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I N T E R N A T I O N A L

May 2004

A professional headshot of Nancy Palumbo, a woman with short dark hair, smiling. She is wearing a dark blue blazer, a gold necklace with a large purple gemstone, and matching earrings. The background is a plain, light-colored wall.

**New York Lottery Director
Nancy Palumbo**

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I N T E R N A T I O N A L

ON THE COVER:
New York Lottery Director
Nancy Palumbo

Departments

INDUSTRY NEWS2

AROUND THE WORLD.....4

ON THE INTERNET23

VIDEO NEWS24

LOTTERY NEWS25

LOTTERY PEOPLE.....26

ROUNDUP26

Features

- 6 Profile: The South Dakota Video Lottery Program**
- 8 Big Numbers for New York**
The New York Lottery Comes Out of a Record Setting Fiscal Year 2003-2004 Brimming with Potential for 2005.
- 14 The Pull-Tab Picture**
Read about what's going on with this long-time lottery product.
- 15 Bingo! The Timeless Success Story**
- 18 Unplugged – Wireless Lottery Applications**
Lotteries all over the world are taking the next step required to bring their game into the mobile age.
- 20 A Comprehensive Look at Lotteries on the Internet – part II**
Continuation of Public Gaming International Magazine's April feature exploring how lotteries are utilizing the Internet.

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Pink Panther Exercising its Global Reach

Almost at the precise moment he turns 40, Pink Panther™ began turning up on millions of instant scratch game tickets at thousands of lottery retail locations in Australia, Poland and Ireland. MDI Entertainment, a wholly-owned subsidiary of Scientific Games (NASDAQ: SGMS), announced that the New South Wales Lotteries, in Australia, and Totalizator Sportowy, in Poland, each introduced an instant scratch game featuring images of the world-famous animated character in mid-April. Ireland's AnPost National Lottery will begin selling a licensed Pink Panther™ instant game at the end of May. These latest launches follow closely De Lotto's February rollout of a Pink Panther™ instant game, which sold out quickly. The De Lotto launch marked the cartoon icon's lottery debut outside the United States.

Scientific Games Gets Washington Extension

Scientific Games has been awarded two one-year contract extensions by the Washington State Lottery. The contract is valued at approximately \$5 million over its two-year term. Scientific Games has been the Lottery's primary ticket supplier for many years.

OGT Signs with Maryland, Vermont and Washington, Adds Family Feud to Product Mix

Oberthur Gaming signed contract extensions for the printing of instant ticket lottery games and related marketing services with the Maryland, Vermont and Washington Lotteries. The Maryland State Lottery exercised a two-year option with OGT, for a contract that also includes the distribution of instant tickets to nearly 4,000 Maryland Lottery agent locations, as well as the supply and maintenance of automated instant ticket dispensing equipment used by these agents.

The Vermont Lottery Commission exercised a two-year extension option of its original contract with OGT. Through this agreement, OGT remains the Lottery primary instant ticket vendor until December 2005.

The Washington State Lottery decided to exercise the option to extend its contract with Oberthur Gaming for one year, from January 2004 through January 2005. This contract for the manufacturing of instant lottery tickets was originally awarded to OGT in 2000.

In other news, Oberthur Gaming recently added Family Feud™ to its licensed games portfolio. One of the most popular TV game shows of all time, OGT is expecting the immense popularity and broad appeal of Family Feud™ to translate perfectly to all lottery tickets for instant success.

Wisconsin Chooses Pollard

The Wisconsin Lottery has selected Pollard Banknote for Pull-Tab Plus® and Double Play® laminated games. The Lottery has awarded the company separate contracts to supply validation-coded pull-tab games and combination scratch-off/pull-tab games.

The Pull-Tab Plus® game includes variable-imaged data (just like a scratch-off game) for truly random play, and Double Play® combines scratch-off games on the ticket front and a pull tab game on the ticket back. The Wisconsin Lottery estimates that it will include up to six validation-coded pull tab games and four combination instant scratch/pull tab games in its annual instant game lineup.

Under an additional contract award, Pollard also remains the Lottery's sole supplier of standard pull tab tickets. The company has supplied the Lottery with pull-tab tickets since 1999.



New Jersey Debuts Winning Legends

MDI Entertainment, a wholly-owned subsidiary of Scientific Games announced that the New Jersey Lottery's March 2004 launch of Winning Legends marks the debut of lottery tickets licensed by the Major League Baseball Players Alumni Association. The nine players featured in the new \$2 game – most of whom are members of Major League Baseball's Hall of Fame – include former Yankees Reggie Jackson, Yogi Berra and Whitey Ford; former Phillies Mike Schmidt, Steve Carlton and Robin Roberts; and former Mets Tom Seaver, Gary Carter and Rusty Staub. Each player left an indelible mark on the game and, for millions of baseball fans everywhere, evoke fond memories.

The Winning Legends game represents the first time MDI Entertainment has produced customized merchandise for a licensed game. A Scientific Games artist illustrated the likenesses of the nine players on three different caricature portraits. Over 300 framed prints of each of the portraits, all individually signed by the players, will be awarded in ten second chance drawings. The game also features more than \$7 million in cash prizes and a top instant win cash prize of \$30,000, and gives players ten second chance Grand Prize opportunities to win trips for two to baseball's All-Star Game.

To qualify for the drawings, players submit three non-winning Winning Legends tickets through the mail or via the Lottery's Internet-based second chance drawing service. When they enter, players designate which of the three prints they want – Yankees, Mets or Phillies – should their names be drawn. In each drawing, the first 33 valid entries per team will win the prints pre-selected by the lottery players.

Washington Selects GTECH.

GTECH was named the apparent successful bidder for a contract to provide vending machines and ongoing maintenance and support services for the Washington Lottery. GTECH will deliver an estimated 1,000 machines, which are expected to be operational by November. The three-year contract, which includes three one-year extension options, is expected to generate \$6 million to \$8 million in revenue for the supplier.

Be a Roadee: MDI Licenses Gigtours

Gigtours has awarded licensing rights to MDI. The new licensing agreement, the initial term of which runs through December 2006, will give lottery players and music lovers once-in-a-lifetime opportunities to experience what life is like on the road with a recording artist or band. Winners of bonus Grand Prizes – the All Access™ Platinum package – will tour with big-name musical artists or bands, traveling from gig to gig over a five-day, four-night period.

Each winner will be permitted to bring up to seven guests, all of whom will stay with the artist, band and crew in the same hotels, bunk together on Gigtours' luxury entertainer tour bus, share meals with one another, as well as have VIP access to production set up and sound checks and shows. After each event, the group will re-board the tour bus and head to the next gig.

Music stars Hank Williams, Jr., Lee Greenwood, Pat Benatar, Kenny Rogers, Loretta Lynn, Montgomery Gentry, Trick Pony, Bill Anderson, Travis Tritt, Tammy Cochran, Buddy Jewell, Rebecca Lynn Howard, and Gretchen Wilson are among the recording artists in the Gigtours lottery program. ■



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successful start of your
video lottery program!

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Around the World

Argentina

MDI Entertainment, a wholly-owned subsidiary of Scientific Games has reached an agreement with Dynamite Sociedad Anonima (Dynamite) that grants the Argentinean lottery organization the licensing rights to use the names, logos and artwork associated with the Elvis Presley®, Marilyn Monroe®, Pink Panther™ and Popeye® branded properties on four instant scratch-off games and related advertising and promotional materials.

The tickets will be printed at Scientific Games' instant ticket production facility in Santiago, Chile. The first game in the series is expected to launch in early April. Among the four games will be the lottery industry's first Popeye-branded instant scratch game.

"This agreement marks not only the world debut of our Popeye brand, but also the debut of MDI licensed instant games in South America," said Steve Saferin, President of MDI Entertainment, which manages Scientific Games' portfolio of licensed lottery products.

Brazil

With the aim of improving the efficiency of its business process, Oberthur Jogos e Tecnologias Ltda has decided to relocate its head office from Rio de Janeiro to Curitiba, where the company already operates its printing facility. This move will strengthen the interaction between its sales and marketing staff and its production personnel, in order to continue providing its clients with the highest quality products and services. As of April 1, the company's head office address will be as follows: Rua Pasteur 463 - conj. 1003 - Batel; Curitiba - PR 80 250-080; BRASIL. Phone: +55 41 3024-1174 Fax: +55 41 3013-4221

Nigeria

TattsNet – a joint venture company of Tattersall's and EssNet's – has signed its first supply, implementation and operational support contract in Nigeria with National Sports Lottery (NSL). The contract requires TattsNet to provide an ELOS On-line lottery system including implementation and operational support for lotteries and sports pool games in Nigeria for the next 10 years.

The on-line lottery will launch later this year with around 1,000 outlets in three principal cities. As Africa's second richest country, Nigeria has a population estimated at 130 million, and under its exclusive national license NSL aims to offer on-line lottery products to all major cities within two years.

Spain

Codere, a private Spanish gaming company, is looking to raise \$250 million from U.S. investors to back its Latin American bingo parlors, off-track betting sites, and gaming machines. The Company will try raising \$150 million by selling 30 percent of Codere America, its Latin American holding company, and is hoping to sell \$100 million in debt as well.

Sweden

Trisslotten, Sweden's biggest gambling product, is entering the mobile age. Starting with Trisslotten, Svenska Spel and Boss Media will now be offering mobile gambling to the Swedish market. Bettors will be able to use the same account

from their home computer and mobile telephone. The new gambling channel will strengthen the relationship between the gambler and his gaming card.

Switzerland

OE Netgame AB signed an agreement with SWISSLOS, the lottery of the German and Italian speaking parts of Switzerland, to deliver a speech recognition service tied to SWISSLOS popular instant ticket 'Minissimo'. The agreement adds to OE Netgame's existing relation with SWISSLOS, which includes a turnkey solution for an SMS game tied to the Minissimo-ticket.

The 'Minissimo' is based on SWISSLOS' old 'Mini' scratch ticket, just adding an SMS game. The player not only scratches the traditional instant game, but also another play area where, if lucky, he uncovers a unique code that is subsequently sent in via SMS for the chance to participate in SWISSLOS' very popular TV-show 'Benissimo'. During the live TV-show, 10 players compete for cash prizes and a car.

Through the introduction of the Voice Channel, the players can, as an option to SMS, call a phone number and state the code, using a speech recognition service.

Taiwan

Taiwan's Cabinet decided to initiate a sports lottery in response to President Chen Shui-bian's request for one. It was decided that a sports lottery would not cut into the profits of the national charity lotteries. The National Council for Physical Fitness and Sports is scheduled to hold a public hearing within a month to solicit opinions from sports groups, academics and social groups.

UK

The UK Government is considering raising the minimum age for buying pools and Lotto tickets from 16 to 18. The minimum age for all other forms of gambling is 18.

UK players can now play Lotto from the comfort of their sofa at the touch of their Sky digital TV remote. Registration is quick and easy: players supply their name, date of birth and home address and choose a user name and password. Once their National Lottery account is set up players can pick their own lucky numbers or select a Lucky Dip® for any Lotto draw up to eight weeks in advance. Players will be automatically informed if they have won a prize and the service will credit their National Lottery account with any winnings or advise them to collect their prize at a regional prize payout centre, depending on the size of their Lotto win.

