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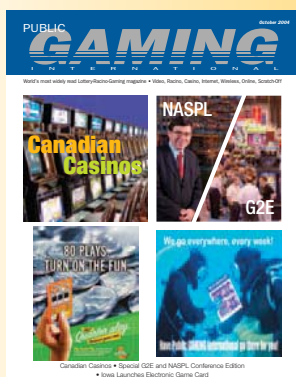
Improving the odds with R&D

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Features



On the Cover:

Manitoba VLTs; Loto-Québec CEO, Alain Cousineau; Iowa EGC; Scuba shot adapted from National Oceanic and Atmospheric Administration photo.

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Public Gaming International is now also available on the web.

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PUBLISHER'S PAGE

Oh Canada, Oh Canada



Duane V. Burke,
Publisher & CEO of PGRI

I am a patriotic American but sometimes I think that we should sing the national anthem of Canada to remind ourselves what great neighbors we have to the north - Canada. Not only are they great but also they are very smart!

The provincial governments in Canada have been very smart in the ways in which they have implemented gaming to benefit good causes. They started by recognizing the importance of treating the operations of lotteries and gaming under the auspices of government as being businesses. From that recognition grew the organizational structure for such enterprises known as, "Crown Corporations" – in other words, companies that are owned by the provincial governments but operated like businesses.

This form gives the organizations the flexibility to operate like businesses even though ultimate control is with the government and all "profits" go to good causes as defined by government.

With this has come greater stability of key management in the organizations, the incentives and the time to do long range planning and the continuity necessary to carry-out long range research and development projects to increase revenues.

With this structure and strength of management and staff, it has also been possible for these crown corporations in Canada to successfully implement or absorb virtually all types of lotteries and gaming available in the world today. Today these Canadian Crown Corporations operate a wide range of lottery games, sports betting, video lottery salons, casinos, racetracks, racinos, CD based games, monitor games, internet games, cross-track betting and off-track betting -- and all very successfully, I might add. In addition, they are continually researching new gaming developments and opportunities for possible application in their provinces.

State governments in the US and governments elsewhere in the world would do well to examine closely how these Canadian Crown Corporation work and find ways to emulate them.

The Canadian way is, obviously, not the only way for government sponsored gaming to be successful but it is certainly one of the best ways that you will find in the world and is worth studying and copying where applicable.

This issue of Public GAMING International magazine contains two great feature articles on gaming in Canada. I hope that you enjoy and gain from them.

Clint Harris to Minnesota

Congratulations to Clint Harris for being chosen to head the Minnesota Lottery. Minnesota Governor Tim Pawlenty has announced Clint Harris as the new director for the Minnesota Lottery. Harris, who until now was the director for the South Dakota Lottery, will replace Michael Vekich, who had been filling the post since the death of George Andersen in early 2004. We know that you will do a great job Clint. We also know that you will survive the Minnesota winters because you come from South Dakota!

Public GAMING International Magazine Goes to NASPL, G2E & WLA

Now that Public GAMING International has broadened its scope to encompass all types of gaming that are sponsored by government for good causes, we are distributing it at all major gaming meetings. This year that includes the largest gaming trade show in the world, G2E in Las Vegas, the annual conference and trade show of the North American Association of State and Provincial Lotteries in Quebec City, Canada and the World Lottery Association conference and trade show in Durban, South Africa.

Next year you will find Public GAMING International Magazine at every major gaming conference in the world.

These special distributions, coupled with the monthly distribution of 20,000 copies via print and electronic media, make Public GAMING International magazine the world's most widely distributed magazine for gaming professionals.

And thanks to our weekly, "International MORNING REPORT", which is a supplement to our monthly Public GAMING International magazine, it can truly be said, "WE GO EVERYWHERE, EVERY WEEK!"

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Bulgaria

The gold dust is finally settling in Bulgaria, where a player has won the country's biggest jackpot ever – BGN 5 million. The jackpot rolled for more than 15 weeks, causing Bulgarians, and others in neighboring countries, to wait in long lines for tickets.

The second highest jackpot in Bulgarian history was BGN 2.83 million, won in 1999.

China

In August, in cooperation with Shanghai Welfare Lottery Issuing Center (SWLIC), WinWin Gaming Inc. launched its "Slam Dunk" lottery television game show. The show airs on Shanghai Oriental TV (OTV) Arts Channel in Shanghai, China. The TV show is tied to the 'Slam Dunk' instant ticket lottery games, which the company successfully launched on July 11, 2004. The "Slam Dunk" game show will run on a weekly basis and will be produced by Sande Stewart Television Inc.

France

On September 1, La Française des Jeux introduced a new sports betting game formula, Loto Foot 7&15, which replaces the former Loto Foot. Two new formulas are now offered to players: 7 or 15 predictions. With the first one, the player can often win. With the second, the player can win more than before. A player that bets on both game formulas on the same playslip will be given two receipts, one for the 7 and one for the 15. The new game also offers a quick pick feature.

Germany

Land Brandenburg Lotto GmbH (LBL) has decided in favor of lottery terminals from Wincor Nixdorf and intends to replace the old terminals at its outlets with Xion /Mtop systems from Wincor Nixdorf by April 2006. The terminals are currently scheduled to be linked with the data center via a virtual private network. The order comprises both delivery of the terminals and the customization of the terminal software.

Hungary

Szerencsésjáték RT's, the national Lottery of Hungary, first half-year lottery sales revenue was HUF 56.2 billion (221 million) exceeding the turnover of the first half of 2003 by 9.6%. Top performers include 5/90 Lotto, which increased by 20%, and Instant tickets, which increased by 43%.

Israel

The membership club of Mifal Hapais, Israel National Lottery, is upgrading its subscription program. Barcoded magnetic membership cards will entitle 460,000 subscribers holding 550,000 membership cards to immediate discounts in over 60 entertainment, cultural, leisure and food establishments, etc. Furthermore, every month, subscribers will be entitled to a discount at Mifal Hapais' points of sale on a different lottery product.

Italy

GLI has opened a new test facility in Bologna, Italy. GLI Italia is a division of GLI Europe, B.V. and will service the country's rapidly expanding Amusement-with-Prizes market. The 630 square-meter (4,000 square-foot) facility will house a total of seven full-time employees.

Jamaica

Jamaican Lottery Supreme Ventures Lotto game increased to \$140

million after seven consecutive weeks of rollovers. The jackpot was a towering 75% higher than the previous highest jackpot, \$80 million, reached in 1999.

Mexico

GTECH signed a six-year integrated services contract on September 6 with Pronosticos para la Asistencia Publica (Pronosticos) to provide equipment and services for a new online lottery system and associated telecommunications network in Mexico. The new contract, expected to commence on September 5, 2005, includes a two-year extension option and is the result of a competitive procurement. Under the terms of the new contract, GTECH will replace Pronosticos' existing lottery system with new central system hardware and add the Company's ES Connect™ software. GTECH will also provide Pronosticos with approximately 4,800 Altura® terminals and 3,200 Altura® LVT Plus terminals. In addition, approximately 3,000 Altura LVT terminals will be installed in new retailer locations. It is anticipated that Pronosticos will grow from its current terminal base of 7,500 to approximately 11,000 during GTECH's fiscal year 2006.

Slovakia

Slovakia's state lottery company TIPOS a.s. generated a revenue of 1.4 billion Slovak crowns (SKK) (US\$42.9 million) from lottery games for the first half of 2004, an increase of 6.75 % over last year. The company's revenue from lottery games for the period exceeded forecasts by 4.5 %. The main reason for the increased lottery game sales is LOTO 5/35 and TIPOS Internet games. The company registered a 26 % increase in its revenue from LOTO 5/ 35, while the interest in the lottery company's Internet games tripled over the period.

Sri Lanka

Sri Lanka's Online Lotteries Private Limited, is reportedly behind schedule in launching its online lottery, Rapido. The game, which will be managed by Norsk Tipping and features a draw every 15 minutes (40 total per day), is expected to launch in late October. At this point more than 100 of the expected 450 terminals have been installed.

South Africa

Throughout the month of September, Uthingo's LOTTO Jackpot was guaranteed at R10 million every Saturday until October 2. Jackpots that weren't won would roll over. There was also a second chance game attached to the promotion. Each week through September 20, players who entered the promotion with their non-winning LOTTO tickets worth R10 or more, could win furniture vouchers valued at R10,000. This means, over the next five weeks, 100 players will share prizes worth R1 million.

Spain

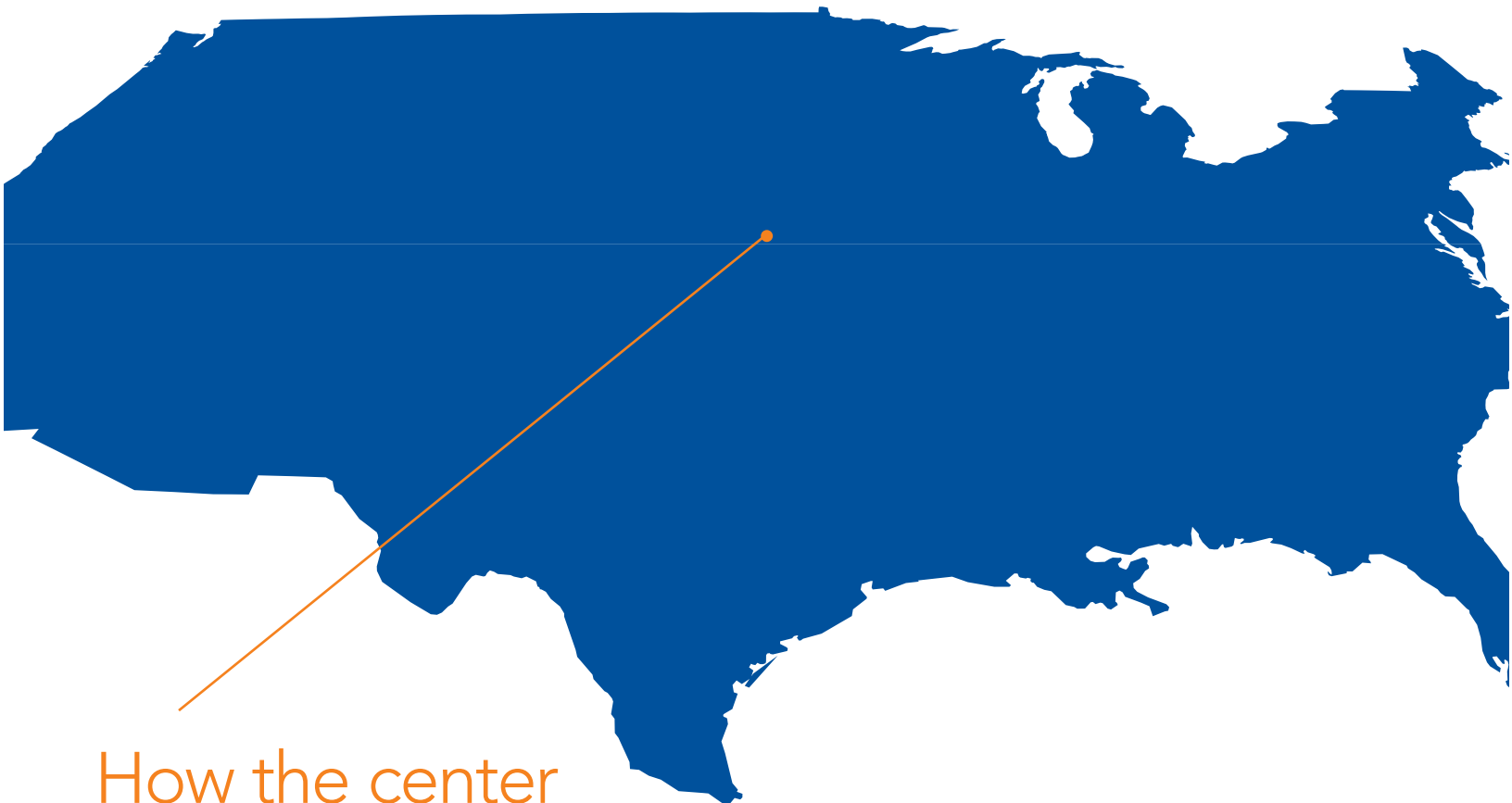
Spanish state lotteries generated sales of more than 8.29 billion euros in 2003 – 8.5% higher than 2002.

