Future

Excerpts of a report by Dr. Edward Stanek, Commissioner, Iowa Lottery

Imagine your lottery office...

In the office you require facial recognition to walk past the reception area into other parts of your building. The computer room and other sensitive areas are secured by locked doors opened only if the correct hand pattern is presented. As packs of tickets are issued to sales reps, the ticket bar codes are scanned and a thumbprint match is made both to insure that the correct rep receives the tickets and to act as a receipt for taking possession – only two seconds are required for each pack. Your computer logs everything with no paper involved.

Lottery machines are now being placed in unobserved areas with no concern for vending to minors because the lottery is issuing players cards for use at vending machines and home systems. Each card contains the user's encrypted thumbprint. The card is inserted into the vending bill acceptor and the user's thumb placed against a reader. Age verification is instantaneous to allow the transaction to proceed. Stolen ID's won't match the print and forged ID's won't have the decryption algorithm.

Each vehicle in your fleet has a \$79 fingerprint reader on the dashboard. Your employee places an index finger on it to start the car. It will not start unless the print matches that of your employee.

Internet transactions are secured for players who have similar ID devices for their computers and have their thumbprint ID stored for access to games and their lottery accounts. In some states the print can also come from the DMV – to establish in-state residence and age control without any lottery registration.

Biometrics

Sound far-fetched? In the wake of the September 11th terrorist attacks, an increasing number of agencies are looking at Biometrics as a way to ensure security. Biometrics measure individuals' unique physical or behavioral characteristics to recognize or authenticate their identity. They can't be borrowed, stolen, or forgotten, and forging one is practically impossible. Common physical biometrics include fingerprints; hand or palm geometry; facial recognition; and retina, iris, or facial characteristics. Behavioral characters include signature, keystroke pattern, and gait. Of this class of biometrics, technologies for signature and voice are the most developed.

How Do They Work?

There are hundreds of companies that manufacture biometric devices and systems that have been used for security and identification applications. Some are more sophisticated, some more foolproof, others are less noticeable to the user.

Forms of Biometric Identification

Facial Recognition analyzes facial characteristics. The technology uses an image either from a camera or photograph to recognize a person. Unlike other biometric technologies, facial recognition is passive and does not require a person's cooperation – it can recognize people from a distance. The casino industry has capitalized on this technology to create a facial database of scam artists for quick detection by security personnel.

Thumbprints and fingers can be utilized through many applications. Each requires the thumb or two fingers to be pressed against a sensor. The electronic sensor can be miniaturized so that it could be made to work with handheld devices.

Hand Geometry involves analyzing and measuring the shape of the hand. Accuracy can be very high if desired. The U.S. Immigration and Naturalization Service (INS) uses RSI hand geometry scanners to allow over 60,000 frequent travelers to bypass immigration lines.

Hand Scanning uses an infrared sensors to pick up the heat pattern produced by veins in the hand and record a map that looks like the trunk and branches of a tree. Each vein pattern is said to be unique even between identical twins.

Retinal Scanning involves analyzing the layer of blood vessels situated at the back of the eye. No two retinas are alike – not even in identical twins. Because the vascular pattern in the retina never changes, it is a permanent source for authenticating identity.

Iris Recognition involves analyzing features found in the colored ring of tissue that surrounds the pupil. Iris scanning uses a fairly conventional camera element and requires no close contact between the user and the reader. The iris of each eye is absolutely unique, and is the most personally distinct feature on the human body that remains stable and unchanged throughout life.

Voice Authentication uses complex technology that transforms voice into text. Voice biometrics has the most potential for growth, because it requires no new hardware – most PCs already contain a microphone. However, several factors can affect verification.

Signature Verification analyzes hand movements including shape, speed, stroke order, off-tablet motion, and timing information captured during the act of signing. People are used to signatures as a means of transaction-related identity verification.

Many feel that in the future, we'll likely have one or more of these applications used to monitor physical and virtual access to facilities, but they will more than likely also be applied to e-commerce, and in covert operations in public places (i.e. airports). ■

Changes to Video Lottery Program in New Brunswick

Subsequent to the video lottery referendum in New Brunswick in May 2001, in which voters said yes the government should continue to regulate VLTs in the province, ALC was asked by its N.B. shareholder to manage the Video Lottery program in that province as it does in Newfoundland, Labrador and Nova Scotia.

