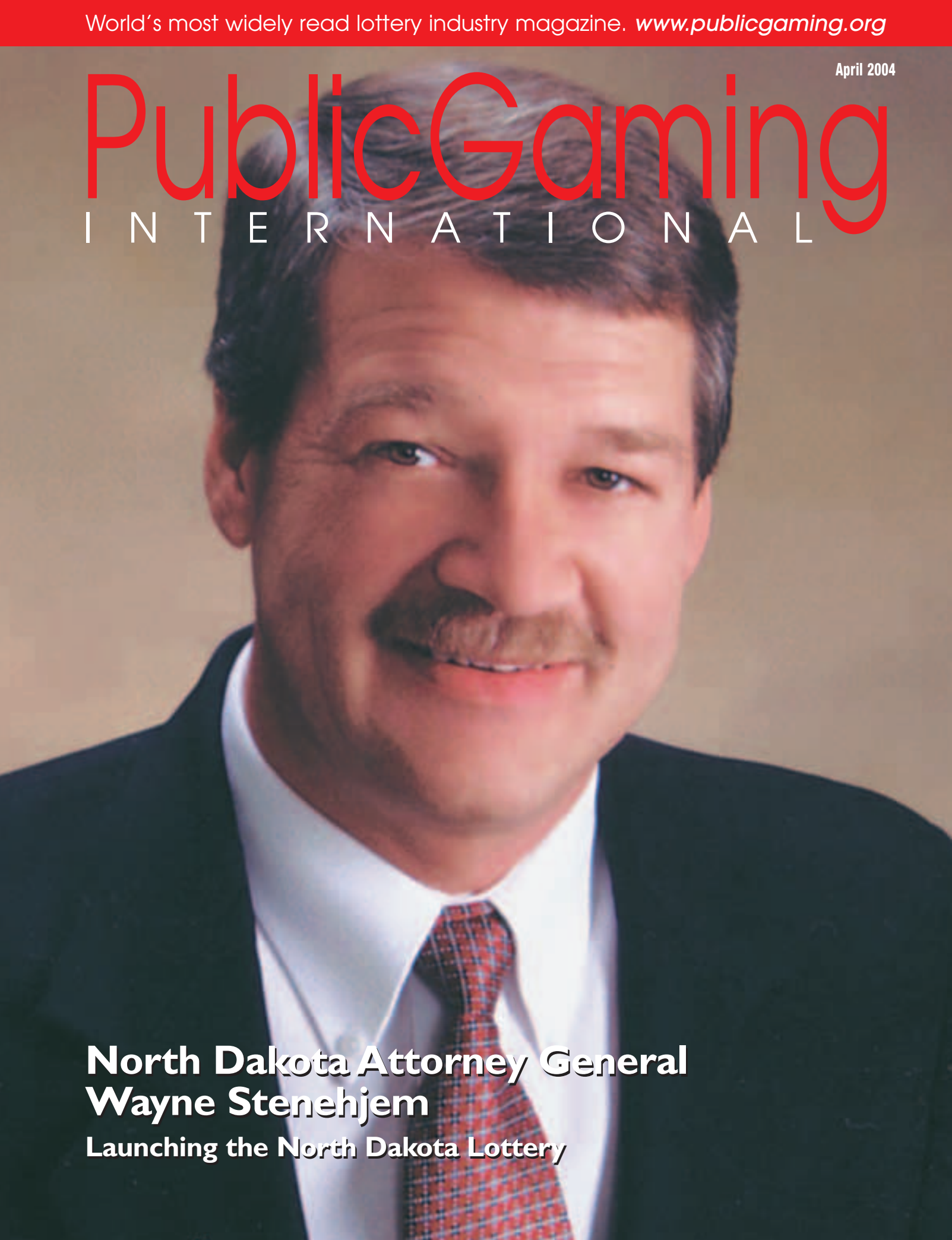


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**North Dakota Attorney General
Wayne Stenehjem**

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PUBLIC GAMING RESEARCH INSTITUTE, INC.
P R O F E S S I O N A L



MDI Acquires Pac-Man

PAC-MAN™, the animated video game character that became a worldwide pop culture icon, has been acquired as a lottery game theme by MDI Entertainment, a wholly-owned subsidiary of Scientific Games. MDI has entered into a three-year agreement with NAMCO Holding Corp. to be the exclusive provider of PAC-MAN lottery licenses in the United States and Canada. Lottery products

covered by the agreement include instant scratch tickets, pull tabs, and online (terminal-generated) games and promotions.

Scientific Games Awarded Patent

Scientific Games has been awarded U.S. Patent No. 6,692,354 for its innovative "Method Of Playing A Group Participation Game." The patent was issued on Tuesday, February 17, 2004 by the United States Patent and Trademark Office, bringing to three the number of patents issued to Scientific Games for this unique game family. The patented game methods and systems feature the play of an individual participation wagering game in association with a second group wagering game. The patents apply to games that have an optional bonus wager as a feature of the game.

Harley-Davidson, MDI Reach New Agreement

MDI Entertainment, a wholly-owned subsidiary of Scientific Games, has signed a new three-year agreement with Harley-Davidson Motor Company that will make the popular Harley-Davidson lottery games, motorcycles and merchandise available to lotteries and their players through December 2006.

For the first time the Harley-Davidson license extends beyond North America. Approved lotteries outside the United States and Canada will have the opportunity to license Harley-Davidson lottery games. International jurisdictions are to be determined.

The new agreement gives lotteries access to a new and exciting line-up of Harley-Davidson motorcycles as prizes: the new and refined Sportster® 1200 Custom in Vivid Black, the FLSTC Heritage Softail® Classic in a new color for lotteries - Lava Red Sunglo, and the newly introduced 2004 model VRSCB V-ROD®, featuring a black frame and Vivid Black coloring. Since the initial game launch, 37 North American lotteries have introduced 59 Harley-Davidson branded instant games and conducted three on-line lottery promotions, making it one of the most popular lottery licenses of all time. Eighteen of the lotteries have introduced Harley-Davidson games on multiple occasions.

Intralot, Maltco Lotteries Awarded Malta Contract

Intralot is 73% shareholder in Maltco Lotteries, the new National Lottery of Malta. The Malta operation will be based on a mixed license model, whereby the state collects an up front fee for the license (Lm8 million) and also receives a percentage of revenue from the games. Maltco Lotteries will be making a total investment of approximately Lm13 million over the seven-year period and will upgrade all current games and introduce new ones by the end of the year.

De Lotto to Sell Pink Panther

De Lotto in the Netherlands became the first lottery outside the United States to introduce an instant scratch game featuring images of the world famous cartoon icon, The Pink Panther. The

Pink Panther game is the first MDI-licensed property game to be sold in the Netherlands. Fun-filled graphics of the Pink Panther character in four different poses, along with a bonus game featuring the Inspector from Pink Panther's animated movies, highlight the scratch game of De Lotto. Scientific Games' Alpharetta, Georgia facility printed 1.2 million tickets for the game.

Argentina Installation Makes 150 for IGT

An historic horse track in Buenos Aires has become the first venue in South America to install IGT's EZ Pay™ ticket system, the 150th system installed worldwide. The Hipodromo Argentino de Palermo went live last week with 368 of a total of 750 slot machines linked to an EZ Pay system; the balance of the machines will be added in the near future. Casino Club S.A. operates the slot floor at the 127-year-old horse track. The Argentina installation brings the worldwide number of gaming machines on an EZ Pay Ticket System to 114,000.

Illinois Signs with GTECH

GTECH received a notice of intent to award a contract providing the Illinois Lottery with Instant Ticket Dispensing Machines (ITDMs) and ongoing maintenance and support services. The proposed five-year contract includes a three-year extension option. Upon successful completion of negotiations, GTECH will provide the Lottery with up to 2,000 Expandable Dispensing System ITDMs. The machines are expected to be installed by the end of 2005. The Company expects to generate revenues of approximately \$20 million to \$25 million over the five-year contract term.

Spielo to Negotiate for Oregon VLTs

Spielo has been invited to negotiate a contract to supply the Oregon Lottery with new VLTs. Subject to completion of negotiations, Spielo would provide the Oregon Lottery with approximately 2,000 PowerStation 5™ terminals to be deployed across the state at age-controlled establishments. The 2,000 VLTs will replace a portion of the Oregon Lottery's existing 9,500 VLT base.

Pollard Signs the Young & the Restless

Pollard Banknote has entered into an agreement with Sony Pictures Consumer Products Inc. to offer lottery games based on the #1 daytime drama The Young & The Restless. The Young & The Restless offers a variety of marketing possibilities, including the use of the character's likenesses on the tickets, unique prizes such as set visits and opportunities to meet the cast, and merchandise prizes to keep the players in the game through second chance draws. The Young & The Restless has been building its massive fan base for more than three decades and has held the #1 spot among daytime drama series for 15 consecutive years. The show boasts 6.2 million loyal and diverse viewers that tune into the show on a daily basis. The demographic makeup of the fan base is both consistent with and desirable for lottery games.

GTECH Signs With Hasbro

GTECH and Hasbro, Inc., announced a licensing agreement that grants GTECH the rights to develop and distribute select lottery products featuring Hasbro's Monopoly and Battleship brands in the U.S., Canada, and Mexico. Under the agreement, GTECH, which operates government-authorized lotteries, will develop versions of the games to appear on four major online channels: Traditional, Social Space, Interactive, and Electronic Instant Lottery. ■



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Around the World

Australia

The Golden Casket Lottery in Queensland, Australia has become the first lottery to introduce an "I Dream Of Jeannie" series of tickets featuring the Sony Pictures nostalgic television show. With a worldwide recognition factor and a large demographic range of appeal, the lottery will use six different "Jeannie" images to create a series of AUS\$2 tickets. Marketing support materials include a full compliment of window posters, danglers and retail counter cards. I Dream of Jeannie is licensed through PTI.

EssNet finalized a new direct support contract with Golden Casket. EssNet will take over from Praxa Ltd who as prime contractor installed the Corporation's lottery system in 1999. EssNet will take responsibility for support services and yearly upgrades. Golden Casket is licensed to operate the system to June 2010.

Bulgaria

Bulgaria is considering a receipt or VAT (value added tax) lottery. The country's General Tax Directorate is creating a VAT bill that would require all retailers to provide a receipt with every purchase. Prizes for the VAT lottery will reportedly include TV sets, washing machines and a car.

Germany

Intralot signed a 5-year contract with the German State Lottery of Schleswig-Holstein "NordwestLotto Staatliche Loterie Des Landes Schleswig Holstein" for the supply of 200 (with an option for additional 200 units) state-of-the-art CORONIS TC terminals plus maintenance services. The CORONIS TC terminal is the latest product of CORONIS family of products, designed for self-service function by the players, since it is checking players' winning tickets through the on-line network connected with the Lottery's central system. The terminals will be installed within the 4th quarter of 2004.

NordwestLotto Schleswig-Holstein also signed a contract asking Essnet to supply 950 E6 terminals. The agreement includes delivery of terminal hardware and software, training and project management. Also, a four-year maintenance and services agreement is included. The roll-out will start in August 2004 and is scheduled to be finalized in March 2005.

Ireland

An Post, the Irish National Lottery, reported that total sales for 2003 were up 4.9% to 559 million, with beneficiary money up 8% to a record 186.7 million. Operating costs were the lowest ever at 14% of sales.

Isle of Wight

The Isle of Wight Lottery will be introducing a second prize of £350 and a third prize of £150 to be won weekly starting April 14. The launch coincides with the Lottery's third birthday and improves the odds of winning a prize to 1-in-1,700.

Israel

Mifal Hapayis launched a new Lotto game on March 10. The game operates on a 6:34 plus 1:10 matrix. In the New Lotto there will be 8 prize levels, instead of 6 as in SuperLotto. This change will result in more prizes for a lot more winners. All prize levels are being upgraded.

Jamaica

Telefun International, a third firm to have secured a license to operate lotteries in Jamaica, is trying to raise US\$89 million for a re-launch of its games. Telefun left the market in December

2002, only three months after the launch of its first game, Tello, an audiotext phone game. Tello promised instant cash prizes of \$10,000 and a daily main prize of \$1 million for winners.

Supreme Ventures Limited (SVL) and the Jamaica Lottery Company have seen a three per cent increase in total lottery sales. Together, the companies recorded sales of \$12.7 billion, up from \$12.4 billion the previous year. Even with the increase, Supreme Ventures saw a slight dip in revenue, from \$11.08 billion in 2002 to \$11.07 billion in 2003. The dip is mainly attributed to the countries tax on winnings, which ended in December.

Kazakhstan

On February 24 the National Lottery of Kazakhstan launched a new passive game, MegaLot, which replaces the combined instant-passive game Altyn Adam. Interest in Altyn Adam had waned due to the hour long drawing period for the game. MegaLot features a 15 minute drawing period, a big jackpot and a car to be won at each drawing. Drawings are held each Tuesday on the popular Khabai TV Channel.

Liberia

The Liberian National Lottery has increased the first division prize for its pick 5 Lotto game from L\$300,000 to L\$500,000. The move was meant to encourage the public to play Lotto.

New Zealand

The New Zealand Lotteries Commission is reportedly planning to add an additional 300 to 360 retail outlets to keep up with the growing population. The expansion process will take three years, with 100 to 120 new outlets being opened each year. Currently, the Lottery has approximately 640 retail outlets. The expansion calls for smaller Lotto displays, which would allow smaller shops, or shops in areas with higher rent to start carrying the brand.

Singapore

Singapore Totalisator Board will acquire Singapore Pools from Temasek Holdings on April 1. With this move, the Totalisator Board will have the sole right to conduct numbers games, sports betting, horse racing and totalizator operations.

Sri Lanka

The Mahapola Lottery is re-launching in Sri Lanka. The Lottery, which funds the Mahapola Higher Education Scholarship Trust Fund, makes it possible for talented children, who would otherwise be forced by poverty to abandon the idea of higher education, to receive the funds necessary to continue their education.