Virgin Islands

The Virgin Islands Lottery will no longer rollover jackpots. Under new legislation recently implemented, if a jackpot is not hit, the money will be split between winners in the next tier.

U.K.

The last week of August was the UK National Lottery's highest sales week for scratch tickets since 1998. More than £15 million tickets were sold. ♣



How the center of the country is at the center of a gaming revolution



When we at INTRALOT won our first North American contract, we were determined to provide the Nebraska Lottery with everything you'd expect from a global player. And on July 1, 2004, our new On-line gaming system for the Nebraska Lottery went live with hundreds of terminals across the state. The carefully planned and on-budget launch proved two very important things. First, that INTRALOT's collaboration with the Nebraska Lottery and their retailers produced a sales-efficient terminal design and an optimally-trained sales force. Second, INTRALOT proved our determination to be an industry leader by establishing a state-of-the-art showcase for gaming technology and value-added services for lotteries throughout North America. The future of your lottery operation depends on staying ahead of the curve. So look to the future. Look to INTRALOT.



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Industry News



Texas Chooses Scientific Games and Pollard

The Texas Lottery has announced that Scientific Games is the successful proposer for its primary instant lottery ticket manufacturing and services, a contract estimated at \$30 million over the initial term. The initial term of the contract is three years with five one-year options to renew. The agreement is subject to the negotiation of a final contract.

The Lottery also announced that Pollard Banknote Ltd. will be the backup supplier, printing a minimum of one game per year and providing backup in the event the primary supplier cannot perform.

Smartplay Chosen in New Mexico, Middle East

Smartplay International, Inc. of Southamton, New Jersey was chosen by the New Mexico Lottery Authority, as the NMLA announced it was becoming the fifteenth North American lottery with computerized systems utilizing random number generators. NMLA is the first lottery to use the new Origin™ digital drawing system manufactured by Smartplay.

That same month, Smartplay delivered equipment to Kuwait and contracted with lotteries in Uzbekistan and Israel. New client, Kuwait Football Association has taken delivery of a Precision Prize Wheel. Long time client, Mifal Hapayis of Israel has ordered another Saturn lotto machine. SPORTLOTTO, Ltd. of Uzbekistan has contracted for a Revolution "3" single digit machine; delivery is planned next month.

More Growth for Ticker Communications Wireless Service

The Massachusetts Lottery is rolling out the wireless service from Ticker Communications, Inc. to 200 retail locations. Ticker's service enables the Mass Lottery to send customized messages to all of its signs from one remote location via a secure, personalized website. Ticker currently provides its wireless service to over 12,000 lottery retail locations including 1,000 ITVM locations in Pennsylvania. Locations may be grouped by geography, business class or chain to allow for marketing-specific messaging. Ticker offers both customized jackpot-only units as well as the scrolling message LEDs. Ticker just recently added Anheuser-Busch to its list of non-lottery clients.

Oregon Signs with OGT

Oberthur Gaming is proud to announce that the company has signed a contract with the Oregon Lottery for the supply of instant lottery tickets and related services. The contract term is for an initial period of one year with the option to extend for five additional years.

Indiana Extends Scientific Games

Scientific Games announced that the Indiana (Hoosier) Lottery has extended its online lottery contract for three years. The contract is worth approximately \$30 million.

Job Search Engine Launched by Casino Careers

Casino Careers Online (www.casinojobs.com) has developed a Job Search engine that can be placed on any career or gaming/hospitality related web site. The job search engine is free to non-employer web sites that attract visitors who would be interested in jobs in the gaming/hospitality industry, such as colleges, professional associations/organizations,

publications and news/informational directories and portals. To view an example check out this site: <http://www.casino-gaming.com/employment.htm>. Gaming Companies that post opportunities on Casino Careers are able

to purchase the power package job search engine that displays only their respective opportunities for a small fee.

IGT to Build New Vegas Facility

IGT announced that nine buildings the company currently occupies in Las Vegas will be consolidated into a single new facility. The new 600,000-square-foot building will be located on the northwest corner of Buffalo and Sunset in Las Vegas. The IGT "campus" will consist of 300,000 square feet of manufacturing and warehouse space, 230,000 square feet for offices, and 70,000 square feet of accessory space. Multiple IGT departments will be housed there including Manufacturing, Engineering, Sales, Casino Services, IGT Systems and Barcrest USA. Construction is scheduled to begin in November and be completed by October 2006.

MDI Snares Rocky & Bullwinkle

MDI announced that Rocky & Bullwinkle are now available to lotteries for the first time on instant scratch game tickets. Under the terms of a new exclusive licensing agreement between MDI and Bullwinkle Studios (a joint venture between Classic Media and Jay Ward Productions, Inc.), lotteries worldwide will be able to launch instant games featuring Rocky and Bullwinkle and other cast members from the popular network series. Trademarks, names and likenesses include Rocky The Flying Squirrel, Bullwinkle the Moose, Fearless Leader, Boris Badenov, Natasha Fatale, Dudley Do-Right, Nell, Horse, Snidely Whiplash, Little Fairy from Fractured Fairy Tales, Sherman (the Boy) and Mr. Peabody (the Dog). ♣





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Canadian Casino Overview

Last month, Public Gaming International examined the racino industry in North and South America. This month we'll take a quick look at the casinos in Canada. This study will include casinos and charity casinos within the Provinces, but will exclude racinos. For information on racinos, please see the September issue of Public Gaming International.

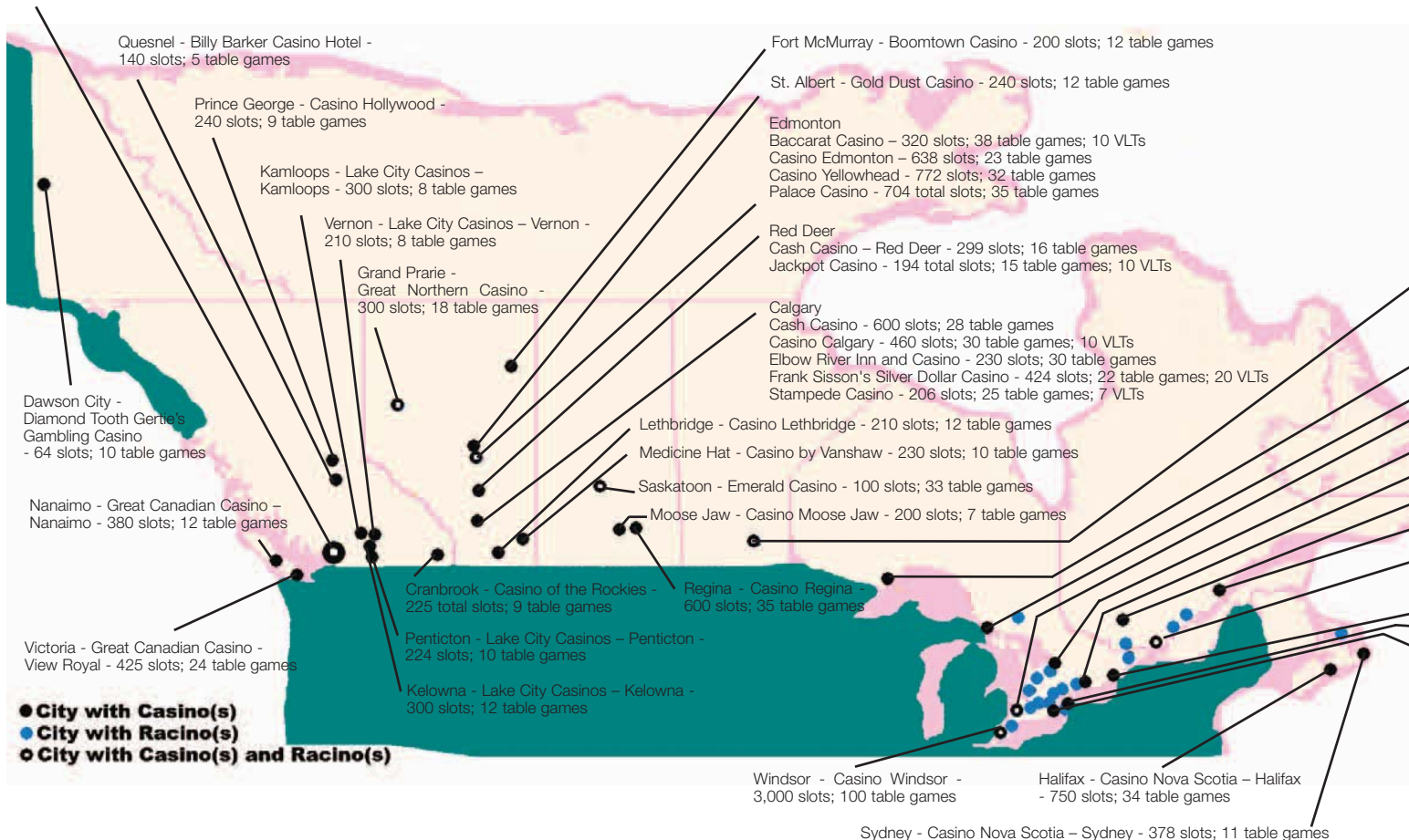
In Canada, 41 cities house 54 casinos (see map) which hold a total of 34,433 gaming machines (mainly slots) and 1,786 table games. Here's an easy breakdown of what's in each province.

Alberta: Alberta has 16 government controlled casinos, which fall under the jurisdiction of the Alberta Gaming and Liquor Commission. The casinos house a total of 6,084 gaming machines and 358 table games. In fiscal year 2003/2004 the Province's casinos grossed a combined \$2.9 billion. The AGLC works in conjunction with the Western Canada Lottery Corporation (WCLC).

British Columbia: The British Columbia Lottery Corporation oversees 18 casinos (one of which, Fraser Downs, is a racino with 198 gaming machines) housing 4,704 gaming machines and 349 table games. The BCLC generated \$733.5 million in casino revenue during fiscal year 2003/2004.

Manitoba: The Manitoba Lotteries Corporation presides over two casinos housing 2,390 gaming machines and 61 table games. In fiscal year 2003/2004 Manitoba casinos grossed \$207.8 million. The Province saw a dip in casino sales due to a public smoking ban in Winnipeg, the

- Vancouver
 Gateway Casino Mandarin Center – 28 table games
 Grand Casino – 28 table games
 Great Canadian Casino - Holiday Inn – 32 table games
 River Rock Casino Resort – Richmond - 1,000 slots; 59 table games
 Gateway Casino – Burnaby - 300 slots; 33 table games
 Great Canadian Casino – Coquitlam - 450 slots; 28 table games
 Gateway Casino Royal Towers Hotel – New Westminster - 169 slots; 24 table games
 Royal City Star Riverboat Casino – New Westminster - 341 slots; 20 table games



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city in which both casinos are located. The MLC works in conjunction with the WCLC.

Novia Scotia: There are two casinos in Novia Scotia housing 1,128 gaming machines and 45 table games. The casinos grossed \$95.4 million in FY 2003/2004. The Novia Scotia Gaming Commission is the government agency in charge of the facilities.

Ontario: The Ontario Lottery and Gaming Corporation oversees four commercial casinos and six charity casinos. Combined, the facilities operate 13,408 gaming machines and 688 table games. The OLGC grossed \$3.5 billion from the facilities in FY 2003/2004.

Quebec: Loto-Quebec is in charge of three casinos which operate 5,748 gaming machines and 200 table games. In fiscal year 2003/2004 the Province's casinos generated \$728.9 million in revenue.

Saskatchewan: The Saskatchewan Lotteries preside over three casinos that house 900 gaming machines and 75 table games. The Saskatchewan Lotteries, which operate in conjunction with the WCLC, grossed \$90.9 million in casino sales for FY 2003/2004.