At the time of the referendum, ALC's role in the Video Lottery program in N.B. was the approval of manufacturers and distributors of VLTs, and the monitoring of VLTs for financial information through ALC's central computer system. The VLTs are owned and operated by the Coin Machine Operators.

An RFP for video lottery was issued in November 2001 covering three categories: the supply of terminals, software upgrades and game development; VLT maintenance and technical support; and other value-added services such as market research and responsible gaming.

The RFP closed at the end of January, and the evaluation process began. A final decision is anticipated for the end of March 2002.

Ohio Applies for Big Game

Ohio will apply to join the Big Game multi-state Lottery. A lottery spokesperson said that the Big Game is a better fit for the state because other Big Game members have similar demographics to Ohio.

Ohio decision makers felt the Big Game had the highest jackpot possibilities. The fact that Ohio is surrounded by Powerball states also played heavily in their thinking.

International Game Could Come to Maryland

The Maryland Lottery recently asked the state legislature for permission to talk with other states and other countries about joining their large-jackpot lottery games. Currently the Lottery is only allowed to belong to the Big Game, but is under pressure to deliver even more money to the state's economy.

The State Finance Committee answered this plea by offering its approval. This makes it more likely that the state could join an international game. While the Lottery didn't necessarily seek this legislation in order to become a Powerball state, its passage would certainly leave that door open. It will be at least a year before any new game is approved.

Unfortunately, the same Committee rejected another Lottery request that would allow players to buy subscriptions to online games with a credit card. Yearly subscriptions cost \$100, and committee members were worried that it would contribute to credit card debt.

Missouri Approves Keno

The Missouri Lottery Commission unanimously approved Quick Draw Lotto, an online keno game, in late January. The game could go public as early as June 1, and could generate as much as \$79 million in its first year – meaning \$20.8 million for education.

The five-minute game allows players to choose up to 10 numbers from a field of 80, and will accept wagers of \$1 to \$20 per game. Prizes will range from \$1-\$100,000 on a \$1 bet. The game will only be available in establishments licensed to sell liquor by the drink.

Quick Draw Lotto is expected to cannibalize pull-tab sales, perhaps as much as 50 percent. Retailers will be paid 5 percent of sales, and GTECH will receive 3.5 percent of sales.

Kentucky Management Wins Leadership Award

Arch Gleason, President and CEO of the Kentucky Lottery, and Marty Gibbs, the Lottery's Chief Operating Officer, recently accepted the 2001 Louisville Society of Human Resources Management leadership award. The award recognizes exceptional leadership that advances the strategic importance of human resources in an organization.

Arch and Marty have been part of several HR contributions to the Kentucky Lottery in recent years, including: an annual employee survey with defined action plans to address results; a Manager Effectiveness Survey to allow employees to provide feedback to their manager, and to assess manager training needs; holding regular employee communication meetings; expanding the flexible scheduling policy; increasing the company contribution towards family medical insurance; adding benefits to part-time employees; providing an increased emphasis on training and developing employees; and supporting the Affirmative Action plan through responsible hiring and promotion, to name a few.

Texas Lottery Commission Increases Minority Business Spending

The Texas Lottery Commission increased its direct spending and subcontracting activity to minority-owned businesses by \$6 million in FY 2001. The increase reflects the results of a concerted effort to include more minority owned businesses in lottery and charitable bingo purchases.

The result of these efforts was an increase in the number of minority-owned businesses that sell lottery products. The Lottery now has 5,330 minority businesses licensed as Lottery retailers, representing 31.79 percent of the total retailer base. The Commission's statutory goal for minority-owned retailers was that they would comprise 20 percent of the sales force. ■

-Congreso ILAC 2002-

Formulario de Inscripción/Registration Form

6-9 abril, 2002 • Hilton Cancun Beach and Golf Resort • Cancun, Mexico

Instrucciones para la inscripción y el pago:

Llenar un formulario de inscripción por cada participante. Para inscribirse en el Congreso sírvase enviar su formulario de inscripción por fax al +1 425-803-6830. El pago puede efectuarse con tarjeta de crédito o con cheque en dólares de Estados Unidos girado en un banco estadounidense o como orden de pago internacional pagadero a Public Gaming Research Institute. Envíe su cheque por correo a 4020 Lake Washington Blvd. NE, Suite 100, Kirkland, WA 98033-7862, USA. No habrá reembolsos después del 5 de marzo del 2002.