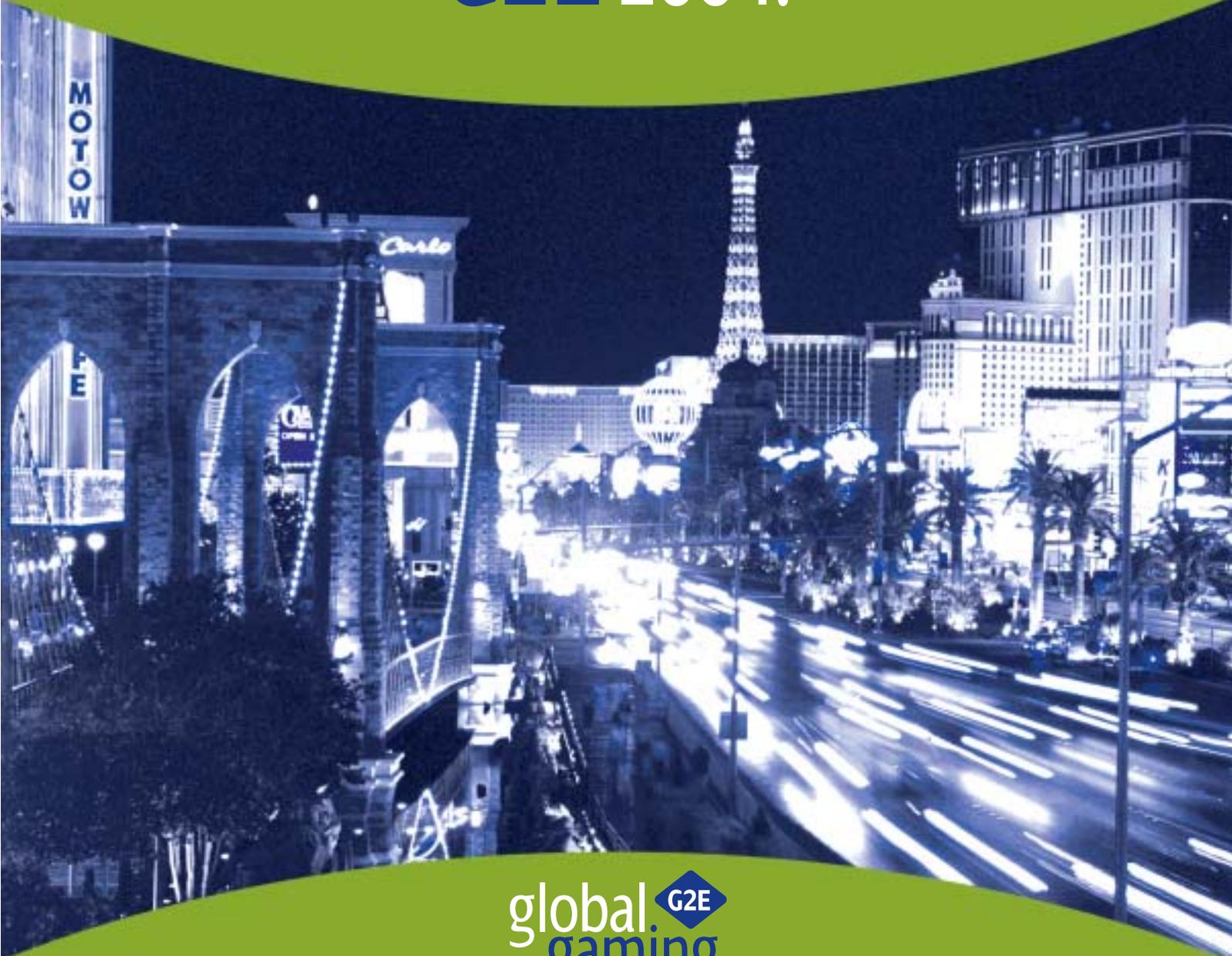
Virgin Islands

The Virgin Islands Lottery will restructure its traditional lottery game in an attempt to stop an ongoing sales decline. The lottery will now be drawn once a month, rather than twice, in order to allow more time for the tickets to sell. The Lottery prints 32,000 tickets for each traditional lottery draw, and is selling approximately half those tickets.

Zimbabwe

Zimbabwe's Lotto Board has voted to stop jackpot rollover after twelve weeks. On the thirteenth draw, jackpot money will be distributed evenly among players who correctly pick five of six winning numbers. ■

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The South Dakota Video Lottery Program

On October 16, 1989, the South Dakota Lottery pioneered the first state video lottery in the nation. Since its launch, video lottery has continued to be a successful product and has provided more than \$990 million in revenue to the State of South Dakota.

South Dakota's video lottery program had its beginnings only one year following the start of the Lottery, even preceding lotto games in the state by a year. Initial legislation to authorize video lottery failed by one vote in 1988, but was reintroduced and passed in 1989.

In the first year of operation, 700 establishments were licensed and generated revenues that surpassed projections by nearly \$2.5 million. The number of establishments and terminals grew quickly, leveling off by 1994, but with steady growth to near the current levels of approximately 8,300 terminals in 1,400 establishments across the state.

South Dakota's video lottery terminals offer variations of poker, blackjack, keno, and bingo games, with both quarter and nickel games available. The maximum bet is \$2 and the top prize is \$1,000. Winnings from video lottery play are not dispensed right from the terminal, but rather a voucher for the winnings is printed by the terminal, which the player is required to claim at the establishment that same day. Terminals pay out – credits won as a percentage of credits played – between 88 and 92 percent.

The South Dakota video lottery model is unique in the degree of private sector involvement, with the Lottery serving solely as a regulator of the games. Four levels of licensees are authorized by the Lottery. Operators (currently 168) own the terminals and provide maintenance by technicians certified by the Lottery. Establishments (currently 1,424), which must have an on-sale alcohol beverage license, are the businesses where the terminals are located. Manufacturers (currently 3) produce the terminals after the hardware and software have been tested and approved by the Lottery and an independent gaming laboratory. Distributors (currently 4) provide the terminals and parts to the operators.

The use of a central computer system is dictated by South Dakota law and is critical in asserting the Lottery's centralized control of a lottery product that has such high private sector participation. The highly sophisticated central system monitors every function of every terminal, and polls every terminal every day to ensure up to date accountability of the game. While the central system began with internal support, the system has been maintained by International Gaming Technology since 2003.

The significant level of private sector involvement has allowed a high degree of efficiency in state operation of video lottery. Three

Lottery employees: a testing specialist, a compliance manager and an accountant, work solely on video lottery operations. A computer systems administrator and three computer operators deal primarily with video lottery operations, but are also involved in other lottery product administration. Other staff, such as the Lottery's licensing employees, and security director are also involved in other Lottery activities in addition to video lottery.

The state receives its video lottery revenue as a percent share of net machine income, which is defined as cash in less cash prizes paid out. The state's share of net machine income

began at 22.5 percent in 1989, increasing five times until it reached its present level of 50 percent in 1995.

The state currently splits net machine income with 50 percent of net machine income going to licensed operators (who in turn split their share with establishments), 49.5 percent deposited in the state's property tax reduction fund, and 0.5 percent used by the lottery for administration costs.

Revenue from video lottery was initially deposited in the state's general fund and by 1992 had become the second largest source of revenue to the general fund, surpassed only by the sales and use tax. Starting in 1995, a portion of video lottery revenue was also deposited in the state's property tax reduction fund, used to reduce local property tax levies.

All video lottery revenue has been deposited in the property tax reduction fund since 1997, and provides for a 30 percent annual reduction in local property taxes.

In state fiscal year 2003, video lottery net machine income reached more than \$212 million, generating more than \$105 million in revenue to the state.

The success of the video lottery program in South Dakota has not been without its challenges, surviving three statewide ballot initiatives and a lawsuit that resulted in a ruling by the state Supreme Court that the game was unconstitutional and an order to shut down the game.

However, the South Dakota video lottery system is well designed to maximize revenues to the state, with numerous safeguards and on-going regulation and monitoring to ensure security, integrity, and accountability. The success of video lottery has grown steadily for 15 years and has proved mutually profitable for the state and its private business partners.



Ron Leidholt (L), systems administrator, and Mathew Sommerfeld (R), testing specialist, ensure all terminal models meet exacting standards before introduction in the market.

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Big Numbers for New York

The New York Lottery Comes Out of a Record Setting Fiscal Year 2003-2004 Brimming with Potential for 2005.

The numbers really do tell the story. The New York Lottery experienced a truly incredible 2004 fiscal year, with more than \$5.8 billion in sales (a North American Lottery record) while directing nearly \$1.9 billion to its core mission – raising money for education. That's an 8% increase over the previous year and is an incredible accomplishment because, as is the case with many states in this post 9-11 era, the State of New York has been facing a difficult financial situation.

"Despite the difficult economy we were facing we really did an incredible business," stated New York Lottery Director Nancy Palumbo. "It's really a tribute to the creativity that we have here with our games."

When asked for the reasons behind the success, Palumbo pointed to the two areas that saw the biggest increases in sales – Mega Millions and instant tickets – and the Lottery's quality retailer strategy.

Mega Millions

Palumbo cites an aggressive branding program as the main reason behind the success of the New York Lottery's Mega Millions program.

"When we started with Mega Millions we placed a major emphasis on establishing the brand in the public's imagination. That made it very successful," said Palumbo. "What people realize, and I think a number of states face this challenge, is that they join multi-state games, be it Mega Millions or Powerball, and a lot of their constituents and their players don't realize that they can play them in their own state. You have to be careful to balance that against your traditional Lotto game as we do in New York, or other Lotto-type games in other states. That was a real challenge here in New York, because ultimately we had to assure a net win in revenue for education."

While some of the success realized by Mega Millions can certainly be attributed to a recent \$239 million jackpot – the biggest jackpot ever offered in the State of New York – what's even more

telling is how the Lottery was able to take full advantage of that opportunity to make it perfectly clear to New Yorkers that this game was truly theirs.

Palumbo credits a standing agreement among the 11 Mega Millions directors for helping to establish the game

in the minds of players across all jurisdictions, especially New York. "The Mega Millions directors agreed," said Palumbo, "that when the jackpot rolled to \$200 million or more we would bring



The New York Lottery harnessed the marketing potential of Time's Square to get the word out about Mega Millions.

Nancy Palumbo To Lead New York Lottery

Please join us in welcoming Nancy A. Palumbo to the New York Lottery.

Governor George E. Pataki appointed Director Palumbo to her position effective February 2, 2004.

A veteran public servant, Director Palumbo was the former Executive Deputy Commissioner in charge of Finance Administration for the New York State Office of Parks, Recreation and Historic Preservation. She oversaw a \$200 million plus budget, numerous multi-million dollar construction projects and hundreds of vendor contracts. Her experience in these areas will be invaluable as she takes the helm of the Lottery's 15,000 member retailer network.

Director Palumbo's business goals for the coming fiscal year include:

- Build on the current success of the New York Lottery;
- Develop new and innovative games that new and current players will look forward to and enjoy;
- Streamline operations and increase efficiencies;
- Enhance existing programs to strengthen educational opportunities for students across New York State;
- Continue to raise revenue for education throughout New York State through the sale of Lottery tickets. ■



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the drawing to Times Square and use New York Lottery icon Yolanda Vega to promote Mega Millions. That helped brand the game across the board and brought the association of the Mega Millions game home to New Yorkers."

In addition to Vega, the Lottery has another very popular spokesperson who appears in a number of commercials – Ralph. In order to help brand Mega Millions as a New York game the Lottery used both Yolanda and Ralph for Mega Millions. Palumbo summed it up by saying, "New Yorkers didn't want to play it if it wasn't about New York."

The strategy has paid off. In the last year, the New York Lottery's Mega Millions revenue increased by more than \$100 million. In addition to the sales increase, the Lottery managed to create a 91% public awareness about Mega Millions in New York State in less than two years. "That's huge because while we have some great media markets, we have some areas where it's very difficult to get our message across because they tend to be rather isolated markets. That was a real challenge here in New York," said Palumbo.

Instant Games

The New York Lottery also saw a tremendous increase in instant games as FY '04 sales increased by \$345 million, a startling 14%. New York generated \$2.7 million in Instants sales, which accounted for more than \$630 million of the total Lottery's total \$1.9 billion contribution to education.

"I believe that a lot of it has to do with our marketing philosophy of the Lottery overall and our instant games in particular," said



New York is constantly expanding its ticket facings with fun concepts such as Moo-La-Millions and specialty offerings like the Mother's Day instant pictured here.

Palumbo. "We continue to have diversity in our product mix because people like to think that there's something new out there. If we have a game on the market that's working, it will stay out there, but we're continually bringing out new games."

Every three weeks the Lottery introduces a few new games to keep its customers engaged. "We're very careful in how we do it," Palumbo commented. "We have a very credible product. We put a lot of thought into the design of the product and making it appear fun – not too complicated. It is a very interesting lesson from a lot of market research and focus group testing – people want something that's fun. If it's too complicated they don't enjoy it and won't play again."

The Retailer

The other component that's very important to the success of the Lottery is the retailer.

"Our retailers are wonderful," said Palumbo. "We have 15,600 retailers and it continues to fluctuate. We have seen our numbers in retailers drop over the past couple of years. For example, in 1999 we had 16,367 retailers. Still, our business today is bigger than ever, and that's a tribute to our retailers."

The drop in the number of retailers is due to a philosophical shift adopted nearly two years ago. The Lottery began actively pursuing quality retailers, not focusing solely on the quantity of retailers. "We want quality retailers," said Palumbo, "and we actively and aggressively recruit them. We're out there looking at their numbers. We watch their business. When our reps are out doing sales calls they're constantly looking for new businesses in the area, and they observe those businesses before they go in and discuss the

Bally Gaming – Helping the New York Lottery Grow Revenues

Bally Gaming and the Alliance Gaming Corporation are pleased to have the opportunity to work with the New York Lottery team, headed by Nancy Palumbo, in the Lottery's newest program to increase revenues for the benefit of New York education. Through the implementation of video gaming machines at racetracks, the Lottery is now bringing entertainment appeal to New York's lottery players and substantial new revenues to New York State. In addition, through this new video gaming plan, the State of New York is helping to keep this type of entertainment dollars in the State.

With responsibility for placing approximately one fourth of the video gaming machines in New York tracks on behalf of the Lottery, Bally has a key roll in the success of the Lottery's new program. With its heritage of 70 years of experience and its commitment to excellence, Bally welcomes the challenge. As a leader in technology, game development and control systems, Bally gaming provides cutting-edge capabilities to its customers.