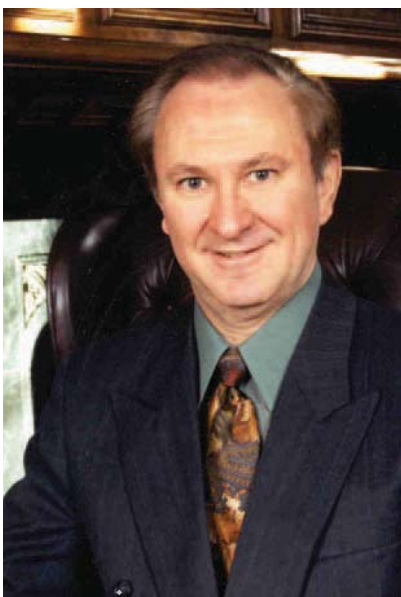
Yukon: The Yukon Territory has one casino with 64 slots and 10 table games. Lotteries Yukon, which operates in conjunction with the WCLC, governs over the casino. ♣



- Winnipeg
 - Club Regent Casino - 1,201 Slots; 32 table games
 - McPhillips Street Station Casino - 1,189 slots; 29 table games
- Thunder Bay - Thunder Bay Charity Casino - 452 slots; 17 table games
- Sault Ste. Marie - Casino Sault Ste. Marie - 452 slots; 16 table games
- Point Edward - Point Edward Charity Casino - 452 slots; 37 table games
- Orillia - Casino Rama Resort - 2,000 slots; 110 table games
- Port Perry - Great Blue Heron Charity Casino - 452 slots; 50 table games
- Gatineau - Casino du Lac-Leamy - 1,800 slots; 60 table games; 136 video poker
- La Malbaie - Casino de Charlevoix - 800 slots; 20 table games; 12 video poker
- Montreal - Casino de Montreal - 3,000 slots; 120 table games
- Gananoque - Thousand Islands Charity Casino - 450 slots; 18 table games
- Niagara Falls
 - Casino Niagara - 2,700 slots; 135 table games
 - Niagara Fallsview Casino Resort - 3,000 slots; 150 table games
- Brantford - Brantford Charity Casino - 450 slots; 55 table games

Iowa Market Test: The Instant-Scratch Game Goes Electronic

By Mary Neubauer, Iowa Lottery Vice President, External Relations



Iowa Lottery Authority CEO, Dr. Ed Stanek

“Players and retailers both were intrigued by the game cards and immediately understood how they played,” Hrdlicka said. “Retailers ask us every week how close we’re getting to the start of sales.”

An electronic version of the traditional instant-scratch game will make its world debut when an Iowa market test of the battery-powered product begins in early October.

The new product, known as the electronic game card, will be marketed under the name “Quarter Play,” which aptly describes it – with 80 plays on a card sold for \$20, each play costs 25 cents.

Each electronic game card, about the size of a driver’s license, is battery powered and loaded with random plays. Players activate the card by pulling off a plastic tab on the back, then push the “play” button on the front to get started. Each play loaded onto the card is the equivalent of an individual scratch ticket. But in the case of the game card, an electronic play replaces the traditional scratch area on a paper ticket. Three small LED screens on the front of the game card display the numbers in a particular play and show whether that play has won a prize.

Players accumulate points, each having a value of 25 cents, by matching like numbers as they advance through the 80 plays.

At the conclusion of all the plays, the game card displays the total points accumulated. Each card in the market test will offer a guaranteed \$5 prize and a top prize of \$300. Players will redeem the cards as they do any other lottery product – by having them validated at an Iowa Lottery retailer or one of the lottery’s regional offices.

An appealing feature to the cards is that players do not have to play through an entire card at once. The battery-powered cards automatically shut off when they haven’t been played for 15 seconds, then pick up where they left off when the “play” button is pushed again later.

“We’re excited to offer our players more entertainment through this new product,” said Dr. Ed Stanek, CEO of the Iowa Lottery Authority. “We believe the electronic game card represents an important innovation in the evolution of lottery products, particularly in terms of extended playing time.”

Stanek compares the game cards’ development to evolution in any industry: Computers that once filled entire rooms and had little processing capacity today pack enormous amounts of information and

capability into tiny microchips; automobiles have more built-in luxuries, engine options and safety features each year; soft drink companies develop new flavors and mixes to present new options to customers.

“That’s the way we view the electronic game card,” Stanek said. “We’re maintaining the traditional features our players enjoy while modernizing the product.”

While plans for the game cards’ development and sale were approved at a meeting of the Iowa Lottery Board in October 2003, initial discussions of the concept started more than a year before that and led to testing and development.

In late 2002, Stanek, the longest-serving lottery director in the United States and someone who is known for bringing new products to the industry, was approached about the game card and asked if he thought it could be successful in the marketplace.

Stanek said he thought it was a novel concept – and one that could appeal to consumers in their 20s and 30s, who grew up with computers and electronic games and are a main force in the electronic age.

“Today’s consumer demands more value and greater innovation for the money they spend,” Stanek said. “The electronic game card increases the entertainment value of lottery products by extending playing times and adding a new twist to the product mix.”

Through the years, the Iowa Lottery has added those new elements to its products while maintaining a popular base of traditional items. For example, in 1992, Stanek was a co-inventor of Powerball, now the world’s most popular lotto game. Powerball was the first game to combine two drawings into one, offering a format where players choose five numbers from one pool of numbers and another number – called the Powerball – from a separate pool. Later that same year, in November 1992, the Iowa Lottery became the first in the nation to sell an extended-play Bingo game, which offered players multiple plays on a single instant-scratch ticket.

Another important innovation came in October 2000, when the Iowa Lottery became the first in the nation to offer Treasure Tower, the first scratch game played on a personal computer. By combining the instant-scratch game with CD-ROM technology, Treasure Tower took lottery players into the digital world.



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Earlier this year, the Iowa Lottery began statewide distribution of another "first" – a vending machine that added video and sound to the process of dispensing a ticket. The machines, being marketed under the brand name "TouchPlay," are being installed in bars, taverns and other age-controlled locations statewide and are proving to be an important new form of entertainment for customers at those businesses.

Market Test

Under the agreement approved by the Iowa Lottery Board, Scientific Games International, based in Alpharetta, Ga., will provide the lottery with about 20,000 electronic game cards for a market test scheduled to begin in early October. The lottery plans to sell the cards at about 100 retail locations in eastern Iowa, the most heavily populated region of the state. The sales area also offers a mix

of urban and rural markets for sales comparison purposes.

The lottery plans to support the new Quarter Play game with newspaper and radio advertising, a public relations campaign to spur media interest in the game's start and product demonstration events at area shopping malls to introduce Quarter Play to the public.

Joe Hrdlicka, the lottery's vice president of marketing, said that while researching the product, lottery personnel showed Quarter Play cards to some lottery retailers and players to gauge their reaction.

"Players and retailers both were intrigued by the game cards and immediately understood how they played," Hrdlicka said. "Retailers ask us every week how close we're getting to the start of sales."

Hrdlicka said the lottery is investigating recycling options for the cards at disposal to keep their plastic shells and electronic components from ending up in landfills. Although the cards' button-cell, alkaline-manganese batteries are considered non-hazardous, the lottery nonetheless wants to ensure they are disposed of safely and recycle the cards' plastic shells if possible, Hrdlicka said.

Hrdlicka said the lottery will review results of the market test and determine whether to begin statewide sales of the game cards.

"We anticipate that Quarter Play will be very well received in the marketplace," he said.

Lorne Weil, chairman and CEO of Scientific Games Corp., said he believes that electronic game cards represent a novel way to spark sales of instant games.

"We are confident this product will appeal to progressive lotteries seeking to introduce electronic digital instant tickets," he said.

Since the Iowa Lottery's inception in 1985, more than \$1.77 billion has been awarded in prizes and nearly \$883 million has been raised for state programs. ♣



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5-5-5	200	1-1-1	5
4-4-4	100	ANY TWO 7s	2
3-3-3	20	ANY 7	1

The Manitoba Lotteries Corporation: Delivering Video Excitement in a Responsible Package

By Scott Honeyman, MLC

Manitoba Lotteries Corporation is in the midst of replacing its province-wide network of video lottery terminals, a move that will bring both exciting new gaming possibilities and responsible gaming advice to players.

The corporation operates two busy casinos in Winnipeg, Manitoba's capital, and is responsible for the VLT network, sales and distribution of lottery products and bingo paper and breakopen tickets.

Between them, Club Regent Casino and the McPhillips Street Station Casino offer more than 2,000 slots. Each casino has 464 paper bingo seats and table games such as Blackjack, Mini-Baccarat, Pai Gow Poker, Caribbean Poker, 7-card Stud, Texas Hold 'Em, Roulette and Let It Ride.

The themed casinos also offer live entertainment. Each has a weekly average attendance of 51,000.

The VLT network is in establishments licensed to serve liquor. This effectively prevents minors from playing the machines. The first of the new VLTs were installed a few months ago at Assiniboia Downs, where Manitoba Lotteries has an agreement with the Jockey Club of Manitoba to support thoroughbred horse racing.

The corporation also has an agreement with the Manitoba Horse Racing Commission to sponsor the Manitoba Great Western Harness Racing Circuit, which operates 25 race days in eight rural communities. In both bases, the agreements help support the tourist industry and communities and breeders where thoroughbred and quarterhorse breeding have been important for more than 100 years.

Manitoba Lotteries has been recognized internationally as a leader in responsible gaming initiatives at the casinos and throughout the VLT network. The corporation invests close to \$2.5 million annually in responsible gaming initiatives because it considers it fundamental to good business.

McPhillips Street station has a Responsible Gaming Information Centre in co-operation with the Addictions Foundation of Manitoba, and there are plans to open a similar centre at Club Regent soon. The foundation provides trained counsellors who offer on-the-spot information and advice. The casinos also hold Responsible Gaming Awareness Weeks, where guests can learn about the nature of gaming and safe, responsible gaming strategies.

All casino staff are trained to recognize and report problem gambling, and at higher levels of training managers know how



Responsible gaming: Don Ward of the Addictions Foundation of Manitoba is one of the staff at the McPhillips Street Station Casino Responsible Gaming Information Centre

to diplomatically approach customers to discuss gaming issues and offer help if it is needed.

Guests have been both pleased and surprised to find the Addictions Foundation on site. It is not unusual for guests to be so surprised to find a foundation representative in the casino that they'll surreptitiously ask if casino management knows they're on the premises. They should – the foundation shares space with the casino manager at McPhillips Street Station Casino, and the two often work as a team to help customers.

"No one should be surprised," said Susan Olynik, Vice-President Communications and Public Affairs. "We value our partnership with the Addictions Foundation, and we think the relationship will continue to grow.

"Responsible gaming is simply part of the ethic and part of the culture among all our employees. Manitoba has always been a place where people care about each other and help each other, and in our mission to provide a fun and entertaining gaming experience, we will always be socially responsible."

When the corporation decided to replace its aging VLTs, the commitment to the responsible gaming program was an important factor. The replacement program will cost about \$75 million.

In awarding the replacement contract to Las Vegas-based International Game Technology, it insisted on state-of-the-art problem gaming features. These include on-screen clocks, timers for selecting duration of play, win/loss display in dollars rather than



MLC's Lori Mann with a new VLT at Assiniboia Downs race track.

credits, frequent on-screen responsible gaming messages, on-screen display of the Problem Gambling Helpline number and ready availability of information on how gambling works and how to get help.

In addition, International Game Technology will contribute \$500,000 over the next five years to MLC's responsible gaming program.

Manitoba Lotteries has identified seven key strategic building blocks upon which it plans to build a strong future. These include becoming an employer of choice, a centre of innovation and operational excellence, and keeping the "wow" factor alive by delivering innovative customer products and service. Understanding of markets, a customer-based marketing strategy and increased productivity are other pillars. Another is a strong sense of responsibility to the community.

As a government-owned corporation, Manitoba Lotteries makes an important contribution to the province's economy. In fiscal 2003-2004, its net income was \$235.4 million on revenues of \$584.5 million, with spin-off economic benefits estimated at more than \$185 million.

The net income goes to provincial general revenue, where it supports health care, education and other government programs. Ten percent of VLT revenue is directed to municipal governments and 25 percent of VLT revenue goes into programs that invest in business and economic development in urban and rural Manitoba.