Sweden

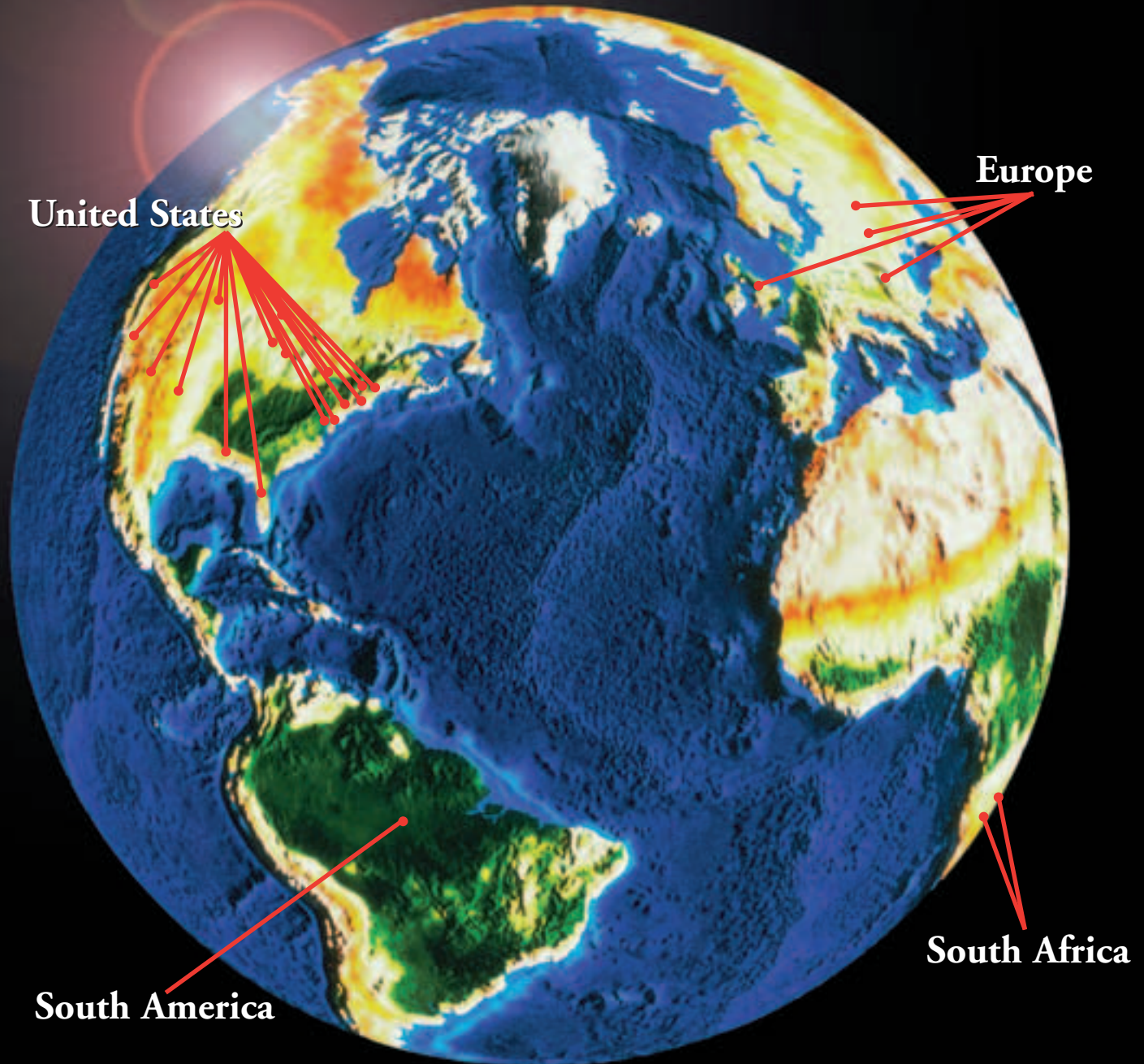
Last year was another successful year for Svenska Spel. The proceeds for the total group including Casino Cosmopol were almost 20 billion SEK (US\$2.7 billion), an increase of 8%. The casinos netted 720 MSEK (US\$100 million) and for the first time showed a profit. The profit was 4.7 billion SEK (US\$650 million), a record increase of 11%. The beneficiaries of Svenska Spel are Swedish sports, youth activities in non-profit organizations and the Treasury.

Uzbekistan

Glory Technology reached an agreement for the sale of gaming terminal equipment, computerization systems and services to Olympic Glory Lottery, operating in Uzbekistan. The agreement calls for the supply, installation and support of 1000 terminals. Glory Technology will receive 7% of the revenues from these terminals. ■

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California Lottery's e-Business Solution

Saving Time and Money for Retailers

By Mark Muzyka Director of Applications Development

The California Lottery's Retailer e-Business site is cutting costs and saving time. The e-Business site is easy and convenient to use for financial and inventory services, as well as to access information on retailer promotions and games. The ability to access timely business information through web-based applications is a win-win situation and ultimately increases productivity and lowers operational costs for retailers and the Lottery alike.

At the request of the current Lottery Director Tony Molica who served as Sales Director in 2001, the Lottery successfully implemented Phase 1 of the Retailer e-Business Pilot project. Lottery retailers can now logon to the site and obtain financial information electronically. On April 23, 2001, the California Lottery launched an Electronic Data Interchange (EDI) file in an eXtensible Markup Language (XML) format. This was done in the collaboration with the National Association Convenience Stores (NACS) and 7-Eleven, Inc., the Lottery's largest retailer.

The goal of the project was to provide California Lottery Retailers with an XML file that would facilitate more effective file processing of financial information. Concurrently, the Lottery chose to use the Internet to give retailers a convenient method to access their financial information. As a result, 7-Eleven, Inc., is already enjoying the benefits of the pilot project and the convenience of the web access.

When the California Lottery began this project, the objective of the Retailer e-Business website was to improve customer service, offer a more efficient file format and offer a cost savings to our largest key accounts. Simultaneously, the Lottery wanted to develop a retailer website that could be used by all retailers, not just key accounts.

One of the benefits of this e-Business tool is that it builds upon the heavy investment and experience of traditional EDI. The site brings the benefits of paperless business document exchanges to both large and small companies and offers the web standard XML format as an option, as well as provides more efficient content management. This business tool is convenient and easy for retailers to access financial and promotional information at any time. Since it allows for vendor preference, each vendor may manage their own content and automate programs specific to their business method. The entire project is a win-win situation, with substantial cost savings for retailers and the Lottery.

The Retailer Business website offers reports that display all of the information necessary to account for and reconcile Lottery accounting transactions. Retailers can process data, track back

office automated transactions, and create reports. The website also offers standard file and pack status file formats as a download. These downloads are available in a flat, text file format and in an XML file format. The information is updated weekly and available mid-day Sunday for the business week ending the prior day, Saturday.

The Retailer Business website also offers both chains and independent retailers:

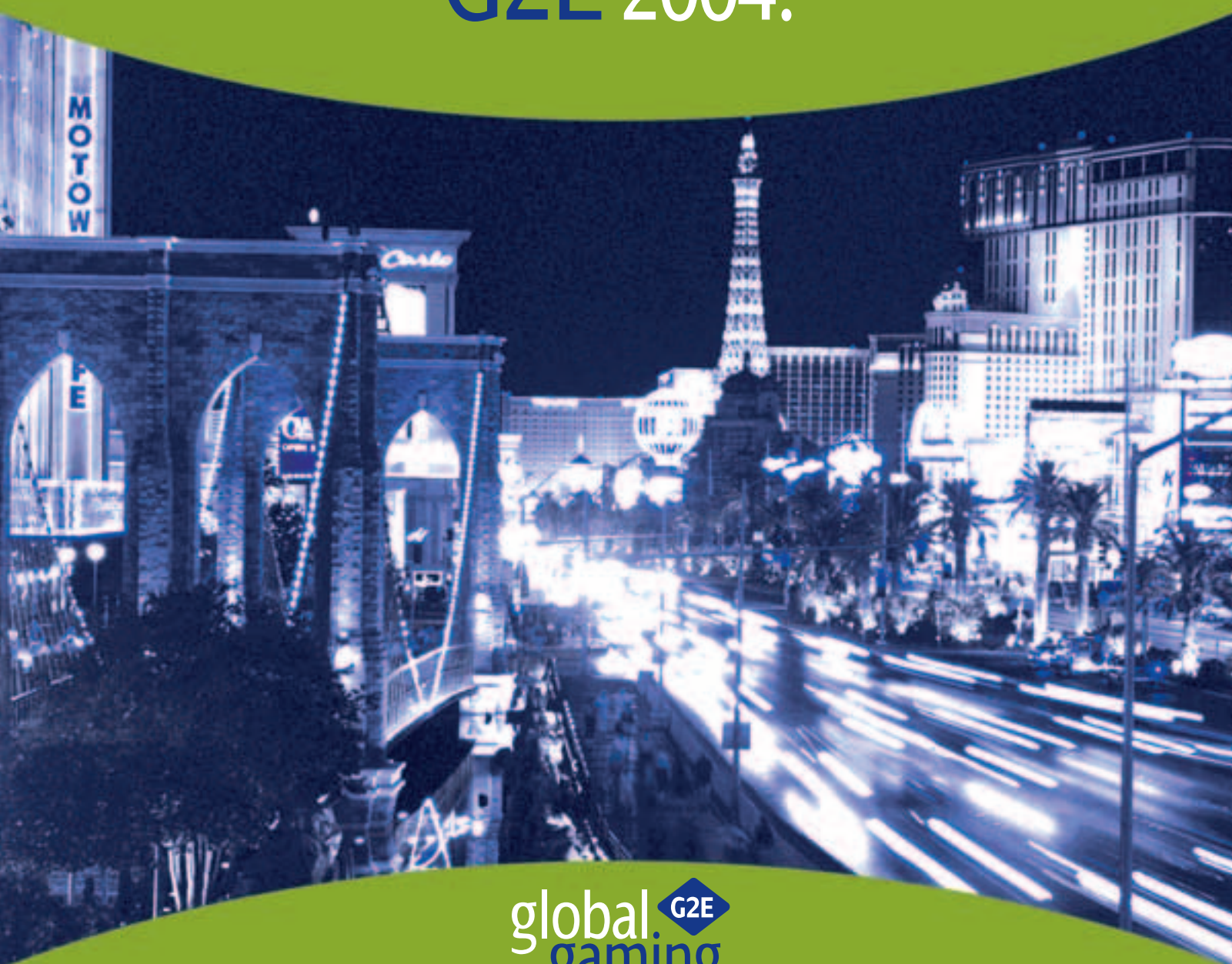
- * California Lottery's Retailer Product Plan
- * Retailer News
- * Information on current and upcoming promotions and games
- * Various Security information and forms, and
- * Lottery contact information.

The e-Business site represents 37% of the California Lottery's retailer base. Retailers using the system have reported easy and quick site navigation and file downloads. Both the Lottery and retailers are involved in using XML as an emerging standard. To this end, the California Lottery will continue to be involved in XML pilots with other state lotteries and their business partners.

It is important to note that the most exciting accomplishment in this technology enhancement was a direct result of re-engineering of the California Lottery's Technology Services and Support Division's architecture and infrastructure to support Microsoft NET Framework technology. All of the web-based applications were developed in-house, including, creating and implementing an extensive custom designed training program for re-engineering and developing the new web-based applications. This re-engineering effort supports the Lottery's goal of providing Lottery business partners with direct access to information necessary to sell Lottery products; ultimately, helping to maximize contribution to California's public education. ■



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The West Virginia Lottery Video Lottery Program

The West Virginia Lottery's video lottery program began as an experiment in a struggling thoroughbred racetrack located in the northernmost part of the state. Once a draw for pari-mutuel betting among the large population of horse racing fans employed by the steel industry, Mountaineer Racetrack faced the nationwide decline in racing popularity in the decade of the 80's.

In 1990, West Virginia policy makers created a pilot project among Mountaineer Racetrack, the West Virginia Lottery and Scientific Game's former partner, Bally Gaming to see if video lottery machines would help attract customers to the fledging racetrack. Just 165 machines were installed, but the test proved worthwhile. In fiscal year 1991, the first full year of video lottery operations, the machines generated slightly over \$2.5 million in gross terminal revenue. Within two years, gross revenues had doubled giving credence to the concept of racetrack video lottery.

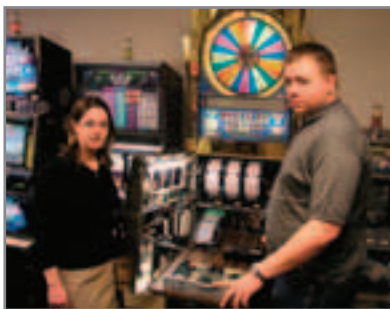
In March 1994, the West Virginia Legislature passed the State Racetrack Video Lottery Act allowing four existing racetracks – two thoroughbred and two greyhound – to offer video lottery gaming with the approval of local voters. Mountaineer Racetrack in Chester, Wheeling Downs in Wheeling and Tri State Greyhound near Charleston successfully garnered enough votes to start up video lottery gaming in September of that year. A fourth West Virginia racetrack, Charles Town Races, located in the state's Eastern Panhandle, did not pass a local referendum until two years later.

As the first state lottery to regulate video lottery in the racetrack environment, the West Virginia Lottery's endeavors were those of a true pioneer. The Racetrack Video Lottery Act placed responsibility for infrastructure, equipment and VLT hardware with the racetracks and allowed for any manufacturer who passed the Lottery's licensing requirements to provide machines. The Lottery holds ownership of the gaming software and bears responsibility for licensing, testing and maintenance in addition to an array of regulatory responsibilities.

Early renditions of the West Virginia model included multiple manufacturers' devices running on three central systems located at the tracks. The Lottery oversaw gaming through the use of management terminals. As the variety of games and manufacturers grew, and when the State Legislature amended the Act to allow slot or coin-drop, the Lottery acquired a central system to handle all racetrack video lottery gaming.

Today, the West Virginia Lottery's racetrack video lottery system is unique to the industry. On a 24/7 basis, lottery employees operate the central system, test all gaming hardware and software (after preliminary testing by Gaming Labs, Inc.), oversee all installs and provide comprehensive auditing and accounting services for over 10,000 racetrack machines. Only the Lottery staff can enable or disable video lottery gaming.

A Lottery-staffed backup site, located across 120 miles of communication and electrical grids, ensures gaming integrity and lim-



its operational failures. Should the primary central system be lost, or should the entire central lottery headquarters be wiped out, a switch to the hot site and deployment of staff can provide seamless continuing operations for both video lottery and traditional lottery.

During West Virginia's 1999 Legislative Session, Governor Bob Wise successfully shepherded the Limited Video Lottery Act to passage. The Act allows for a maximum of 9,000 VLTs in licensed, adult pouring environments with a

maximum of five machines per retail outlet and a special allowance of a maximum of ten machines in fraternal and veteran's organizations.

