

Public Gaming

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The Georgia Lottery
Team, Keeping
Hope Alive

North America's Most Successful Instant

Lotteries on the Internet: Part I

Until now the best lottery terminals came from ILTS.



The ILTS Intellimark is
built around the Epson IR 300

Now they come from the ILTS/Epson team!

For more than two decades, ILTS has designed and built the most reliable terminals in the wagering industry. Their performance is near legendary. Datamark 4 terminals in Sweden have been in continuous service for 20, and are still in active use today. DATAMARK 8 terminals in New South Wales proved so reliable that on average they required a service call only once every two years.

Overall, ILTS terminals achieve MTBF more than double the industry average.

The message is clear. ILTS makes incredibly reliable terminals that are built to last.

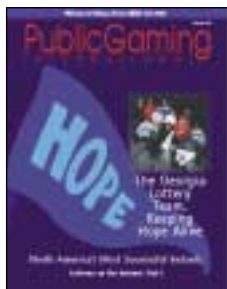
Now ILTS has teamed with Epson, the world's leading supplier of value-added POS solutions to introduce the Intellimark, a new on-line lottery terminal that integrates field-proven ILTS ticket-handling technology and its legendary performance with the latest point-of-sale technology.

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

to meet the lottery's exact needs. The large color touch screen and patented, custom-tailored graphical user interface reduce the number of steps in selling and guide the operator through all essential functions.

A new standard of performance from a new team in the industry.

ILTS EPSON
The advantage of teamwork!



Public Gaming

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CORRECTION: WE GOT OUR MIXES NAMED UP

In the January issue of PGI, we erroneously listed Sisal S.p.A. GM Giorgio Sandi as Sandi Giorgio. We also listed Lottomatica Director, Marco Staderini as Staderini Marco. We sincerely apologize for any inconvenience we may have caused these two fine gentlemen.

ON THE COVER:

Georgia Lottery team (from left to right, starting in back) Joan Schoubert, Marty Goldman, Larry Sipes, Jeannie Lin, Cathy Walls, Daniel Johnson, Andy Davis, Rebecca Paul, Wanda Wilson, Rosemarie Morse, Sydney Chambers

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NASPL REPORT

by Arch Gleason, NASPL President

A hundred or more lottery professionals will be gathering in Atlanta on February 3, 4, 5, and 6 for SMART-Tech 2002. Public Gaming and hosts Rebecca Paul and the Georgia Lottery Corporation have assembled a stellar program. SMART-Tech 2002 has a very timely theme – “The Name of the Game is Growth.” Lottery managers and staff from North America will join with industry vendors at this meeting to share ideas for growing sales.

Today, every lottery faces the challenge of increasing their sales and net revenues. The governments and good causes to which we contribute continue to need and seek additional funds every year, and the pressure to increase dividends has never been more evident than during recent months as the economy has slowed and the effects of terrorism have been felt. Legislatures are currently in session, and most, if not all, state governments are feeling the pinch of tight or deficit budgets. Our job, as lottery professionals, remains to be one of maximizing our dividends for those governments.

That's why this year's SMART-Tech will likely be both timely and important with bright and dynamic people from the lottery community coming together to do what they do better than any other industry. That is sharing information on innovations, new products, advertising and marketing strategies, as well as areas where processes can be improved and money saved. I, as well as members of our Kentucky Lottery Corporation staff, have returned from prior SMART-Tech's with a good number of new ideas, new industry contacts, and new friendships.

Those friendships are truly the best part of SMART-Tech, as well as other Public Gaming and other lottery industry meetings. When a question or problem arises on any given day, it's comforting to look in our card files and find the telephone numbers of industry colleagues

we can call for insight, consultation and advice. It's also good to receive those calls and share information on innovations, strategies, procedures and processes we've used in Kentucky.

At this year's SMART-Tech we can count on making new friends from the South Carolina Education Lottery. There's even a “Welcome South Carolina Luncheon” planned for Monday, February 4. I'm certain that our colleagues from the Palmetto State will be full of enthusiasm, have fun and interesting experiences to share, and even questions about upcoming challenges they face as they move forward with the development of their lottery. Let's be sure to give them a warm lottery industry welcome and let them know that their phone calls and email inquiries are always welcome.

Of course, everyone can't attend SMART-Tech 2002. Someone has to stay home and keep all of the lotteries running! But, for those of you who can't come to Atlanta, be sure to watch the March edition of Public Gaming International for a complete wrap-up on the ideas and innovations presented at SMART-Tech 2002. It's certain to provide you with some very interesting and educational reading!



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

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Industry News

Oberthur's Brazilian Operations Rewarded by the Environmental Institute of Paraná

Oberthur Gaming Technologies' (OGT) Brazilian facility, Impressores de Segurança Associados Ltda. (ISA), has won the best qualification in the "Management of Industrial Residues" category in the contest recently organized by the Environmental Institute of Paraná, Brazil.

"Oberthur, as well as ISA, has always been a responsible organization towards its community and the environment with secure and safe industrial practices and processes. This award recognizes the seriousness in the way we manage our business and reinforces Oberthur's reputation as a conscientious corporate citizen," said José de Campos Pereira, Managing Director of ISA.