One of the latest gaming machine innovations to come from Bally Gaming is called "EVO™". This advanced video gaming machine uses cutting-edge video and computer technology to create an extraordinary interactive gaming experience with fluid graphics and enhanced audio. The EVO VIDEO game platform was created in part through a unique Rapid Development Partnership (RDP) with Microsoft Corporation. As an RDP member, Bally Gaming has early access to the technology of the future, thus providing the company's engineering and game development teams with cutting-edge technical support as the EVO platform evolves. EVO also gives Bally's game development team the powerful platform necessary to capitalize on the strengths of licensed gaming titles such as Popeye®, Blondie®, Playboy, Ray Charles™, Winning For Dummies™ and many more.

At Bally, advancement in technology and innovations in games are a tradition, a tradition that ensures that Bally customers will always get the best in hardware, software, systems, games and customer support.

We are proud to be a key supplier to the New York Lottery!

Provided by Bally Gaming - www.ballygaming.com ■

possibility of them becoming a retailer.

"We have a goal of one terminal for every 1,188 people. It would be great for us to be able to achieve that. It means that we have to be aggressive, but we have to be careful. We found that at certain times in the past we were very aggressive in retailer recruitment, and perhaps we weren't always getting the quality retailers that we need to help us grow our business."

Another by-product of this emphasis on quality retailers is the absence of off-line retailers. They were eliminated due to product and retailer credibility and accounting issues. There were too many worries about double ticket redemptions. The Lottery made a business decision to make the investment in an entirely automated network.

Staying Stocked

As important as quality retailers are, they aren't very useful if they don't have product on hand. One of the methods the Lottery uses to keep retailers stocked and happy is Autoship. Autoship allows retailers to automatically get new games shipped to them. Additionally they are able to go online and order shipments of tickets on the terminal. Tickets are then shipped via UPS and are guaranteed to be delivered within 24 hours. Autoship has proven very popular among retailers – 80% of New York retailers now participate in the program.

In addition to Autoship, the Lottery continually calls retailers to see if they need tickets. "The last thing we want is for a retailer to be out of product," said Palumbo.

With the number of ticket facings the Lottery offers, making sure that retailers are fully stocked can be quite a chore. The Lottery currently has 72 tickets capable of being cashed at any given time; 36 new games, and many more proven performers like the Lucky 7s game that has been on the market since 1986. In fact, 34% of New York's Instant games business is comprised of staple games which have been on the market for a number of years.

"What we have found is that the more ticket facings the retailer has, the more business they do," said Palumbo. "People love to see that they have a choice. We listen to our customers. We listen to our retailers. They want more product out there."

Of course, a strategy such as this requires a dedicated sales staff that is evaluated through consistent performance measurements. The New York Lottery sales staff is out in the field visiting retailers on a two-week call cycle.

Palumbo commented, "We have a staff of more than 100 sales reps, and they're visiting 90% of the 15,000 plus locations every two weeks. They have a whole set of standards and criteria which we expect them to meet, and that helps them stay on track and stay motivated. That's very important."



PMP Inc. in New York City, takes advantage of its' high traffic location by displaying not only double facings of Instant Tickets but displays 12 facings of each \$10 game and has shown an increase in Instant Ticket Sales.

Evolution of Racinos

Although video lottery has been with us for more than twenty years, it needed two events to occur before it began to win significant acceptance as a suitable revenue producer for states. The first was the South Dakota Lottery's 1989 launch of a video lottery control system that monitored the financial and operational tasks of all of its video lottery machines across the state.

The second was the approval by several states of a video lottery product to be offered to the public by their in-state racetracks. This approach offered significant benefits to every stakeholder: racetracks could turn much of their share of the revenue into augmenting purses for the horsemen; players could play in clean, comfortable casino-like environments known as "racinos"; and the general public saw additional revenue generated via age-controlled facilities, a problem where there was no central system.

In the mid-1990s, centrally controlled video lottery was implemented at racetracks in Rhode Island, Oregon, Louisiana, Delaware, West Virginia, and New Mexico. Scientific Games, a world leader in online gaming systems, has delivered nine video lottery systems worldwide, including two, Delaware and New Mexico, that include racinos. Today, New York is actively implementing a statewide control system for its racetracks, and video lottery proponents in a number of other states have racinos as a key component of legislation they've introduced.

In the past, video lottery control systems were engineered with proprietary protocols that limited both the number of machine manufacturers and games available. Recently technology has closed the gap between video lottery control systems and casino-style slot accounting systems. With the emergence of the Gaming Standards Association and its SAS protocol, today's video lottery systems such as Scientific Games' AEGIS-Video™ system are able to communicate via an industry-standard protocol with the machines of any manufacturer embracing it. This enables the state to offer a competitive game mix and, when running in on-line/real-time mode, the ability to provide popular capabilities such as local and wide area progressive jackpots.

In this environment, each gaming machine at each racetrack is connected to that state's video lottery control system over a redundant private communication network, allowing the operator to manage all gaming activities from a single location, as does a state's online lottery system for its lottery terminals. Regulators are able to view every gaming machine's activity by track and other parameters to verify game software, meter counts, and security events, to name but a few of the system's capabilities.

A video lottery control system managed and operated by the state will guarantee the security and accountability of the system, its racinos, and its machines. It will also assure the gaming public that gaming is being conducted under most stringent standards of honesty and integrity.

Submitted by Scientific Games Corporation – www.scientificgames.com ■

Promotions

Promotions have also played a big part in the success of New York Lottery games. The Lottery conducted more than 1,000 promotions last year, implementing a plan that aggressively promotes all products. In addition to approximately 400 radio promotions, the Lottery conducted more than 900 retailer promotions.

"Those are what our retailers love, and we respect that," said Palumbo. "I've been meeting with retailers. I've been here a little less than three months and I've done three regions, and I'll have the other regions done in the next couple of weeks because I think it's critical to hear what they're saying. They are a very good benchmark for us and a very good indicator of what's working and what's not."

Video Gaming Entertainment Facilities

As big as FY '04 was for the New York Lottery, the advent of video gaming means that FY '05 only promises to be bigger.

Shortly after the events of September 11, 2001, the State of New York began to look to the Lottery to dramatically increase its revenues in order to help close a hole in the budget that had been ripped open by a senseless act of terrorism. Video gaming was seen as a solution that held a tremendous amount of potential, and eventually legislation was drafted allowing the Lottery to implement a video gaming program. The program became a reality in January, 2004, as Saratoga Raceway opened the first of eight scheduled Video Gaming Entertainment Facilities (VGEFs). Saratoga, which opened with 1,324 machines, was soon followed by the opening of Finger Lakes Gaming and Racetrack – a much more rural facility housing 1,010 machines. The third facility, the Fairgrounds Raceway near Buffalo, which opened on St. Patrick's Day, has approximately 990 machines.

"We've had incredible success with those facilities," stated Palumbo. "One of the things that has made them so successful is that we've been incredibly responsive in making changes that we knew would improve the system."

The results are very favorable. While the three facilities are relatively small compared to other VGEFs planned in New York, they've already raised close to \$22 million in revenue for education (as of close of business April 28, 2004).

As impressive as these revenue figures are, it's important to note that most of these facilities have just started their marketing. The majority of the marketing will be very visible this summer to compliment what the facilities believe will be the time they'll really be able to draw customers.

More Potential for Video

Of course, the most exciting aspect about the New York Video Gaming Entertainment program is that there may be several more VGEFs opening in the near future. "Three have opened and there are five more on the horizon," said Palumbo. "It's incredibly exciting. We have a couple more in upstate New York – one in Vernon Downs and one in Batavia – both of those will be relatively small. Then we have our bigger facilities downstate. We have Monticello in the Catskills, which will feature 1,746 machines. That facility – our largest to date – will open at the end of June. That's really exciting because the Catskills have been eager to get started for a very long time. We've seen their marketing plan and it's very aggressive. They truly believe that it will be a destination facility."

IGT – Electronic Instant Lottery

IGT is continually committed to improve its product offerings such that it remains an essential part of the ever-changing video lottery marketplace. The New York Lottery's video lottery program is a prime example of such a commitment. New York is at the forefront of the emerging Central Determination System (CDS) market – a new type of lottery product that incorporates Electronic Game Terminals (EGTs) that operate within the framework of existing lottery laws, thereby affording the New York Lottery a new product solution for an expanding player base.

A CDS game can be straightforwardly described as a video representation of a traditional paper instant lottery ticket, with winners drawn from a centralized finite prize pool. Sometimes referred to as Electronic Instant Lottery (EIL), CDS employs the same method of central winner determination as instant "scratch" tickets. The primary difference is the modern distribution mechanism of a VLT or EGT.

EIL games can be presented in a manner that mimics the look and feel of popular video lottery games – only the method of determining winners is different. In New York, many of IGT's most popular game offerings – Double Diamond®, Red White & Blue®, Lucky Larry's Lobstermania™, Catch A Wave®, and Triple Lucky 7's® – have been developed for use in the Lottery's CDS venues.

New York's decision to introduce video lottery terminals into existing racetrack venues has been a win-win proposition for all program stakeholders. Video lottery is providing a new source of revenue to help fund education while also helping to stem the once-precipitous decline in New York's struggling horse-racing industry. The introduction of video lottery creates an economic engine with a positive impact on entire communities, not just those employed in racing-related industries.

IGT is proud of its partnership with the New York Lottery and pari-mutuel racing industry. We are equally excited about the positive contributions that video lottery generates. We look forward to being a valued corporate partner and technology provider to the New York Lottery for years to come.

Provided by IGT – www.igt.com ■

Two of New York's biggest facilities are also looming on the horizon. Plans for Yonkers Raceway call for a facility that will house more than 5,500 terminals, and Aqueduct – which is located in Queens – will house 4,500 machines. Palumbo said, "We're now working through the extensive development processes at these two facilities."

In addition to all the current development, there is the potential for even more VLT revenue streams to develop. Governor George Pataki's budget proposal, which was released in January of this year, allowed for the expansion of VGEFs. Eight more facilities would be allowed, with the only restriction being that they could not be within 15 miles of an existing

Introducing Intralot's Coronis MP

The CORONIS Multi Purpose Terminal is the latest member of Intralot's family of lottery terminal products. It is a state of the art Lottery and Video Lottery Terminal designed to cover the need of unattended operations in gaming venues worldwide.

The CORONIS MP is the result of Intralot's strong commitment to excellence. Through extensive research & development, INTRALOT has produced a unique terminal solution that incorporates the latest features in player amusement accompanied by significant benefits and opportunities for gaming operators worldwide. The CORONIS MP is a fresh new approach with a unique and distinct design. It is a flexible yet powerful PC based solution with multimedia capabilities, designed for jurisdictions with high quality standards and expectations.

The terminal is equipped with a 15" TFT color touch screen monitor, flexible payment features, such as coin acceptor, bill validator, smart/magnetic card reader, ticket printer and optional bar code reader. The terminal can be configured as a single game or multi-game environment with the ability to offer more than twenty games to the players. The modular design of the CORONIS MP provides the desired accessibility for maintenance and support purposes.

The CORONIS MP terminal has been designed with a user-friendly approach. This design provides the player with the ability to participate in many lottery games such as conventional Lotto games, Instant Tickets, and various other types of betting gaming, in self-service mode.

Furthermore, the CORONIS MP terminal is a unique platform for the deployment of both Lottery and Video Lottery functionality. Equipped with appealing features and the possibility of Video Games, the CORONIS MP can provide a new dimension to the Lottery's agencies with remarkable benefits for the Lottery. The CORONIS MP offers the following key benefits:

- High player amusement, due to the extensive games library, which can be tailored to each gaming demographic profile
- Flexibility in payment methods due to it's cashless functionality
- Exhilarating gaming experience due to the simulated 3D graphics accompanied by captivating stereo sound effects
- Operational efficiency and security due to support for game download
- Increased player attraction resulting from the jackpot features
- Advanced marketing tools such as player tracking and loyalty program features

The CORONIS MP small footprint makes it ideal for deployment in locations where space is constrained, such as lottery agencies, retail stores, convenience stores, bank branches, and Kiosks, thus providing a solution for unattended or loosely supervised venues worldwide. Depending on the venue needs, it can be installed as a free-standing, desktop, or wall-mounted model.

The terminal's distinct yet robust design guarantees security, operational excellence, and high player acceptance.

Submitted by Intralot – www.intralot.com ■



facility. Of course, the expansion of the video gaming entertainment facilities hasn't yet traversed the legislative landscape, so it's very difficult to say what will actually happen when the budget finally passes.

Facility Operations

Competition is good for any business, and the New York Lottery has four separate vendors competing for business on the floor of its facilities: IGT, Spielo, Sierra Design Group and Bally Gaming.

"We have four vendors that produce the machines," Palumbo explained. "They all have approximately 25 percent of the floor. We monitor revenue on a continuing basis. Each vendor is incentivised to maximize performance so they don't lose any of the floor. There's a competition there that we believe is very healthy."