The West Virginia Lottery's racetrack and limited video lottery operations contain the most diverse technologies and systems controlled by any lottery in the world. Today, over 17,000 VLTs from nine different manufacturers in two, diverse environments are successfully operated and regulated by the West Virginia Lottery. The four licensed racetracks are authorized to operate over 11,000 machines, and they now offer over 10,000 machines with features such as coin drop and progressives. The limited video lottery program has grown to approximately 7,000 voucher-out video lottery terminals in over 1,000 locations. All 9,000 terminals are expected to be running within the next 18 months.

By the end of fiscal year 2003, the West Virginia Lottery broke all sales records with a total of \$1.08 billion. Of that amount, racetrack video lottery gross terminal revenues contributed \$717 million and limited video lottery revenues contributed \$ 173 million. As the Lottery begins the fourth quarter of fiscal year 2004, year-to-date gross terminal revenue from racetrack video lottery is an astounding \$600 million. The limited video lottery program has already exceeded generating \$170 in gross terminal revenue, and total gross terminal revenues and traditional sales are 22 percent ahead of the prior fiscal year.

West Virginia Lottery Director John Musgrave also serves as Cabinet Secretary of West Virginia's Department of Revenue, one of the State's largest agencies. In addition to lottery operations and regulations, Musgrave heads the State's Racing Commission and Charitable Gaming Board giving him authority over all legal gaming in the state.

Video lottery was in its infancy in 1997 when Musgrave was appointed Lottery Director by former Governor Cecil Underwood. "We had three tracks running on local systems feeding to Lottery management terminals with no back up facility," he said. "We've come a long way - we have managed to create a Lottery operated and regulated video lottery system that is unparalleled in the industry while keeping administrative costs well below that allowed by law."

A futurist, Musgrave is exploring new technologies in communications, slot accounting, reporting and central systems. "The market and the industry are continuously evolving. We must be flexible enough to meet player's entertainment demands, yet stringent enough to ensure that our operations maintain the ultimate in integrity," he said. ■

North Dakota Lottery

Anticipating an Exciting Launch

An Interview with North Dakota Attorney General Wayne Stenehjem

By the time you're reading this, the North Dakota Lottery will already have launched. North Dakota's Lottery is different from any other lottery in North America. It won't launch with Instant tickets, and currently has no plans to offer them. The Lottery will only offer on-line games, and will launch with its big-ticket item – Powerball.

Two weeks before the North Dakota Lottery launched Public Gaming International was fortunate enough to get the opportunity to interview North Dakota Attorney General Wayne Stenehjem, who oversees the Lottery.

Public Gaming International (PGI): *Is the start-up proceeding on schedule?*

Attorney General Wayne Stenehjem (WS): We are all set to go on March 25th. It's been going pretty quickly, and staff in the Lottery division have put in a tremendous amount of hours. Our Lottery Director, Chuck Keller, has earned more overtime than we can ever hope to repay.

PGI: *What remains to be done?*

WS: We are now installing the terminals in the stores. We're probably about half-way done with that, and then of course with the installation of those terminals in the stores comes the training of the clerks who will actually be selling the tickets. We start up with our media presentations today (March 9) – print, radio and TV – and then we're simply involved in the process of launch celebrations around the state. We're planning six sites in North Dakota where we'll have launch date celebrations on March 25th.

PGI: *You have Lady Luck as your logo?*

WS: She'll be part of it, and the TV commercials are kind of fun – they've got these Lottery balls and the Powerballs bouncing down the road in various scenes across the state. There are some in town, some out on a country road, they're nice. And, we've got a great jingle – it's a catchy tune.

PGI: *Are you going to post your ads on your website?*

WS: I don't know why not – as long as we can do it.

PGI: *You seem to be very hands-on. With most lotteries the Lottery Director is the one that becomes the face of the Lottery, but with North Dakota you've seemed to take on that role. How exactly are you going to be involved with Lottery affairs?*

WS: The Lottery is one of the fourteen divisions of my office. It may be unique where an elected executive officer who is not the Governor is in charge of the Lottery, but I've taken a personal interest in this because it's a division in my office, and I try to do that with each of the divisions that we have. But, I'll tell you this – the crew of people up in the Lottery division are doing all the work.

PGI: *How did the Lottery come to fall under the office of the Attorney General?*

WS: We have, in North Dakota, other gambling. We have blackjack, pull-tabs, punchboards, paddle wheels, and Bingo, and those have been in North Dakota for at least the last 20 years. Those were under the control of the Attorney General's office. Now, with respect to those, it's a little different than what you do with a Lottery, with the charitable gaming – that's all the other types I mentioned – charities run them and all we do is license and regulate. With the Powerball, of course, we're expected to do a little bit more, and that's to promote it as well. The idea is that the state wants to make money off of it. But, it was put in my office because we already had the division in our office for gambling enforcement and the Legislature thought that as we launch the Powerball, there's a lot of resources that can be used from the gaming division for licensing, they have some expertise on how those things go – in fact the Lottery Director, Chuck Keller, was the chief auditor in the gaming division of our office before he moved over.

Also, you have to do criminal background checks on all the employees and the stores and the Bureau of Criminal Investigation that maintains that criminal background information is a part of my office as well. So they just thought that there were so many other things that are related, that it just made sense, rather than create a stand alone agency, to make it a division of my office.

So far it's worked very well, and six people is all we have working up there. They're doing the work and getting everything ready to go. For a while Chuck was the only one up there – at least for the first couple of months – before we brought on an administrative assistant and slowly ramped up the number of employees. Six employees is the smallest number that any Lottery in the country has.

We don't have scratch tickets, and that probably makes a big difference, but I think of the Minnesota Lottery, last fall they laid-off 34 people. That's what they laid-off!

PGI: *A staff that small must make for a pretty low operating budget. What is the Lottery's annual operating budget?*

WS: The lottery's operating budget for the 2003-05 biennium is \$3,036,000.

PGI: *You've got six people. What are their positions?*

WS: We have Chuck Keller, the director, then we have a customer service specialist, an accountant/budget analyst, a security

officer, which we're required to have, one administrative assistant and a sales and marketing specialist.

PGI: *Do any of them have Lottery experience?*

WS: The one that does is Eileen Walsh, she's the sales and marketing specialist. She was involved in South Dakota from the beginning of their launch.

But, I've got to tell you, we've got such tremendous assistance from the other Powerball states. Early on, when we started this off, I called up the folks at MUSL and talked to them, and I asked if there was going to be a problem with North Dakota being admitted to the group? Is there going to be any issue with that? They said, "You know what, we are a family." That is exactly what we've experienced. Anytime there's a question, anytime we need any information we have found nothing but a willingness to bend over backwards to help.

PGI: *The Lottery industry is really unique in that way.*

WS: That's what they said. From the beginning Chuck traveled to Minnesota, South Dakota and Montana - the states that border us - to talk with their Lottery people, learn what they did right and perhaps any mistakes they encountered, and they were so accommodating.

PGI: *How, exactly, will you be interacting with the Lottery staff?*

WS: They're one of the divisions of my office, as I mentioned, and we have regular meetings with all the division directors, and the Lottery Director is one of them. We meet on a formal basis at least every other Monday, but when any of the big issues come up, they bubble up to me. There always are some political issues, and I don't mean political bi-partisan, that affect how this office is perceived, or that are questions that might have public ramifications, and those decisions come up here. So do the big decisions, like who's going to be the vendor that supplies the terminals and the equipment? Who's going to be the advertising agency? Those are decisions I make.

PGI: *That brings up another question. What functions will the Lottery be outsourcing?*

WS: Obviously the vendors are an outside company that are installing the equipment and have to maintain it. The only other thing we're outsourcing is the advertising.

PGI: *What does Mr. Keller bring to the Director's position?*

WS: First of all, he views this as the opportunity of a lifetime - for him to start-up a Lottery of the magnitude we hope to have here in North Dakota. He is somebody who is an incredibly hard worker. Plus, he had the auditing and the hands-on experience of overseeing the charitable gaming industry in North Dakota, so he knows a lot about the gaming industry. All of those things together, plus a work ethic that can't be beat made him the obvious choice to appoint as director.

PGI: *Your retailer application response was really high. I got the impression it was higher than you anticipated. Can you tell me why that was?*

WS: I think it was way more than we anticipated, but I'll tell you that there's an excitement here in North Dakota. We had the Lottery issue on our ballot at least three times before it was finally approved in 2002. In North Dakota our greatest population is along the Red River Valley in the Eastern part of North Dakota, in Grand Forks and Fargo where most people have already participated in Powerball, especially when the jackpots get up high. It is very common for North Dakotans to go over to Minnesota and buy Powerball

tickets. I know that because I was in the Legislature for 24-years before I was elected as Attorney General, and I lived in Grand Forks. We used to go over and buy tickets. In fact, North Dakota was losing over \$5 million per year along that eastern border to Minnesota. Some of the biggest Powerball sites in the country are those in East Grand Forks, Minnesota and Moorehead, Minnesota right across the river from Grand Forks and Fargo, North Dakota.

PGI: *It's good that you'll finally be able to keep that money in-state.*

WS: That's what we think. I think that's one of the big reasons the voters approved it by such a wide margin. Montana's a Powerball state on our western border and South Dakota, obviously, is on the south and there are a lot of people that travel there to buy their tickets.

PGI: *Now you may be able to get some people coming down from Canada.*

WS: We think we will.

PGI: *How many sales locations are you going to start out with?*

WS: We have 396.

PGI: *Are there any plans for expansion?*

WS: No, not right now. We're going to see how things work, what kind of sales we get, what kind of interest there is in additional sites and take it from there.

PGI: *You had originally planned for 325 sites?*

WS: Yes, and then there was still a demand from a number of places that were not selected. There are some counties in North Dakota where nobody applied - we have some wide-open spaces here in North Dakota - so we actually went out and tried to recruit places to be retailers in some of those rural counties so there would be reasonable access by the citizens. Plus, there were some who had not been selected who were very interested in being a retailer. That's why we decided it might be a good idea to negotiate a further deal with Sci-Games. So that's what we did.

PGI: *Was that a hard decision to make? Did you have to go to the Legislature and ask for permission?*

WS: No, they've given us pretty broad authority to run the Lottery. The Legislature in North Dakota only meets every other year. They meet every odd-numbered year from January until April. Since they actually approved this measure in April of 2003, they haven't met again. We did have to go back to Scientific Games and negotiate a package deal with them, and they gave us 75 more terminals, a slightly increased percentage of the take, plus they agreed to give each site one of those scrolling LED signs, which is very nice because we can use those. Those are pretty nifty technological devices. If there's an Amber Alert when there's a child abduction we can program all of the terminals to alert the public, or if we get a part of the state that has bad weather or where roads are closed, we can program that into the electronic message boards in certain parts of the state.

PGI: *What are your sales expectations for the first year?*

WS: That's hard to say. I think we estimated at least \$11 million dollars for the biennium. That's in total sales. I guess we'll just wait and see. All we could give was estimates based on what other states had seen, and who knows what North Dakota might experience.

PGI: *What percentage is going to be the state's take?*

WS: We get about 20-30%. Five-percent goes to the retailer, and then 5% of the gross profit goes to problem gambling programs – up to \$400,000. Then MUSL gets 50-60%. So 20-30% goes directly into the General Fund of our state. Other than the amount that goes directly into the problem gambling fund, none is earmarked for any purpose.

PGI: *Speaking of MUSL, you are launching very differently from other Lotteries that we've seen in North America. You've got the Powerball coming first. What was the rationale behind this?*

WS: There was considerable public debate about all this, and when the public was voting on joining a multi-state lottery, everybody was talking about Powerball. So that's what the Legislature decided to go with. I think that at some point there will be some pressure to go with a scratch tickets, but the decision was made by the Legislature not to do it that way, and I think that to go with the instant games would require an enactment by the Legislature.

PGI: *What other MUSL games will the Lottery be offering?*

WS: This summer we'll be starting HotLotto and WildCard2.

PGI: *Any ideas on how the consumers will receive those games?*

WS: We think it will be well received. Powerball is the one that gets all of the attention – especially, as you know, when the jackpot gets up there. But I think that there will be good public acceptance of a game where the prizes aren't as high but the odds are better. That's what these two games will provide, and I think there will be wide acceptance of them.

We had that discussion in the Legislature, where some of the opponents to a Lottery at all came in and tried to limit the involvement in North Dakota to one game, that being the Powerball, but the Legislature turned that limitation down.

PGI: *What kind of coverage is the North Dakota Lottery launch receiving from the media?*

WS: Actually, it's very good. Whenever we put out a news release it gets printed. When we put in the first satellite dish, for example, and I went up there and was on the roof of a gas station, the media came up there, and brought cameras up onto the roof, the newspapers were there, and it got coverage all around the state.

Then we put in the terminals, and that got great coverage around the state. And no doubt, when we actually sell our first ticket there will be wide-spread coverage. In fact, there are a couple of radio stations with statewide coverage that will cover the sale of the first ticket live.

PGI: *Are you going to be present when the first ticket is sold?*

WS: I am. I'm going to sell the first ticket.

PGI: *Do you have a buyer lined up?*

WS: I do. The Legislature did not put this constitutional measure on the ballot. It was a citizen initiative because the Legislature had refused to do it. It was a Legislator named Andy Maragos – he was convinced the voters wanted this, and I thought he was right. He went out and organized a massive effort to get the signatures and then promote its passage by the voters. I think he's entitled to buy the first ticket, and so that's what's going to happen. I'm going to sell the first ticket to him. ■

U.S. Lottery Start-Up History Is Made and Scientific Games Is There.

The North Dakota Lottery made U.S. lottery history when Attorney General Wayne Stenehjem sold the first Powerball ticket to state Representative Andy Maragos at 8:30 a.m., March 25th, 2004.

For 40 years previously – dating back to the start-up of the New Hampshire Lottery in 1964 – no U.S. jurisdiction had ever launched lottery sales with an online game. At start-up, lotteries had always either sold passive, draw-type games or, in the case of most new lotteries after May 1974, launched sales with the instant scratch-off game, a Scientific Games invention.

Scientific Games has helped start up more than 80% of all U.S. lotteries; specifically, 33 of 40 jurisdictions, including the launch of Powerball in North Dakota. Scientific Games has won four of the last five lottery start-up bids and has consistently demonstrated an ability to deliver fast lottery start-ups. Rapid start-ups allow jurisdictions to begin the flow of lottery revenue quickly.

"The North Dakota Lottery business model, in the purest sense, reflects a true lottery/vendor partnership," said Bill Huntley, President Scientific Games Systems. "In addition to providing the lottery with our Extrema online terminals and building out its satellite-based communications network, we were also asked to take a lead role in recruiting and training the lottery's retailer base. Going forward, Scientific Games field support personnel will maintain regular contact with retailers and play an active role in helping them market the various multi-jurisdictional games to players."