- Empleados de Loterías de Gobierno: **No Pagan**
- Empleados de Loterías en Concesión: \$795
- Empleados de Empresas Proveedoras: \$795
- Empleados Adicionales de Stand: \$695
- Esposa(o): **No Pagan**

Información para los proveedores:

Para obtener información más detallada sobre el Congreso ILAC, por favor contacte a Raquel Orbezo, Coordinadora de la Conferencia al 425-821-8361 (Tel/Fax), rorbezo@hotmail.com.

Reservación del hotel:

La sede del Congreso es el Hilton Cancun Beach & Golf Resort. Sírvase contactarse directamente con el hotel para reservar su habitación. Tel: +52 (9988) 81 80 00 ó Fax +52 (9988) 81 80 80. Tarifa por habitación: US \$144. Sírvase mencionar que Ud. concurrirá al Congreso de ILAC, para recibir las tarifas especiales. El hotel tiene un número limitado de habitaciones reservadas para este Congreso hasta el 5 de marzo. Tarifa por habitación: US \$144.

Registration Instructions and Payment:

Use a separate registration form for each registrant. Payment must be in U.S. funds either as a check drawn on a U.S. bank, an international money order or by credit card (see below). Make checks payable to Public Gaming Research Institute and mail to 4020 Lake Washington Blvd. NE, Suite 100, Kirkland, WA 98033-7862, USA. **No refunds after March 5, 2002.** To register for the Congress, please complete your registration form and fax to 425-803-6830.

- Employee of Government Lottery: No Charge
- Employee of Privately Operated Lottery: \$795
- Vendor Employee: \$795
- Exhibitor Employee: \$695
- Spouse: No charge

Exhibit Information:

For ILAC 2002 exhibit information, please contact Public Gaming Research Institute at 425-803-2900.

Hotel Reservations:

The Congress hotel is the Hilton Cancun Beach & Golf Resort. To reserve your room, please call the hotel at Tel: +52 (9988) 81 80 00 or Fax +52 (9988) 81 80 80. Room rates: US \$144. Space is limited. Reserve your room before the March 5 deadline to receive these ILAC Congress rates. For hospitality suites, contact PGRI at 425-803-2900.

Envíe su formulario de inscripción al 425-803-6830/Fax your registration form to 425-803-6830

- ☐ Empleados de Loterías de Gobierno / Employee of Government Lottery: **No Pagan / No Charge**
- ☐ Empleados de Loterías en Concesión / Employee of Privately Operated Lottery: \$795
- ☐ No Lotería / Vendor Employee: \$795
- ☐ Exhibidor / Exhibitor Employee: \$695

Nombre/Name: _____ Apellido Paterno/Last Name: _____

Cargo/Title: _____

Organización/Organization: _____

Dirección/Address: _____

Ciudad/City: _____ Estado/State: _____

Código Postal/Postal/Zip Code: _____ País/Country: _____

Teléfono/Phone: _____ Fax: _____ Email: _____

Nombre para su distintivo/Badge Name: _____

Nombre del Cónyuge/Spouse's Name: _____

Método de pago/Method of Payment

- ☐ Con cheque (adjunto)/by check (enclosed)
- ☐ Con tarjeta de crédito (véase abajo)/by credit card (below)
- ☐ Visa ☐ Mastercard ☐ American Express

Tarjeta de crédito #/Credit Card #: _____

Fecha de vencimiento/Exp. date: _____ / _____ En letra de imprenta/Print name: _____

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ILAC 2002 Congress

April 6-9, 2002 – Cancun Mexico

Work and fun for lottery professionals at one of the world's leading resort destinations

ILAC, Public Gaming Research Institute's annual conference that brings together the Lotteries and vendors of the Latin American and Caribbean countries returns this year in sunny Cancun, Mexico during the month of April. From April 6-9, PGRI will be teaming up with co-host the National Lottery of Mexico at the Hilton Cancun & Golf Club.