MDI Entertainment Files Form S-8

MDI Entertainment, Inc. has filed a Form S-8 with the Securities and Exchange Commission to register approximately 1.9 million shares of company common stock underlying stock options. The options, which have been or will be granted to employees, management and directors, are part of a pay package tied to overall corporate performance. The registration does not imply the immediate sale of any of the registered stock, it simply registers the stock for issuance and for resale upon vesting and exercise of the related options.

In other MDI news, the company has contracted with Integrated Corporate Relations (ICR) of Westport, CT and Los Angeles, CA as its financial public relations firm.

Nter Technologies Awarded its First Two Contracts Outside Quebec

After barely one year of existence, and much earlier than anticipated, Nter Technologies, a joint venture private company created by Loto-Quebec and the CGI, has signed its first two contracts outside Quebec.

The first agreement is with Svenska Spel, the national lottery corporation of Sweden. Under the terms of the contract, Nter will provide the functional specifications allowing for a clear definition of the specific requirements for the purchase of a new video lottery central system.

The second contract involves a series of mandates to be carried out over the next two years for the Atlantic Lottery's IT division. Nter will serve as one of three consulting firms.

International Lottery & Totalizator Systems Announces Second-Quarter Earnings

International Lottery & Totalizator Systems, Inc. announced that revenues for the second quarter of fis-

cal 2002, which ended October 31, 2001, were \$6.4 million with net income of \$1.3 million as compared to a net loss of approximately \$1.8 million and revenues of \$2.0 million for the comparable period last year. Earnings per share for the second quarter were \$0.10 compared to a net loss of \$0.14 per share in the comparable quarter last year.

Revenues for the first half of fiscal 2002 are \$10.6 million compared to revenues of \$8.9 million in the comparable period last year. Net income for the first six months of fiscal 2002 was \$0.8 million or \$0.06 per share, compared with a net loss of \$1.0 million or \$0.08 per share for the comparable period last year.

In commenting on the results, ILTS President Mark Michalko said, "During this period, we secured new lottery business, including a contract to provide the first on-line lottery system in India. With a number of excellent opportunities around the world, we look forward to continued progress."

GTECH to Supply New Video Lottery Central System for the Rhode Island Lottery

GTECH has signed a five-year contract to supply a new video lottery central computer system for the Rhode Island Lottery. The contract includes five one-year extension options and is expected to commence on August 28, 2002.

Under the terms of the contract, GTECH will replace the Lottery's existing video lottery central system, currently supplied by GTECH, with its new Video ProSys central system. The system is designed to monitor and control a large network of remote video lottery terminals from multiple vendors and is scalable to accommodate future growth.

GTECH will provide ongoing services to the Lottery, including maintenance of the central system hardware and software, centralized system management, and maintenance of all video lottery terminals at Newport Grand Jai Alai and Lincoln Park. The Company estimates revenues of \$40 million over the five-year contract period.

Wincor Nixdorf Reports Substantial Employees Worldwide

Wincor Nixdorf Inc., reported a significant double-digit increase in its electronic Point-of-Sale (POS) unit sales worldwide in 2001.

The company's U.S. subsidiary far outpaced predictions achieving unit sales that were double that of the previous year. Worldwide employment for Wincor Nixdorf rose by 700 employees in 2001 to a total of 4,433 employees. ■

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

Innovative Business Solutions such as:

- Speeding up the validation process at the point-of-sale.*
- Expanding the retailer network.*
- Reducing inventory obsolescence.*
- Streamlining the ticket delivery process.*

It is a lottery product that responds well to marketing.

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

Which is why regular analytical exams are so important.

Credul Analytical Exams that monitor the health of the product category — for example:

- Which game attributes are performing well and why?*
- Which retailers are helping in the line's share of revenue?*
- At what level do prize payouts optimize sales and net revenue?*
- What are the marketing strategies of other top-performing lotteries?*

Providing business solutions that support your product is what sets Scientific Games apart in the world of instant tickets.

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It is more than a philosophy.

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Around the World

Colombia

Bombs were set off at two lottery facilities in Antioquia, in northwestern Colombia. No one was reported hurt but newspapers report there has been heavy damage to property. Security believes the attacks have to do with non-payment of "protection" (extortion) money by lottery businessmen to criminals operating in Antioquia. In November, five bombs were set off outside five lottery-vending facilities in Medellin. No one was hurt but there was damage to approximately 10 buildings the news agency said.

Czech Republic

SAZKA, a.s., will become an investor of the national multi-purpose Arena to be built in Prague, the capital city of the Czech Republic. At the end of November 2001, SAZKA acquainted the journalists and the general public with the proposed territorial design and time schedule of the whole project. Management, coordination and implementation of the whole project were entrusted to its subsidiary BESTSPORT Joint Stock Company.

Building of this Arena is the condition of the International Ice-Hockey Federation (IIHF) for holding the championship in the Czech Republic. "SAZKA ARENA" was drafted as a multi-purpose arena and could be used for various concerts, theatre, musical and multimedia performances, for conferences, exhibitions, trade shows, etc.

Ecuador

Serigrafica Chilena recently closed a one year contract with "Lotería Nacional" of Ecuador. The contract includes the printing of scratch off tickets and "Hybrid Lottery" tickets. The total amount, in tickets units, is approximately 130 million per year. The contract includes support and consulting in ticket design, prize plans, games, advertising and sales. It is the 7th consecutive contract that Serchi signed with Lotería Nacional.