The lottery's entire staff is comprised of six people. Only one individual has prior lottery experience, which is another reason the lottery has relied so heavily on Scientific Games since awarding its online systems and services contract last December.

"The North Dakota Lottery joins the Scientific Games family of customers at a most opportune time in our company's history," said Huntley. "Simultaneous with this launch, we are also continuing our integration of IGT OES. Although this very involved initiative is ongoing, our combined product portfolios are already bringing a new level of creativity and new online game content to the lottery industry. Just since November, we have launched five new online games or online product categories in seven U.S. jurisdictions. As the North Dakota Lottery moves forward from here, we hope to have the opportunity to bring this powerful game content to its players."

Currently, state law permits the Lottery to sell only multi-jurisdictional games. This summer, the Lottery plans to add Hot Lotto™ and Wild Card 2® to its marketing mix. Central system support for all North Dakota Lottery games is being provided remotely by Scientific Games' AEGIS® system, which is located in the same data center that houses a separate AEGIS® system for the Montana Lottery. ■



Pictured left to right: Chuck Keller, North Dakota Lottery Director; Cherie Duncan, Scientific Games ND Project Manager; Wayne Stenehjem, Attorney General; Bill Huntley, Scientific Games President; Andrew Maragos, State Representative (purchased North Dakota's first Powerball ticket)

An Interview with North Dakota Lottery Director Chuck Keller

Chuck Keller was appointed Acting Director of the North Dakota Lottery on April 14, 2003, and in mid-September was officially appointed Director. Since his initial appointment in mid-April, Keller has been applying an incredible number of hours to ensure a timely and successful launch of the Lottery. Keller appreciates the trust that the Attorney General has placed in him and realizes that he will be debited or credited with the results. Although Keller has no previous lottery experience, he is very confident of his skill sets and ability to develop, implement, and manage the Lottery. Keller is task-oriented and thrives on challenge and accomplishments.

Keller points out that North Dakota Attorney General Wayne Stenehjem is ultimately responsible for the Lottery and, indeed, Stenehjem is very hands-on where the Lottery is concerned. Still, in the end, it is impossible to gloss-over Keller's contributions to this particular Lottery launch. From April 14 through October 15, he was the Lottery's lone employee. He has accumulated 1,000 hours of comp time (in the Attorney General's Office, comp time starts with the 46th hour each week), and has been relentless in his study of other state lotteries - finding the best mix of ideas to optimize efficiency within the organization.

Efficiency seems to be the buzz word in the North Dakota Lottery office, and it has to be. The Lottery is attempting something that many in the lottery industry think is impossible - it is trying to operate the Lottery with only six employees. Keller's hand picked staff includes Administrative Assistant Danielle Schaefer, Accountant/Budget Specialist Barbara Masset, Security Officer Julie Thompson, Sales and Marketing Specialist Eileen Walsh, and Customer Service Specialist Tammy Backhaus.

Public Gaming International recently spoke with Keller to try to find out how he is dealing with his enormous responsibility.

PGI: *You have stated that one of your objectives is to optimize efficiency. I imagine that with a staff of six that is something that really needs to be done.*

CK: Yes. Representatives of several other state lotteries have expressed to me that they do not think we can operate the Lottery with only six people. Although I am confident, we do not yet know whether we can effectively do it with six people, but we will find out very soon. The present staff is covering all critical areas of responsibility. The Lottery was placed within the Office of Attorney General due to Attorney General Stenehjem's experience in regulating gambling and because our office already has the infrastructure to accommodate the Lottery. We have a word processing center, licensing section, legal staff, human resource manager, finance and administration division, IT division, and Bureau of Criminal Investigation that does criminal history record checks. This should enable the Lottery to focus on lottery issues, not support functions.

PGI: *You have worked within the environment of the Attorney General's office for quite some time, most recently as Chief Auditor of the Gaming Division. In what ways did that position resemble being Lottery Director?*

CK: When I joined the Gaming Division in August 1983, there were no computerized management information systems or efficient processes in place. To determine the division's status in relation to other state regulatory agencies, my objective was to determine what the highest standard was. I immediately contacted and met with representatives of regulatory agencies of several other states, requested information, and reviewed and evaluated their laws and rules, organizational structure, audit programs and guides, tax returns, and recordkeeping and internal control systems. I determined which states had the best programs in place to effectively regulate charitable gaming. My objective was to first determine the highest standard, then copy and build on it.

To answer your question, the process that I applied in modernizing the Gaming Division was also applied for the Lottery. I reviewed and evaluated laws and rules, "Request for Proposals" for on-line gaming systems and marketing services, license application forms and instructions, annual reports, organizational charts, job descriptions, retailer agreements, game brochures, and policies and operating procedures of about 15 other state lotteries. My objective was to copy the best features, functions, and services for creating a blueprint for the North Dakota Lottery. I also met and established a relationship with the lottery directors of the Minnesota, Montana, and South Dakota lotteries. I am grateful to these directors and their staff and representatives of the Multi-State Lottery Association for their valuable cooperation, assistance, and guidance. Otherwise, the Lottery would not be launching its first game on March 25.

PGI: *How else have you been optimizing efficiency?*

CK: The North Dakota Lottery is unique to every other state lottery since it can only conduct multi-state games - no instant tickets, no intra-state lotto games, no video gaming, and no numbers games. Our state also has a very small population of about 630,000 people. I knew up front that since fixed costs (on-line vendor, retailer, and ad agency fees) would be unusually high in relation to sales for a small state lottery, we had to optimize efficiency if we were going to provide a reasonable amount of net profit to the State. We immediately looked at possibly partnering with another state lottery. For example, I felt that it was cost prohibitive and unnecessary to require an on-line vendor to establish a new central data center in North Dakota when the Lottery may be able to share another state lottery's data center and save the other lottery some expense, too.

When I met with the directors of the Montana, South Dakota, and Minnesota lotteries and while I was drafting our RFP, ideas were pursued involving having the on-line system vendor's field technicians perform certain sales and marketing functions for our retailers that lottery field representatives traditionally perform. Also, we looked at sharing another state lottery's terminal repair depot, game management and retail accounting software, and ICS. The ICS item was eventually dropped because the other state lotteries requested indemnification from the Lottery and we could not provide it. Based on our RFP, vendors knew that the

Lottery was very interested in some level of partnership arrangement with another state lottery. All three vendors that responded to the RFP proposed co-locating the Lottery's on-line and secondary on-line gaming system within the central data center of another state lottery. The proposal that we accepted from our vendor, Scientific Games International, Inc., involved co-locating our on-line and secondary on-line gaming system in SGI's central data center located Helena, Montana. Although this data center also houses the Montana Lottery's gaming systems, the two lotteries' gaming systems' hardware are physically segregated. This also enables SGI's operators to run two state lotteries' systems without adding twice the number of staff.

Although I do not have any previous lottery experience, I felt that it was unnecessary and a needless expense to hire an independent consultant to assist the Lottery in developing the RFP for an on-line gaming system or evaluating the vendors' proposals. I am confident that our RFP Team exercised due diligence in the entire process and that our actions and decision-making can be easily defended. Other state lotteries provided considerable assistance to us on this particular project.

To develop the Lottery's logo, which we are extremely proud of, we coordinated a project, or contest, among the state, tribal, and private colleges and universities to have students in the graphic art classes develop logo conceptual designs for our consideration. The Attorney General and I believed that students within our state had the creative talent to create the logo for the Lottery. This enabled the Lottery to avoid an unnecessary expense of having an ad agency develop the logo. The Lottery's "Logo Development Team," consisting of creative people within several state agencies, critiqued the student's proposals and recommended changes to bring the most promising designs to their final artwork. The only actual cost incurred - \$975 - was to create logo files in the Pantone colors for commercial printers to use and to print a large logo for the unveiling news event. This particular project provided students a "real-world" experience - several classes of students met with the Logo Development Team and each student was provided the opportunity to describe his or her proposed conceptual design.

We also asked about 37 lotteries to send us samples of their effective promotional premium items and launch ceremonial agendas. Of interest, is that we borrowed a giant switch, similar to a light switch, from the Nebraska Lottery for use at two of our launch sites. The Nebraska Lottery used the switch when it launched its on-line games in 1994.

New state lotteries do not need to reinvent the wheel. Other state lotteries have been extremely cooperative and freely provided any information or assistance that we requested. One state lottery even provided us the graphic artwork for its game brochures. We do not have a graphic artist on staff.

PGI: *What your Lottery is doing — if you can pull it off with six people — it could very well revolutionize the industry. It will certainly change the way that other states look at their start-ups.*

CK: I sense that a lot of eyes are watching us, including our

state's legislators, people who oppose the lottery, other state lotteries, and SGI. Neither SGI nor the Lottery is able to predict with certainty whether we can operate the Lottery with only six people.

PGI: *Attorney General Stenehjem said he would be selling the first ticket to the state legislator who was instrumental in getting the Lottery measure on the ballot. Are you going to be present at that ceremony, or will you be at another launching site?*

CK: I will be with Attorney General Stenehjem at two of the six launch sites. The first is in Fargo, North Dakota, starting at 8:30 a.m. on March 25th. The second launch site is in Grand Forks starting at 11:00 a.m.

PGI: *Will there be a lot of media coverage at all of these sites?*

CK: Yes. The Lottery's Sales and Marketing Specialist has put together exciting launch celebration programs for six retailer sites. There will be presentations by dignitaries, including the Attorney General and president of SGI, ribbon cutting ceremonies, pull of a big switch to activate the terminals in the state, and arrival of the Lottery's Lady Luck (former Miss North Dakota). There will be live radio coverage and media representing newspaper and television.

Attorney General Stenehjem will be selling the first ticket to Representative Andrew Maragos who spearheaded the constitutional amendment that legalized the Lottery.

PGI: *Any promotional tie-ins, like giving away T-shirts?*

CK: Yes. For our launch the Lottery will be providing promotional item T-shirts and red Powerballs for car antennae to radio stations and retailers. We are also providing retailers with a certificate that each retailer can award to the first person who buys a Powerball ticket at the retailer's site.

PGI: *What is the nature of the relationship between the Attorney General and the Lottery Director?*

CK: Attorney General Stenehjem has provided me a once-in-a-lifetime opportunity and is depending on me to do things right. I believe that he understands my work ethic and knows that I am very thorough and will look after the best interests of the State. He expects answers, not questions, on lottery issues and is always readily available to discuss any lottery-related items. The Attorney General and the 5-person Lottery Advisory Commission are involved in all major decision making. So far, things have gone very well. One reason is that Attorney General Stenehjem has been very close to the action. For example, he was at the site in Bismarck where the first satellite dish in the state was installed and he was at the site in Bismarck where the first lottery terminal in the state was installed. He has been very active in following the process.

PGI: *Do you imagine his interest will taper off some once the launch happens?*

CK: No. I believe that the Attorney General will always have a special interest in the Lottery. He has as much pride in what has been done as I do and that cannot be diminished or easily forgotten. Although launching the Lottery is going to be an

Continued on page 28...

Tried and True

Lottery Promotions that Work

Lotteries are constantly churning out promotions aimed at increasing awareness of games and generating revenues. While not all promotions are going to work as planned, some do surprisingly well. What follows is descriptions of promotions that worked well for lotteries in North America during 2003 and early 2004.



California

Online – Feel the Heat: From February 2, 2003 through February 22, 2003 the California Lottery promoted its Hot Spot game with the Feel the Heat Hot Spot \$1 Million Promotion.

The hype was created by giving players higher than normal payouts in most categories, the goal being to exceed a 3:1 return on investment in gross sales, stem the erosion in sales by rewarding players, and generate more Bulls-Eye play. The Lottery earmarked a \$1.2 million

budget for additional prizes and marketing

Having been conditioned to know that 3 and 4 Spot with and without Bulls-Eye payouts were drastically increased in previous promotions, the Lottery saw the largest increase in sales (measured without the 8 Spot) during any three-week promo period. In fact, sales rose and were sustained at a level higher than in any previous promotion of this type. Player response was very strong.

Total return on the promotion was \$4.3 million in gross sales, creating a better than 3:1 return on investment. The increase in sales during the promotion led to one of the biggest increases in sales (for this type promotion) during the 12 week evaluation period (three weeks of promotion, and nine weeks following). Analysis showed that player response was fairly steady with or without a large 8 Spot Jackpot during previous promotions, but none equaled this response. The three-week forecast without promotion was \$9.5 million, and sales were \$11.7M. Following a medium-large 8 Spot Jackpot during the first week of the promotion there was a very large reinvestment of funds into the other spots in the weeks to follow.

While sales did erode starting in week 13 it eroded from a much higher point due to the promotion. Finally, sales of Bulls-Eye increased as a percent of total play meaning that while fewer played Hot Spot, Bulls Eye player-ship remained steady.

Delaware

Online – Buy More Power for Less: Last December the Delaware Lottery conducted a Powerball® Power Play® promotion, which proved to be very successful. The promotion was developed to encourage Powerball players to purchase Power Play. The idea of the promotion was "Buy more POWER for less". Players could pur-

chase a \$10 Powerball Power Play Quick Pick ticket for just \$7.

The "Buy more POWER for less" promotion was supported in-store with informational posters at point-of-purchase and on the Delaware Lottery website. A NewsFlash (the Delaware Lottery's e-mail newsletter) was also sent out to all Delaware Lottery Players Club members advising them of this exciting promotion.

Power Play ticket sales reflected a 10 percent increase during the promotional period and had a 3 percent residual sales effect. The Delaware Lottery plans to run another Powerball Power Play promotion this June.

Iowa

Instant – \$25,000 Instant Bonus Spin: In an effort to promote all current instant ticket games, the Iowa Lottery conducted the \$25,000 Instant Bonus Spin promotion between December 26, 2002 and February 4, 2003.



The promotion sought to increase instant ticket sales and recycle non-winning instant tickets, while giving players a second chance to win. The Bonus Spins were shown during the Powerball Instant Millionaire show during a ratings period to attract more viewers to the show, using new technology to update second-chance drawings and create game show excitement at reduced expense

To become eligible for the promotion, players sent in \$5 or more worth of non-winning instant tickets, from any current game, in special pink, second-chance drawing envelopes available at all Iowa Lottery retailers.

The actual amount won by each winner was drawn in a random number generator drawing. Then a virtual wheel spin was produced for the show to spin and stop on the winning amount designated in the random number generator drawing. This was done to save on the cost of producing the show. Prizes on the wheel ranged from \$250 up to \$25,000. Two prizes of \$750 were awarded and two prizes of \$500 were awarded. The show production was completed for all four shows at one edit session leaving an open space to add in the winner's picture and name for each show. Each show was 30 seconds in length.