The ILAC 2002 program is designed to be an educational resource, and to develop a solution partnership between lotteries and suppliers. The conference is known to be a mix of hard facts, open discussion and a realistic look to the future, all with an emphasis on sales, marketing and retailing trends and technologies.

As always, ILAC will feature speakers that represent the best and the brightest in lottery knowledge and experience. From global issues of competition to new games and the new technologies to sell them, ILAC speakers will represent everyone.

ILAC 2002, with a strong program focusing on lottery products, will be an excellent opportunity for companies

specializing in Instant tickets, on-line games, video lottery, Internet gaming, traditional games, and pull-tabs.

Products on display at past ILAC Congresses include: on-line systems, drawing equipment, ticket vending machines, ticket validation systems, Instant tickets, pull-tab tickets, promotional items, ticket dispensers, and P.O.P advertising.

TO REGISTER and for more information on registering for ILAC, contact Conference Coordinator: Elsie Grote at (425) 803-2900; fax 425-803-6830; E-mail: ELSIEPGRI@AOL.COM.

TO EXHIBIT AND SPONSOR at ILAC 2002 Congress, contact David Mello at (202) 244-9301; fax 202-244-9302; E-mail: DAVEMELLO@EARTHLINK.NET.

Also, see *Public Gaming Research Institute, Inc.'s web site: WWW.PUBLICGAMING.ORG for additional information.*

FOR HOTEL RESERVATIONS: Hilton Cancun Beach and Golf Resort; Tel. (52-98) 81-80-00; fax (52-98) 81-80-82
Web site: WWW.HILTONCANCUN.COM.

Be sure to mention name of conference: ILAC CONGRESS. ■

PGRI 2002 Conferences

ILAC Congress 2002

Co-Host: National Lottery of Mexico

April 6-9, 2002

Hilton Cancun & Golf Club

Cancun, Mexico

International Lottery Expo 2002

Co-Host: Florida Lottery

August 1-4, 2002

Loews Miami Beach Hotel, Miami Beach, Florida USA

For more information on PGRI conferences, please contact Elsie Grote.

Public Gaming Research Institute, Inc.

4020 Lake Washington Blvd, NE, Suite 100, Kirkland, WA 98033

Telephone: 425.803.2900 • Fax: 425.803.6830

Email: publicgam@aol.com • Website: publicgaming.org

Atlantic Lottery

The Atlantic Lottery's new \$2 Scratch'n Win ticket Secret Code is the latest game to offer players an "Extended Play" experience. As with other "Extended Play" games like Loto Bingo, Loto Crossword, Scavenger Hunt, Tropical Treasure and Cash & Ladders, the new Secret Code ticket not only offers a chance to win big cash but it's also really fun to play. "Extended Play" games take a little longer to play, but they are always worth the while.

Delaware

This month the Delaware Lottery is conducting its 10th Annual Fastest Fingers contest.

The Delaware Lottery first introduced the contest in 1993 after learning about a Florida Lottery training program called "Retailer Olympics." Fastest Fingers, which was designed by the Delaware Lottery's Marketing Department, consists of two components: educational (minimum qualification standards for terminal maintenance) and proficiency (a "speed" contest for wager input). The contest is based on the philosophy that, while commissions and sales incentives directly support the business activities of licensed retail establishments, the Lottery must reward terminal operators who are its emissaries and front-line salespersons. By conducting a contest that provides cash prizes and peer recognition to terminal operators for their skill and knowledge, the Lottery is motivating those who are the key to improved sales and good consumer relations.