This fall the casinos are partnering with the Manitoba Society of Seniors to provide in-casino programs for seniors about active living, food and wine, even telecommunications. ♣

Gaming Legislation Update

D.C. – Casino proponents in D.C. have appealed The D.C. Board of Elections and Ethics ruling that deemed thousands of casino referendum ballot signatures invalid. The D.C. Court of Appeals heard the pro-casino case earlier. Casino proponents are hoping the Court will overturn the ruling in question and that the referendum would be placed before voters in November.

Iowa – Iowa businessman Gary Kirke, working in conjunction with the Isle of Capri, got enough signatures to file petitions to expand gambling in four Iowa counties (Dallas, Madison, Warren and Polk). Voters in these counties will decide on November 2nd whether to expand gaming in the area.

Maryland – The deadline for putting a slots referendum on the Maryland ballot was September 20, but from early in the month it didn't look like it was going to happen. At one point it looked promising, as Governor Ehrlich seemed to be willing to allow the issue to go before voters. Still, in the end, Gov Ehrlich and House Speaker Busch couldn't work out a compromise and the issue was declared dead.

Michigan – The Michigan Court of Appeals' three-judge panel unanimously ruled that Michigan's Proposal 1 will stay on the November 2 General ballot. The proposal gives Michigan voters a chance to decide future state-sponsored gambling expansions. If the Let Voters Decide - YES on 1 amendment does not pass on Nov. 2, as early as next year nine new horse racetrack casinos -- each with 2,000 or more video gambling machines -- would open in communities across Michigan without a vote of the people. The new horse track casinos would open in or near Jackson, Saginaw, Flint, Muskegon, Mt. Pleasant, Hazel Park, Northville, Lansing and Romulus.

Rhode Island – The Rhode Island Supreme Court has unanimously ruled that legislation passed by the General Assembly that includes a referendum asking voters to decide on a Harrah's Entertainment resort-style casino in West Warwick is unconstitutional. The court deemed that "The Rhode Island Gaming Control and Revenue Act" would represent a lottery prohibited by the state constitution.

West Virginia – The Dunbar City Council has imposed a six-month moratorium on any new business that wants to offer video lottery while council members prepare an ordinance to regulate where such operations can be located. Council members unanimously approved the moratorium. One member of the Council indicated that they would like to see the machines stay in the business districts and away from the neighborhoods. ♣

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Lotto 6/49: A Big Change Brings Big Results

By ILC Communications Sub-Committee (Contacts: D. Pister OLGC, R. Bourgois ALC)



Make it bigger, make it easier to win, and the game should remain the same.

That essentially was the conclusion of a series of research efforts by Canadian lotteries into what players wanted from LOTTO 6/49, Canada's

long-time flagship national lotto game. What followed was a redesign that has met the expectations of players and is exceeding sales projections by delivering on its promise for bigger jackpots more often.

Other than the introduction of twice-weekly draws, bonuses and promotions, the match-6-of-49 game had been unchanged since its launch in 1982. After billions of dollars of sales, prizes and profit, player spending started to decline in the 1990s. Through the Interprovincial Lottery Corporation (ILC), the five Canadian lotteries began to examine what could be done to refresh a game critical to the success of the Canadian lottery industry.

Extensive consumer research and months of careful planning resulted in an improved LOTTO 6/49 that offers bigger jackpots more often, a new \$5 prize category and better overall odds of winning. The new version of the game was launched the last week of May 2004, and barely two months later had already generated a new record jackpot of \$29.1 million (Cdn.), surpassing the previous mark set back in September 1995.

From its first full year of operation in 1983/84, LOTTO 6/49 annual sales grew quickly from \$518 million to a peak of \$2.1 billion in 1996/97. By the 2003/04 business year, however, those sales had dropped to \$1.4 billion. While sales had slowed, players were still purchasing enough selections to prevent the jackpot from growing to higher jackpot levels. For example, last year under the old game design, 90% of jackpots were won at the base level of \$2 million or on the first roll to \$5 million. A significant gap had developed between LOTTO 6/49 jackpots and those offered by LOTTO SUPER 7, Canada's other national big-lotto game launched in 1994 and which has now repeatedly offered jackpots in excess of \$30 million.

Clearly something had to be done to reinvigorate the LOTTO 6/49 game, but its vast popularity meant that any changes would be risky and would have to be thoroughly tested in player research. "LOTTO 6/49 is a Canadian icon. Players weren't aware that their spending had slowed, but they still loved the game. We had to be extremely cautious in considering any changes," said Atlantic Lottery Corporation and Interprovincial Lottery Corporation President Michelle Carinci.

Consumer research in recent years showed that players did not want to see a change to the basic design of the game. Those findings were validated in a 2003 survey of nearly 5,000 current players from across Canada. In that research, LOTTO 6/49 players were shown various possible new game designs, including a power-ball type structure, but Canadians still strongly preferred the 6-of-49 lotto matrix.

Those players were also shown a revised LOTTO 6/49 design that

would deliver bigger jackpots while offering a new low-tier prize and improved overall odds. There would, however, be a cost to achieve those desired jackpots. The price of a single selection would increase from its original price of \$1 to \$2, and a greater share of the prize pool would need to be devoted to the jackpot, meaning lower shares for the middle-tier prizes. The revised LOTTO 6/49 design was the strong favorite among players surveyed. Eighty percent said they would play the game, and at spending levels that would drive sales back up.

The revised design was projected to increase annual LOTTO 6/49 sales nationally by 30% or more, as players also indicated they likely would not double their spending. Heading into the fall of 2003, the ILC partner lotteries decided to launch the revised LOTTO 6/49 design in the spring of 2004.

To support the bigger jackpot, the share of sales to prizes would increase to 47% from the historical 45%. That was a relatively easy decision since in recent years, the ILC had been offering a series of guaranteed minimum level jackpots starting at a base of \$2 million, followed by \$5 million on the first rollover and then \$10 million on the second. Offering those guaranteed minimums slowed the decline in sales by helping sustain player interest, but sales often were not entirely supporting those minimum jackpots. The ILC often had to devote a higher share of revenue to the jackpot, so the theoretical payout had effectively already been driven above 45%.

The revised prize structure would devote 80.5% of the prize pool to the jackpot, up from 50%. (The prize pool is prize money remaining after the \$10 and \$5 prizes are paid.) The second prize category would now receive 5.75% of the prize pool instead of 15%, the third prize would receive 4.75% instead of 12%, and the fourth prize would receive 9% instead of 23%. The set prize of \$10 for matching three numbers would remain, while a new prize of \$5 for matching two of six numbers plus the bonus would be added.



Television footage promoting the change to Lotto 6/49.

While research showed that players wanted bigger jackpots, they also wanted more money paid to the middle-tier prizes once the jackpot had grown substantially. To meet that desire, a deflator mechanism was designed for jackpots of \$25 million or more. Once that jackpot level is reached, the share of the prize pool to the jackpot would go down to 40%, with increased prize shares for second, third and fourth prizes.

As most Canadian lotteries offer LOTTO 6/49 subscription programs, there was a need to inform players of the changes to the game well in advance of the actual launch. An ILC news release was distributed nationally in November 2003 advising players of the changes. The media coverage during this early announcement, as well as that closer to launch, was extensive. The changes to LOTTO 6/49 were the lead in both regional and national newscasts, validating the game's status as a Canadian icon.

Player Response

As expected, not every player welcomed the changes. While some objected through phone calls to the lotteries and letters to the editors of newspapers, the overall reaction to the news of the redesign was generally positive. Customer service staff and communications departments in each region delivered consistent facts about the benefits of the new design. Most consumers simply wanted to know more about the changes.

Lotteries also contacted their subscribers directly so that those players could decide whether they wanted to continue with their subscriptions beyond the launch of the revised game. The strong majority of subscribers opted to continue, satisfying legal and customer service issues while also validating the findings of the consumer research.

Once subscribers had been addressed, the focus shifted to preparing for the actual launch. The new game design called for a new look, one that reinforced that the game was changing while still remaining LOTTO 6/49. "The new logo preserves the significant heritage and integrity associated with the brand while generating positive consumer feedback that it represents a more modern, interesting and visually appealing look," said John Wisternoff, Vice President – Lotteries for Ontario Lottery and Gaming Corporation and national launch task force team lead.

While each Canadian lottery is responsible for marketing national games in their individual regions, a new television ad campaign for English-speaking Canada was developed both to ensure a consistent presentation of the game and for budget efficiency. With the largest media buy ever for a lottery ad campaign, the national spot featured a marching band performing on a pontoon boat slowly passing in front of a man relaxing on his cottage dock, waking him from his summer doldrums with a call to action to play the new LOTTO 6/49. The band concept is being repeated in ongoing jackpot announcement ads. Loto-Québec designed a new campaign specific to the unique needs of their market. The lotteries' web sites included special LOTTO 6/49 features that raised awareness while also answering questions about the new prize structure.

Promising bigger jackpots more often required a flexible schedule of bonus draws around the launch date. If the jackpot rolled from the



A group of eight players claim one-half of the record \$29.1 million jackpot from the draw of August 7, 2004.

previous game design into the launch week, the bonuses would begin immediately following a win. While the first draw for the new game, held on June 2, 2004, was guaranteed to be \$4 million, sales actually drove that jackpot to nearly \$4.7 million. Bonus draws of \$10 million, \$17 million and \$25 million immediately followed. Following those bonuses, jackpots were no longer guaranteed to be at pre-set minimums, and sales have consistently driven jackpots to levels above the announced estimates.

While some players and news media continued to focus on the change in price, most players have been voting with their wallets. Sales to date have been exceeding expectations. An ILC assessment conducted after the first 16 draws showed a sales increase of 42.5% compared to the previous game and a 43.4% increase in profit. While some cannibalization of sales from LOTTO SUPER 7 was occurring, combined big-lotto sales were up by 16.7%.

Having already delivered on the promise of bigger jackpots more often, the LOTTO 6/49 top prize grew through a series of natural rolls to offer its biggest jackpot ever. Estimated to be \$29 million on August 7, a new record level jackpot of \$29.1 million was won with two tickets splitting the big prize. Eight friends (four couples) who first met through a darts league claimed one winning share. At time of writing, the other jackpot share had not yet been claimed.

"We're still being cautious about how LOTTO 6/49 will perform into the future," said Ms. Carinci. "But extensive research, careful planning, effective marketing and consistent communications have led to early success. We changed the game for the better, but not too much, and we expect that LOTTO 6/49 will continue to be a favorite of Canadian lottery players." ♣

The Interactive Environment – How Lotteries are Using the Interactive platforms for Play and Sales

The interactive lottery environment is truly starting to come into its own. Worldwide, 33 lotteries in 20 countries sell games through interactive connections (Internet, wireless or interactive TV), and one more lottery (New Zealand Lotteries Commission) is developing a system to sell on all three platforms.

Europe is the Lottery leader in the interactive wagering realm as 28 European lotteries, in thirteen countries are selling online. What's more, in 2004, two of these lotteries, Sweden's Svenska Spel and Slovakia's Tipos reported significant revenue jumps over interactive channels.

Of course, the majority of Lottery jurisdictions worldwide still ban interactive wagering (though the gap is steadily decreasing), but a few lotteries in the U.S. (New Jersey and Kansas) have managed to offer products with Internet elements while still staying within their state's regulatory guidelines.

What follows is an overview of how these channels are being used in many of the jurisdictions that allow interactive wagering.

Australia

Tattersall Sweep Consultation (Victoria – Internet): In 2001, Tattersall's received approval from the Victorian Casino and Gaming Authority to offer its lottery products for sale on the Internet via its

web-site. The initial launch included the ability to purchase the Lottery's big Lotto games – Tattslotto, Powerball, and OZ Lotto.