Mike Pace, Powerball drawing host and recognizable spokesman for the Iowa lottery, was the host of \$25,000 Instant Bonus Spin.

The promotion experienced measurable success, as instant tickets sales increased by 10.2 percent over the same period the year before. The Lottery received 145,366 entries for the promotion, with the minimum value of entered tickets being \$726,830.

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SUCCESSFUL PROMOTIONS

The Iowa Lottery is planning a second \$25,000 Instant Bonus Spin Show during May 2004. The Lottery will be showing a substantial cost savings by editing and using last year's production. The prizes on the wheel have been changed to create a little more excitement. The prizes this year will range from \$1,000 up to \$25,000.



Online – Heating Bills Promotion: The Iowa Lottery has held 3 raffle-type promotions over the past 3 years. The first two promoted ethanol gas and offered players prizes of ethanol gas certificates at a time when gas prices were high. Those two promotions were named "It's a Gas."

The 3rd and most recent raffle promotion offered players cash to pay their heating bills. In the planning stages a corporate partner, Lennox Industries, Inc., came on board. Lennox gave the Lottery five Dave Lennox Signature Collection furnaces, installed, as prizes. The Lottery gave Lennox advertising on all Heating Bills POS, TV and radio ads, and on the Iowa Lottery web site.

The "Heating Bills Promotion" promoted all \$5 or more tickets on any lotto game (Powerball with Power Play, Hot Lotto, Iowa's \$100,000 Cash Game, Pick 3 and Pick 4) from January 18, 2004 through February 14, 2004. The goal of the promotion was to increase sales of all lotto games and to increase \$5 plays, and to provide prizes of interest to players during a time when heating costs are high.

Players became eligible for the promotion, and received a raffle ticket, by buying \$5 or more of one ticket on any lotto game. Prizes for the promotion included five Dave Lennox Signature Furnaces and 20 cash prizes of \$1,500 each to pay winter heating bills.

The player response was excellent - 458,350 raffle tickets were printed equating to a minimum of \$2.3 million in lotto game sales.

Although it is difficult to find an apples for apples comparison in both the time of year and a similar Powerball jackpot period, sales were up 1.68% when compared to a similar Powerball jackpot period in April/May of 2002. In this promotion and similar \$5 purchase-based promotions, Iowa research has shown that it has sustained a 4-5% increase in \$5 or more plays for several weeks beyond the promotion.

Michigan

Online – Days of Thunder: From August 4 through August 30, 2003, the Michigan Lottery conducted the "Days of Thunder" promotion, promoting the Lottery's on-line game, Winfall. The goal of promotion was to increase Winfall sales and raise awareness of the game among infrequent Winfall players.

Players became eligible for the promotion by purchasing a \$3 Winfall ticket. The promotion's \$780,000 budget allowed for four 2003 Ford Thunderbird Convertibles to be given away as prizes.

The player response to the promotion was favorable, as the Lottery experienced a 23 percent increase in sales during the promotion, and successfully navigated a huge publicity campaign.

Instant – Newspaper coupon insert: Buy One \$5 Instant Ticket, Get One \$2 Instant Ticket Free: The Michigan Lottery conducted a successful campaign that targeted the \$5 instant ticket price point from January 11 through February 8, 2003. Players became eligible for the promotion by clipping a coupon out of home delivered newspapers throughout the state, and presenting those coupons when purchasing a \$5 instant ticket. The coupon allowed players

one free \$2 instant with the purchase of a \$5 ticket.

The goal of the promotion, which had a budget of \$140,000, was to increase incremental sales, and it was successful at doing this. There was a 10.3 percent response rate for the coupons, and the promotion generated over \$500,000 in incremental sales.



New Jersey

Online – Buy One, Get One Free: The New Jersey Lottery conducted two separate "buy one, get one free" coupon promotions for Pick 6 Lotto and Jersey Cash 5 during the fall of 2003. The coupons were placed as full-page inserts in the Sunday editions of newspapers throughout New Jersey. The coupons were valid for a six week period and had a redemption rate of 20 percent for each game. The Cash 5 promotion

was done in conjunction with several game enhancements designed to introduce players to the new "roll over" game.

The budget for the Pick 6 promotion was \$600,000. The budget for the Jersey Cash 5 promotion was \$1.6 million. During the promotion, sales for Pick 6 Lotto increased by 12 percent and 126 percent for Jersey Cash 5 over the same period for the previous year.

Instant – Honeymooners: In conjunction with MDI Entertainment, the New Jersey Lottery conducted a "Honeymooners" promotion in October to introduce the new licensed instant ticket to players. A Ralph Kramden "look-alike" appeared at several bus and rail stations over the course of two days to give out "Honeymooners" instant tickets to people who could answer trivia questions relating to the show.

Ontario

On-line – Unleash the Power of The Super Seven Promotion: The Ontario Lottery and Gaming Corporation unleashed the power of Lotto Super 7 with a retro campaign that coincided with bonus jackpots of over \$10 million. The 'Unleash the Power of The Super Seven Promotion' kicked off in December with a high energy multi-media campaign that featured seven dynamic and colorful super heroes who illustrated the joys of winning a Lotto Super 7 jackpot. The promotion consisted of three components, a Super Seven hero tour, a newspaper contest, and an on-line contest.

During the Super Seven hero tour, held over three days in January, a team of actors in exaggerated super hero attire visited high traffic points of interest in Toronto. The heroes attracted a great deal of attention distributing promotional business cards for their characters and signing autographs. They quickly became super celebrities. Each Super Seven hero demonstrated extraordinary and unique abilities to help winners make the most of winning a jackpot. The Super Seven included the super human couch potato Relaxo; the age defying beauty Cosmetica; the excessive vacationer The Destinator; the exotic car expert





2-WEEKS-NOTICE-MAN:

Once a lowly insurance clerk stuck in middle management, a freak microfiche accident transformed him into the being you see today. 2-Weeks-Notice-Man's sole mission is to help free downtrodden workers from the shackles of upper management. He is imbued with special powers. Most notably, a lightning fast 19 words per minute, which he uses ferociously when typing resignation letters for SUPER 7 winners. His only weakness is fluorescent lighting, which makes him break out in a rash.



DESTINATOR:

All that vacationing can really wear a SUPER 7 winner out. Enter The Destinator, facilitator of international travel. Though diminutive in stature, she has the power to open packs of airline peanuts with a single tear. With her semi-bionic eye, she skillfully identifies mysterious food-like items in airplane meals, and parleys their identity to winners for a more enjoyable gastronomically pleasing flight.



PROFESSOR POSH:

Making the transition to the world of the ultra-rich often brings many questions to the SUPER 7 winner. "Which fork do I use at fancy dinners?" "Asot or bowtie?" "Tomato? Tomato?" Quandaries such as these can only be answered by one man - Professor Posh. Raised in the finest finishing schools, he unravels the mysteries of high society, imparting valuable knowledge to the SUPER 7 winner. "Remember, crutiles is just a fancy word for veggies & dip," muses Posh. Words from a great man, indeed.



RELAXO:

A disciple of the school of the 2 Rs Rest & Relaxation - Relaxo honed his skills at doing nothing at a very young age. He imparts his wisdom to SUPER 7 winners to help them cope with being filthy rich. "You can't merely throw a SUPER 7 winner into a life of idleness" quotes Relaxo. "You must acclimatize them slowly. No more than 9 hours of TV a day to start off, then gradually increase by 3 hours each day. Loafing around takes a lot of hard work and practice."



Jesse Streets; the authority on high society Professor Posh; the uninhibited shopper The Splurger, and everyone's favourite, 2 Weeks Notice Man with his enthusiastic refrain "I QUIT".

In the seven days following the tour, the Toronto Sun paper offered a mail-in promotion that featured collectable bios of each Super 7 hero, all part of a contest to win a Grand Prize of \$7,000 in cash. Readers who mailed in all seven bios were eligible for a draw that took place on February 6, 2004.

The campaign ended with a television promotion where viewers had an opportunity to enter an on-line contest by voting for their favorite hero. Seven winners were selected, one per each hero category, and each was awarded \$1000 cash. Nine Super 7 merchandise prize packs valued at \$100 were also given away during TV broadcasts.

Bringing the Super Seven heroes to life had high impact and humor value, creating an instant buzz. The team received phenomenal response from consumers who immediately made the connection to the advertising spots. Sales have responded as well, with OLCG's market share of the Super 7 game climbing as high as 49.9 percent of national sales. The overall investment was just over \$120,000.

Oregon

Instant – Harley-Davidson Summer Events Promotion: The Oregon Lottery ran the Harley Davidson Summer Events Promotions from June 10–August 31, 2003. The promotion featured video Harley Davidson games, temporary tattoos and offered the opportunity for people to have their picture taken with a Harley under the Lottery's "Playtime" (brand) tents. The promotion went on tour, attending concerts, festivals and "The Ride Home" which was Harley Davidson's 100 year Anniversary event.

The goal of the promotion was to encourage sales and increase awareness for Harley Scratch-its, provide unexpected, interactive entertainment, position the Lottery as an entertainment company with entertaining products, provide product sampling, drive audience to retailers, and build relationship with emerging audience.

The budget included enough funding for video games, premium items, space rental (sponsorships), vendors (tattoos), staffing, and a Harley-Davidson motorcycle and trailer.

The promotion lasted the duration of the summer and had waiting lines at most events. The end result was that sales of Harley-Davidson tickets exceeded projections.

Online – Scoreboard 2nd Chance Drawing: From September 2003 through January 2004, the Oregon Lottery ran the Scoreboard 2nd Chance Drawing, creating awareness for the Lottery's new game, Scoreboard. Players became eligible for the promotion by entering via an Internet survey.

The budget for the promotion was \$10,000, which was used to provide prizes. Prizes included a 42" Plasma Screen TV and Entertainment Center.

The player response for the game was excellent – exceeding expectations.

Rhode Island

Instant ticket – Holiday Instant Ticket Contest

From December 8, 2003 through January 5, 2004, the Rhode Island Lottery conducted a Holiday Instant Ticket Contest promoting the Lottery's \$10 ticket, Winter Action. The goal of the promotion was to increase holiday sales and provide incentives for retailers.

In this promotion it was Retailers who became eligible to win cash prizes with each book of Winter Action activated and settled during the promotional dates. Prizes ranging from \$50 to \$500 were awarded to five Retailers on each of the Lottery's nine Sales Routes

The promotion, which had a \$9,000 budget (paid out in cash prizes to retailers), saw an excellent response. During this period, 2,436 books of the \$10 game were sold, and many of the Lottery's smaller Retailers began selling \$10 tickets to qualify for a chance to win in this promotion.

Online – Instant Match Valentine's Day Promotion: The Rhode Island Lottery also conducted a promotion aimed at introducing new players to the Daily

SUCCESSFUL PROMOTIONS

Numbers Instant Match Feature, and increasing sales.

From February 13, 2004 through February 16, 2004, players who purchased the Instant Match feature along with their Daily Numbers ticket saw a better chance to win a prize, as lower tier prizes were changed to allow more \$10 winners.

The promotion, which cost nothing as it merely changed the prize structure of the game, saw an excellent response. Instant Match sales increased 21 percent over the previous weekend sales.

Texas

Instant – \$2,000,000 Spectacular Retailer Holiday Contest: The Texas Lottery's (TLC) most successful Instant ticket promotion in the last year was its \$2,000,000 Spectacular Retailer Holiday Contest which ran from October 26, 2003 through January 3, 2004. This promotion was designed to continue to drive rapid sales of the new \$20 game, especially during the holidays. The cost was approximately \$750,000 for the free packs of tickets that were given away as the prizes.

Retailers became eligible for the promotion by settling packs of tickets of the new \$20 game \$2,000,000 Spectacular.

If retailers settled 5 packs of the \$20 game, they received 1 free pack of a \$2 game. If they settled 10 packs of the \$20 game, they received 2 free packs of a \$5 game. If they settled 15 packs of the \$20 game, they received 2 free packs of the \$2 game. If they settled 20 packs of the \$20 game, they received 2 free packs of the \$2 game and 1 free pack of the \$5 game. If they settled 25 packs of the \$20 game, they received 2 free packs of the \$2 game and 2 free packs of the \$5 game. For every additional 5 packs of the \$20 game settled over 25, retailers received 1 free pack of the \$5 game.

This was such a successful promotion with TLC retailers that the Lottery extended it for an additional two weeks from the original end date of December 20. Retailers perceived the free packs of a \$2 game and a \$5 game as a great incentive that was as good as cash in their pockets.

This \$20 game, \$2,000,000 Spectacular, was introduced in late October in a suite of holiday games, but it did not have a holiday theme. TLC was able to sustain high sales for the game through its initial sales spike and into the first part of the New Year.

Online – Nth Voucher & Player Free Ticket Promotion: The Texas Lottery's most successful on-line promotion over the last twelve months was its clerk/retailer "Nth" Voucher & Player Free Ticket Promotion, which was used to promote Cash Five™ & Cash Five™ The promotion ran from July 27 – August 2, 2003 (Clerk) and August 3 – August 16, 2003 (Player). Its purpose was to raise awareness of the Cash Five game. The cost of the promotion was as follows: Clerk – Cash Five T-shirt $\$2.64 \times 19,502 = \$51,485.28$; Player – Free Cash Five tickets $\$.55 \times 564,980 = \$310,739$; Total cost = $\$362,224.28$

Clerks received a voucher generated by the on-line terminal and received a specified promotional item, a Cash Five T-shirt, in exchange for the voucher. The vouchers were randomly generated by the on-line terminal based on predetermined criteria (the Nth value). The Nth value is a predetermined value (e.g. every fourth Cash Five ticket sold statewide with a purchase price of \$5 or more.) Players received a free \$1 Cash Five Quick Pick with a \$5 (or more) Cash Five purchase.

Clerks always respond favorably to receiving Texas Lottery promotional items as a reward for selling lottery products. Current players and new customers like the added value of getting a free ticket with their purchase.

These promotions are deemed successful for the Texas Lottery because they foster goodwill between the Lottery and clerks and

players. Clerk promotions also help to get the clerks in the habit of "asking for the sale" and to raise awareness of the featured game(s) before the two-week player free ticket promotion begins.

When comparing average weekly sales for the two-week period before the player free ticket promotion to the average weekly sales during the two-week player promotion, Cash Five sales increased over 9 percent during the player promotion.