The New York Lottery allows vendors the game content flexibility needed to ensure a fair opportunity to garner appropriate revenues. "We encourage them to act quickly if they see something that is not working, because their success is our success," said Palumbo.

So how do New York's video gaming entertainment facilities operate? The vendors at each facility, the central system, and each track has a different person responsible for operations. The Lottery is responsible for oversight and management of the vendors.

While each facility has its own surveillance equipment and its own security staff, the Lottery is actually in charge of the security of the machines, which is why the Lottery maintains a security system as well as an on-site security presence. "We work with the state police to protect the state's assets," Palumbo explained. "Those machines on the floor are the assets of the State of New York."

Even though video gaming promises big revenues, Director Palumbo is quick to point out that the New York Lottery will not abandon any of the focus placed on traditional games. "Even though we're very excited about video gaming entertainment, we don't want to lose sight of our traditional lottery business." ■

The Pull Tab Picture

With a loyal customer following, pull tabs have remained a staple of many lotteries for quite some time. Recent innovations in pull tab design have been introduced help the product take a bigger share of the gaming market, including variable imaged tickets and monitor games. The following article gives an overview of the pull-tab programs at several North American Lotteries.

One interesting point of note is the success the Iowa Lottery has enjoyed with its pull tab monitor vending machines. After a year-long test period the Lottery will be launching a statewide deployment of the machines in May.

Atlantic

The Atlantic Lottery Corporation launched pull-tabs, known as Breakopen tickets in Atlantic Canada, in October 1986. As of March 2003 (last audited figures), sales since that time have totaled \$1.3 billion.

The usual Breakopen price is 50 cents. However, ALC has offered Breakopen tickets with larger prizes at the \$1 price point.

ALC does limited promotions at retail with POS. Primarily though, the Lottery finds that it is the design, color and play of the game that attracts the player. ALC does have plans to introduce an annual promotion for its Breakopen product, which will likely include an insert into newspapers offering a 'buy one, get one free' offer.

Iowa

The Iowa Lottery launched pull tabs in October, 1987, and has sold \$409.6 million of the product through FY 2003. Pull tabs are promoted through POS material, and approximately 24 to 27 percent of each sale, priced at \$0.25, \$0.50, \$1 and \$2, becomes profit for the state.

In addition to selling pull tabs through traditional means, the Iowa Lottery also sells the product through monitor vending machines. The Lottery has had 30 test machines in a market test since mid-May 2003. The machines are in age-controlled locations and have generated about \$1.4 million in total sales to date – averaging \$157 per machine per day during the test. Statewide deployment of monitor vending machines in Iowa will begin sometime in May 2004.

Kansas

The Kansas Lottery began offering pull tabs in fiscal 1989, and since that time the product has generated approximately \$10 million for Kansas. The Lottery generally offers pull tabs at the \$1 price point, but sometimes offers them for \$2. The state's take for each pull tab sale has been 20 percent for the last few years (previously the take was 30 percent).

The Kansas Lottery now only sells bar-coded pull tabs, and they

are well received by the Lottery's clientele. Sales average twenty times higher per week than non-bar-coded pull tab tickets. Aside from the higher sales figures, there is another benefit to bar-coded pull tabs for Kansas. The Lottery is prohibited from using vending machines, and inventory control is much easier with bar coded variable imaged pull tabs.

Kentucky

Pull tabs have generated \$58.9 million in revenue for the State of Kentucky since the KLC began selling the product in September of 1990. The Lottery utilizes three price-points for pull-tabs: \$0.25 \$0.50 and \$1.00. KLC, which does not offer variable imaged pull tabs, promotes the product exclusively through in-store POS.

Michigan

The Michigan Lottery began offering Pull Tabs as a product on October 27, 2003. To date, the Lottery's pull-tab sales are \$10.2 million. The Lottery, which promotes its pull-tab games only at point-of-sale, uses 50-cent and \$1.00 price points for the product, with the state's take being approximately 16 percent.

Rhode Island

The Rhode Island Lottery's Pull Tab Program began on June 30, 1974. Total Pull Tab sales from 1974 through the end of Fiscal Year 2003 were \$5,023,378.00. Currently, the Lottery only offers Pull Tabs at the 50 cent price point; however, it is considering including a \$1 Pull Tab offering.

The Lottery's cost for one pack of Pull Tabs is \$26.22 and is sold at a cost of \$81.00. A case of Pull Tabs costs the Lottery \$104.88 and is sold to the Retailer for \$324.00.

In Rhode Island the law stipulates that Pull Tabs can only be sold to non-profit organizations. In an effort to increase the number of non-profit organizations utilizing this product, the Lottery recently assigned someone full-time to visit these organizations to raise the awareness of the Pull Tab Program and license more of these groups as Pull Tab Retailers. ■



Bingo! The Timeless Success Story

Bingo! Everybody knows it. And, while I'm certain there have to be people in the far-reaches of this world that have never sat down to a Bingo card, I'm equally certain that I don't know any of them.

Originally named Beano, the game took off after a player erroneously jumped up after winning and shouted "Bingo!" For some reason the nickname stuck. Beano ceased to be and Bingo has stormed through history as quite possibly the most popular and widely accepted game-of-chance of all time.

So, how are lotteries using this popular game to their advantage? Public Gaming International recently asked North American Lotteries that very question.

Arizona

Arizona has offered a Bingo instant ticket continuously since November 1995, and other than color pulsing, has remained virtually unchanged since April 1998. The game is a solid fixture in the Lottery's \$2 price mix and currently represents more than 15% of total instant product sales. Since introduction, the game has sold more than \$208 million.

Bingo consistently outperforms other \$2 games, only the Lottery's Crossword game performs better. Sales have continued to grow each of the last 5 years and are on target this fiscal year to sell in excess of \$25 million.

The Arizona Lottery introduced a \$2 bingo online game in June 1997. The game was in market for 9 months before being removed for low performance. It was eventually replaced with a 3-digit numbers game.

Bingo remains popular because of the simplistic play style. There is no need to educate players how to play a new game, everyone knows how to play Bingo. The game appeals to both male and female players and crosses all age groups.

California

Last year, legislation was passed in California allowing the Lottery to finally be able to offer games containing a Bingo theme. The first Bingo game offered by the Lottery was a tremendous success, becoming the highest seller by far across all price points.

Currently, the Lottery has two Bingo games on sale.

The Lottery attributes the universal success of Bingo to the fact that it is simple, it's entertaining, and it transcends racial, cultural and age boundaries. In some ways, it is popular *because* it has been played for hundreds of years.

Connecticut

What kind of a presence (if any) does Bingo maintain within your lotteries product offerings? The Connecticut Lottery keeps two Bingo-style tickets in its scratch product mix at all times.

Using Velocity Reports, the Lottery has noticed that an average \$2 scratch game has a 25-week life cycle. \$2 Bingo games average approximately the same. Also, a typical \$2 scratch tick-

et reaches \$1 million in sales in approximately 4-5 weeks. It's the same for \$2 Bingo games.

Bingo is a recognized play style that's easy to teach, understand and have fun with. Although known as "extended play" in the lottery industry, Bingo is fast moving and enjoyable.

Kansas

Bingo holds a steady presence among the Kansas Lottery scratch offerings. The game sells roughly one-third as much as Crossword, but is always on the market and is sometimes second in sales for the year among all scratch games because of its ubiquitous presence.

The game remains popular in Kansas due to its familiarity, ease of understanding, extended play feature, and, as a board game, sociality.

Louisiana

The Louisiana Lottery offers a scratch-off ticket with a Bingo theme as an extended-play game. Due to a loyal Bingo player base, there is always a Bingo game available at any given time in the Lottery's scratch-off line-up. The game's performance is roughly the same as the average scratch ticket. The Lottery has found that, in general, the extended play style offers more play value, which has helped the game to maintain its performance level for an extended period of time. In addition, there is instant familiarity with the Bingo game because it has been around so long. This means the player has a comfort level about how to play the game which makes it more enjoyable.

Maryland

What kind of a presence (if any) does Bingo maintain within your lotteries product offerings? The Maryland Lottery always has a \$2 BINGO ticket on the street, and another one waiting in the wings in the warehouse. It is an essential ticket in the Lottery's product mix. Bingo produces consistent, week-after-week, month-after-month, year-after-year sales that the Lottery can always count on.

The Maryland Lottery attributes the success of the game to its nearly universal recognition, easy to learn and easy to play style, and a lot of play action for the cost.

Michigan

The Michigan Lottery always has at least one \$2 Bingo on-sale at all times. More often than not the Lottery is offering two games at this price point. The Lottery always has one \$5 Bingo game available as well.

The \$2 Bingo represents approximately 10 percent of Michigan's total \$2 weekly game sales, and 19% of the



Lottery's weekly \$5 sales can be attributed to the \$5 Bingo game. It goes without saying that Bingo is an incredibly important part of the Michigan Lottery's product mix. The Lottery's \$2 Bingo games consistently sell \$400-\$500,000 each per week. An average \$2 game will start declining fairly quickly after 8-10 weeks. \$5 Bingo produces consistent weekly sales of about \$450,000. With this play style the Lottery has been able to count on consistent sales week after week. Other games at the same price points decline steadily after launch and players are less interested in playing them if launched more than once.

Bingo players are very loyal to this play style. This is further demonstrated by the popularity of Cashword, which

accounts for 25% of the Lottery's total weekly \$2 game sales. Combined, Bingo and Cashword amount to 35% of total weekly \$2 sales. The Lottery recently launched a \$5 version of Cashword, and this strategy mirrors how it expanded the \$2 Bingo to the \$5 price point.

Minnesota

The launch of G3 Bingo introduced Minnesotans to the third generation of Lottery Games, called G3 Games. Despite the sub-zero temperatures outside, first day sales show that Lottery players gave G3 Bingo a very warm welcome. In fact, Powerball and Gopher 5 were the only Online games with higher sales. After the first day, only Powerball sales ranked higher.

For \$1 per play, G3 Bingo players receive a terminal-generated ticket that will display a single Bingo play card and a series of "call numbers." Players mark the numbers on the Bingo card that match any of the call numbers. G3 Bingo offers a top prize of \$1,000 and overall odds of winning a cash prize of 1 in 4.78.

Montana

The Montana Lottery always offer Bingo in its product line-up. It is a steady selling game for the Lottery. While Crossword performs a little better, Bingo has its own niche market in Montana.

Bingo has its own appeal. It is offered in multiple types of locations, in addition to Scratch tickets. As a scratch product,

it's an old favorite, with a comfortable, familiar play action.

Ohio

The Ohio Lottery offers extended-play Bingo products at \$2, \$3 and \$5 price points. Bingo accounts for approximately 11 percent of the Lottery's total instant game sales. The Lottery considers all of its Bingo games at each price point a base game, which is in the market all the time. Other games have a limited shelf life and are eventually replaced with new games. Week for week, comparing Bingo to non-Bingo themed games, it performs consistently well throughout the year and at times outperforms newly released games.

Ohio has a very large and loyal charitable Bingo playing population. By offering the extended-play Bingo which simulates the real Bingo play, the Lottery is able to extend their Bingo playing experience outside of the Bingo halls. Also, the extended-play game offers an alternative to the players that want a little more play value for their money.

Ontario

Bingo Gaming is the third business division in the OLGC - along with Lottery and Gaming (charity casinos, slots at race tracks). Bingo Gaming is responsible for the Big Link Bingo family of games in OLGC's participating bingo hall locations.



OLGC has offered destination bingo (bingo in halls) since 1997. OLGC got involved in bingo in order to satisfy an industry request to assist them to generate incremental revenues and hopefully increase the market size. OLGC offers three linked-type bingo games throughout the day each day 363 days of the year. The family brand of games is Big Link Bingo that has in the past generated the largest single in-hall bingo prize in Canada (over \$835k).

The OLGC also offers a free Bingo game on its website. It's a trial game that can be played at http://corporate.olgc.ca/ultimate_link.jsp. From a destination entertainment (in-hall) perspective, Bingo has been able to continue in popularity due to the social aspect of the game. Players want a place to escape and enjoy themselves. They look to bingo to fulfill their gaming aspirations, fantasy, win some cash and be with their friends. They feel that they are members of a club – their hall. OLGC players have been known to tell Lottery officials that Bingo presents a challenge for them. It's the ability to dab and keep up with the calls. It's also the excitement of having a near win. Some bingo players have said, "as golf is to males, bingo is to females."

Pennsylvania

Bingo games are a valued part of Pennsylvania's Instant Game Mix, and has been since the first Bingo game was introduced in 1977. Current Pennsylvania Bingo games include \$5 Bingo Mania II, \$3 Magic Charm Bingo, and \$2 Mystery Spot Bingo.

The average weekly sales for Bingo product is \$1.7 million. Bingo accounts for 8.4 percent of total instant sales.

In Pennsylvania Bingo has loyal players, a longer shelf life, and steady sales. Bingo games are consistently in the top 20 games on the street, and the demands enables the Lottery to order larger print runs with confidence.