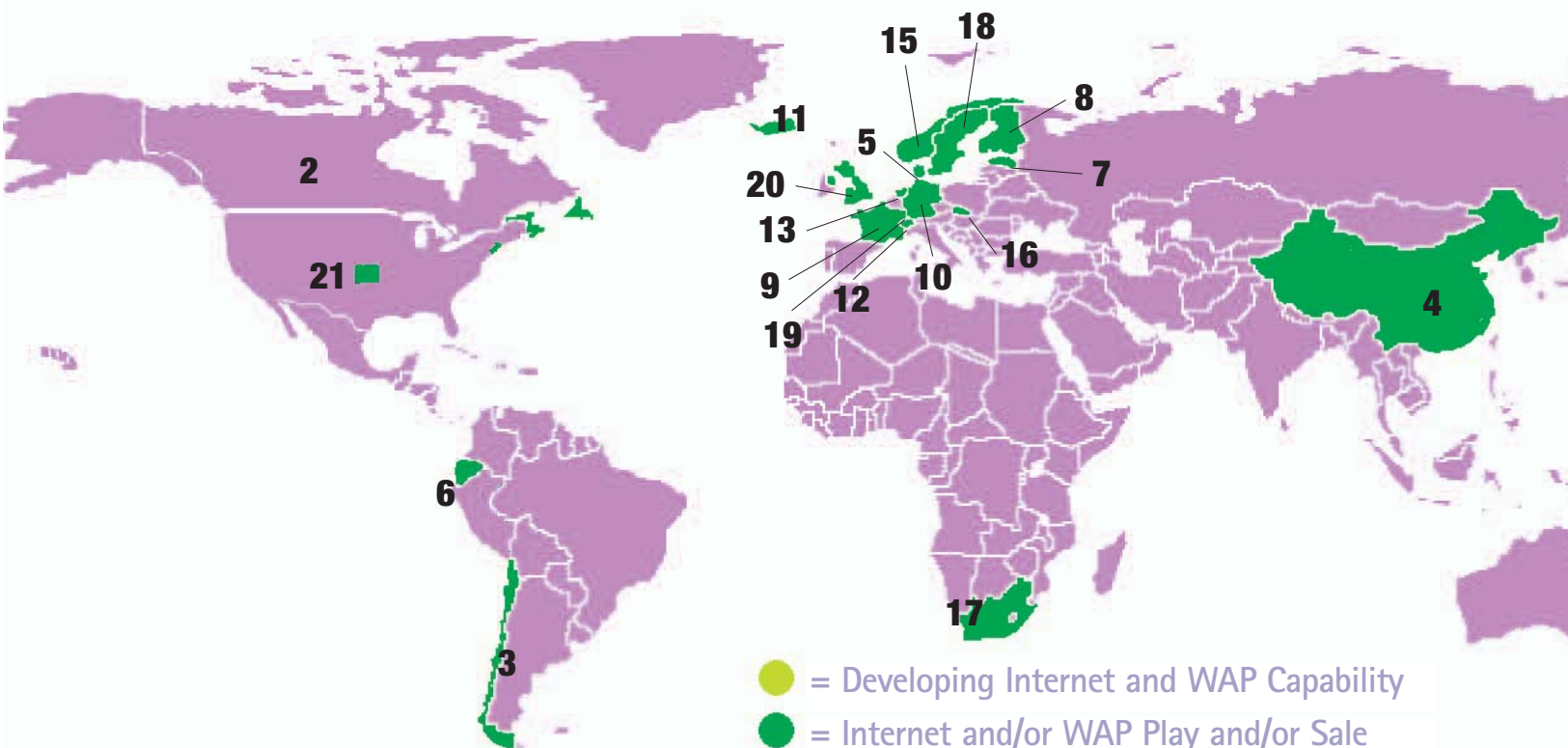
In 2002, Tattersall's began allowing customers to buy and email tickets directly from their sessions on the Lottery's website to friends anywhere in the world.

Canada

Atlantic Lottery Corporation (Internet): In August, 2004, the Atlantic Lottery Corporation launched Playsphere – a site allowing ALC customers to purchase existing Lottery game online. The initial games sold online are: LOTTO 6/49, Atlantic 49, LOTTO SUPER 7, TAG, Atlantic PAYDAY, PRO LINE, and OVER/UNDER.

In addition to funding their account using a voucher purchased at lottery outlets, consumers will be able to pay for their lottery product through an electronic funds transfer from their bank account. There will be no option to use a credit card.

Lottery Jurisdictions that Use the Internet to Play and/or Sell Games



Chile

Polla Chilena de Beneficencia (Internet): Chile's Polla Chilena de Beneficencia is now offering four visually appealing games for play and sale via the Internet: an Instant Keno game named "Galactic Keno", a 3 reel 5 line slot game named "Travel Game", a 5 reel 9 line slot game called "Lucky Day" and a poker game called "Western Poker".

China

China Welfare Lottery (Mobile): Win Win Gaming has entered into an agreement with Shanghai VSAT Network Systems Co. Ltd. to provide China Welfare Lottery games and other related entertainment content for mobile phones and other wireless devices throughout Shanghai, China. Shanghai VSAT has an exclusive agreement with the China Welfare Lottery to provide Shanghai Welfare-Based lottery games for mobile phones and wireless applications throughout the Shanghai metropolitan area (with an approximate population of 18 million). Following successful testing of the product mix in Shanghai, Win Win anticipates the opportunity to expand wireless content into other areas of mainland China.

Ecuador

Loteria Nacional de Ecuador (Internet): Ecuador's National Lottery is currently selling its newest game, Passo, via the Internet. The Lottery does not allow for the sale of single tickets through cyber channels, but players can buy them in packets of 20 for roughly \$5 (US). Once the tickets are purchased the Lottery mails them to the customer.

Estonia

Eesti Loto (Internet, Mobile): Eesti Loto began selling its Viking and Keno lotteries through mobile devices since late 2002, and has been selling via the Internet since December, 2001.

Finland

Oy Veikkaus (Internet, Mobile): Veikkaus started Internet gaming as the first national lottery in the world in December 1996. Its OnNet system currently facilitates gaming both through the Internet and touchtone and WAP phones.

In 2002, Veikkaus reported that its internet gaming sales had doubled each year since launch, and that OnNet experienced a new sales record of over 1.1 million euros, representing over 6 % of Veikkaus' total weekly sales. As of that time 180,000 players had registered themselves in OnNet.

The entire offering of Veikkaus' games is currently available for registered Finnish players through the Internet and mobile self-service channels.

France

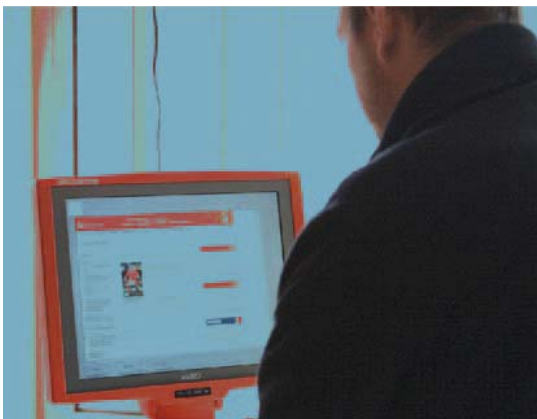
La Française des Jeux (Internet): La Française des Jeux offers several games via the Internet, including Internet Loto, Euromillions, Cote et Match (a fixed odds football betting game) and several instant lotto games.

Germany

WestLotto (Internet, Mobile): WestLotto's multichannel platform has proved a rousing success after just one year. In the first



1. Australia - Tattersall Sweep Consultation (Victoria - Internet)
2. Canada - Atlantic Lottery Corporation (Internet)
3. Chile - Polla Chilena de Beneficencia (Internet)
4. China - China Welfare Lottery (Mobile)
5. Denmark - Dansk Tipstjeneste (Internet)
6. Ecuador - Loteria Nacional de Ecuador (Internet)
7. Estonia - Eesti Loto (Internet, Mobile)
8. Finland - Oy Veikkaus (Internet, Mobile)
9. France - La Française des Jeux (Internet)
10. Germany - WestLotto (Internet, Mobile)
Lotto Brandenburg (Internet)
NordwestLotto Schleswig-Holstein (Internet)
11. Iceland - Íslensk Getspá (Internet)
12. Liechtenstein - International Liechtenstein Lottery Foundation (Internet)
13. The Netherlands - DeLotto (Internet, Mobile)
14. New Zealand - New Zealand Lotteries Commission (Internet and Mobile coming soon)
15. Norway - Norsk Tipping (Internet)
16. Slovakia - Tipos a.s. (Internet)
17. South Africa - Uthingo (Internet)
18. Sweden - Svenska Spel (Internet, Mobile)
Sperospel.se(mobile)
Folkspel (Internet, Mobile)
19. Switzerland - Interkantonale Landeslotterie (Internet)
20. UK - UK National Lottery (Internet, Mobile)
21. U.S. - Kansas Lottery (Internet - play only - sales are off-line)
New Jersey Lottery (Internet - play only - sales are off-line)



twelve months since its online launch around 100,000 new players made use of the Internet service at www.westlotto.de, building a first-year turnover of approximately 20 million euro.

Recently, WestLotto launched a new WAP and text message service, tapping yet another

sales outlet. For more on WestLotto's new WAP service see page 25.

Lotto Brandenburg (Internet): In 2003 Lotto Brandenburg relaunched its website, using Any-Bet.com's Internet gaming platform to offer Lotto 6 from 49, ODDSET sports betting, the GluecksSpirale end number lottery and a number of instant games.

Iceland

Íslensk Getspá (Internet): Íslensk Getspá has been using Betware Solutions to offer sports betting products such as 1x2 and Oddset over the Internet in Iceland since 1996. In 2002 the Lottery signed a contract with Betware allowing for its Lotto and Viking Lotto games to also be sold on their gaming site as well.

In 2002, Betware reported that 83% of the Lottery's subscriptions were bought through the Internet system, which is remarkable considering that the system had only been running for two years.

Liechtenstein

International Liechtenstein Lottery Foundation (Plus Lotto – Internet): Plus Lotto, fully licensed by the Liechtenstein Government has been making the Lottery work for them since 1995. The Lottery has offered everything from a weekly 6/49 game to Instant win scratch-cards and fun interactive games that boast a 95 percent payout.

The Netherlands

DeLotto (Internet, Mobile): De Lotto, the Dutch lottery company, successfully launched sports betting on the Internet in September, 2002. The Lottery launched its Internet operation using technology originally developed by Veikkaus.

De Lotto quickly followed the Internet Toto launch by making the product available via SMS. SMS players can have their stake deducted from the telephone credit or billed by subscription.

New Zealand

New Zealand Lotteries Commission (Internet and Mobile coming soon): The New Zealand Lotteries Commission is investing millions of dollars to replace its IT systems over the next two years in preparation to begin selling products through the Internet, mobile phones and interactive TV.

In 2003 the NZLC successfully lobbied for the government to change the law, allowing it to sell games of chance over interactive channels.

Norway

Norsk Tipping (Internet): The Norwegian National Lottery (Norsk Tipping) launched its wide range of games both on the Internet (launched in May) and as a test pilot on mobile telephones in 2002.

The SMS launch was originally a test of 500 players in November of 2002 – a test which was expanded in 2003. In 2003 the Lottery began allowing bets via digital TV.

From May 21, Norwegian players have been able to register their sports and lottery coupons directly from their own computer. By this strategic move the Norwegian National Lottery aims to meet customer demands on freedom-of-choice and digital entertainment.

Slovakia

Tipos a.s. (Internet): Slovakia's state lottery company TIPOS a.s. generated a revenue of 1.4 billion Slovak crowns (SKK) (US \$42.9 million / EUR 34.9 million) from lottery games for the first half of 2004, an increase of 6.75 % year-on-year. The main reason for the increased sales was the great interest in lottery game LOTO 5 from 35 and TIPOS Internet games. The company registered a 26 % increase in its revenue from LOTO 5 from 35. The interest in the lottery company's Internet games tripled over the period.

South Africa

Uthingo (Internet): In 2003, South African National Lottery operator Uthingo struck a deal with eBucks Rewards Program allowing customers to use their eBucks rewards to purchase Lotto tickets via the eBucks.com website. eBucks allows South Africans to shop online without disclosing personal information. eBucks rewards points are freely earned simply for using selected FNB and RMB Private Bank products.