Virginia

Instant – Corvette Summer Second-Chance Drawing: The most successful Virginia Lottery instant ticket promotions of the last twelve months were the Corvette Summer Second-Chance Drawings, held in August and September 2003. The \$5.00 Corvette Summer scratcher was launched in the summer of 2003. The goal of the promotion was to provide players with additional chances to win one of two Corvettes or other merchandise. The

cost of the promotion was about \$700,000. Players participated in the second-chance drawings by entering non-winning Corvette Summer tickets via U.S. mail or the Internet. The Lottery received over 200,000 entries, 16% more than the prior second-chance drawing. Corvette Summer was truly a blockbuster game, selling 39% more than the average \$5 game despite the typically slow summer sales period. The success of the game is attributable to the promotion (an added-value feature) and to significant advertising support, including small billboards on secondary roads throughout the Commonwealth.

On-line – Bonus Ball: During the past twelve months, the most successful online promotion offered by the Virginia Lottery was the "Bonus Ball" promotion, originally scheduled February – March 2003, and extended through April 2003. Games included in the player promotion were Pick 3 and Pick 4; all purchases were eligible. The promotion was designed to put dollars in players' hands instead of talking to them about the game by means of typical advertising. An extra ball machine containing four white balls and one orange ball was included in the twice-a-day drawings. If a white ball was selected, no bonus was paid; if an orange ball was selected, a 20% bonus was paid on all Pick 3 and Pick 4 prizes for that drawing. The advertising budget for the promotion was approximately \$1 million dollars and included POS, TV, and radio. A total of \$1.1 million was paid to players in bonus prizes. In focus groups that followed the promotional period, participants indicated that they enjoyed the "Bonus Ball" promotion and inquired if the promotion would be offered again. The Lottery considers the promotion a success, since players were aware of it and it increased daily games' play. The program was a good investment of marketing funds and will be considered for future use.

A retailer incentive, "The Big One," was designed to support the "Bonus Ball" player promotion. Retailers earned 1/2% bonus commission on all daily-game sales during the promotional period, once they achieved an individual program sales goal. They could earn another 1/2% by properly displaying POS related to the promotion. ■



The Hoosier Lottery and MDI Entertainment Go Tropical

It's the middle of the winter in the State of Indiana. So how do Hoosier Lottery players choose to keep warm? By playing the Scientific Games/MDI-licensed *SuperClubs Island Poker* instant game of course! In addition to winning cash prizes of up to \$70,000, lottery players also have the opportunity to instantly win six-day Caribbean vacation packages for two—the perfect theme for a wintry instant game when Hoosier Lottery players shiver while they scratch. In addition to advertising and POS to promote the game, the Hoosier Lottery and MDI Entertainment's marketing teams brainstormed a promotional launch to get the word out to consumers that the Island Poker instant game was now available at retail locations.



Hoosier Lottery Director Jack Ross congratulates the happy trip winner during the fun-filled SuperClubs Island Poker launch promotion.

On Saturday, February 7, 2004 in a four-way partnership among the Lottery, the Indianapolis Ice minor league hockey team, SuperClubs and MDI, the world's largest winter tropical party was introduced to Indianapolis' player population. Beginning at 6:00 P.M. consumers flooded the Pepsi Coliseum to attend the Indianapolis Ice game. Fans with non-winning *Island Poker* tickets received a discount on their admission.

Bundled up in down jackets, scarves and mittens, the fans were greeted by a tropical paradise, including a live Reggae Band, Jamaican dancers, Rastafarian Fire Eaters and Limbo dancers. There were contests and competitions galore, all focusing on the *Island Poker* instant game. Attendees participated in Limbo contests and everyone who purchased an *Island Poker* instant ticket qualified to win a Caribbean vacation getaway for two at the game. Tropical prize packages filled with island-themed goodies were given to contest participants and custom Lottery/Ice t-shirts were given to all Lottery and Ice employees to generate enthusiasm for the instant game.

As Lottery marketers, it is critical that we continue to "think outside the instant ticket dispenser." The Hoosier Lottery promotion was an innovative and creative way to let Indiana consumers know that a new and different lottery game was available for purchase. For more information, contact MDI's Jeffrey Schweig at 773-772-4634. ■

BEGINNING IN MAY



Public Gaming International will be the leading authority on Racinos and Video Gaming, with the hottest information on legislation, installation and interviews with the top executives.

Do-It-Yourself

Lottery Self-Service Programs

Self Service Lottery technology (ITVMs, PTVMs, SSTs) can do a lot for a Lottery. While not every state is allowed to utilize such technology, those that do often see rewards such as higher sales volumes and increased distribution in high volume and non-traditional locations. Self serve technology also allows Lottery's to cater to the ever-increasing number of consumers who want as little face-to-face contact as possible (in Washington State, some locations allow players to purchase tickets at the gas pump).

Public Gaming International recently talked with several North American Lotteries about their self-service programs.

PGI: *How many Instant ticket self-serve machines does your Lottery have in the marketplace?*

West Virginia (WV): 120 ITVMs

Virginia (VA): Since 1991, the Virginia Lottery has had self-serve instant ticket vending machines (ITVMs). Currently, there are approximately 1,500 ITVMs installed throughout the Commonwealth of Virginia.

Texas (TX): The Texas Lottery utilizes 1,151 Instant Ticket Vending Machines (ITVMs).

Oregon (OR): Oregon currently has 593 Instant Ticket Vending Machines. This consists of 375 16-Game ITVMs and 218 8-Game ITVMs.

New Jersey (NJ): The New Jersey Lottery currently has 200 self-serve machines that sell a variety of instant ticket games. These machines are primarily located in high-traffic areas of supermarkets and have been in place since 1996.

Kentucky (KY): 552 ITVM's and 1,358 PTVM's

Iowa (IA): We have 350 instant vending machines.

PGI: *How many self-serve on-line ticket machines does your Lottery have in the marketplace?*

VA: The Lottery began installing self-service terminals (SSTs) for online ticket purchases in 1992. Currently, there are approximately 200 SSTs installed throughout the Commonwealth of Virginia.

TX: Currently, there are no Self-Service Terminals (SSTs) utilized in Texas, but plans to install an initial 1,000 are scheduled by the end of August 2004.

OR: Oregon has a total of 356 self-service EZ Express on-line terminals.

PGI: *What percentage of product sales do your self-serve machines account for?*

VA: In FY03, ITVMs accounted for approximately 17 percent of all instant sales and 8 percent of total Lottery sales. During the same time period, SSTs accounted for almost 1 percent of all online sales and almost 0.5 percent of total Lottery sales.

TX: (Instants, as of March 4, 2004) At stores which feature an ITVM, the ITVM makes up 60 percent to 70 percent of the location's total Instant sales.

OR: Instant figures are not tracked, but 12.1 percent for On-line.

IA: Approximately 15 percent.

PGI: *Did the implementation of self-serve machines cause your sales figures to increase?*

WV: Locations also sell manually; therefore, no determination has been made as to the actual increase at these locations.

VA: Yes.

TX: Yes. ITVM placement has increased Instant product sales by approximately 45% in locations where they are placed.

OR: We experienced a large bump in Scratch-it sale from 1993 to 1995, when the first ITVMs were installed. In CY1993, we generated \$57.1 million in instant sales, compared to \$102.2 in CY1994, and \$133.1 in CY1995. Since we introduced many changes to the instant product, we were unable to determine the specific impact ITVMs had overall.

KY: Yes.

IA: Our philosophy has always been that a point-of-purchase placement always lends itself to the best situation for instant sales growth. We have dropped slightly in the number of instant vending machines over the past two years, while increasing our instant sales 5 percent during the last fiscal year and we're on course to grow 13 percent this fiscal year. Most of our c-store customers understand the need for strong point-of-sale presence for the lottery instant product, while a small number of grocery stores still embrace vending machines as the optimum method sales for instant.

PGI: *Was the Lottery able to increase its retailer base by making self-serve machines available?*

WV: Yes. Machines were placed in expected high volume locations, almost solely larger grocery stores. Approximately 20 to 30 locations.

VA: The Lottery was able to increase its retailer base by utilizing self-service machines. The Lottery added non-traditional trade styles such as bowling alleys, shopping malls, and airports, in addition to the more traditional trade styles such as supermarkets and bars. Currently, supermarkets have 57% of the self-serve online devices and 48% of the self-serve instant devices.

TX: Yes. Nine years ago, ITVMs were instrumental in recruiting a grocery chain of approximately 150 locations. Currently, it appears that SST installations will be an effective tool in bringing on additional locations.

OR: We began on-line games with self serve terminals. ITVMs were added to existing retail locations, primarily multi-register supermarkets.

IA: We were able to maintain a majority of our grocery store customers with the implementation of instant vending machines. I don't believe we added any locations with the addition of instant vending machines. About 67 percent of our instant vending machines are placed in grocery stores.

PGI: *Besides (or in addition to) increasing sales, does your self-serve program have other objectives?*

WV: Convenience for high volume retailers.

VA: The Virginia Lottery's self-serve program has enabled expanding the retailer network, selling in non-traditional locations, alleviating retailer workload in high-volume locations, and expanding the player base.

TX: The recruitment of new retailers and the potential increase in the player base due to placement in higher-traffic grocery stores.

OR: It helps us achieve one of our key strategies by offering retailers with equipment (technology) that helps produce sales without increasing retailers' labor. This has been extremely important in our multi-register supermarket retail locations. Although some multi-register retailers have migrated to Lottery sales through the self service terminals, we have been able to keep product placement in these channels. We have also found that

some players prefer to purchase Lottery products through self serve terminals.

KY: No.

PGI: *What is your Lottery's future plan for self-service terminals?*

WV: We plan to upgrade to newer ITVMs, but not increase the number by much. Our player base still prefers and spends more money interacting with a clerk. No determination as to types or brands has been decided at this time.

VA: The Lottery has placed all the self-serve devices that it currently owns. Since the technology of both types of devices is outdated, the Lottery is currently exploring options to replace all of the self-service equipment (instant and online) with modern technology equipment. The Lottery issued an RFP for Instant Ticket Products and Services in January 2004; one section of the RFP addresses equipment, including ITVMs.

TX: After the initial installment of SSTs and the ensuing sales analysis, decisions to expand or modify will depend on the agency budget.

OR: The feasibility of offering self-service Lottery kiosks is under discussion, however, no action has been taken.

KY: We would like to add self service on-line terminals to our mix.

IA: None at this time. ■

PLAYCENTRAL™: Coming Soon to a Retailer Near You

The ITVMs once-monopolistic grip on the supermarket channel continues to loosen.

In Georgia, 250 Scientific Games PlayCentral™ self-service lottery kiosks have now replaced the Lottery's traditional ITVMs, mostly in supermarkets. Mom-n-pop stores, discount retail chains and a bowling center are among the other newly equipped PlayCentral™ locations.

Due to the growing number of corporate locations, the Georgia Lottery Corp. has ordered an additional 376 kiosks, bringing the total count to 626 (more than twice the number of ITVMs previously installed).

This month, the new Tennessee Education Lottery will begin rolling out up to 500 PlayCentral™ terminals. Colorado is preparing a similar rollout program; up to 550 PlayCentral™ terminals will be installed statewide beginning in August.

"What we are seeing is that PlayCentral™ is improving sales performance in retail environments where the conventional ITVM has been the only self-service vending option up to this point," said Steve Saferin, President of Scientific Games Ventures. "This encouraging sales data is occurring in a state that, at least initially, has opted to employ only the enhanced instant capabilities of our new kiosk. We are obviously most interested to see what effect PlayCentral™ will have on sales when a lottery begins using its Fullline™ capabilities for the first time."

That answer will begin to take shape in May when Pennsylvania begins to roll out 1,000 PlayCentral™ kiosks customized to sell both instant and online games. Retailer recruitment is well underway. The Lottery is planning to place the majority of the PlayCentral™ units in high-traffic, non-traditional retail environments.

In addition to dispensing both product lines, Pennsylvania's PlayCentral™ kiosks will allow players to validate their winning online tickets. Scientific Games' SciScan™ terminals will validate the Lottery's winning instant tickets in these locations.

"In just eight months, four lotteries have actively embraced PlayCentral™ as the future of self-service lottery ticket vending," said Saferin. "Testimony of its broad appeal is that lotteries that have chosen to upgrade their stand-alone programs are each at different stages of maturity. One lottery started sales in the 1970s, one in the '80s, one in the '90s, and now Tennessee in 2004."

New or old, regardless of age, lotteries appear to be sending one unmistakable message: "Out with the old. In with the new." ■



Before the end of 2004, more than 2,600 PlayCentral(tm) kiosks in four states will be dispensing lottery tickets, principally at multi-lane retail locations. The Georgia Lottery has more than doubled its initial order for PlayCentral kiosks, which are currently used to sell instant games only. The Pennsylvania Lottery will soon be the first state to use PlayCentral(tm) to sell both online (see inset screen) and instant games.

A Comprehensive Look at Lotteries on the Internet part I

In many parts of the world the Internet is becoming an important direct sales tool for lotteries. Slowly but surely countries are beginning to regulate Internet gambling, enabling governments to reap the rewards of yet another sales medium.

Still, in North America, as in other parts of the world, regulatory issues continue to stymie efforts to begin utilizing this powerful sales tool. Fortunately, in the absence of legislation, lotteries are continuing to come up with new ways to incorporate the Internet within their marketing strategy.

This article, dealing with communications, public relations, market research, player's clubs and second chance drawings, is the first installment of a series dedicated to how lotteries around the world are using the Internet. Due to the amount of information being covered, the article has been broken into two pieces - part two will be printed in May.

Arizona

The Arizona Lottery is in the process of completely revamping its Web site. As it exists currently, the site is used for standard communication and public relations functions such as news, responsible gambling information, winner information, winning numbers, etc. The Lottery is exploring the possibilities of market research, VIP clubs and second-chance drawings.

Atlantic Lottery

The ALC currently uses its website, alc.ca, to communicate winning numbers, winners' stories, game information, responsible gaming information, corporate information, contests, etc.

In November 2002, ALC successfully launched eClub Rewards, a free online membership club offering promotions and special benefits to Atlantic Canadians who have reached the age of majority in their province of residence. The Lottery currently has over 14,000 members.

The Lottery has conducted second Chance draws as well as some market research within eClub Rewards.

Colorado

The Colorado Lottery uses the internet and an intranet for internal and external communications. These systems have been in place for the past 5 years.

The Colorado Lottery web site also houses a section that is specific to the media. Special media information is posted on this section of the site. The Lottery also posts press releases on the site.

The Lottery is currently engaged in the utilization of SurveyWorks. It is an integrated program that allows internet respondents to respond to specific survey questions. This system has been in place for about 1 year.