The contest consists of three preliminary rounds that are conducted in convenient locations for Lottery terminal operators in each of Delaware's three counties. In the preliminary rounds, Lottery terminal operators compete against others in their county and have the opportunity to win one of the following prizes: 1st prize: \$300; 2nd prize: \$175; 3rd prize: \$100; 4th prize: \$50; and 5th prize: \$25. The top five finishers in each county then advance to the Championship Round, which is conducted in Dover, the state capital. There they compete for a chance to be named one of the top five Lottery terminal operators in the state. Championship Round prizes are: 1st prize: \$700; 2nd prize: \$300; 3rd prize: \$150; 4th prize: \$100; and 5th prize: \$50. Following the contest, finalists and a guest are treated to a buffet dinner.

Florida

Featuring more than \$10 million in cash prizes and 90 vacation packages, the Florida Lottery's new \$2 Instant, Play FLA USA, leverages the Lottery's strength in the retail marketplace in an effort to help boost the Sunshine State's vital tourism industry. For Florida Lottery players, they have a chance to win up to \$10,000 cash or Florida vacation getaway packages. The game also offers discounts at more than 300 Florida hotels and attractions for all non-winning tickets.

Vacation packages include seven-night cruises for two on Carnival Cruise Lines; Dolphin Adventure prize packages for four at Miami Seaquarium; vacation packages for up to four

at Universal Orlando/SeaWorld Orlando; vacation packages for four at Kennedy Space Center; and seven-day/six-night vacation packages for four at one of the Panhandle's Emerald Coast resorts.

In support of the game and Florida tourism, the Lottery will be launching a \$5 million advertising campaign including: point-of-sale materials, television and radio advertising, and a comprehensive Internet promotion. In addition, the Lottery's retailer incentive program will provide retailers with double commissions on each \$2 Play FLA USA ticket they sell. The commission pool for Play FLA USA totals \$2 million.

Indiana

The Hoosier Lottery will unveil a new game on Jan. 23 that is unlike any other in the lottery industry.

Called MAX 5, it will be the first online (computer-generated) game to give players an opportunity to play five consecutive draws on one \$5 ticket. Players will win prizes based on how many of the five draws they win. For example, a player can win one draw, lose the next draw or two, then win another draw. Prizes are not cumulative, but with each win, the player steps up to the next prize level.

Players who win all five consecutive draws will receive a top prize of \$1 million. A player matching four draws will win \$20,000; matching three draws wins \$500; and two draws, \$50. Players who match only one of the five draws will win \$5 plus a free MAX 5 ticket.

Overall odds of winning a prize are 1 in 5.42, which is extremely favorable for an online game.

To play MAX 5, players select two numbers from each of two columns of 10 numbers. The Hoosier Lottery will draw one number from each of the two columns. Players win by matching any two of their four numbers to the two numbers drawn.

MAX 5 draws will be held twice daily Monday through Saturday with one evening draw on Sunday. Players will not have the option to purchase a MAX 5 ticket for less than five draws. Winning MAX 5 tickets cannot be redeemed until all five draws in the cycle are complete.

Kentucky

The Kentucky Lottery recently implemented a unique direct marketing campaign that could become an industry standard. A new ticket design incorporates a reply device in the form of a postcard (complete with the Lottery address) located on the back of Instant tickets. The design ensures that Kentucky players can easily respond to second chance opportunities by filling out the requested information on the back of the ticket, affixing a stamp and dropping it into the mail.

The design, created by USPS Account Manager Pamela Simms also sports a FIM and barcode. This is helpful because it reduces work hours at the post office, and allows for a comprehensive database of active lottery players to be created through Second Chance opportunities. The database will allow for a more effective direct mail campaign.

Kentucky's newest \$10 Instant, Win Dough 2002, launched in February. The ticket offers 20 different ways to win and seven different games per ticket. Top prize is \$202,000, and a second chance promotion in which players can win a trip to Treasure Island in Las Vegas, a home computer system, or a one-year subscription to AOL.

Michigan

Everyone likes to get something for free, including Michigan Lottery players! Michigan Lottery players who shop at Felpausch stores are being given an extra opportunity to win big with the Michigan Millions game. From February 18 to March 9, 2002 the Lottery will be conducting the Michigan Millions "Superplay" promotion exclusively at Felpausch stores in Michigan. Michigan Millions players who purchase a ticket at one of these stores with five wagers or more will get an extra "easy pick" free. Those players who purchase a 10-panel wager will get two free "easy picks."