India

The K.K. Modi Group has announced plans for India's first online lottery. Victor Chandler International, UK, and GTECH are the two key international partners for the Group in this business. The service will be launched on May 1, 2002, through a network of 8600 online lottery retail terminals at various FMCG outlets in 166 cities across India. The online system to be introduced will have fully computerized transactions, with no possibility of manipulation. All transactions will be open to public scrutiny, including the draw that will be held on prime time television.

Israel

The CEO of Mifal Ha'pais, Ms. Anat Keinan, said that Mifal Ha'pais' income from the Jubilee Lottery reached a record amount of over 100 million NIS. The Lottery gave 75 million shekels back to the public, the balance of the budget after publicity expenses, sales commissions and so on.

"The real winners of the lottery are the official winners and the Israeli public who will enjoy an additional 20 million shekels for community projects", said Ms. Keinan.

VP Marketing of Mifal Ha'pais, Dr. Israel Peleg announced that the average sales rate per hour during the last day reached a record 4,700,000 NIS per hour.

The previous sales record was achieved during the Millenium Lottery, which was held in January 2000. Sales reached a record of 91,000,000 NIS.

Malaysia

Olympia Industries Bhd. resumed its lottery operations in Malaysia's eastern state of Sabah on December 16, with the opening of 30 Lottery outlets. The company expects to open all 40 outlets by the end of January. Olympia was forced to cease Sabah operations in 1996 after local authorities refused to allow their license to be renewed, due to too many gaming operations being present.

Spain

Jackpot crazed Spaniards eagerly awaited the countries "El Gordo" annual Christmas Lottery. The top prize this year was 236 billion pesetas (£840m) – making it the biggest payout in the world.

Players cling to superstition as they travel the country, purchasing tickets at locations that previously sold winning numbers. They also submit number combinations that they are certain will bring luck. This year's first number to sell out was 11901 – known as "Bin Laden's number". Up to 1,700 players could be holding the winning ticket.

During the draw, crowds huddled around TVs in bars (and at home) as children at the San Idelfonso primary school in Madrid sung out the winning sums as the numbers were plucked from the golden tumbler. This was the last drawing in which the children mention the peseta – 2002's jackpot will be measured in Euros.

Sweden

The Swedish Minister of Finance, Bosse Ringholm, opened a second casino in the southern city of Malmö. The casino is situated in a centrally located park in an old house from the late 19th century, which has been refurbished and done up to welcome visitors from the 300,000 person region.

This is the second of four state casinos in Sweden, the first one opened in June in northern Sundsvall. They are operated by Casino Cosmopol, a daughter company of the Swedish National Lottery, Svenska Spel. The next casino will be Gothenburg, September 2002 and Stockholm early 2003.

The parliament has decided on a maximum of 6 casinos in Sweden. The Government will evaluate the results of the first four before deciding where to locate the last two. So far there have been more visitors than expected in Sundsvall but they have been spending less money on gambling than anticipated. ■

From the
Publisher,



CONGRATULATIONS *New York, Ohio, Pennsylvania*

It is exciting to see three of the most populous states in the Eastern US sign-on to sell multi-jurisdictional lottery games – New York for the Big Game; Pennsylvania for Powerball; and Ohio, still undecided at press time but reported to be leaning toward joining the Big Game because of the state being surrounded by Powerball states. This is really good news for their respective states and for the beneficiaries of their lotteries.

According to a recent news release from the Multi-State Lottery organization, both multi-jurisdictional games now have population bases of 77 million people. We should see some interesting, big jackpots, and associated jumps in lottery revenues, during 2002 for states participating in these games.

There are also revenue bills being introduced in this legislative session in many states which, if approved, will give their lotteries authority to implement additional, revenue producing games.

Our congratulations to those lotteries currently introducing new games and our best wishes to those in states hoping to do so soon.

Duane V. Burke
CEO & Publisher

#1
en Latinoamérica



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The Changing Face of Multi-State

There's no denying that the multi-state lottery landscape is changing, and becoming even more attractive to states not currently participating in the games. Combine the increasing multi-state population with the abundance of state deficits, and even some politicians who were against expanding into multi-state games are starting to sing a different tune.

One such politician is Gary Locke, governor for Washington State. The dire straits of the Washington State budget (\$800 million in the hole) pushed him to suggest that the State join the Big Game. If that happens more than 170 million people will be living in a multi-state jurisdiction – over half the country.

Rising Population

The recent multi-state population boom happened so quickly that we're still waiting for the dust to settle. New York and Pennsylvania brought with them 31.3 million people, and it's only a matter of weeks before Ohio adds another 11.4 million. Powerball and the Big Game had a combined population of 123.4 million at the end of the summer, and once Ohio chooses a game that population will be 166.1 million, nearly a 35 percent increase.

Here's a breakdown of some of the population-based numbers that should substantially effect jackpot sizes.