MyLottery is an email club that was developed in conjunction with the Colorado Lottery's web site. Those who want to opt in select information from a menu that is emailed to the requestor. MyLottery has been in use for approximately two years and is currently being expanded to allow respondents to participate in second chance drawings.

At this time, all Colorado second chance drawings are handled

through a mail-in process. The Lottery is developing an online registration system that will give registrants an opportunity to register specific information. This system should be in place by mid 2004.

California

The California Lottery offers group players the opportunity to download the SuperLotto Plus jackpot, player list and winning numbers (in large type for posting in the office area). Each month three player's club members win free tickets and one player is chosen each year for a \$1,000 grand prize.



The California Lottery has used the website to promote several second chance drawings. The most popular drawing was a chance to win NBA playoff tickets by sending in non-winning NBA Scratcher tickets.

The California Lottery will launch a new website (www.calottery.com) during March of 2004. The site provides an entertaining and interactive experience for lottery retailers, players and a special section for news media. Besides new features, the new site provides users with customer friendly ways to access information about the California Lottery.

Users can log on to the website for information on lottery games, draw results, local education contributions and retailer locations. Features include interesting stories about every day heroes and recipients of the California Lottery's Heroes in Education, Exceptional Educators and Lottery Funds at Work Awards Programs. Anyone with access to a computer can look-up how much money was contributed to a local school district by searching the "How Much Money?" page by district or county.

Users of the Lottery's new website will enjoy reading about the latest lucky Lottery winners or perhaps to find out if they join the ranks of the winners by logging on to the latest draw results. An added feature is up to 180 days worth of game draw results. For example, instead of only displaying the latest

SuperLotto Plus draw results on the site, a player can check a ticket from three months ago to find out if it's a winner. Players can also find retailers in local areas by searching via city or zip code. A lucky retailer list is available for those players that want to buy their ticket at a lucky location! Other added features to look forward to are automatic winning number emails, audio and video files and interactive flash-

based Scratchers. Additionally, the new site complies with ADA, priority one standards.

More than 50,000 players visit the California Lottery website everyday. According to the Lycos search engine, during large jackpots, the California Lottery website is one of the most popular sites in the country - regularly logging 300,000 visitors in one day. The site sits on two servers located inside a high-end data center. This setup ensures 24/7 reliability so players can view the latest jackpots and check the winning numbers.

Connecticut

Seventy-five percent of the Connecticut Lottery web site is geared to communicating winning number and How-To-Play Information to viewers.

Twenty-five percent of the Connecticut Lottery web site is dedicated to showcasing winners, as well as providing corporate news and information. Accurate and timely personal responses to viewer's questions and comments adds to the overall importance of the Lottery's web site as a Public Relations tool.

D.C. Lottery

The D.C. Lottery and Charitable Games Control Board launched its official website, www.dclottery.com, on February 17, 2004. Players are now able to use the site to search for winning numbers, including specific numbers they have played. They are also able to obtain information about the POWERBALL jackpot, all lottery products, and Charitable Gaming.

Additionally, D.C. Lottery press releases and a calendar of events are readily available on the site.

The agency is also incorporating a Players Club that will help to facilitate its marketing research efforts. Within the next 12 months, the D.C. Lottery plans to use the website as a vehicle for players to enter second chance drawings.

Kentucky

The Kentucky Lottery uses the Internet in a variety of ways to reach players. It is a massive communications tool with information ranging from how to play instructions for all games, winning numbers, winner information, frequently asked questions, etc. Players also correspond with KLC's customer service department to find out any information that they need.

With regards to public relations, the Kentucky Lottery's web site is a portal for information. All KLC news releases are posted on the web site for reference. In addition, the annual report and financial statements are also available for public access. KLC also has information about its play responsibly program as well as phone numbers and links to web sites that can aid in problem gambling. KLC posts procurement opportunities and downloadable bids as well as job postings.

KLC's market research department uses the Internet to conduct research on a regular basis. They have a research panel of people that they periodically send emails to in order to get feedback on new game concepts, play habits and the like.

The Kentucky Lottery's web site also has a Player's Fun Club with nearly 25,000 members. Players can join the club in order to play interactive games for entertainment and for a chance to win prizes. Members are also emailed barcoded coupons and they receive periodic emails about winners, promotions and new products. The Lottery develops a new game each quarter to add to the Player's Fun Club. Recently, the Lottery added a Bingo game and is developing a Poker

game and a process of creating horoscopes that players can get through the club on a daily basis.

KLC has conducted several second chance promotions via the Internet. Each has been wildly successful and players seem to enjoy the ease of entering via the Internet. A recent promotion was tied to the Power Bowl. Player's could enter their Powerball tickets online or through the mail. KLC received more than 76,000 entries through the Internet. The Lottery has also conducted Player's Fun Club member-only second chance promotions that were very popular. A recent promotion, which received more than 53,000 entries over a two-week time period, was for a top prize of \$100. KLC plans to conduct these member-only promotions once per quarter as a reward for members.

Missouri

Posting information such as draw results, where winning jackpot tickets were sold, new games and promotions, promotion winners' lists, etc., to the Missouri Lottery's web site on an immediate basis is crucial to its business on the Web. The Lottery has encouraged its players and retailers to check its Web site first for highly anticipated information and announcements since this communication vehicle allows the Lottery to post content quickly and effectively and with little to no costs involved. As a result, these audiences have come to expect the information on its Web site to be the most current and up-to-date.

The Lottery spends a great deal of time e-publicizing information that ranges from winners and their prizes to Lottery proceed allocations to public education and dedication to minority/women-owned businesses. All advertising and PR efforts direct the public to Molottery.com. The Lottery takes advantage of the latest web-based technology that allows it to provide more than just the written word (news releases) about lottery winners and events. Molottery.com visitors have access to a variety of digital photos, streaming video and sound bytes of winners claiming their prizes and other important lottery-related events. Visitors may also join the My Lottery program to receive daily or twice-weekly winner news and number emails, jackpot alert messages and occasional e-mailings that keep them up-to-date on special lottery games, promotions, events or news that the Lottery thinks may be of interest to them.

The Missouri Lottery recently conducted a survey to compare the reliability of on-line research to traditional track and trend research, which is a random digit dial phone survey that is not limited to Lottery players but to Missourians as a whole. The end result found that Web visitors matched reasonably close to the core player segment, which are those players who play weekly. The Lottery is having to scale back the traditional track and trend phone surveys somewhat due to budget constraints and the fact that it is able get reasonable market data from the Web surveys, at least as it pertains to core players, is seen as great news.

The Lottery has also been collecting (but has yet to analyze) valuable market and demographic data from the My Lottery program player group. This research is on-going and could be used later on in some type of relationship marketing program.

The new My Lottery player registration program at Molottery.com is similar to a players' club, but with a slightly different angle. The Lottery has chosen to portray it as a free source

Continued on page 28...



On the Internet



Sal Falciglia of Ridgewood, N.J. is presented with an instant ticket of the New Jersey Lottery's newest instant game, Cyber Slingo, by retailer Amy Penn of the Windsor Pharmacy in East Brunswick. Falciglia is the creator of the popular internet game Slingo. Cyber Slingo is the first of its kind instant game in the country. Also on hand were from left to right (New Jersey Lottery Executive Director Virginia S. Bauer, Caroline Ehrlich, Chief of Staff for the Dept. Of Treasury and State Treasurer, John E. McCormac.

Nation's First Internet Lottery Game Debuts in New Jersey

On February 23rd New Jersey Lottery players were the first in the nation to experience the future of lottery games. Cyber Slingo offers lottery players two distinctive play areas: the traditional scratch-off portion, and a new, revolutionary Internet component. The game is the first of its kind in the nation. To take part in the web portion of the game, New Jersey players visit www.njlottery.net, input the access code printed on the ticket, and "play" a short, five-minute Slingo game by completing a series of horizontal, vertical and diagonal rows to achieve the highest score. Players cannot purchase Cyber Slingo on-line nor can they win any prizes through the Internet - purchase/redemption must happen through registered retailer locations. Also, players are not required to go online to win, needing only to ask retailers to scan the Internet Play ticket.

Hoosier Lottery Revamps site

The Hoosier Lottery has debuted a new Web site: www.in.gov/hoosierlottery/promotions/welcome/welcome.asp created with players in mind. One of the biggest changes is a new feature that allows visitors to customize their own Lottery home page. Web users can choose up to 25 different links on their home page, including up-to-date jackpot information, new scratch-off games and winning numbers.

The Lottery receives an average of 150,000 unique visits each week and 750,000 page visits. To keep those visitors happy and coming back for more, the Lottery used player feedback and launched a redesign of the site. Players said they wanted easier access to current winning numbers and jackpots, for example. That information is now clearly listed on the home page.

In addition to customized features, the Lottery added new searches so visitors can see the number of winners by county, and it revamped the popular VIP club, now called Lotto Fun Club, which offers benefits to members. Not only is the name new, but the club has added features, including more chances to win. The Lottery is kicking off the new name with a second-chance contest. Players

with non-winning Hoosier Millionaire tickets can sign up on the Web site by entering the 14-digit serial number from their tickets. The grand prize winner - announced on the April 17 Hoosier Millionaire Show - will receive a trip for two to Las Vegas.



Georgia Rep.

Georgia Rep. Terry Barnard, R-Glenville, is pushing a bill that would see Georgia launch Internet sales through a Web site called "Georgia Peach Account". The site would allow people to play up to \$5 daily on debit or credit cards. Players would deposit money in their online account first, then let the computer draw off the account.

The Georgia House voted 131-32 in favor of the bill, but the rhetoric from the Senate on the issue has been icy, and even if the bill does pass, there's no guarantee that sales would ever get off the ground. A bill in the U.S. Senate, introduced by Senator Kyle of Arizona, would make all gambling on the Internet illegal - even if conducted by a state-run agency, selling only to citizens within its own borders.

Washington Bill Would Legalize Phone/Internet Bets

Washington horseplayers could bet by phone or over the Internet under a bill passed recently by the state Senate. Senate Bill 6481 is aimed at helping the state's struggling racing industry, essentially by legalizing wagers that are currently being made illegally over the Internet. Neither tracks nor the state make any money from such bets. The bill would also expand Emerald Downs' authorization to simulcast live horse races from tracks in other states and allow two more off-track betting parlors in King County. The bill passed 38-10. The bill now goes to the House.

China Soccer Betting Goes Online

Creator Capital Limited's website, www.worldwidelotteries-china.com, is now live and able to accept purchases for the PRC Soccer Betting Lottery. "WorldWideLotteries-China" is the only international portal to the world of China's soccer betting. Players simply guess the outcomes of 13 soccer matches drawn from the British, Italian and German premier leagues. By correctly predicting all 13 outcomes, or 12 of 13 outcomes, players will win first or second prizes.

EGET Launches New Betting Solution

EGET has made a strategic decision to further enhance its WinOne™ product portfolio with a completely renewed real-time event betting solution. Event betting refers to skill-based wagering. Traditionally this has meant betting on sports events such as football or ice hockey. However, EGET's new solution enables 15 different game variations, which makes it possible to bet practically on any event ranging from song contests to stock market changes as well as on any aspect or stage of the chosen event. For the gaming operator the new solution offers the possibility of supporting any number of Internet betting sites. ■

Hoosier Transfer Largest In Years

The Hoosier Lottery transferred \$56.5 million in profits to the state of Indiana on Jan. 31. This is the largest quarterly transfer since it gave the state \$64.4 million on Oct. 31, 1998.

Jack Ross, director of the Hoosier Lottery, said the near-record transfer is attributable to the extraordinary sales levels achieved in 2003. The Lottery's total revenue last fiscal year climbed to \$664.4 million, an increase of about \$38 million over 2002.

The state will direct \$7.5 million of the total to teachers' retirement funds, another \$7.5 million to the pensions of police officers and firefighters, and \$41.5 million to the Build Indiana Fund, primarily for Motor Vehicle Excise Tax relief.

Tennessee Launches Cash 3

Ticket sales for CASH 3, the Tennessee Lottery's first computerized game, began at 5 a.m. CST, 6 a.m. EST, on Monday, March 1. The first of what will be daily, live drawings broadcast throughout the state, began at 6:28 p.m. CST, 7:28 p.m. EST on Monday. The first day of sales were more than \$500,000.

CASH 3 ticket prices range from .50 cents to \$1, depending on how a player chooses to play. Prizes range from \$40 to \$500. Odds vary depending on how a player chooses to play.

New York Racino Opens

The Finger Lakes Gaming and Racing Track in Farmington,

Ontario County opened its racino on Feb. 18. The track's gaming center hosts 1,000 VLTs.

West Virginia Lowers VLT License Price

The West Virginia Lottery Commission has reportedly reduced the bid price for limited video lottery licenses, from \$3500 to \$3000. The adjustment was made in an effort to accommodate smaller retailers.

Con Artists Use Powerball Name

Con artists using the Powerball® name are sending phony emails across the country and around the world, telling recipients they have won a lottery prize, and trying to get personal information in return.

MUSL said the e-mails claim that the recipient has won a prize in Powerball, Australian Powerball or some other non-existent international version of Powerball. The e-mails include the Powerball name, logo and links to a copy of an old Powerball web page. One version seeks a reply, another asks for \$75 to process the Powerball prize, and a third includes a form asking for bank information and "next-of-kin" information, which can turn up a mother's maiden name in a percentage of cases.

Of course, the emails are not from MUSL, Powerball or any associated Lottery. MUSL said one phony website has been shut down, but it may appear on other hosting services from the U.S. and abroad. The sender has already hacked into at least one server to send bogus solicitations. ■

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California

California's public schools will receive more than \$15 million in unclaimed lottery winnings as no one stepped forward to claim a \$28.5 million SuperLotto Plus jackpot by the California Lottery before the March 8th deadline. This is the largest unclaimed Lottery jackpot in California's history and the 15th time a SuperLotto Plus ticket has not been claimed. This unclaimed prize will generate an additional \$1.86 for each of California's 8.1 million public school students.

The California Lottery is offering a promotion on its Hot Spot game which gives players \$1 million more in prize money. The promotion runs from March 28 through April 24, 2004, and affects all Hot Spot and Bulls Eye tickets purchased during the promotional period. All tickets purchased during the promotional period will have a chance at winning the higher payouts. The \$1 million in additional prize money will be spread throughout the prize categories and a certain percentage will be added to various prizes. If a player purchases their tickets through Advance Play and the draw falls within the promotional period, their tickets are eligible for the increased prize money as well. Information on this promotion will be available on the Lottery's website (www.calottery.com), on the Hot Spot monitors and at retailer locations through the promotional period.