Bingo was the first of Pennsylvania's extended play games, and is still a growing niche for Pennsylvania. Also, Bingo opened the door to successful games such as Cashword and Battleship.

South Carolina

Bingo does not maintain a great position in the South Carolina Education Lottery's product mix because extended play games do not seem to be as popular in the State.

Texas

Bingo is considered a core game in Texas and the TLC continually has it available for sale. The Lottery has offered Bingo at \$2 and \$5 price points.

Bingo serves the needs of those niche game players who enjoy extended play style games. It performs better than some games and not as well as some games at the same price point. However, Bingo constantly provides average weekly sales of approximately \$1 million.

Bingo continues to be a popular game because of the many different number and letter combinations and the multiple Bingo play areas that increases the possibilities to win. Bingo can have different winning patterns within the same game, which offers a lot of possibilities for variety. It is also a game that appeals to all age groups and ethnicities because of the familiarity with the game.

Virginia

1. What kind of a presence (if any) does Bingo maintain within

your lottery's product offerings?

Bingo fills a niche for Virginia Lottery players that like extended play games. All Bingo games are similar, so players understand how to play. The Lottery consistently sells \$250,000 to \$300,000 per week without extra promotional efforts.

In Virginia, \$2 Bingo games tend to sell about the same as non-Bingo \$2 games, although the life cycles are different. Bingo games typically sell less than non-Bingo early on, but Bingo tends to have a longer life span. Twelve weeks after release, Bingo games have sold 58 percent of what non-Bingo games have sold. By week 36 that percentage has risen to 71 percent, and by week 36 it is 86 percent. Bingo games often continue to sell reasonably well after one year or more, past the time when most non-Bingo games have either been closed or are selling at insignificant levels.

The Virginia Lottery's \$5 Bingo game, at 40 weeks old, is selling only about half of what other \$5 games have sold through the same point in their lives.

Traditional Bingo is popular for several reasons: it is never the same game twice, there is always a winner, players are competing against individuals in the same environment, and there are many "near wins" that keep it exciting. Although some of these attributes are not present in the scratcher versions of Bingo, the simplicity and familiarity contribute to its translating well to a lottery environment.

The Virginia Lottery expects to field a quantitative test of several versions of online Bingo soon.

Wisconsin

Bingo is a staple product for the Wisconsin Lottery. Bingo scratch tickets are offered regularly, typically at the \$3 price point. Bingo tickets perform well, with sales comparable to regular \$3 tickets.

Bingo tickets remain popular because people are very familiar with the game, and Bingo-themed tickets generally offer extended play. ■



CORRECTION: The South Carolina Lottery sales information sent on the High Price Point Survey, published in the March issue of Public Gaming International, was partially incorrect. The sales for Cash Bonanza, \$10 instant ticket, exceeded \$2.95 million per week. Cash Bonanza launched 11/01/03, so it was only selling for 8 weeks in 2003. Gross sales for this 8 week period ending December 31, 2003 were \$27,245,950. A \$5 ticket, Cash Explosion, was actually the highest in gross sales. The gross sales for Cash Explosion for 2003 were \$45,387,270.

Unplugged Wireless Lottery Applications

The idea of selling on the Internet holds a lot of potential, but it has yet to produce the kind of numbers expected. While Lotteries should still be looking for ways to utilize Internet sales techniques, the Internet is quickly becoming yesterday's news.

Mobile Gaming, or m-Gaming, is the Lottery industry buzzword of the new millennium. m-Gaming faces many of the same hurdles that e-Gaming faces (legislation/regulatory concerns, security issues, underage play, and problem gambling), encompasses nearly all the strengths of the Internet (ease of play, relative anonymity, ability to buy at leisure without having to travel to a retailer), but has one major advantage over the Internet: these terminals are in your customer's pockets, at their disposal, nearly the entire day.

m-Gaming has another strength that sets it apart from Internet gambling – infrastructure. In some developing nations, wireless phones are the only way to go. Many areas simply do not have land lines. But wireless can be anywhere – and it is thriving.

SMS based game downloads generated \$1.5 billion in sales during 2003, with Europe accounting for 68 percent of those sales. Those figures are expected to reach \$9.7 billion in revenues by 2008, with rich-media games requiring more advanced mobile devices garnering

the lion's share of that market. (Juniper Research).

Lotteries in Europe and Asia are embracing the benefits of m-Gaming, as several have launched sales over mobile devices. And, while legislation may still stand in the way of many North American lotteries selling over this powerful tool, there are ways in which they can begin to harness the power of m-Gaming and make it work for them without raising the ire of regulators. Continue reading to get an idea of how lotteries around the world are taking advantage of mobile gaming.

China

In late March, ROK Corporation launched the first Mobile Lotto Game in China. Developed entirely in-house by ROK, the game is a 5 from 25 Lotto which people are now able to play on their mobile phones via SMS. For a cost of just Yuan 1.2 (approximately US\$0.14) per play, the 5 from 25 lotto is an instant 'Points for Prizes' game which offers a range of prizes valued at up to Yuan 5,000 (approximately US\$600). Game winners are directed to visit a dedicated website where they are able to select from a range of prizes. ROK will introduce an average of

INTRALOT: "Mobile Gaming Channels – Getting closer to the player"

An increasing number of lottery operators are seeking to introduce services offered via personal interactive channels such as Internet, Mobile phones, IVR and iTV.

This tendency is symptomatic of a more general trend that is transforming lotteries into entertainment – focused service providers. Lotteries are offering new products with new delivery and payment methods in ways that are socially acceptable and responsible. Personal interactive channels are an example of this entire range of transformations.

Firstly, the mobile phone, the Internet and the other personal interactive channels offer the possibility of games that are drastically different and innovative compared to the traditional lottery games. The possibility of game graphics and interaction makes the games much more fun and appealing to the younger generations.

The delivery of the games is not restricted to the lottery agency or retailer network. The wide accessibility that is now materialized allows the players to enjoy playing them at the time and place of their choosing: at home, at the train station, the shopping mall, or at the bar. Hand-in-hand with relaxing the restrictions to the place of delivery of the games goes the increased flexibility of payment.

Still, we cannot forget that the lottery has a special mission to benefit society and the mission needs to be accomplished with socially acceptable and responsible manner. The added responsibility to protect the player, to limit underage gambling, and to control excessive gambling is greatly facilitated when the lottery knows who the player is. The lottery then has the ability to view the player's actions in a complete context.

This complete context is provided by the player profile inherent in personal interactive channels. Flexible payment methods, responsible gaming, player loyalty programs, all hinge on player knowledge based on player profiles. Furthermore, by leveraging player profile an operator can perform customer segmentation and market analysis, which will indicate the profitability of the offered games, channels and registered player groups. Strategies related to player loyalty policies can be implemented and new personalized games and services can be designed for increasing in the game participation and associated revenues.

INTRALOT, one of the biggest suppliers of integrated lottery systems has introduced a new platform the Alternative Channels Sales System (ACSS), specifically designed to support the lottery's new approach to the player. ACSS provides the game player with the ability to play, over the Internet, or by using mobile phone technologies such as WAP, SMS and USSD, or through PDA, interactive voice response systems and interactive TV.

ACSS is delivered with an integrated Contact Center implementation (PBX, CTI, IVR Call Center), which serves the player support and information needs. ACSS can also be used as an added value services platform exploiting the inherent support for electronic payment, the existence of the connectivity to the player devices (the "sales channel") and the knowledge of the player profile. Examples of added value services that can be built on top of the ACSS infrastructure are: Ticketing, Booking, Bill Payment, Opinion Voting and loyalty programs. ACSS has been designed on an open architecture platform easily extendable to support the introduction of added value services and new media channels. *Submitted by Intralot – www.intralot.com* ■

one new game every month in China, and will be introducing JAVA games for mobiles by the end of the year.

Finland

The Finnish horse tote games organizer and vendor Fintoto Oy recently acquired a Mobile Graphical User Interface (Mobile GUI) through EGET (European Game & Entertainment Technology).

The Mobile GUI enables gaming with a cell phone or a handheld device provided with a XHTML browser (e.g. models Nokia 3660, 6600, 7650, SonyEricsson P800). And, users are pleased to discover that this new service does not require additional software download to the phone.

The Mobile GUI gives the punter access to: results services; future start lists; scratches; tips; news; game history; customer profile; and possibility to Play.

India

Playwin, provider of on-line lottery service for the states of Sikkim and Karnataka, expanded its distribution channels by installing an application that allows players to play the Lottery through mobile devices. The system allows players to place bets using SMS or through traditional telephones using Interactive Voice Response.

Payment for tickets can be made via prepaid lottery cards that Playwin distributes; players can pay through an invoice sent by the mobile provider, or players can use a prepaid phone account. Lower tier winnings are credited to the prepaid card or mobile phone account, but larger winnings require the winner to submit a claim form.

Since the Government of India recognizes only a printed form of a bet as the official record, the system in use has been customized to provide a near real-time printing of every SMS and IVR bet using banks of laser printers at the data center.

Ireland

An Post, Ireland's National Lottery, announced in February that it was considering the prospect of allowing people to play Lotto through their mobile phones. The Lottery pointed out that its Lotto game may not necessarily be involved in the proposed m-gaming venture, but nothing has been ruled out yet.

The Netherlands

In an effort to attract a new group of players, namely those players who feel strongly about football, excitement and convenience, De Lotto made it possible for Dutch players to register for participation in Toto using the Internet and/or text messaging.

While players must fill a "wallet" with a credit card or bank transfer to play via the Internet, SMS players can have their stake deducted from the telephone credit or billed by subscription. Players utilizing either medium must first register at www.toto.nl.

South Korea

BankON, a mobile banking system jointly operated by Kookmin Bank and LG Telecom, is planning to add the ability to purchase lottery tickets via its mobile devices by the end of the year. BankON has signed-up more than 230,000 members since it began offering the service on September 1, 2003.

Sweden

Trisslotten, Sweden's biggest gambling product, just entered the mobile age. Starting with Trisslotten, Svenska Spel and Boss Media are now offering mobile gambling to the Swedish market. Bettors

Boss Media Harnesses Mobile Gaming's Potential

Boss Media, a leading supplier of systems for digitally-distributed gaming entertainment, is currently developing the mobile-handset version of a popular instant-win scratch ticket distributed by Svenska Spel, the Swedish National Lottery. The bright yellow scratch ticket known as Triss has long been Sweden's most popular lottery game. The ticket's Internet version, also created by Boss Media, proved an immediate success on Svenska Spel's site in October 2003. Triss is expected to experience another growth spurt in popularity this autumn when Swedes are given the opportunity to scratch the ticket anytime, anywhere by pressing a few buttons on their mobile phones.

Boss Media President and CEO Peter Bertilsson realizes that convenience and freedom of choice are crucial to today's customers: "Mobile gaming allows players to choose when, where and how they wish to gamble." Any Swedish resident 18 years or older can open an account at Svenska Spel and use pre-deposited funds stored in their player accounts to enjoy wagering in traditional gaming venues, at home on the Internet and, before long, anywhere with mobile phone coverage. To ensure security, accounts are protected by unique card numbers and personal codes and transmitted information is encrypted.

For national lotteries like Svenska Spel, the wireless realm offers many advantages. Lotteries save substantially on distribution costs and expand by catering to customers less able or inclined to visit traditional gaming spots. Armed with a database of game and player statistics, the operator has clearer insight into who and how frequently customers gamble. Lotteries can use this valuable information to more easily detect problem gambling and set parameters to deter it. Operators also profit from greater control over individuals permitted to access games. "From a regulatory point of view, mobile games are a step in the right direction," summarizes Bertilsson, whose corporation supports the responsible gaming efforts of the World Lottery Organization as an associate member and Gold Contributor. Boss Media is a publicly traded company listed on the Stockholm Stock Exchange since June 1999. *Submitted by Boss Media - www.bossmedia.com* ■

are able to use the same account from their home computer and mobile telephone. The new gambling channel will strengthen the relationship between the gambler and his gaming card.

Also in Sweden, Netgame Factory developed a concept and system for Folkspel called "YeeHaa!" The game is a multi lottery consisting of a traditional scratch card combined with an SMS competition using mobile phones.

"YeeHaa!" allows players to win up to one million SEK (approximately U.S. \$108,000) by scratching three identical symbols on the lottery ticket, and a further one million SEK by answering questions in a knowledge competition which is carried out via text messages. The competitor scratches off an SMS code which is sent via SMS, and receives a question in return.

Continued on page 28...

A Comprehensive Look at Lotteries on the Internet part II

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.

In the April issue of Public Gaming International Magazine, we took a comprehensive look at how many Lotteries were using the Internet in the areas of communications, public relations, market research, player's clubs and second chance drawings. The article was broken in two to accommodate the vast amount of information. This is part two.

New York

The New York Lottery debuted its restructured Web site in 2003. The new, content-driven site is designed to give visitors the top-line information they want in a format they selected in as timely a manner as possible.