Powerball: In November 2001, 22 jurisdictions housing 65 million people, with a (year 2000 Census) median household income of \$41,700 per year, offered Powerball. With the addition of Pennsylvania's 12.3 million population (more than double the size of the next most populous Powerball jurisdiction) earning a median \$44,000 per year, those numbers shoot up to 77.3 million and \$42,000. If Ohio joins it will bring with it 11.4 million people earning \$36,027, which would shift the figures to 88.7 million, and \$41,228. If Washington were to add its 5.9 million population and \$41,700 median income, those numbers would rise to 94.6 million and \$41,258.

The Big Game: In November 2001, seven states housing 58.4 million people with a median household income of \$47,500 per year offered the Big Game. With the addition of New York's 19 million population earning a median \$42,000 per year, those numbers rise to 77 million and \$46,100. If Ohio chooses the Big Game, those numbers will change to 88.4 million and \$44,798. Should Washington also join, the figures become 94.3 million and \$44,603.

Border jurisdictions

Population and household incomes aren't the only figures that factor into potential jackpot size. The number of states bordering a jurisdiction that don't share the same game is

also a booster. As the population explosion causes both games to see their jackpots break the \$100 million marker much quicker, the border states will come into play much more.

In November 2001, Big Game jurisdictions bordered 29 non-Big Game jurisdictions in the U.S. and Canada. The addition of New York takes two of those borders away, but adds three, leaving a grand total of 30.

Ohio already stated that they are leaning toward the Big Game, specifically because of the border issue. If the state chooses The Big Game, it will take away one Big Game border, but bring five new ones with it. This would raise the number of Big Game borders to 34.

Washington is surrounded by Powerball states, so Governor Locke also sited the border issue in his suggestion to join the Big Game. The addition of Washington would bring with it three borders and erase none, raising the number of Big Game borders to 37 (or 33 without Ohio).

In November 2001, Powerball jurisdictions bordered 55 non-Powerball jurisdictions in the U.S., Canada and Mexico. The addition of Pennsylvania takes two of those away, but adds four others, making for a new total of 57. If Ohio joins, it will take away four borders and bring only two new ones into the mix, settling the total back at 55. If Washington were to do an about-face and choose Powerball it would erase two borders and bring only one new one to the table, dropping the border total to 54 (or 56 without Ohio).

The Down Side?

Really, for both games, the only down side that may appear deals with customer expectations. Certainly the jackpots will be rising substantially, but what will this do to customer expectations? Will it cause an even worse case of Jackpot fatigue? The only thing that could slow either of these games would be a rise in players lapsing until the jackpot reaches the \$100 million mark. ■

North America's Most Successful Instants

Public Gaming International recently asked lotteries to tell us about their most successful Instant. While this was sure to be a difficult task for any lottery, we allowed lotteries to use and supply their own definition of success.

What follows is an interesting mix of games, including a wide variety of price points, and a broad overall definition of success.

Arizona

Game Name: Bingo and Crossword

Price Point: Both games are \$2

Introduced: both games are in market continuously

Payout: Bingo 64%, Crossword 65%

Odds of Winning: Bingo 1:2.8, Crossword 1:3.6

Top Prize: \$10,000 – both games

Smallest Cash Prize: \$2 – both games

Both Bingo and Crossword are considered extended play games that appeal to a broad spectrum of Arizona players. The Crossword game is programmed so that each puzzle is unique within a pack of tickets. This offers players variety when they purchase multiple tickets concurrently.

Both Bingo and Crossword remain on the market on a continuing basis. These games combined account for nearly 35% of the total instant market and more than 53% of the \$2 price point market.



British Columbia

Game Name: Set For Life

Anniversary Edition

Price Point: \$4

Introduced: Sept 10, 2001

Payout: 70.5%

Odds of Winning: 1:3.08

Top Prize: \$1,000 per week for 25 years or \$675,000 lump sum

Smallest Cash Prize: free ticket

The Anniversary ticket was identical to British Columbia's staple Set For Life game. The only difference was that they added a collectible portion onto the ticket bottom. Each collectible portion had a letter (C,A,S,H) attached. Players collecting all four letters won \$1,000. (There were 1000 prizes of \$1,000 to be won). This was the first time the lottery featured a collectable portion for a ticket - it created considerable excitement among retailers and players. Marketing support for the ticket included TV, Radio and POS

In all likelihood the game will run again, probably only once a year.

California

Game Name: 5 Times the Money

Price Point: \$3

Introduced: April 1, 2001

Payout: 62.94%

Odds of Winning: 1 in 5.24

Top Prize: \$100,000

Smallest Cash Prize: \$3

This game was successful owing to its being the first time Californians had seen the 5x multiplier. The design is very simple with bold, primary colors. The top prize is easily visible, and the multiplier stands out and grabs attention.

The Lottery did reorder this game, but since its introduction, they have also done a 7x multiplier with "Best of 7's" and a 9x multiplier with "Triple Tripler." Hence, the Lottery does not know if they will repeat this exact game.



Delaware

Game Name: 7-11-21

Price Point: \$1

Introduced: October 2, 2000

Payout: 61.5%

Odds of Winning: 1 in 4.30

Top Prize: \$3,000

Smallest Cash Prize: \$2

7-11-21 is a core instant game for the Delaware Lottery. 7-11-21 has been a successful instant game for the Delaware Lottery since its introduction in FY98. 7-11-21's simplicity (play style and art) and its hint of gaming has contributed to its success over the years. The game was the Lottery's most successful instant game for FY01 because of two additional factors. One, the Lottery changed the layout of the ticket and two, they replaced the \$1 prize level with free tickets.