Maine

One of Maine Gov. John Baldacci's solutions for property-tax relief includes joining the Powerball multi-state game. His estimates state that the game could raise \$9 million for the state. In the past, Baldacci has been opposed to the expansion of gambling.

Maryland

Hidden away in a secret Maryland Lottery facility is the machine that keeps the agency's popular Keno game running. Since January 1993 it has been sending winning numbers out to the several thousand Keno screens around Maryland. All those games, all those days recently brought the Lottery to a milestone - the millionth Keno game.

Records show that since inception, Keno and its companion game Keno Bonus have brought in \$2.6 billion in sales - 15% of the Lottery's total sales - and delivered \$868 million in revenue.

After a million games, have Keno players become bored with the game? Apparently not. A recent week's sales of over \$8.9 million broke the previous record set just last month. There's even more reason for the lottery to celebrate - Keno isn't the only game on the rise. Pick 4 and scratch-off games recently set weekly sales records, \$4.5 million and \$7.7 million, respectively.

The millionth-game celebration involved a series of lottery events during the two weeks surrounding the millionth game and, an opportunity for all Keno players to triple their winnings at no additional cost. During the hours the tripler was available each day officials reported a significant increase in Keno sales.

Massachusetts

Five Massachusetts Lottery agents participated in a drawing for the chance to win \$50,000 or a grand prize of \$100,000. The grand prize drawing, which was held at Lottery headquarters in Braintree on Tuesday, March 9, is part of a bi-monthly Lottery program designed to encourage the promotion of new Lottery products in more than 7300 locations statewide. Each agent is guaranteed to win \$50,000 and one agent is guaranteed

Lottery People

Stanley Sadinsky has resigned from his role as Chair of the OLGC and Tim Reid has been appointed Chair of the Corporation in his place. Reid has enjoyed four decades of government management experience, and has been president of the Canadian Chamber of Commerce. Duncan Brown has been appointed CEO of the OLGC effective March 13. Most recently, Mr. Brown was CEO of the Alcohol and Gaming Commission of Ontario (AGCO). Sadinsky has agreed to provide consulting services to the Ministry of Economic Development and Trade and the Ministry of Health and Long-Term Care in the area of problem gaming.

Kentucky Gov. Ernie Fletcher has appointed retired Judge J. William Howerton of Paducah to serve on the board of directors for the Louisville-based Kentucky Lottery Corp. Howerton replaces Tina Conner, who resigned in January from the board.

Agenia Clark will reportedly leave her position as the vice president of human resources for the Tennessee Education Lottery Corp. Clark has accepted the position of president and chief executive officer for the The Girl Scout Council of Cumberland Valley.

Chartwell Technology, a provider of gaming software systems and entertainment content to the online and mobile gaming industry, announced the appointment of Mr. Lee Richardson as Chief Executive of Chartwell Games Corp., its wholly owned subsidiary. Mr. Richardson will oversee the European operations of Chartwell Games Corp. including sales, marketing, and business development. He will also be responsible for enhancing our corporate presence and expansion in this strategic market. Mr. Richardson's extensive industry experience includes his position as Chief Operating Officer of Coral Eurobet, Managing Director of Totalbet.com, Managing Director of Tote Direct and Marketing Director of the British Horseracing Board.

GameTech International announced that Don Whitaker has been appointed to its Board of Directors. Whitaker is the Founder and CEO of Ceronix Inc., a leading supplier of custom colour video monitors. The Board also announced the resignation from the Board of Charles W. Scharer, who had served for the past two years. ■

\$100,000. Agents are automatically entered into the drawing when they sell a book of the Lottery's newest instant tickets within an eight-week period. Agents are selected randomly by Lottery computers. The latest incentive focused on the sale of three instant games, Mistle Dough, Royal Riches and Cash Blizzard.

Michigan

On April 25, 2004, the Michigan Lottery will debut its newest game - "Daily 3 & 4 Daily Double" - it plays just like the Daily 3 & 4, but it pays out even more. Players select their regular Daily numbers and wager them straight, boxed or 2-way. They play the same wager in the "Daily Double" for just \$1 more. If their "Daily Double" number falls, then they win instantly! Prizes for winning "Daily Double" are, on average, 20 percent more than those paid out for the regular Daily 3 & 4 games.

After completing just over four months of sales, the Michigan Lottery's new Club Keno game has generated over \$64 million in total sales, averaging \$4,065 in sales per week per Club Keno terminal. These phenomenal sales figures have quickly elevated the Michigan Lottery to the second highest in the nation for weekly Club Keno sales per retail location! The Lottery currently has over 1,100 retailers selling Club Keno tickets statewide. By the end of the year, the Lottery expects to have approximately 2,000 retailers offering the Club Keno game in their establishments. Since the game's debut on October 27, 2003, Club Keno weekly sales have increased by 173.5 percent and average sales per terminal have increased by 83.9 percent.

Lottery players all across the state are racing to Lottery retailers to purchase the Michigan Lottery's newest \$3 instant game, "Speedway Cash," which hit ticket counters statewide on March 16! The "Speedway Cash" game offers lucky Michigan Lottery players the opportunity to win instant \$50,000 cash prizes; Michigan International Speedway racing event tickets; official Michigan International Speedway merchandise and one lucky individual will win a trip for two to watch the 2005 DAYTONA 500. In order to have a chance at winning the great merchandise prizes and trips in this game, players will need to send in two non-winning "Speedway Cash" instant tickets for a second-chance drawing. The Michigan Lottery will conduct four separate second-chance drawings to award Michigan International Speedway tickets and merchandise. For each bonus drawing, 100 winners will be selected to receive two tickets and hospitality credentials to the Michigan International Speedway racing event designated for that particular drawing: Additionally, for each bonus drawing, the 300 winners will be selected to receive the official Michigan International Speedway prize packs. Each pack consists of one Michigan International Speedway sweatshirt and hat. A total of 1,600 bonus drawing winners will be selected: 400 racing event winners (100 each drawing) and 1,200 prize packs winners (300 each drawing). Finally, on July 21, 2004, one entry will be drawn from the 1,600 total winners of racing event tickets and prize packs to win the trip for two to the 2005 DAYTONA 500(R). Players can also enter the "Speedway Cash" bonus drawings via the Internet at www.michigan.gov/lottery.

Instant games debuting in April include: the \$2 "Happy Mother's Day," offering a \$15,000 top prize; the \$10 "\$1,000,000 Dream," which offers a \$1,000,000 top prize; the \$2 "Wild Wild Time" with a \$30,000 top prize; the \$20 "Double Millions" offering a \$2,000,000 top prize; the \$2 "Tic Tac Bingo," which offers a

\$30,000 top prize; and the \$3 "Harley-Davidson" offering a \$50,000 top prize or a Harley-Davidson Softail Classic motorcycle; and the \$1 "Double Doubler Dough," with a \$4,000 top prize.

New Hampshire

The New Hampshire Lottery is turned 40! During the week of March 7th through the 13th, the lottery awarded coupons worth \$5 off lottery tickets. When players purchased a Megabucks, Heads or Tails, Pick 3, Pick 4, Hot Lotto, or Powerball ticket, they had the opportunity to win instantly. When the terminal wished the Lottery a happy 40th birthday, a special message printed on tickets and a secondary ticket, worth \$5 worth of tickets, printed. It's the Lottery's way of encouraging its players to have fun during the birthday celebration.

New York

The 2004 Empire State Winter Games, the largest state-run amateur athletic competition in the nation, is being sponsored by the New York Lottery. The games will feature 11 different competitive sporting events, including alpine skiing, biathlon, bobsled, skeleton, luge, cross-country skiing, figure skating, women's ice hockey, snowshoe racing, ski jumping, and ski orienteering. The New York Lottery sponsors the Games in partnership with the New York State Office of Parks, Recreation and Historic Preservation and Olympic Regional Development Authority.

Oregon

The Oregon State Lottery has increased the frequency of its Keno drawings in an attempt to boost revenue. The drawings are now held every four minutes, instead of five. Keno sales have increased an average of 19 percent in the five states that have made the switch from five minutes to four.

Pennsylvania

Gus the Groundhog, the new spokesperson for Pennsylvania Lottery Instant Games, introduced himself on Monday, March 15, through a feature interview. Gus, the second-most famous groundhog in Pennsylvania, answered questions regarding why he was selected as the new spokesperson for Lottery's instant games, how he plans to help increase funds for older Pennsylvanians and where consumers can expect to see him in the coming months. Gus made his television debut on Sunday, Feb. 29, and was featured in a commercial promoting the Lottery's new St. Patty's Day themed instant game, POT O' GOLD.

MATCH 6 Lotto gives Pennsylvania Lottery players more ways to win and more winning experiences. This statement is now backed by some facts. MATCH 6 lotto players have had more than one million winning experiences since the game's initial drawing on January 30, 2004. The first six MATCH 6 lotto draws produced 1,066,340 winning tickets with a total prize value of \$4,872,315.50. Players can match numbers in the traditional way, on one horizontal line of play or "base play." However, MATCH 6 lotto introduces Pennsylvanians to a new style of play: the complete set of 18 numbers on a ticket, six numbers on each of three lines (plays), gives players additional chances to win by combining winning numbers from all three lines, a total of 11 ways to win.

South Carolina

On March 1, 2004, the South Carolina Education Lottery

launched its third Carolina 5 drawing. The game now draws on Mondays, Wednesdays, and Fridays. Carolina 5 also moved to a new draw time of 6:59p.m., along with the Pick3 and Pick4 drawing. To help celebrate the launch, the SCEL hosted several launch day events at retail locations statewide. Promotional items were given away at the events with the purchase of five Carolina 5 tickets.

Tennessee

The Tennessee Education Lottery is having TV spots filmed for free. Students and faculty members from Watkins Film School, part of Watkins College of Art & Design, shot a public service announcement about Lottery scholarships for the TELC. The school is doing the work, valued at \$15,000 to \$20,000, for free, and the 30-second spot started airing in March.

Virginia

The Virginia Lottery has the home-team advantage with its new \$5 Scratchers - Tough Trucks, Big Bucks. The truck in the game - the Ford F-150 FX4 - is made in Virginia. And from all indications, the Tough Trucks ticket has rolled off of the assembly line with a very good start. Sales during the game's first week were 28% better than the average \$5 game and 13% better than the first week of Corvette Summer (the 2003 summer blockbuster). Virginia will give away eight F-150 FX4's, including two in the second-chance sweepstakes that accompanies the game.

Virginia Lottery officials announced that the jackpot run that ended with the February 20 drawing raised \$11.6 million for

Virginia's public schools. The Mega Millions jackpot run began December 31, 2003, and by February 20 the jackpot had grown to \$239 million. During that time, Virginia Lottery retailers sold 26.2 million Mega Millions tickets, including 6 million on February 20 alone. The \$26.2 million in Mega Millions sales for that period generated \$11.6 million in profit. By law, all Virginia Lottery profits go to public school education (K-12) in the Commonwealth.

West Virginia

With its most recent commercial effort combining the best of bluegrass with a state landmark, the West Virginia Lottery hopes to generate the widespread acclaim experienced last year with the introduction of "West Virginia Morning." Produced by Image Associates of Charleston, Musgrave said the new lottery commercial was shot at Stonewall Jackson State Park in Lewis County. "Behind the scenes of our latest endeavor are faces not all viewers would recognize, but their music is legendary," said Musgrave. Musgrave said "West Virginia Morning" composer Jan Haddox wrote the new music. A native of Point Pleasant, he was backed by some of the best bluegrass musicians in the country - all of them West Virginians.

The West Virginia Lottery's Powerball Instant Millionaire TV Game Show will end this fall, according to Lottery Director John Musgrave. Noting that the Powerball TV Game Show is nearly four years old, he said it is the longest-running second chance promotion in the Lottery's history. The last show will air September 25. ■

An Interview with North Dakota Lottery Director Chuck Keller ...continued from page 13

incredible accomplishment, I already realize that it is not the highest mountain peak and I sense that the Attorney General realizes that too. Next, we plan to launch two new multi-state games in June 2004, re-trace our steps to make sure that whatever we have done is the best that we are capable of doing, and make sure that we are, in fact, optimizing efficiency in every area. ■

A Comprehensive Look at Lotteries on the Internet ...continued from page 23

Molottery.com is similar to a players' club, but with a slightly different angle. The Lottery has chosen to portray it as a free source for players to participate in a variety of convenient, on-line services and unique opportunities to win at *Molottery.com*. Once an account is created, members are able to save time-and postage-and submit, view and edit their entries on-line for Missouri Lottery promotions; they can access forms to help them manage their lottery group-play activities; sign up for daily or twice-weekly e-news and numbers e-mails, specific jackpot alert email messages and more. The goal is to continually add new features to this program to entice and retain membership.

Since 2000, Missouri players have enjoyed a new option for entering Missouri Lottery promotions-entering on-line at *www.molottery.com*. Since that time, more than 458,000 entries

have been received through this method of entry. With just a few simple keystrokes, players have saved themselves the traditional time and postage costs previously required to participate in player promotions. In fact, the Lottery estimates a savings of nearly \$170,000 during the past three years. The cost savings to players is tremendous and detailed drawing procedures ensure the odds of winning a prize are the same for each entry, regardless if an entry is mailed in or entered through the Web site. The entry process requires players to enter unique serial numbers from non-winning tickets for a second chance to win prizes. One of the priorities of the My Lottery program is to provide the utmost security to players when entering promotions through the Lottery's Web site, and the Lottery has taken many steps to ensure that the information they provide is protected and secure. ■

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OUT-of-style: Displays ticket art in a flat, listless manner.

OUT-of-date: Old technology; ITVM's inability to sell online products limits lottery revenue potential.

OUT-of-sync: Loading new games is cumbersome, subject to human error, and a source of frustration for busy retailers.

OUT-of-stock: A common occurrence; the ITVM's Achilles' heel.

INterface: Advanced touch screen technology presents games in a vibrant, player-inviting manner. Interface displays a full-sized ticket with associated unique selling proposition for each game.

INtense: Full-motion video for advertising and promotional messages.

INtegrated: Capable of dispensing online as well as instant games.

IN-stock: Connects to central system to report sales and minimize stock-outs. Loading new instant games is dramatically easier for retailers.

INformative: Provides lotteries – for the first time – access to vital, actionable sales data, including when, where, and what types of games players are buying.

INvaluable: Captured sales data invaluable for developing product plans and promotions.

INcluded: We believe so strongly in this product, it's now included as a common offering within all of our Cooperative Services™ packages.

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