New York winners and their stories are featured prominently on the Home page alongside the latest winning numbers and payouts, jackpot updates and new game announcements as a way to demonstrate that real people do win Lottery games every day, all across the state.

Since the launch of the restructured site in January 2003, the number of total visits has increased 18%, the number of unique visitors rose 23% and the percentage of visitors who visited more than once grew from 35% to 38%.

The New York Lottery's Players Club continues to evolve. Initially designed as a marketing tool to help build the Lottery's database for promotional offers, the original Players Club concept now serves as an opt-in email notification program. Plans for 2004 call for refining the program further to include a voluntary postal mailing list registration service.

The Lottery incorporates a Web-based method of entry into many of its statewide second chance drawing promotions. In 2003, the Lottery offered players an opportunity to download an entry form for two statewide second chance contests/sweepstakes. Web-based entry forms accounted for an estimated 5 percent of all entry forms received for those promotions.

New Zealand

The NZLC currently posts draw results, how to play information, corporate information, historical data, staff vacancies, winners' information, information for retailers, location of retailers and lottery grants information on its website. Changes and enhancements over the next 12 months will partly depend on NZLC's strategic response to its newfound ability to offer "remote interactive gambling" under the Gambling Act 2003.

Norsk Tipping

Norsk Tipping sees good results in using mass communication via the Internet. The Lottery's last campaign increased the turnover by 9 percent during the three week campaign period. New users increased by 300 percent compared to an ordinary week. This year the Lottery is planning four major campaigns with the hope that the long term effect will contribute to the Lottery's ability to reach the critical mass of net users. Ultimately, the Lottery is hoping that after reaching a critical mass, the communication will be based on one-to-one-communication instead of mass communications..

Press coverage is a cheap and effective way to increase knowledge and awareness of the channel and the products. It is one way the Lottery is looking to get more coverage of its Internet site. Press coverage on big winners is the most effective way to allocate players and turnover to the channel.

NSW Lotteries (Australia)

The NSW Lotteries website at nswlotteries.com.au provides customers with product results (both historical and recent) current prize offers, details of each product and how to play etc. In addition customers are offered an automatic email service to obtain results that includes a daily promotional message about special offers available.

In general, the website is deemed a tool to communicate with the public. As well, media releases about winner stories are regularly updated and any changes to products are also communicated.

Ohio

The Ohio Lottery Commission uses its Internet Web site to display and gather information for potential players, and to promote games and winners. The Ohio Lottery Home Page provides winning numbers, game rules, current promotions, Lottery facts, and problem gambling services. The Lottery responds to numerous customer questions and concerns via e-mail. Over the next 12 months, the agency plans to upgrade its Web site to provide visitors with a complete multi-media experience.

The Ohio Lottery is constantly increasing the amount of market research conducted via the Web site. The Lottery recently conducted online surveys for input regarding new games. The Lottery has also conducted focus group testing involving customers and retailers. The Lottery expects to see online market research increase as a valuable but inexpensive tool to measure customer feedback.

Finally, the Lottery has used its Web site for second-chance

drawings occasionally, to varying degrees of success. The Lottery does not currently offer any second-chance drawings via the Web site and does not have any immediate future plans for this.

Oregon

Like most lotteries, The Oregon Lottery web site provides comprehensive information on the lottery and its games. Until now, it has been an added value service. The Lottery has begun the process of converting the site to provide a dynamic database and experience for its players. Content will be created and populated into pages based on user needs. The database creation is happening now.

Also, the Lottery is in the process of redesigning its site to provide information on where the money goes, games and winners on a more consistent basis, not just on the home page. The Lottery's goal is to start using the web site more as a part of its marketing mix and more as a revenue generating vehicle (to the extent that it can given that it cannot sell on the web.)

Organización Nacional de Ciegos Españoles (ONCE)

The ONCE uses its web page, www.once.es, to give winning ticket information (for the last 30 days) and characteristics of other products.

The ONCE is intending to start selling its products on the Internet, but first the Lottery wants to study the difference between clients that buy through the Internet and those who buy through traditional channels.

Quebec

Up to now, Loto-Québec's eleven Web sites have been mainly used as communication tools to build awareness around its mission, economic impact and social responsibility as well as its different divisions and activities: lotteries, casinos, bingos and video loteries. In 2004, the Lotterie is going to continue to improve the quality of its Web sites content.

In 2003, the lottery completed two surveys about its five web sites dedicated to its casino business. An important survey of its eleven Web sites is planned for 2004.

Rhode Island

The Rhode Island Lottery lists FAQ, new games, how to play game information, current promotions, and winning numbers on the website. The Lottery also includes information on where the money goes; fiscal year financial data, rules and regulations, etc. on the website.

Currently, the Rhode Island Lottery does not conduct market research through the website.

The Rhode Island Lottery plans to revamp its website in the next twelve months to enhance the presentation, offer visitors more information, as well as a more convenient way of navigating through the site.

Svenska Spel

Svenska Spel, The Swedish National Lottery, concurrently offers 14 of its games over the Internet as well as through its retailer network - Sports betting, Lotto, Keno and Spiel, scratch tickets and bingo.

All those who are registered as "online" customers receive a weekly newsletter with the latest information, promotions, campaigns etc. Players are encouraged to comment and chat, which they frequently do.

More than 50 percent of all Svenska Spel customers have Spelkortet, the Lottery's loyalty card.

By using the individual card number a player can always find an updated report on the Lottery website as to how he or she has been doing with his or her bets and wagers over the last year.

Texas

The Texas Lottery Commission (TLC) views the Internet as one of the more effective and efficient means of communicating with the various customers of its two major lines of operation: the Texas Lottery and Charitable Bingo. TLC uses the Internet to communicate with players of lottery and bingo games, provide information and relevant forms to current and potential lottery retailers and bingo licensees, and keep the general public and the media informed about issues, events and activities of the Commission.

The Charitable Bingo Operations Division also uses its Web site to increase public participation in its rule-making process. As applicable, TLC places draft rules on the Web site for informal comment prior to those rules going through the formal comment hearing. This gives the public the opportunity to discuss and comment on rules in an informal setting and address any questions or issues they may have before the formal comment period begins.

Weekly meetings to strategize on changes and additions to web content keep TLC's home page fresh and dynamic, with links to pages that provide more detail. For example, Web visitors are directed to the message "From the Executive Director" when the agency is involved in high-profile topics, such as matrix changes, public information campaigns and new game launches.

The agency recently completed a strategic analysis of its Web use and prioritized initiatives that will be the focus of its efforts in the next twelve months. These priorities are:

- **Lottery Retailer Center** - providing retailers the opportunity to file financial statements and update licenses online.
- **Online training** - an Internet training system that is scenario-based and interactive, thus increasing the availability and effectiveness of training for all constituents of the TLC, including lottery retailers, Charitable Bingo operators, and vendors.
- **Bingo licensing and financial reporting** - providing Charitable Bingo licensees the option of updating licenses and submitting financial information online

Concurrent with these new initiatives is ongoing maintenance and site improvements designed to increase interactivity and organize the Web site to be easily accessed by user group.

Recent changes have increased the effectiveness of the Web site as a public relations medium. Analysis of Web site traffic demonstrated that the page receiving the most hits was the one with winnings numbers for the TLC's four on-line games (the Lottery has since added Mega Millions).

To expedite the availability of this information, the Lottery linked the web site to the database where the winning numbers are entered after they are confirmed by the Lottery's Security Division drawings team and independent auditor.

Now the Web site is updated within minutes of the drawing, so the quickest way for players and the media to find out winning numbers is the Web site (TLC has educated the media so they know that the Web site is the "go to" place for winning numbers if their deadline is approaching and the fax/e-mail with the results has not yet arrived).

INTERNET

One final but important public relations use of the Internet is its role as a forum to promote TLC's three public awareness activities: Play Responsibly, Latin Lotto Scam and the Texas Amber Alert Network. Dedicated Web pages provide a constant source of information about these initiatives and can be given a higher profile when something timely happens. For example, when a local police department made two arrests in the Latin Lotto Scam, TLC posted that news on the home page, and then linked viewers to the Latin Lotto page for more information on how they could help law enforcement nab the perpetrators. The Latin Lotto section includes a "Rogue's Gallery" with mug shots of previous perpetrators and a "Truth Report" on how the scam works.

An important goal of the Texas Lottery Commission is to take advantage of today's technology to provide customer-friendly services and information to the public. To support this goal, the Texas Lottery® utilizes a permission-based e-Marketing service offered by GTECH® Corporation called PlayerConnect™ to distribute information to players and retailers. Membership is available by signing up online, at Texas Lottery Claim Centers, and at select promotional events. Members receive the latest Texas Lottery news and updates, including winning numbers and current jackpot amounts, links to prize amounts and past results, special promotions, and the chance to participate in online surveys.

PlayerConnect has proven to be extremely popular with Texas Lottery players and retailers. Currently more than 22,700 players enjoy the benefits of membership, and that number continues to grow.

Using the permission-based PlayerConnect™ service offered by GTECH® Corporation, the Texas Lottery has been able to use the Internet to conduct small-sample surveys on game play, frequency and amount spent, as well as to acquire select demographic information from the database members. TLC is also planning instant ticket concept research using the PlayerConnect database, and has conducted other minor research projects in the past with this player membership.

Virginia

The Virginia Lottery offers players two ways to enter statewide promotions. They can send entries through "snail mail" for the cost of a first-class stamp. No stamp? No problem! Players also can enter by using the Lottery's website: www.valottery.com. In May, players will find out the winners of two promotions: 1) the Lottery's "15th Anniversary Prize Bonanza" with a chance to win up to \$15,000, and 2) the "Keep On Truckin' " second-chance sweepstakes with a chance to win one of two Ford F-150 FX4 trucks or a "truckload" of Ford prize packs. Players like the "web-ability" of the Lottery's promotions: website entries have outnumbered mail entries by a two-to-one margin, making these sweepstakes the Lottery's most popular second-chance drawings ever. Making promotions accessible via the Internet gives more players a second chance to win prizes in Virginia Lottery promotions and sweepstakes.

Earlier this year, the Virginia Lottery launched a retailer section on its website (www.valottery.com). Retailers may view, download, and print materials specific to their needs. Retailers also have 24-hour access to information concerning consignment sales, ticket dispensers, and the license application process. A current Retailer Manual and an online terminal reference guide are also available on the website.

In addition to making things easier for retailers, this addition to the website will reduce the Lottery's administrative costs and will increase communication between retailers and the Virginia Lottery. Future plans call for retailers to be able to establish a

password and access their store's statement history, incentive goals, and retailer training.

West Virginia

The West Virginia Lottery was one of the first of the U.S. lotteries to host a web site for the public. Completely done in-house, the web site has been praised by players and retailers as being user friendly and providing a variety of helpful information.

Pertinent information is available to the public, including how to play specific games, how to win and claim prizes, proceeds allocations and game descriptions. Players can download a variety of forms and can access a range of winning numbers, as well as specific ones.

In addition, an index feature includes options for making written or verbal inquiries, results of past second chance drawings, descriptions of upcoming drawings, monthly copies of newspaper advertisements listing claimed prizes over \$500, commonly asked questions and answers, the history of the Lottery, the names and addresses of Lottery Commission members, and news releases, both by title and by text.

Those interested in West Virginia's Limited Video Lottery Act can read the bill in its entirety, as well as details of how to become a licensed retailer and what retail locations have been licensed to offer the LVL games. A multitude of downloadable forms are included for this Lottery product, as well.

There are also direct links to the Lottery's four licensed racetracks, MUSL, NASPL, its vendors, directions to Lottery headquarters, other lotteries' web sites and the State of West Virginia's home page. A link to information on the Problem Gambler's Network Hotline is included which contains a quiz on determining addiction and information concerning help and treatment access.

It should also be noted that West Virginia has specific web sites exclusively designed for and accessed by lottery retailers, legal entities, financial firms and video lottery manufacturers.

Under a new contract with the Lottery's advertising agency, the web site is slated to be re-vamped to include more enhanced areas of access for players, retailers, and the news media. The proposed features will include animated game demonstrations, streaming video of advertising and drawings, advanced and user-friendly winning numbers search engines, and a multitude of entertaining attributes. Of significance, are plans to host a players' club and conduct research online.

Wisconsin

While Second Chance entry and winner information is provided, Wisconsin law has strict prohibitions on the use of the Internet for Second Chance drawings and other activities that could be broadly defined as "playing" the lottery via computer.

As of January 1, the Lottery began offering membership in the Wisconsin Lottery's Players Club. For now, members can only sign up to receive Lottery results via email and to express their interest in taking part in future surveys. The market research aspect of the Players Club is still in development, but will be implemented within the next 12 months.