The Lottery will be running 7-11-21 again. It is one of Delaware's core games. A new \$1 7-11-21 instant game is introduced every 4 months and in the beginning of FY03 (July 2002), the Lottery will be introducing a \$2 Deluxe 7-11-21 instant game.



Florida

Game Name: Harley Davidson

Price Point: \$2

Introduced: February 6, 2000

Payout: 60%



Odds of Winning: 1:3.34

Top Prize: \$10,000 cash or a new H-D Sportster 1200 Custom motorcycle.

Smallest Cash Prize: \$2

What can be said? Ninety-six percent of the tickets sold out within first 12 weeks. Their players loved it! The Lottery is planning a re-launch on February 19, 2002.



Illinois

Game Name: Caesar's Palace

Price Point: \$5

Introduced: March 20, 2000

Payout: 67.26%

Odds of Winning: 1:3.92

Top Prize: \$50,000

Smallest Cash Prize: \$5

This game had a promotional overlay of instant win trips to Caesar's Palace. These were a high perceived value among Illinois players. The casino style game play and price point appealed to players who were interested in casino gaming. Players typically prefer cash prizes to trips, but because the trip was desirable they were not put off by the chance of winning a trip. This game had strong sales consistently for the entire sales period.

The game has already been launched for a second run. On January 23, 2001 a second version was launched using the same prizes, and the game did equally as well as the first run.

Iowa

Game Name: Double Down

Price Point: \$1/\$2

Introduced: September 2000

Payout: 61.09%

Odds of Winning: 1:4.61

Top Prize: \$5,000

Smallest Cash Prize: \$1



This game had all of the elements of a solid \$1 ticket: player-friendly gaming theme and name, bold color and graphics and strong prizes. It was Iowa's fourth best-selling \$1 ticket (ranked by first eight week sales) since Jan. 2000. Since Jan. 2000, it has been the Lottery's seventh most profitable game.

Double Down helped Iowa achieve one of their key goals during this past fiscal year of successfully developing games that could easily be leveraged to \$2-price point games later.

According to the Lottery's objectives, they are planning to launch Double Down as a \$2 ticket in Jan. 2002 with a \$10,000 top prize.

Michigan

Game Name: \$2,000,000 Holiday

Price Point: \$20

Introduced: November 8, 2001

Payout: 75%

Odds of Winning: 1:2.37

Top Prize: \$2,000,000 (1)



MDI Licensed Games - Elements of Success

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

With close to 200 licensed MDI games and online promotions under our belts, we've learned a lot about how lottery games based on extraordinarily famous consumer brands can and do make contributions to a lottery's marketing program. In many cases our licensed property promotions have become lottery best-sellers, indexing well above the sales of comparably priced generic scratch tickets.

Here are some tips on how to get the most out of an MDI Licensed Game strategy:

1. Use research the right way - Understand that ALL of the brands we represent have built-in customer loyalty. Bring fans of that property who are also lottery players together and have them help you design the best lottery application for it.
2. Give the games a chance in the spotlight - When introducing a licensed game, let it stand on its own as the Spotlight Game for a couple of weeks, to enable consumers to gravitate to it without distractions.
3. Communicate - Make sure that consumers are aware that the game exists and, if there is a Second Chance promotion associated with it, what the terms are and what prizes can be won.
4. Don't forget the cash - Minimize changing the cash prizes that are typically associated with similarly priced generic tickets. Players notice. See Number 1 above. We can help.
5. Don't believe the myths - All of our research totally contradicts the notion that lottery players are ONLY interested in winning money. Many of your players, even your CORE players, love getting these second chances for merchandise and experience prizes. ■



Smallest Cash Prize: \$20

From a player perspective the game featured great odds, lots of play value, and a \$2 million top prize. Additionally, the game generated more than \$12 million in sales, sold out in 3 weeks, anchored a strong holiday sales period, and provided evidence that players are accepting of higher price points.

The next launch date will most likely be November 2002. If this proves successful then the Lottery will expand the number of \$20 game introductions.



Minnesota

In Minnesota it is not a game so much as a game category or price point. The \$5 games consistently outsell all other Scratch Games week after week. There

are several reasons for its success: It is a big ticket with lots of play value, has a very high top prize (\$77,777 and up), at 66% it has 1% to 2% more prize money than the \$2 price point, and at 1:3.16 it has the lowest odds.

For several years, they've had only one \$5 ticket on sale at a time. This year they went to two at a time and the two are now their top two selling games week after week. They launch a new \$5 game about every two to three months. While they do have a slight spike for the first couple weeks after launch, they do not follow the rapid decline in sales that the \$1 and \$2 games suffer.

New York

Game Name: Instant \$4,000,000

Spectacular.

Price Point: \$10

Introduced: October 24, 2001

Payout: 75.12%

Odds of Winning: 1 in 3.74

Top Prize: \$4,000,000

Smallest Cash Prize: \$10



The Instant \$4,000,000 Spectacular was positioned as a limited edition game with a \$4,000,000 top prize and a 75 percent prize payout, the highest payout percentage in New York Lottery history. The game was supported by advertising, public relations, event promotion and anchored by an aggressive retailer incentive program that also included their entire holiday lineup.