Acting Michigan Lottery Commissioner James Kipp recently sent a letter to retailers highlighting a recent study that showed how valuable Lottery sales can be. The study, conducted by Ernst and Young, listed Lottery products as the second most sold item in convenience stores, with only cigarettes selling more units. The study also showed that frequent Lottery customers spend approximately \$7.07 per visit; infrequent Lottery customers spend about \$4.80 per visit and non-Lottery customers spend around \$3.47 per visit. According to the study, Lottery customers purchase at least one other item on 95 percent of their store visits.

Over 50 percent of store managers agreed that customer traffic has increased with the introduction of Lottery products in their stores. Furthermore, many managers stated that they believe that if Lottery tickets were unavailable in their stores, between 10 and 30 percent of their customers would visit less often.

An especially noteworthy piece of the study was the "shrink" component. Shrink was analyzed as a percent to sales before and after the introduction of Lottery, and the results showed no difference in shrink before or after Lottery products were introduced. It is a common public misconception that the introduction of Lottery tickets in a store will increase the degree of shrink. How's that for boosting retailer confidence in Lottery products?

From March 4 through March 30, 2002, Rolldown players who purchase a five-panel wager will get a sixth "easy pick" free on the same ticket. Players get a free wager with six through nine-panel wagers too. Buy a 10-panel wager and get two "easy picks" free. As has been the case with past Rolldown "Bonus Play" promotions, Lottery retailers will earn a six-percent commission on the free wagers at not cost to them!

Missouri

Those who visit the Missouri Lottery's booth at this year's Working Women's Survival Show in St. Louis, March 8-10, are

sure to go away smiling. Along with selling tickets and awarding prizes at its booth, the Lottery will stage five simulated versions of its popular "Fun & Fortune" game show, featuring St. Louis' own Penny Greene, during the three-day event.

Players can win: a Lottery T-shirt for each \$10 Lottery ticket purchase; various prizes through drawings held at the booth; up to \$600 in Lottery tickets during one of five game shows. Contestants for the game show will be selected through a drawing of non-winning "Fun & Fortune" instant tickets purchased at the Lottery's booth.

New Jersey

On February 24, the New Jersey Lottery introduced its enhanced LOTZEE game, redesigned to be easier to play and create more winners. The most notable game changes, geared towards making LOTZEE more fun and rewarding for players include an additional Wednesday drawing, decreasing the matrix from 00-99 to 00-76, and tickets now have seven sets of four numbers as opposed to twenty-one.

New Jersey introduced a new VIP Club to its player website. The VIP Club offers players faster access to lottery game information and promotions, winning number email service and direct access to second chance instant drawings through the special "Bonus Zone." What's more, all players who registered for the VIP Club by February 21, 2002 were automatically entered into a drawing to win an all-expense paid trip to San Francisco and Napa Valley, California, or one of several other secondary prizes.

Ontario

How big are your dreams? Two million dollars in cash or one hundred thousand dollars each year for the rest of your life? Would you like a new Lincoln Navigator or a Jaguar XKR convertible? How about an exotic vacation to French Polynesia, or to South Africa? These big prizes and more are waiting to be won with the Ontario Lottery's new limited-time \$25 Big Ticket Lottery.

The game offers some of the best odds ever. Odds of winning the top prize of \$2 million are 1 in 1 million. The odds of winning one of four prizes of \$1 million, or one of four Jaguar coupes, are just 1 in 250,000. These prizes take place via drawing on April 18th. The overall odds of winning a prize are 1 in 10. Instant prizes on the ticket include cash prizes between \$100-\$1 million, and 100,000 prizes of 3-month Lotto Advance Subscriptions (good for 26 LOTTO 6/49 draws!).

South Carolina

The South Carolina Education Lottery (SCEL) has been hard at work preparing for the March 7 launch of their online games. As part of this preparation, a statewide talent search was conducted to find the draw personalities for the various online games the SCEL will have. Auditions were held at malls around the state. At each audition location, five finalists were chosen and invited to Columbia for a

screen test. Five people will be selected from the finalist to serve as draw personalities for the nightly drawings.