Sweden

Svenska Spel (Internet, Mobile): Svenska Spel went live with its Internet program in May 1999. The lottery's first cyber-games were Stryktipset, Lotto and Spiel. The Lottery has steadily grown its Internet sales from that point, and in 2003 saw cyber-sales figures reach 500 million SEK (US\$67 million), an increase of 64 percent over 2002, and 5 percent of its overall sales.

In September 2003 the Lottery launched its scratch tickets online. From that point on, all Svenska Spel products have been available in the interactive realm.

In an effort to answer concerns about problem gamblers, the Lottery capped the amount a player can wager online per day at 500 SEK (70 US\$).

I believe that if and when you offer games on Internet you should go for your well-known brands and not invest a lot in marketing new products."

To date, Svenska Spel has offered only one new game that can only be played on the Lottery's site (www.svenskaspel.se) – Bingo. The game has become so popular, with the fastest growing increase, that the Lottery relaunched it in September 2004 calling it 'webbingo'.

Later in 2004 Svenska Spel will be the first state lottery in the world to offer probability games on the Internet.

Sperospel.se (Internet, mobile): Sperospel.se offers Swedish customers two MMS mobile scratch cards called "Femman" and "Sperolotten". Any mobile phone with MMS capability can handle the scratch cards. These scratch cards have been available for some time at the Sperospel.se web site as classic internet games. For more on the new Sperospel.se mobile scratch cards, see page 25.

Folkspel (Internet, Mobile): Folkspel recently announced a partnership with Finnish National Lottery operator, Oy Veikkaus, allowing Folkspel to adapt Veikkaus' OnNet Internet gaming technology.

Folkspel and Veikkaus have also agreed to cooperate in developing their Internet gaming business and technology.

Switzerland

Interkantonale Landeslotterie/SwissLos (Mobile):In August, 2003, Oberthur Netgame Factory supplied a new game SwissLos called 'Mini-SMS' to SwissLos, a national Swiss lottery. The delivery included a turn-key solution with game concept, system and tickets.

The 'Mini-SMS' is based on SwissLos' old 'Mini' scratch ticket, just adding an SMS game. The player not only scratches the traditional instant game, but also another play area where he uncovers a unique code that is subsequently sent in via SMS. If lucky, the player wins a music CD, and the SMS game could also be the entrance ticket to a music quiz on the popular Swiss televised program called "Weekend Music".

U.K.

U.K. National Lottery (Internet, Mobile): U.K. National Lottery operator Camelot is reportedly spending £45m over a seven-year period on developing and running Internet, wireless and digital TV sales channels. Camelot has been selling several products (including Euromillions, Lotto, Daily Win and Instant games) through interactive channels for a number of months now, and online registrations are coming in at a rate of more than 10,000 per week.

Next up for the National Lottery is the launch of mobile gaming. Camelot has struck a deal with 02's interactive products division to allow U.K. lottery players from all networks the ability to buy tickets via SMS by the end of 2004.

U.S.

Kansas Lottery (Internet – play only – sales are off-line): The Kansas Lottery's newest online game, eScratch, launched May 3, 2004. The game offers interactive, Internet entertainment with animated games. Tickets can only be purchased from a Kansas Lottery retailer. After purchasing an eScratch ticket, which can be purchased in 10 cent, 50 cent and \$1 plays, the player can log-on to their computer, access www.escratchks.com, enter the ticket ID number and play the games.

New Jersey Lottery (Internet – play only – sales are off-line):

The New Jersey Lottery became first U.S. Lottery to launch a game with an Internet component when it began selling Cyber Slingo on February 23, 2004 at over 6,000 licensed New Jersey Lottery retailers. In its first six months, Cyber Slingo® sales amounted to more than \$11 million and appear to have established a niche among players.

Players cannot purchase Cyber Slingo on the Internet, and they cannot claim or actually win a prize online. In fact, they aren't even required to go on-line to win. Instead they can simply ask their retailer to scan their Internet play ticket stub to determine if that portion of their ticket is a winner. The Lottery's Internet portion of the ticket is merely a component that adds entertainment value.

This fall, on November 1, the New Jersey Lottery will launch its second e-game: Tetris®, the famous action puzzle game that has been played around the world for nearly 20 years. New Jersey chose Tetris® as a follow-up to its pioneer e-game, Cyber Slingo®, due in part to high awareness of Tetris® as a strong "gamer" brand. Tetris® was voted the "best video game of all time" by Electronic Gaming Monthly magazine. ♣

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The Importance of R&D

by Carole Pinsonneault, Ingenio

R&D is like a princess who kisses frogs, looking for the one that will turn into a prince.

“To me, this metaphor nicely illustrates how the future holds as much promise as it does uncertainty,” said Nathalie Rajotte, general manager of Ingenio, the research and development subsidiary Loto-Québec created in 1998.



Nathalie Rajotte, general manager of Ingenio

Like all entertainment sectors, the lottery industry must adapt its product offer to attract new clients and to be able to hold on to its market share in a constantly changing society. In this context, research and development are crucial.

A few observations

Many traditional lottery markets are reaching their saturation point: their client base is getting older, while the next generation, already well-versed in new technology, has been growing up alongside video consoles and computers and are often interested in more sophisticated games. With its limitless possibilities, multimedia content is consequently becoming an essential component in the development of new lottery games.

But, in addition to content, renewing the supply of games also involves developing and making use of new distribution channels. As an example, last spring saw the New Jersey Lottery successfully launch Cyber Slingo™, the first North American online multimedia lottery game. Would anyone have thought to invest in this type of game ten years ago?

“Slot machine games, interactive multimedia lotteries, video lottery

games, electronic video and electronic bingo are all slowly heading toward the same distribution channels,” Rajotte explains. The lines between them are blurring, a trend reinforced by the many mergers of different lottery game companies. “The gradual convergence of distribution channels only heightens the need to build up the know-how for customized product development,” she adds.

Ingenio’s role

In recent years, Ingenio has stood out with its design and development of an all-new product line: instant multimedia lotteries delivered via CD-ROM and the Internet. As Loto-Québec’s R&D unit, Ingenio’s mandate extends beyond these kinds of lotteries, which it still continues to develop, as it breaks new ground with games in the lottery, casino, bingo and video lottery sectors.

“Investing in R&D is essential to meeting the needs of future markets,” explains Rajotte. “Capitalizing on these achievements becomes possible with the creation of partnerships between the various lottery corporations working toward a common goal.”

This international focus has therefore become a critical part of Loto-Québec’s strategy for the future, and it is through Ingenio that this strategy will be implemented. For more information on this subject, please contact info@ingenio-quebec.com

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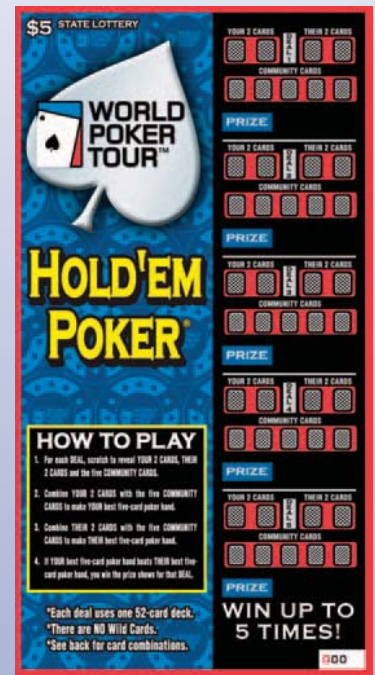
Supplied by MDI

Merci tellement! Thank you so much for another opportunity to meet with our lottery friends at NASPL '04 and to join you in enjoying the history and magic of Québec City. MDI Entertainment welcomes all of our friends and associates and we invite all to visit our area within the Scientific Games exhibit for two evenings of very special fun. As the world leader in providing great licensed lottery entertainment to our industry, we always have plenty of NEW and EXCITING licensed properties to talk about, in addition to our many classic favorites like WHEEL OF FORTUNE®, HARLEY-DAVIDSON®, the NBA, PINK PANTHER™, BETTY BOOP™, I LOVE LUCY® and so many others.

Please plan to be with us on Tuesday, October 5, for ARCADE NIGHT – a celebration of some of the world's most popular games that are ALL available to you as lottery game themes. We will have a visit by one of the most famous board game icons of all time – none other than MR. MONOPOLY™, who will definitely be sharing his riches! The first 150 visitors to the MDI booth will receive a "Classic" board game courtesy of Hasbro, Parker Brothers and Milton Bradley.

More fun awaits you with actual arcade versions of two more of MDI's licensed lottery brands: the wild and frantic WHAC-A-MOLE™ game and the classic PAC-MAN™. See if you can win bragging rights with the high score on one or both of these arcade favorites.

And be sure to return to our booth on Wednesday, October 6, for even MORE fun and games – POKER games, that is! It will be TEXAS HOLD 'EM™/HOLD 'EM POKER® NIGHT and the competition will consist of mini-poker tournaments just like the televised WORLD POKER TOUR™ tournaments that have been breaking all ratings records for the past two years on the Travel Channel. Will you be crowned the NASPL Hold 'Em Poker® Champion? There's only one way to find out and that's to come to the MDI booth and PLAY! ♠



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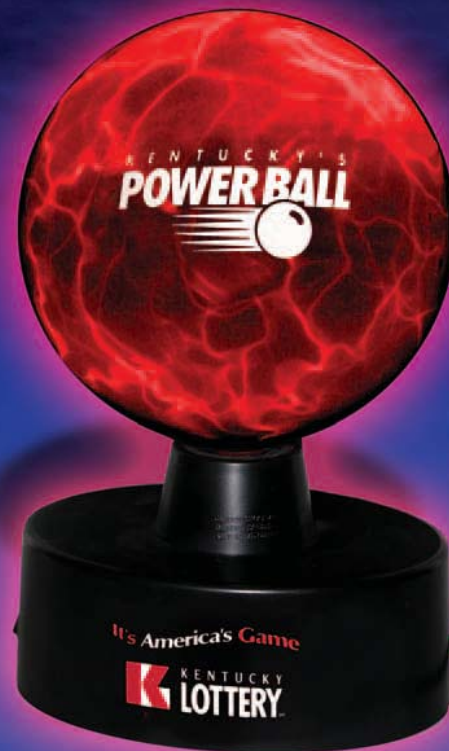
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Slovakian Internet Explosion

– TIPOS a.s. Cyber Sales Figures Triple in '03/'04



In FY 2003/2004, the Slovakian National Lottery, TIPOS, a.s., saw Internet sales triple – providing a significant boost to the overall bottom line. Public Gaming International recently had the chance to discuss the TIPOS Internet program with a TIPOS official in an effort to find out how the Lottery managed such a strong rise in sales, and to see what changes the Lottery has in store for its Internet program.

Public Gaming International (PGI): *When did TIPOS first start offering Internet games?*

TIPOS: TIPOS, a.s. started to offer Internet games in October 2002. After the increase in demand from our players and the use of internet for communication and entertainment we decided to broaden our game offerings.

PGI: *What was the first game TIPOS sold on the Internet?*

TIPOS: We offer two games (launched at the same time) on our website www.tipclub.sk. E-KENO and E-TIPOS. The games have remained unchanged until now, but we have big plans for the near future.

To play TIPOS games on the internet, players must be registered on the website. A player's account is then created, where he or she can transfer money from a regular bank account. Any winnings are immediately transferred to this account.

E-KENO is a standard game, which has a similar game plan as KENO. E-KENO is a number game where the player bets on 10 numbers and 20 numbers are drawn out of 80. Numbers bet are selected either manually from the game field or automatically by random selection. The bet price is 5 SKK per wager and per draw.

E-TIPOS is a game which is similar to slot machine. It is a game where the goal is to gain two consecutive, or three identical symbols. The standard wager is 5 SKK, which can be raised to 10 SKK. For each game, the wager is limited by the current player account balance.

PGI: *Are either of these Internet games, or are any future games you are working on, based on traditional lottery games offered by TIPOS?*

TIPOS: E-KENO is based on traditional lottery game KENO. We are planning to launch on-line betting for our standard number lottery games – LOTO, LOTO 5 of 35, KENO 10 and EUROMILLIONS in November 2004. Players will then be eligible to bet not only through our terminals but also on the Internet.