The New York Lottery does not plan on reprinting this limited edition game. However, they are developing other \$10 games with similar payout percentages at this time.

Quebec

Game Name: Mots Cachés (Crosswords)

Price Point: \$2

Introduced: April 1997

The Elements of A Successful Instant Game Program

John Paul Candler, Manager, Product Development, Scientific Games International

Over the years, Scientific Games has assembled what we feel are the necessary elements of a strong instant game product line. No silver bullets here - just some basic blocking and tackling that tend to be inherent in most successful instant game programs:

Theme: A lottery's goal is to generate significant revenues for beneficiaries by maximizing sales. Game themes, therefore, need to appeal to as many people as possible who enjoy playing lottery games.

Graphics: Instant games aren't supposed to be works of art - they are supposed to grab a player's attention. Remember, the tickets themselves are your best advertising, so take advantage of the space!

Play Action: Above all, play actions should be intuitive and self-evident. Try to sprinkle in a few doublers, wild symbols and auto-win symbols as well.

Programming: Remember that instant game programming is more about what players see when they lose than when they win. Make sure your games are good to the last scratch, simulate the game theme as much as possible, and show a wide range of prizes.

Prize Structures: Remember to differentiate your payouts and top prizes by price point, don't underestimate the importance of "chatter" prizes (even at the expense of low odds), and be consistent!

Price Points: The ability for a lottery to move its player base to a higher average selling price will in large part determine that lottery's ability to grow. Players must get something in return however, so lotteries must communicate the benefits of higher-priced games - more prizes, better chance to win, more chances to win, etc.

Launch Strategy: A lottery's instant game launch schedule should be logical. Logical to players, but especially logical to retailers. This simple rule can contribute enormously to a lottery's overall efficiency. Try to give games a chance to succeed before launching new ones.

Retailers: A good rule of thumb is one retailer for every 800 - 1,000 people. And make it easy for your retailers to do business with you - remember, lotteries don't sell tickets, retailers do.

Don't fall into the trap of thinking that you can compensate for one weak element by strengthening another. Increasing your retailer base won't make up for weak payouts, for example. But by consistently reviewing your game mix against this basic list, you can move your instant game product line towards realizing its full potential. ■

Payout: 55%
Odds of Winning: 1:4
Top Prize: \$10,000
Smallest Cash Prize: \$2

Mots Cachés has been permanently on the market for the past 5 years. Its weekly sales have grown from year to year without having to bring any changes or add a bonus prize. The only change that can be seen is the color of the ticket for each edition. The product is normally launched in a television advertisement once a year and the weekly sales represent an average of \$3,800,000.

West Virginia

Game Name: NIFTY 50
Price Point: \$1
Introduced: December 11, 2000
Payout: 68.62%
Odds of Winning: 4.44
Top Prize: \$1,000
Smallest Cash Prize: \$1



NIFTY 50 was the first ticket to have a banner denoting that a certain prize level had a large percentage of the prize fund. The ticket had the appearance of a \$50 bill, the banner denoting the high payout at the \$50

prize level and an easy match three play method with a bonus chance to match three.

West Virginia is not certain if the game will be run again. If it is, it will be over a year between runs.

Wisconsin

Game Name: Crossword
Price Point: \$2
Introduced: May 30, 1999
Payout: 63%
Odds of Winning: 1:4
Top Prize: \$20,000
Smallest Cash Prize: \$2



The crossword play format has proven very popular in Wisconsin. This game not only provides added play value, but also offers a prize structure that has proven very appealing to players. The odds of winning a prize of \$4 or greater are better than winning \$2.

This game has been reordered numerous times. Sales for Crossword have remained very stable at over \$500,000 per week for an extended period of time. Last fiscal year, this game alone accounted for greater than 12% of total scratch sales at almost \$29 million. This game will more than likely continue to be reordered. ■

Most Important Ingredients of a Successful Instant Game

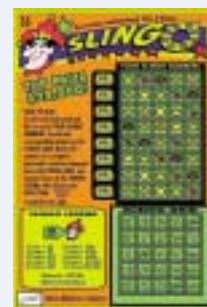
Sean Athey, V.P. Corporate Marketing, Oberthur Gaming Technologies

Alchemy, the perfect mixture of art and science, of customer and supplier, is the most important ingredient in designing a top selling instant game, i.e. turning cardboard into gold. Art is vital, in that all elements of a good design must come together to convey a benefit to the targeted customer. An artful, well-designed game is more than beautiful to behold (in actuality, the best game may not be beautiful at all, but downright tacky!), it is eye-catching in a cluttered retail environment, facilitates how to play and is entertaining. Science plays a vital role in the selection of the theme, play action, features, design and how the strategic elements all come together to generate sales as part of an overall strategic product mix.

Instant products have been in the market for over three decades. Around the world, lotteries have to be more creative and scientific than ever to maintain players' interest. As the leader in instant game innovation, Oberthur believes in continually researching and refining the ingredients of successful games in order to offer its customers new ideas, strategic support and unique choices to help them succeed in an ever-changing market. This umbrella approach to strategic marketing support is known as "Winning Concepts."