South Dakota

In February over 200 South Dakota retailers announced the sale of Elvis tickets with "ELVIS IS HERE" posted on their outdoor marquees.

Instant sales were up 34 percent during the December Doubler promotion. Merry Money and Reindeer Games prizes of \$100 and more were doubled during the month. There was no cannibalization of other games.

Hot Lotto will replace Rolldown on April 10th. The multi-state game will feature rolling jackpots starting at \$1 million.

South Dakota's new website can be found at www.sdlottery.org.

Wisconsin

The Wisconsin Lottery welcomes a new director to its organization. Bill Conway will succeed former director Dave Storey, who has moved on to the Wisconsin Department of Commerce. Conway comes to the Lottery from many years in

state government, most recently at the Wisconsin Department of Regulation and Licensing. He has also spent time with the Wisconsin Department of Workforce Development, the Governor's Office in Louisiana, Blue Cross of Louisiana and Louisiana State University. Conway is a native of Superior, WI.

SuperCash!, the Wisconsin Lottery's longest running on-line game, celebrates its 11th anniversary February 4. The daily game has a top prize of \$250,000 and consistently ranks second in on-line game sales. This hugely successful and popular game averages a top prize winner every seven days. Here's to many more!

The Lottery launches a new on-line game this March called City Picks. City Picks is different from other games out there. Rather than choosing numbers, players are given the names of nine Wisconsin cities and towns to place in a ranking. The same nine cities are drawn and ranked in the order they were chosen. To win the \$50,000 top prize, players must match all nine of their cities to the city order drawn. Players also win by matching as few as three cities. The new daily game starts March 26. Launch activities are planned in all nine Wisconsin communities featured in the City Picks. ■

...Continued from page 11

COST SAVINGS

Vendor

First Place: Random Animated Digital Drawing System – TeleCom Game Factory, presented by Budd Libby

The Random Animated Digital Drawing System (RADDS) utilizes two independent systems: a Random number generator, and an animated digital draw system. RADDS includes a turn key system, secure random drawings, leaves an excellent audit trail, and delivers a top quality television production.

One RADDS benefit is cost reduction. Production can be performed at the Lottery with Lottery personnel, and the balls and machines are virtual. The system also enables premier games and promotions to be aired. In addition to this, games can be added in less than 90 days, and themes (holidays, seasonal) can be changed daily.

Second Place: Beetle Bailey – Oberthur Gaming Technologies, presented by Zoann Attwood

This Smart idea featured free publicity for the instant game, Lottery and state which positively impacted sales.

OTHER Lottery

First Place: Texas Lottery Studio Draws a Crowd – Texas State Lottery, presented by Keith Elkin

The Texas Lottery won for their new drawings studio in the middle of the music and entertainment center of Austin. Its windows face directly onto the street, giving people a sidewalk perch to watch from as the winning

numbers are drawn. The facility reduces broadcast costs by incorporating robotic cameras and reducing the production crew to four (previously nine). Passers-by have been known to buy tickets and stand in front of the window to see if they've won.

Second Place: Community Outreach – Washington State Lottery, presented by Julie Martin

The WSL partnered with the Seattle Seahawks to develop a series of events that enhance the Lottery's mission of generating revenue and supporting the general welfare of the people. Non-winning tickets were entered into a second chance drawing for a chance to win \$1,000 for themselves, and prizes of \$2,000 to \$10,000 for their favorite local non-profit. Winners were selected by drawing at eight Washington fairs. These winners then drew their prize at an October football game.

Vendor

First Place: Interfacing Products – Web-based Slingo – Oberthur Gaming Technologies, presented by Sean Athey

Slingo, an on-line game available on the Internet, is one of the two most accessed keywords on AOL. OGT introduced the Instant ticket to clients in mid-2001. The Instant incorporates on-line graphics, and mirrors the on-line play. Lotteries were able to capitalize on the success of the Internet version by offering cross promotions with Lottery Web sites. The Instant game was enormously popular in Minnesota, outperforming all other \$3 games by approximately 41 percent. ■

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