PGI: *What is TIPOS philosophy on offering games that are unique to the Internet?*

TIPOS: The Strategy is simple – provide entertainment, a chance to win and be a trusted partner at the same time. These two games currently offered on the Internet are standard, not unique. Our philosophy is to use the Internet as a new communication channel.

PGI: *What are TIPOS Internet sales figures for each year the games were offered?*

TIPOS: Internet sales are not as significant in comparison to sales from standard lottery activity. We expect to boost our sales by expand-

ing our Internet games offer. We also expect on-line betting to have a positive impact on our sales in the future. In this area we have a strategic plan to reach, in three years, seven percent of total revenues from standard number lottery games.

PGI: *How does TIPOS market or advertise the Internet games?*

TIPOS: Along with the promotion on our website, www.tipos.sk, we prepared last year an easy promotional game in cooperation with the third most popular slovak portal (www.sme.sk - about 30 000 Unique Visitors per day). Another promotional game currently running is "Las Vegas", which we communicated through direct e-mail to our regular players. We motivate them with regular monthly draws, where three players win interesting prizes, like trips to attractive destinations.

Our website has undergone a complete renovation and re-design, we regularly update new information about lottery business in the world and we try to simplify the process of playing for our players. Security of the system is also one of our top priorities.

PGI: *Is the TIPOS Internet marketing strategy changing?*

TIPOS: TIPOS is preparing changes. Our marketing goal is to develop a new distribution channel for our regular players, who play standard lottery games. Furthermore we want to gain new players from our target group, who don't visit our P.O.S., because they do everything from the office. Registration and payment portal is currently in development. Through this portal we want to configure all relevant marketing tools to work with concrete group of our clients. We are thinking about loyalty programs, direct mail and other activities.

PGI: *What reasons can you give for TIPOS Internet games sales figures tripling over the last year?*

TIPOS: We are convinced, that it is because of our marketing activities (promotional games), that we just mentioned. We are very happy to see our sales figures tripling. It was also caused by an expanding Slovakian market and higher Internet penetration to Slovakia.

PGI: *Are you planning to offer, any special promotions that are meant to boost Internet sales?*

TIPOS: We are preparing to launch an advertising campaign connected to on-line betting in October. Other big activities concerning Internet will come at the beginning of next year when we want to launch sports betting through the Internet.

PGI: *What plans does TIPOS have for the future of its Internet games?*

TIPOS: Our goal with Internet games was to attract, alongside our standard players, younger players (18+) who use Internet for entertainment. Furthermore we would like to attract younger and middle aged players with higher education. The plan is to launch every year at least one Internet game. In November 2004 we are planning to

...continued on page 28.



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Video

News

Quebec to Shift Machines to Tracks

It's been reported that 1,500 VLTs will be moved from Quebec bars and restaurants to the Province's four racetracks. The move follows a proposal made by Loto-Quebec which aimed at transferring machines from smaller locations to larger venues in order to reduce exposure to VLTs. The machines, which will be added to the 430 VLTs already at Quebec's tracks, are expected to generate between \$25-\$30 million in annual commissions for the racing industry.

PEI Track to Get VLTs

Prince Edward Island has given the ALC permission to build a \$25-million dollar gaming facility at the Charlottetown Driving Park. The building will house 225 VLTs, a restaurant and simulcast betting. The facility could be up and running by next summer. The province is also considering a gaming facility for its Summerside race track.

New Mexico to Test Scientific Games Central Monitor System

Scientific Games Corporation announced that the New Mexico Gaming Control Board has chosen it to conduct a pilot project for a gaming central monitor system replacement by installing its new AEGIS® Video system. The pilot begins in early October and will migrate up to 20% of New Mexico's gaming machines to the new system. This system will communicate to the existing gaming machines utilizing the existing proprietary protocol and to new gaming machines using the industry standard SAS protocol.

Pennsylvania Forms Gambling Unit

In preparation for slots at tracks, the Pennsylvania State police are forming a gambling unit called "The Office of Gaming Enforcement." The unit will operate under a two-year budget of \$7.5 million and will handle crimes including theft, assault, cheating, identity theft and money laundering. Capt. Ronald Petyak of the state police Bureau of Criminal Investigations in Harrisburg will head the new unit and is overseeing background checks on the state's regulatory board. To help minimize the impact of racinos on local police, armed troopers in plain clothes will roam casino floors.

Maine Gambling Board Sworn in

Maine Governor John Baldacci recently swore in the five members of Maine's newly established Gambling Control Board. Members of the board have been operating on an interim basis up to this point. The Board will oversee the slots being implemented at Bangor Raceway. Board members include: Chairman George McHale, Peter Danton, Jean Deighan, W. Lawrence Hall and Michael Peters.

Touch Screen Roulette Racking it up in the U.K.

Gamblers in the UK have increased average stakes by three times since the induction of virtual roulette machines in five of the country's top betting shop chains – Ladbrokes, William Hill, Coral,

Stanley Racing and the Tote. The touch-screen terminals were introduced less than three years ago and have reportedly developed a dedicated following. It's been estimated that an annual \$15 billion per year turnover is coming in on approximately 15,500 machines in the shops.

Clint Eastwood Slots from WMS

WMS Gaming has entered into a licensing agreement with famed personality, Clint Eastwood, MGM Consumer Products, and Warner Bros. Consumer Products, for the exclusive North American rights to develop, manufacture and market slot machines based on the celebrity icon's likeness and several of his most famous feature films. WMS anticipates receiving regulatory approvals for the first CLINT EASTWOOD™ branded slot machine, which will serve as the flagship game in the Company's video-based wide-area-progressive (WAP) line, in the December 2004 quarter. WMS expects to launch the first jackpot link for this video product in Nevada and Native American markets in January 2005. ♣

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EGET and Sperospel.se Launch Mobile Scratch Card

European Game & Entertainment Technology Ltd Ab (EGET), a Finnish supplier of digital gaming solutions, has delivered what is believed to be the world's first MMS mobile scratch card to the Swedish national gaming operator Sperospel.se.

This MMS delivery makes EGET the world's first technology provider for a lottery type scratch card on a mobile phone. Most mobile games so far have been stand-alone games, which have not allowed players any interaction possibility, or the chance to win large amounts of money from a licensed lottery operator.

In the case of MMS scratch card games no expensive smart phones with Java download are needed. Any mobile phone with MMS capability can handle the scratch cards. The player who has subscribed to the service can simply order a scratch card to a mobile phone by sending a SMS message to a premium number. It is also possible to set the MMS scratch card to be delivered on a regular basis or time the delivery for a certain occasion like New Year's Eve at 20:00.

In order to lower the barrier for players to use MMS, EGET put a lot of effort into making the viewing of the MMS scratch card as simple and user-friendly as possible. Opening of the MMS scratch card resembles opening a simple SMS message. Also, the actual viewing of the scratch card results is fully automated, so the player does not need to follow any complicated procedures.

The two MMS scratch card games delivered are called "Femman" and "Sperolotten." These scratch cards have been available for some time at the Sperospel.se web site as classic internet games. Now they have also been turned into mobile games, giving players even greater choice about where, when and how to play, thus extending the reach of the lottery operator into new channels.

"The delivery of the MMS games was done – once again – in good cooperation with Sperospel.se. Already earlier we have delivered EGET's WinOne™ Gaming System and Instant Internet Games to Sperospel.se. I am especially proud that EGET once again fulfilled the stringent regulations set by the Swedish National Gaming Board" commented Lauri Gorski, CEO of EGET.

"The MMS mobile scratch card further develops the user experience of one of our more popular games. Sperospel.se wants to challenge the existing gaming market by providing secure, legal and exciting games to our members. We are proud and happy to be the first in the world to launch a mobile scratch card using MMS" says Jörgen Nordlund, CEO of Sperospel.se.

WestLotto and Adesso AG Launch New Mobile Phone Lottery

A WestLotto multichannel platform designed and run by Dortmund consulting firm and IT provider Adesso AG has proved a rousing suc-

cess after just one year. In the first twelve months since its online launch around 100,000 new players made use of the Internet service run by Germany's biggest state-controlled lottery operator and placed their bets with www.westlotto.de.

Turnover in the new system's first year of operations was around 20 million euro. The recent launch of the new WestLotto WAP and text message services integrated a mobile option into the new multichannel application, tapping yet another sales outlet.

The new mobile lottery, which Adesso designed and introduced as a further development of the year-old WestLotto multichannel platform, claims to be capable of performing more complex functions and transactions than any other WAP portal in Europe. It is the first application to allow players to place bets and send tickets directly. Until now all lottery websites in Europe have been limited to providing additional information; the actual transaction does not occur over the phone. WestLotto participants can now receive their receipts directly on their phones. They can use WAP technology to place bets but can also enter via SMS.

Adesso and WestLotto are sticklers for security and ease of use so that they can offer players an uncomplicated service which can be used everywhere without reservations – a crucial determinant of m-business success.

To play, mobile phone subscribers register in a brief message to www.westlotto.de. They then identify themselves with a PIN. The SMS lottery checks the entrant's telephone number as additional authentication. For the WAP application participants adopt the same user ID as they enter when playing on the Internet. They can also quickly and easily access previously submitted tickets or prompt a random generator to select numbers for them. Payment is charged to a credit card account or deducted from a WestLotto prepaid card. Additional services include a newsletter, notification of winners, information on winning numbers and a display of the player's history.

Only one account is needed for the Internet lottery and for mobile gaming, rendering tiresome transfers unnecessary. Internet bank statements and gaming history charts give players an overview of all their lottery transactions.

Further information: www.adesso.de.

"Balls!" Goes Mobile

The UK's Ladbrokes has teamed with mobile phone network 3 to offer what may be the first mobile video betting service. The game being offered is "Balls!" – one of the most popular games on Ladbrokes Internet site. "Balls!" allows a number of different bets to be placed on the six randomly drawn balls. ♦

Michigan May Sell Ads, NASCAR Tickets

The Michigan state budget is once again looking to the Lottery to fill potential revenue holes. The State is projecting a \$11 million increase from sales of the licensed NASCAR scratch ticket (\$3 million) and from revenue gained from allowing ads to be placed on game tickets and Keno monitors (\$8 million). Michigan is believed to be the first U.S. Lottery to sell advertising on tickets or display screens. Before any of these changes take place Michigan law will have to be changed to allow sports figures to market the Lottery, and officials would like to see a bill authorizing ads on tickets. A bill authorizing ads on tickets has already been authorized by a Senate committee.

South Carolina to Broadcast Weather Alerts

The South Carolina Education Lottery will affiliate with the SC Department of Natural Resources and the National Weather Service in an effort to notify the public of hazardous weather conditions. This information will be distributed throughout the SCEL's 3,500 retailer network within minutes of being reported. This is the same system SCEL has used in the past to issue a SC AMBER Alert.

Louisiana Launches Speakers' Bureau

The Louisiana Lottery Corporation announced that a speakers' bureau service is available to help educate citizens about how the Lottery impacts state and local communities. Executive staff and management from the Lottery's headquarters in Baton Rouge and management in the Lottery's six regional offices are now available to conduct presentations at meetings of interested civic, professional and other organizations. The presentations will address common questions by the public, including where Lottery revenue goes, how fairness is ensured in the drawing process and how the Lottery addresses underage and problem gambling issues. Any organization wanting a representative of the Louisiana Lottery to speak to its group is encouraged to contact the Lottery's public information department at 800-735-5825 or visit the Lottery's website at www.louisianalottery.com. The Lottery's speakers' bureau service is free of charge.

Quebec Supports Film Festival

Loto-Québec is pleased to be associating with the Montréal World Film Festival. Scheduled to run from August 26 through September 6, 2004, this Festival has become an internationally renowned celebration of creativity and the cinema. Among the events Loto-Québec will be supporting, Cinéma à la belle étoile will provide Festival-goers with the chance to watch movies under the stars. In addition, throughout the course of the Festival, the Corporation will be contributing to the presentation of daily press conferences to be rebroadcast from Complexe Desjardins live on two giant screens. These presentations will run daily from 8:00 A.M. to 9:00 P.M. ♦

People



On December 1, **Mr Jesper Kärrbrink** will be the next CEO of the Svenska Spel group. He will succeed **Mrs Meg Tivéus** who successfully had headed the company for the last seven years. Mr Kärrbrink has a background in top positions – most of them in the media.