Oberthur's Winning Concept offers lotteries and players more proven options and flexibility. This brand includes a wide spectrum of proven proprietary concepts as well as completely new play actions and new products that encompass not only licensed games, patented play actions, and game designs, but also innovative strategic marketing services such as our database, market consulting and analysis. All these products are designed to help lotteries maintain players, attract new players and grow sales. Slingo and Beetle Bailey are just two of the Winning Concepts available to lotteries to produce increased sales.

The instant product is unique. The strategic design of the product, its promotion and distribution are the best ingredients for long-term success. Smart lotteries know that while an instant game may look like ink, paper and latex, each ticket is actually a tool for generating revenue. All games are not created equal, neither are all partnerships. Good partnerships allow you to turn ink, paper and latex into gold. Oberthur ensures that its partners have all the necessary ingredients to design the games that will motivate their unique market segments so as to efficiently generate revenue for good causes; truly the most effective mixture of art and science. ■



Busting Out All Over!

Scientific Games Takes Off...



Lorne Weil, CEO and Chairman of the Board, Scientific Games Corporation

Questions: 1. When does one plus one equal more than two in the lottery industry? 2. What company in the lottery industry today exemplifies the phrase, "everything old is new again"? The answer to both questions is the same: The new Scientific Games Corporation.

Part one of the new Scientific Games Corporation is comprised of the lottery industry pioneer, Scientific Games, the company that created the successful instant games and made them the bread-and-butter games of lotteries around the world. Part two is Autotote, the lottery and pari-mutuel pioneer company which, through its Autotote/General Instrument heritage, lead the introduction of on-line lottery games in the U.S. and subsequently became one of the leading on-line lottery and pari-mutuel companies around the world.

The symbiotic creation that grew from the merger of these instant and on-line companies is the new, full-service Scientific Games Corporation of today. This new company is proving to be much more successful than the two companies had been separately; a confluence of technological competence, breadth of products, marketing know-how and customer commitment that is resulting in dramatically increased revenues and satisfied customers.

Lorne Weil, CEO of Scientific Games Corporation, was interviewed by Public Gaming International Magazine's CEO, Duane Burke, to find out more of what Scientific Games is doing.

PGRI: What is the basis for the Scientific Games Corporation's recent, spectacular sales success?

LW: A significant degree of technical competence cer-

Background on Scientific Games Corporation

Scientific Games International, Inc. and Autotote Corporation merged in early September 2000 to form the company Scientific Games Corporation. The new Corporation's products include instant tickets and cooperative services, for which SGI has long been famous, on-line lottery systems, for which Autotote was a pioneer and one of the leading on-line companies overseas, and on-track and off-track pari-mutuel betting systems for race tracks around the world, for which Autotote is the world leader. The race track services continue to be marketed and supported by the Autotote subsidiary of Scientific Games Corporation.

Scientific Games Corporation, through this merger, became the only full-service, lottery company in the world. It currently offers its customers on-line gaming systems, retailer terminals for selling and cashing tickets, instant game management systems, winning ticket validation systems, instant/scratch-off and probability game tickets, instant win promotional games and prepaid phone cards. The company also offers a customer/supplier partnership program called Cooperative Services Program which permits customers to assign operational, administrative and marketing tasks to Scientific Games as a means of cutting customer costs and increasing lottery revenues.

Lorne Weil is CEO and Chairman of the Board of Scientific Games Corporation. Prior to the merger, Mr. Weil held the same positions with the Autotote Corporation. He is one of the world-pioneers in development of on-line lottery and of modern on-track and off-track wagering systems. In the earliest days of modern on-line wagering systems he was a key executive with General Instrument Corporation, the first company in the US to successfully implement a pick-your-own-number lottery system (New Jersey, 1975). The lottery division of General Instrument, and Mr. Weil, in later years became a part of Autotote Corporation. He has an undergraduate degree from the University of Toronto, a Master of Sciences degree from the London School of Economics and an MBA from Columbia University. ■

tainly underlies our success but the real answer is that Scientific Games has developed an enormous commitment to lotteries and this is reflected in our orders.

PGRI: *What does the resulting, great improvement in the price of Scientific Games stock mean for the company and for your customers?*

LW: The current stock value of Scientific Games is over \$500 million, double what it was a short time ago. This added value is a reflection of improved financial performance. The company's cash flow will be \$100 million this year. Each quarter was better than the last throughout 2001. This added financial strength means more money for research and customer support. It also improves the company's ability to finance new projects.

PGRI: *What would you say about the integration of Scientific Games' on-line and instant businesses and the success that the company is now having in the on-line side of the business in North America?*

LW: The important thing was the integration of the excellent, on-line technology and operating experience of Autotote with the lottery industry infrastructure of Scientific Games – customer base, marketing, game design and functional support of customers. It is this synergism between the previously independent company strengths that is the basis for our success as a single company today.

PGRI: *What does the fact that Scientific Games is the only lottery supplier that provides both on-line and instant games mean to customers?*

LW: As a supplier of both instant and on-line services there are lots of opportunities to provide cooperative services at less cost to the customer. There are also synergies between our on-line and instant games that can help the customers with their marketing and greater overall sales. Another advantage for the customer, of course, is that it is easier to deal with one supplier rather than two for these two key lottery products and services.

South Carolina, the world's newest state lottery, chose Scientific Games for instant games, on-line games and coop-

erative services, which we think is a great advantage for them.