The Lottery's web site itself is currently undergoing a redesign that will allow players to find information more easily and will assist the Lottery in delivering important information more effectively. An important part of the long-range plan associated with the redesign is the inclusion of services specifically for retailers. This, like the Players Club market research tool, is scheduled to be part of the Wisconsin Lottery's web presence within the next year. ■

On the Internet

Georgia Says No to Internet Play

The Georgia Senate voted down a bill that would have allowed the Georgia Lottery to set up a site where players could buy lottery tickets online. It would have been the first such site associated with a state lottery in the United States.

New Problem Gambling Page in Virginia

The Virginia Lottery marked Problem Gambling Awareness Week by revealing a new webpage dedicated to problem gambling awareness. The page is designed to inform website visitors as to what problem gambling is (and is not) and how to seek help. With links to Gamblers Anonymous and The National Council on Problem Gambling as well as a toll-free Virginia Lottery problem gambling help line number, Lottery officials hope the page can serve as a first step for someone with a gambling problem to find help.

During Problem Gambling Awareness Week, the Lottery also included a prominent link on its homepage to the Problem Gambling Awareness Week website.

"Devoting prominent space on our high-traffic lottery website to problem gambling is the right thing to do," says Virginia Lottery Executive Director Penelope W. Kyle. "We want to present the facts to anyone who suspects they or someone they know may have a problem."

WTO Sides Against U.S. in Internet Gambling Dispute

The World Trade Organization ruled in favor of Antigua and Barbuda on a dispute between the island state and the United States over Internet gambling. WTO trade judges will take 30 days to issue a final ruling, and then the U.S. can appeal.

PAGCOR to Launch Internet Casino

The Philippine Amusement and Gaming Corp. is launching an Internet casino. PAGCOR is taking the venture over from a company that it had granted a franchise to six years ago. The Philippine Supreme Court ruled that PAGCOR didn't have the authority to grant that franchise.

SMS Launch in China

ROK Corporation launched the first Mobile Lotto Game in China in late March. Developed entirely in-house by ROK, the game is a 5 from 25 Lotto which people are now able to play on their mobile phones via SMS. For a cost of just Yuan 1.2 (approximately US\$0.14) per play, the 5 from 25 lotto is an instant 'Points for Prizes' game which offers a range of prizes valued at up to Yuan 5,000 (approximately US\$600). Game winners are directed to visit a dedicated website where they are able to select from a range of prizes.

ROK will introduce an average of one new game every month in China, and will be introducing JAVA games for mobiles by the end of the year.

ALC Freshens Site

The Atlantic Lottery site now features improved content and services. The site still lists winning numbers on all ALC draw games but now it can also deliver winning numbers to players' wireless phones and hand-held wireless devices. A group play form as well as jackpot and winning numbers information can

be printed from the site.

ALC has also increased the responsible gaming content at its site. ALC's site is www.alc.ca.

Washington State to Allow Internet & Phone Bets on Races

Washington horse-players will be able to bet by phone or over the Internet under a new law signed by Washington State Governor Gary Locke.

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 now.

Svenska Spel Chooses Boss Media as Supplier Again

Boss Media has been contracted by Svenska Spel to develop more gaming products for its Internet gaming center. In autumn 2003, Svenska Spel launched the popular scratch card games known in Sweden as Triss, Tia, Skrap-Bingo and Skrap-Pyramid, along with three new bingo games. The scratch card games Dubbel-Triss, Tia med Stjärnvinst, Skrap-Labyrinten and a gaming engine that creates options for completely new types of game will now also be added to the range available at www.svenskaspel.se. Anyone who holds a gaming card issued by Svenska Spel is allowed to play. The gaming card is free and all Swedish citizens over the age of 18 with a permanent address in Sweden can apply for one.

With the new contract, Boss Media will be increasing its range of lottery games for its modular gaming platform. All the games are developed in Flash, which means that players can play directly online without having to download any software. The new games are being developed in close cooperation with Svenska Spel.

Access Gaming Goes Online in France

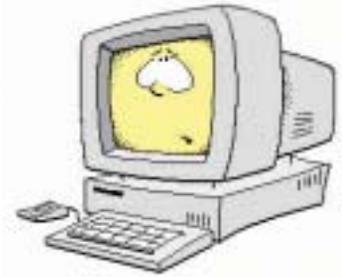
Access Gaming Systems Europe is pleased to announce the successful launch of Internet Loto and Euromillions at the French State Lottery, La Française des Jeux (LFDJ).

Prior to this announcement, LFDJ already offered several innovative instant lotto games on the Internet, as well as "Cote et Match" a fixed odds football betting game. "Loto" is the core 6/49 product offered in France and "Euromillions" is the new pan-European lottery game currently available in France, The UK and Spain.

EGET Delivers a Sports Betting Solution to Estonia

EGET successfully delivered an Internet sports betting solution to the subsidiary of the Estonian Olympic Committee called Spordiennustus. The delivery has been done in close cooperation with Ålands Penningautomatförening (PAF). The site launched with the classical 1x2 betting on sports events as football, ice hockey and basketball.

Later on, up to 14 additional new betting types - such as betting on correct score or on half time results - will be added to the system. ■



Video News

Kansans Endorse Installation of Expanded Gaming at Tourist Destinations

Final Report Released on Feasibility of Electronic and/or Casino Gaming in Kansas

Recent market research by the Kansas Lottery showed that 55 percent of adult Kansas residents favor the expansion of destination resort gaming. Results indicate installation of state-owned and operated slot machines at fraternal organizations were slightly favored, and Kansas residents showed somewhat less interest in slot machines at horse and dog tracks than previous surveys reported. The study also indicates that half of those surveyed oppose allowing Indian tribes to build casinos on non-reservation land or installing video lottery terminals (VLTs) at Lottery retailer locations in the state. Christiansen Capital Advisors LLC and Behavioral Research Center, Inc. was retained to conduct market research and related services pertaining to electronic and/or casino gaming in the State of Kansas. CCA's objectives were: to determine whether the expansion of gaming in Kansas is economically feasible; if the expansion of gaming in Kansas is feasible, determine what type(s) of gaming is (are) preferable; to determine at what venue(s) expanded gaming should be conducted; and to make any other suggestions and provide such market research and feasibility information as may be deemed necessary for the State of Kansas to adequately evaluate the issue of expanded gaming.

"Expanded gaming in Kansas has been a sensitive issue for the past several years," said Lottery Executive Director Ed Van Petten. "Governor Sebelius' Gaming Committee determined that independent advice about the market potential for expanded gaming was necessary to assess what Kansans want and which option would be most beneficial. This report has offered insight into some complex issues associated with expanded gaming and potential revenue gains, and has largely validated the work done by Gov. Sebelius' Gaming Commission."

Based on the results of the survey, CCA was asked to make recommendations to the Kansas Lottery concerning in what city/cities and/or area(s) had the greatest revenue potential. The summary indicates that resort casinos located in Kansas City, Wichita and near Galena would generate an estimated \$898 million in revenue.

Based on population and location, a resort in or around the Galena, Kansas area was recommended as being potentially more profitable than a destination casino in Dodge City, Kansas. Other than tribal casinos, any expanded gaming ventures will be owned and operated by the State of Kansas.

In other news, a Kansas Senate committee endorsed Gov. Kathleen Sebelius' gambling proposals, even expanding upon them. The Federal and State Affairs Committee passed the legislation, which would allow slots at tracks and up to five state-owned casinos, after expanding it to allow slots at bowling alleys, driving ranges and other facilities. Under the expanded legislation, the smaller facilities could have five machines each. The bill would require approval by a county's voters before a casino could be built or slot machines placed in clubs or businesses.

Iowa Gambling Expansion Bill Heads to Governor

The Iowa Senate voted 37-11 in favor of getting rid of limits on the number of licenses that can be approved, allowing the Iowa Racing and Gaming Commission to expand casino gam-

bling in the state. The bill now goes to Gov. Tom Vilsack.

1000 Additional Video Games to WV Track

Penn National Gaming, Inc. announced that the West Virginia Lottery Commission has approved its request to increase the number of slot machines authorized for placement at the Company's Charles Town Races by 1,000 to 4,500. The Company anticipates adding 300 of the newly authorized slot machines, subject to final regulatory approval of ticket-in/ticket-out gaming devices at Charles Town Races by the beginning of the fourth quarter of 2004 bringing the total slot machine installed base to 3,800 units.

CDP Could be in for Gaming Expansion

The Province of New Brunswick has reportedly asked the Atlantic Lottery to work up a business plan for renovating Charlottetown Driving Park (CDP) and increasing the gaming available at the Park.

CDP currently has 10 VLTs, and while no indication has been made that the number of machines will increase, there is room in the Provincial legislation for that number to increase. Legislation allows 680 gaming machines on the island, and only 415 are currently in use.

Texas Governor Pushes for Racinos

Texas Gov. Rick Perry is proposing to allow video lottery terminals at the racetracks to help education. The proposal is being enthusiastically backed by the tracks. One track official is predicting passage of enabling legislation.

Maryland House Kills Slots Bill

The Maryland House Ways and Means committee voted 21-0 in opposition to slots legislation supported by Gov. Robert L. Ehrlich Jr. Earlier in the year the legislation was passed by the Senate.

Maine Bill Defeated in Senate

The Maine State Senate voted 26 to 7 to kill a measure that would legalize VLTs in Maine clubs. The bill will now go back to the House. The bill is separate from a measure, also working its way through the Legislature, that would create a Gambling Control Board to regulate gaming machines at Maine harness racing tracks and set a formula under which gaming revenues would be distributed.

Caesars Wants Casino Near Mall of America

Caesars Entertainment has hired a lobbying firm in Bloomington, Minnesota to poll locals to find out how they feel about the prospect of having a 160,000-square-foot casino with 5,000 slot machines and 150 gaming tables built near the Mall of America. Building a casino at the mall would require a constitutional amendment, but if it passes, Caesars has projected it will bring in at least \$1.1 billion in annual revenue and generate \$213-\$253 million a year in state gambling taxes.

Aristocrat Chosen for Colorado Casino

Aristocrat Technologies has been awarded a contract to provide its OASIS™ Casino Management System and over 100 gaming machines for the opening of the new Wild Horse Casino in Cripple Creek, Colorado. As part of the contract, Aristocrat will provide its OASIS Quickets™ ticket-in/ticket-out technology for cashless wagering to the Wild Horse Casino which, when it opens in May 2004, will be Colorado's first casino set up to eventually provide its guests a cashless gaming environment. ■

North Dakota Launches Lottery Sales

The North Dakota Lottery launched in a very unique way on Thursday, March 25. The Lottery didn't launch with Instant, but rather with Powerball – the type of game which is generally added to the Lottery product mix much later in the process.

Attorney General Wayne Stenehjem kicked-off the festivities by selling the first ticket to Rep. Andy Maragos, who led the initiative campaign to allow Powerball sales in the state. Just after 6pm, the sales total had reached \$119,453. This equates to 18.77 cents being spent per person in North Dakota, which is believed to be a single-day Powerball record.

Powerball Launches in Tennessee

Powerball launched in Tennessee in April. Sales were reportedly brisk in most areas, with a reported \$654,000 being sold on the first day, and an extra \$536,000 as of 5pm on the second day.

Powerball Game Show to End

The Multi-state Lottery Association voted to end the Powerball Instant Millionaire game show after four television seasons. The show will end Sept. 25, 2004.

Wisconsin Sales on the Rise

Wisconsin Lottery sales are up 12 percent during the first nine

months of FY '04. Total lottery sales between July 1 and March 31 were \$367.3 million, compared with \$328 million during the same period last year. Betting on computerized online games increased 16 percent to \$163.7 million, and bets on scratch-off games 10 percent to \$201 million. The remaining \$2.6 million in sales came from pull-tab games. Powerball sales were up 19 percent to \$84.5 million during the nine-month period, due largely to large jackpots. Megabucks sales increased 11 percent to \$15.2 million.

Connecticut House Votes to Pay Late Claim

The Connecticut House voted to give nearly \$6 million to Clarence Jackson, the man who turned in his winning ticket for a 1995 jackpot one day after the deadline. However, the issue has been sent back to the Appropriations Committee because there is no money in this year's budget to pay Jackson the money.

Maine Plans to Join Powerball

A version of the Maine state budget authorizes the Maine Lottery to join MUSL's Powerball game. It's been estimated that the game could generate \$9 million next year as part of a larger plan to increase state aid to local schools by \$15 million. If all goes as planned, Maine residents could be buying Powerball tickets as early as July. ■

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Arizona

Arizona Lottery Sales are well ahead of last year and Lottery Director Katie Pushor is anticipating that a record \$100 million will be contributed to state funds this fiscal year. Principal growth has been attributed to Powerball and scratch-off ticket sales.

MDI's Betty Boop has become the Arizona Lottery's best ever licensed instant lottery game, selling out in less than 13 weeks. Betty Boop went on sale in Arizona on January 6, 2004. Among ten \$2 games launched between February 2003 and January 2004, Betty Boop sales indexed at 140 after 12 weeks. Total Boop sales for the period were \$2.2 million.