The AP reported that Oregon Lottery Director **Brenda Rocklin** has been named as the temporary head of SAIF Corp., Oregon's state-owned workers' compensation insurer that's the target of a ballot measure seeking to abolish it. Gov. Ted Kulongoski said Rocklin will review all operations of the public company and recommend any changes needed to "to make SAIF more accountable to the public and its elected officials."

Gaming Laboratories International has promoted **Dave Daniels** to Director of Engineering Western Region and **John W. Grau, Jr.** to Director of Engineering Eastern Region. Daniels has been with GLI since 1999, and has been serving as Technical Manger in the company's Western Regional Office in Golden, Colo. Grau has been with GLI since 1994 and will now oversee and direct all Lottery and Gaming groups located at the compa-

ny's world headquarters in New Jersey.

JCM American has named **Doug Edwards** Vice President of Development. In his new position, Edwards will oversee JCM's New Business Development and Engineering departments. Prior to moving to JCM, Edwards was Director of Technology Development with AllEndeavors Technology Consultants, where he generated growth and business strategies for new inventions and products while expanding market opportunities.

VirtGame Corp. announced that the Board of Directors has appointed **Mark Newburg** as its new Chief Executive Officer and President. Mr. Newburg will also serve as a member of the Board of Directors. Mr. Newburg brings to VirtGame more than 25 years of extensive domestic and international business experience encompassing gaming, computer hardware, software, telecommunications, banking, financial services, and consumer products. His experiences include assignments as President, Aristocrat Technologies Inc. Prior to Aristocrat, he had a 20-year career at NCR Corporation where his assignments included Vice President, Asia Pacific/Japan. ♦

Kentucky

A new Kentucky Lottery online game that plays just like standard Tic Tac Toe with a twist - and offers players prizes up to \$25,000 - is now on sale across the Commonwealth! The playslip for Tic Tac Cash shows a grid that looks like a Tic Tac Toe grid. Within each of the squares where you'd typically put an X or an O, there are five numbers. This holds true for all squares except the center square, which is a free square. Every evening, one of the five numbers contained in each square is selected by the lottery for a total of 8 winning numbers. Players then try to match as many of their numbers as possible to the winning numbers, and then draw as many horizontal, vertical or diagonal lines as they can by connecting three winning numbers or two winning numbers and the free square (just like lines in Tic Tac Toe). Prizes are awarded according to the number of lines they can draw, starting with \$2 for one line, and up to \$25,000 if they match all 8 possible numbers.

The KLC provided the Commonwealth with \$193.5 million in Lottery proceeds during the 2004 fiscal year. This shatters the previous record, \$180.7 million, set during fiscal year 2003 by 7.1%. The KLC had projected \$638.8 million in sales during fiscal year 2004, with \$170.5 million going to the Commonwealth. The final sales total, however, came in at \$725.3 million.

Manitoba

Manitoba Lotteries Corporation has donated approximately 1,500 yards of fabric worth more than \$33,000 to the Manitoba Fashion Institute (MFI), which will transform it into clothes for needy kids. In

2004, the MLC made changes to Casinos of Winnipeg's staff uniform designs. In keeping with MLC's Sustainable Development Policy, MLC searched for a non-profit organization that would benefit from a fabric donation. The MFI was the perfect fit for the surplus uniform fabric. The clothing will be distributed through Winnipeg Harvest, an organization that provides food and clothing to those who need them.

Massachusetts

The Massachusetts Lottery celebrated the final drawing of its Mass Millions game by throwing a retirement party for the game and unveiled the game that replaced it. In the end, Mass Millions lasted 17 years and paid \$898 million in jackpots.

The Massachusetts State Lottery posted record-setting sales of \$4.38 billion for Fiscal Year 2004, an increase of 4.2 percent over the previous record of \$4.20 billion in FY03. There were a number of reasons cited for the Lottery's sales increase, including: two \$10 tickets that combined for \$980.74 million in sales; a Keno increase resulting from the switch to four minute draws; the return of advertising after a seven year absence; comprehensive market research which provided a detailed look at the characteristics of lottery players; and Management and operational improvements which resulted in better communication between internal departments with sales agents. Instant games accounted for \$2.9 billion, almost 67 percent of the Massachusetts Lottery's total sales in FY04.

On Friday, August 20, 2004, the Massachusetts Lottery launched its new anti-litter program, "Instant Replay", at the Marshfield Fair. The

Clint Harris to Head Minnesota

On Thursday, September 23, Minnesota Governor Tim Pawlenty announced Clint Harris as the new director for the Minnesota Lottery. Harris, who until that point was the director for the South Dakota Lottery, will replace Michael Vekich, who had been filling the post since the death of George Andersen in early 2004. Vekich performed well in his position (generating a record \$100 million profit in FY '04), but made it clear that he didn't want the job on a permanent basis. There has been no word as to who will fill Harris's position in South Dakota.

Clint Harris began with the South Dakota Lottery in 1993 as a research analyst charged with finding best lottery practices and games to apply to the South Dakota Lottery. In 1995, he became the director of administration and was in charge of the lottery's accounting, financial reporting, budgeting and consumer systems.

When then-director Rodger Leonard left, Harris was appointed as acting executive director by Gov. Bill Janklow, and his acting designation continued under newly elected Gov. Mike Rounds.

In 2003, nearly three years after accepting the job as acting executive director, Harris was permanently appointed to the position by Secretary of Revenue and Regulation Gary Viken.

Under Harris' leadership, the South Dakota Lottery returned record revenues for state programs and projects. The Lottery improved instant ticket sales and reduced costs by better managing inventory and launching games based on game demand and sales, rather than on a static schedule; offered new on-line games more

attractive to players; and managed the continued steady growth of the state's video lottery product.

Harris has a bachelor of science degree from Northern State University and a master's degree in business administration from the University of South Dakota.

While Harris holds degrees from two South Dakota universities, he is by no means a South Dakota native. Harris spent much of his childhood in the Philippines, where his father worked as an Episcopalian missionary. He spent his teen-aged years in various places on the East Coast and moved to South Dakota from Pennsylvania when his father accepted a job in the state.

Prior to coming to joining the Lottery industry, Harris worked in the retail grocery business for 17 years.

Harris and his wife Dawn have three children.



RoundUP

program is designed to curb instant ticket litter in the Commonwealth and increase the Lottery's recycling efforts. "Instant Replay" gives everyone over the age of 18 the opportunity to collect twenty non-winning instant tickets and redeem them for a free \$1.00 instant ticket.

Michigan

Michigan Lottery players will have a chance at a daily jackpot of at least \$100,000 with the \$1 game Fantasy 5, a new daily game that debuts on September 12. With Fantasy 5, players select five numbers from a field of 39. A match of all five numbers wins the jackpot, which will start at \$100,000. If there is no winner, the jackpot grows by \$5,000 per day until it is won. Average jackpots are expected to be \$155,000. In addition to the jackpot, players who match four numbers are guaranteed \$100; three numbers guarantee \$10; and two numbers guarantee \$1. Fantasy 5 is replacing Rolldown, which has been in play since early 2000.

Missouri

During this year's Missouri State Fair, which ran from Aug. 12 to Aug. 22, fairgoers could purchase Missouri Lottery tickets at the Lottery booth. From Monday through Friday, players who purchased \$5 worth of tickets received a free Numbers Game ticket. On Saturdays and Sundays, players who bought \$10 worth of tickets received a free Lottery T-shirt. Players could also use the tickets purchased at the Lottery's fair booth to enter daily second-chance drawings for items such as: a \$3,000 shopping spree at a Missouri mall; the winners choice of an ATV or Waverunner; and the winners choice of a \$3,000 travel certificate for a trip for two to an all-inclusive resort in Cancun, Mexico, or Negril, Jamaica.

New Jersey

New Jersey Lottery FY04 revenues topped \$2 billion for the third consecutive year, and revenues rose more than 5%. The growth is due, in part, to Instant growth – particularly Cyber Slingo – as Instant sales rose 8%, reaching \$973 million. The Lottery generated \$793 million for the state in FY04. Another star performer was Jersey Cash 5. Revenue for the game increased 69% reaching \$115 million, from \$68 million the prior year.

Ohio

On the occasion of its 30th Anniversary, the Ohio Lottery hosted a public celebration to recognize its three decades of support for Ohio's schools. With retailer promotions in every region of the state and a public celebration at Tower City Center in downtown Cleveland, the Ohio Lottery marked the 30th anniversary with remarks from past directors and a series of merchandise/prize giveaways including a game show for mall patrons.

Ontario

Ontario's Big Game, the OLG's newest \$10.00 instant lottery tick-

et featuring a top prize of \$5 million, launched recently. The game features the largest instant top prize in the history of Ontario lotteries! The game will give out a total of \$15 million in prizes including one top prize of \$5 million, four prizes of \$250,000, ten prizes of \$100,000 and thousands of cash prizes ranging from \$50,000 to \$10.00.

Pennsylvania

Tom's Convenience Stores, part of the Shipley Energy Group, and Memorial Hospital, two companies based in the York area, have pledged to purchase Lottery instant tickets for employees in support of the Pennsylvania Lottery's Golden Opportunities Employee Rewards Program. Governor Edward G. Rendell introduced the Golden Opportunities Program last year, challenging businesses across Pennsylvania to purchase Lottery instant tickets in bulk, on an ongoing basis and as often as possible, to reward employees for jobs well done.

South Carolina

The South Carolina Education Lottery (SCEL) launched its 100th instant game, Carolina SUPER CA\$H. Carolina SUPER CA\$H is a \$2 dollar ticket with cash prizes up to \$25,000! SCEL has printed more than 850 million tickets since January 7, 2002.

South Dakota

The South Dakota Lottery raised more than \$115.5 million in revenue for the state in fiscal year 2004 – a 3.3% increase over the previous year and a new record since the lottery began in 1987. Lotto ticket sales increased 22.9% overall in FY04, reaching nearly \$18.88 million. Scratch ticket sales also showed a strong year, increasing 14.9% to reach \$15.26 million in FY04. Video lottery revenue grew 2.1% in FY04, and generated \$107,294,446 for the property tax reduction fund from net machine income, and \$30,000 to the state general fund from certain licensing fees. Also, MUSL sales comparisons showed that South Dakota had the highest rate of sales increase in FY04 of all participating states in all three multi-state lotto games the Lottery offers. South Dakota Powerball ticket sales increased 26.8% for FY04. Hot Lotto ticket sales increased more than 31.2%, beating sales increases for all five other lotteries that offered the game in FY03. Wild Card 2 ticket sales increased 27.8%, beating sales performance for the two other participating lotteries.

Tennessee

The Tennessee Lottery launched its newest computerized game, "Lotto 5," on Aug. 29. The \$1 5/39 game features wins for matching 3, 4 or 5 numbers, and jackpots will rollover. Overall odds of winning are 1 in 100. Drawings will be held on Monday, Wednesday and Friday evenings. ♣

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launch a new game – an on-line scratch ticket.

Our players can obtain information about our new products on our website www.tipos.sk, or in our company magazine TIPOS info, which is available at every TIPOS point of sale.

PGI: Does TIPOS allow games to be sold on wireless devices?

TIPOS: Our Internet games are offered exclusively through Internet and only on our official websites www.tipos.sk and www.tipclub.sk.

Mobile phones are part of our strategy. We would like to launch an SMS game in January 2005. Negotiations with GSM operators are underway to satisfy our potential player's needs as quickly as possible. ♣



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Kentucky Lottery's initial Hold'Em Poker® Game sold through faster than anticipated, initiating a second game order.



Kentucky Lottery's second Hold'Em Poker® Game will be available in late October.



Sales of Ohio Lottery's Hold'Em Poker® reorder continue to remain strong.



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