Illinois

The Illinois Lottery is celebrating its 30th anniversary in a big way with signature commercials featuring a well-known celebrity (and Chicago native). But the fun didn't stop there, because a summer-long promotion featuring millions in prizes kicked-off during April.

Since April 12, players have been able to send in non-winning "30th Anniversary" instant and specially marked online tickets for the chance to win big money. Each week for 20 weeks beginning May 6, the Lottery will have a drawing for \$100,000. In September, there will be a final, grand prize drawing for \$1 million.

Kentucky

Fifteen years after its launch, the Kentucky Lottery Corporation has provided a tangible benefit to the Commonwealth in excess of two billion dollars. Proceeds have gone to a variety of causes since Lottery tickets were first sold in Kentucky. They include: \$1,362,400,000 to the state's General Fund. A majority of revenue in the General Fund is spent on primary and secondary education

in Kentucky; \$214 million in 1992-1994 to the SEEK Program, a school funding program established to provide money to support elementary and secondary education in the state; \$21 million to the Kentucky Affordable Housing Trust Fund, building nearly 2770 housing units for some of the state's neediest citizens; \$32 million in recognition bonuses paid to Vietnam Veterans from 1989-91.

Massachusetts

Massachusetts State Treasurer Tim Cahill and New England Patriots player Troy Brown announced the Lottery's new one-day bingo license program. The Lottery's new bingo program enables qualified charities statewide the chance to raise money by conducting one-time only bingo nights. The new bingo program will kick off with the Troy Brown Celebrity Bingo Night on May 13 at Gillette Stadium.

Massachusetts Lottery revenues already have increased \$31 million compared to the same time last year, and the increase can be at least partially attributed to the launch of the first lottery advertising campaign since 1997. Other factors that have influenced the increase include the introduction of a second \$10 instant, and longer Keno hours. After ads touting Mega Millions were shown, Massachusetts share of the game's sales increased from 3 percent to 5 percent.

Michigan

After completing just over four months of sales, the Michigan Lottery climbed 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.

Lottery People

California Lottery Chief Executive Officer and Director **Anthony Molica** has resigned after only seven months. Molica joined the California Lottery Sept. 2, 2003, after serving as executive director for the Washington Lottery. His last day was April 8. "He has chosen to resign and join his family back in Washington state," said lottery representative Rosa Escutia. Gov. Arnold Schwarzenegger will appoint Molica's replacement.

Philippine Charity Sweepstakes Office Chairman **Maria Livia Singson-De Leon** suffered a mild stroke while delivering a speech and was rushed to Baguio City General Hospital last week. She was later airlifted to Manila after her condition improved following a nine-hour brain surgery.

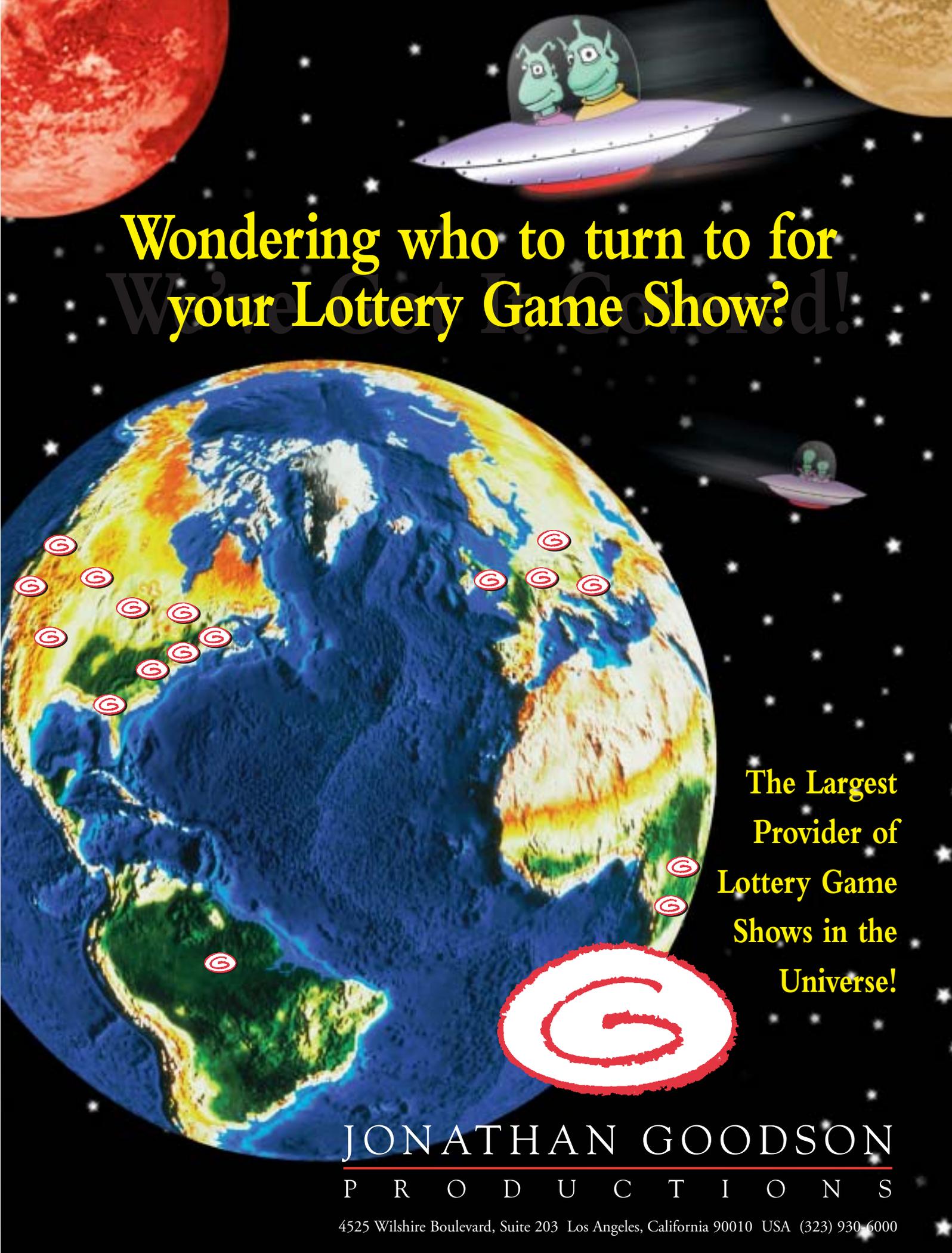
Clyde Bevan has been appointed the new chairman of Lotterywest. Mr Bevan is a restaurateur who has launched the Dear Friends and Friends eateries. He replaces **Kevin Campbell**, whose contract expired on March 25. Under the guidance of Mr Campbell and chief executive **Jan Stewart**, Lotterywest raised more than \$1.4 billion in revenue and provided a record-breaking \$413 mil-

lion for beneficiaries between 2001 and 2004.

The Kentucky Lottery Corporation announced the selection of **Mary Harville** as the KLC's new General Counsel. Harville comes to the KLC from the Louisville law firm of Reed Weitekamp Schell and Vice, where she has practiced for the past seven years.

Scientific Games announced that **Brad Mohs** has joined the company as Senior Vice President Software Engineering as of March 3, 2004. Mr. Mohs was previously Senior Vice President and Chief Technology Officer for AutoTrader.com, the Internet's leading automobile classifieds marketplace and consumer information website.

Oberthur Gaming is proud to announce that **Etienne Couelle**, OGT's Chief Executive Officer, will return this summer to FCO's headquarters in France, where he will be promoted to a new strategic position. **Emmanuèle Cousineau**, OGT's Chairman and former Chief Executive Officer will replace him as CEO, while keeping her chair position. ■



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The Michigan Lottery will debut its new Harley-Davidson® instant game on May 1, 2004 with a full-day event at ABC Harley-Davidson® in Waterford (metro Detroit). The event will feature a coney dog eating contest with proceeds benefiting the Muscular Dystrophy Association – the official charity of Harley-Davidson.®

Minnesota

April 17, 2004 marked yet another milestone for the Minnesota State Lottery – 14 years of Lottery sales and contributions to the state. Since the first ticket, Match 3, went on sale on April 17, 1990 through March 31, 2004: Lottery sales total more than \$4.9 billion, retailers have earned \$296.8 million in commissions and incentives; over \$2.9 billion in prizes has been paid to players; 644,926,586 winning tickets have been sold in Minnesota; and state beneficiaries have received over \$1.1 billion.

Nebraska

With the Nebraska Lottery's April 7 launch of Truck\$ & Buck\$ featuring the 2004 Ford F-150 SuperCrew 4x4 comes the annual second chance contest, which this year is entitled Tough Truck Giveaway. The Tough Truck Giveaway offers \$2 Scratch game players a second chance to win a new Ford F-150 SuperCrew truck.

Pennsylvania

The Pennsylvania Lottery launched a Mother's Day ticket on March 30. Mother's Day Bouquet is a \$5 instant game that makes a great enhancement to cards and gifts for Mom. The game offers a \$50,000 top prize and there are 12 chances to win on each ticket. Mother's Day Bouquet has more than 100,000 prizes between \$20 and \$500 and more than \$7 million in total cash prizes. Overall odds of winning a Mother's Day Bouquet prize are 1-in-3.74.

...continued from page 19

U.K.

Many U.K. residents will soon have more than one mobile lottery option, as both Camelot and Million-2-1 are planning to launch SMS based lotteries.

Million-2-1, a company specializing in technology for games played via text messaging, will soon be launching several SMS-based local lotteries throughout the U.K. A local lottery launch was planned for Manchester in May, with subsequent launches planned for Leeds, Liverpool, and possibly London in September.

To play, players send a text message via SMS to the local lottery, buy a ticket, and the numbers are sent via text back to their phones. Winners are also notified via text messaging.

Camelot, operator of U.K.'s National Lottery, is vying to become the nation's largest seller of lottery products via m-commerce. Lottery sales will be launched through mobile phones later in the year.

Venezuela

VIA Cell (Virtual Integrated Applications, Inc.) is in negotiations with representatives for the Venezuela lottery, and several other Latin American lotteries, to provide cell phone applications to purchase lottery tickets directly from a user's cell phone.

Venezuela has more cell phone users than land line users and it is estimated that more than 54 million Latin Americans are on cellular phones. By 2010 that figure is projected to increase to 145 million.

Tennessee

Tennessee Lottery officials transferred \$63,774,000 to the state for education scholarships. The total represents the profits since the first scratchoff tickets were sold Jan. 20. The Lottery expects to transfer another \$41.3 million at the close of the fiscal year on June 30, keeping the scholarship fund ahead of early projections.

Texas

Total Lottery sales in Texas are currently sitting at \$2.03 billion – up 5.3 percent over the same period last year. Mega Millions sales have reached \$97 million since the first tickets were sold in December, while Lotto Texas has experienced 26 percent decrease (much of which was expected), from \$330 million at this point last year to \$244 million.

The Texas Lottery Commission reached another milestone this month, as the latest monthly transfer to the Foundation School Fund from its operation of the Texas Lottery® pushed total contributions to education past the \$6 billion mark.

Virginia

The Virginia Lottery announced its largest daily games' payout ever when 7-7-7-7 was drawn the afternoon of April 13. Almost 1,500 tickets won \$5.57 million on sales of \$211,526, a payout more than 26 times the amount taken in for the game. Approximately half of the tickets won \$2,500 on \$0.50 bets, and half won \$5,000 on \$1.00 bets. The largest previous daily games' payout was \$4.7 million on July 3, 2001 (7-7-7), while the largest previous Pick 4 payout was \$3.79 million on June 5, 2000, when the numbers 9-9-9-9 were drawn. Liability caps for Pick 3 & Pick 4 are \$8.0 million and \$6.0 million, respectively. ■

The application for the lottery would include the VIA Cell's Wireless Financial Management System™, a patent-pending financial management transaction application which allows users of wireless devices to manage their debit/credit cards and load money on the debit cards or Virtual Wallet™ and VIA Cell's Play-Wire™ application. The VIA Cell Play-Wire™ application is the only cell phone application designed to work with several international lotteries and gives the convenience of being able to buy a lottery ticket, play a scratch off ticket and other games of chance directly from your cell phone. These platforms are highly secure and also bring traditional online gaming to the cellular platform. Furthermore, the platform will include SMS integration for sweepstakes, lottery and gaming applications.

Making Due with what You Can Do

Of course, even where m-gaming is illegal, there are still applications which can add value to the Lottery product, or even grow revenue. SAZKA, operating out of the Czech Republic, is allowing customers to use its 5,700 online terminals to recharge credit on prepaid phone cards of the GSM mobile operator RadioMobil.

In the U.S., the Virginia Lottery has added value to its product by allowing players to access winning lottery numbers through wireless devices. The bottom line? Any scheme that can add value to a game, or get players to equate a lottery with a wireless device is bound to pay dividends in the long run. ■



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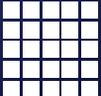
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