PGRI: *Another lottery company tried to be a full-service lottery game supplier a few years ago and did not succeed and yet Scientific Games seems to be succeeding with this approach; why?*

LW: You need to be best in class for all of the different things you are doing to be successful as a full-service lottery supplier. In that context, Scientific Games is very good at on-line systems and is also very good at

instant games and support systems - we have the skills to excel in all of these areas. Another reason for our success is our tremendous focus and commitment to our customers and to the lottery industry.

PGRI: *How does Scientific Games keep its customers happy?*

LW: That question brings to mind a poster that I have seen for some product where the potential buyer is being given the choice:

"price, quality, service – pick any two". Well, at Scientific Games our strategy is to give the customer all three – price, quality and service. That is how we keep our customers happy.

PGRI: *Instant tickets were, for several years, almost a commodity as a result of loss-leader pricing but the market seems now to be coming around to paying for services. How do you see the instant market evolving from this point on?*

LW: I see cooperative services becoming even more important, with lotteries using their supplier as a tool for driving increased sales. I also see for Scientific Games, because of our wide range of expertise and capabilities, the opportunity to take-on additional functions for the lotteries.

PGRI: *How do you see the Internet evolving as a sales channel for lottery products and what is Scientific Games doing to serve its customers with the Internet today?*

LW: I believe that account wagering has the potential to be an important new sales strategy for lotteries. It can use the Internet, telephones or both as the access chan-



Scientific Games headquarters, Atlanta, GA

nels for buying lottery tickets. This method of sales is already providing astonishing growth to Scientific Games' racing customers. Close to 15% is being added to betting at tracks where the Scientific Games account betting system has been implemented. The system permits a much higher degree of impulse play. We believe that our account betting system can dramatically increase the sale of on-line lottery games. Another important advantage for lotteries is that the system can be implemented in such a way that it uses the existing retailers thus enhancing rather than competing with the retailer network. This is a system that Scientific Games can implement almost overnight for a lottery customer.

In general, with respect to the Internet, I see lotteries expanding their use of the Internet to the point of extensive use for marketing, sales and services within the next few years.

PGRI: *What do you see as your principal contributions to the success of the new Scientific Games Corporation?*

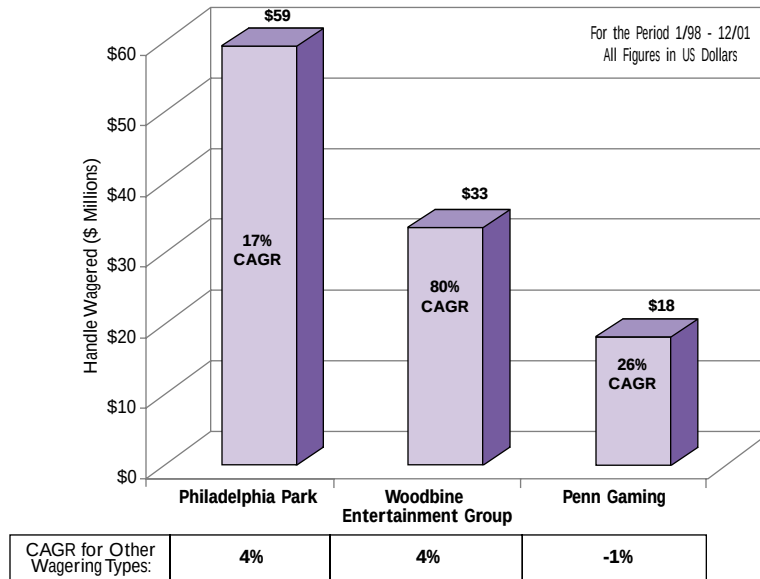
LW: I have focused my efforts in three areas: Filling critical management roles with the best possible people; orienting and intensifying the strategic focus of the company in terms of its commitment to the lottery industry; and emphasizing the values of determination and tenacity in the work environment.

PGRI: *Where do you want to see Scientific Games in terms of growth and sales in five years?*

LW: I am very optimistic about the future for the Scientific Games Corporation. Qualitatively speaking, I want to see Scientific Games as the best technologically in

everything that we do and I want us to be even better in service to customers than we are today. I also see us as being the most nimble and responsive company technologically in the lottery industry. Financially, I see Scientific Games as getting much bigger over the next five years, perhaps more than doubling in size. ■

Account Wagering Handle Growth



Account Wagering: A Good Bet for Lotteries

One of the bonus products from the merger of Autotote and Scientific Games International is Autotote's account wagering system used by several of Autotote's racetrack customers.

The account wagering system allows track customers to wager on races using either their telephones or their Internet-connected computers and personal data assistants (PDA). Revenue results for tracks using account wagering are impressive: Increases in wagering through accounts are up as much as 28% at tracks where traditional on-track or off-track wagering is up an average of only 4%.

Account wagering looks like a good bet for lotteries too. With a system already proven in the field since 1998, Scientific Games' account wagering could give a significant boost to the sale of lotteries' on-line products. And the good news is, Scientific Games has figured-out how to provide all of the safeguards of concern to lottery management and has at the same time figured-out how to make the account wagering system a win for lottery retailers too.

Account wagering looks like a good bet for lotteries and deserves a serious look by lottery management. ■



Personal data assistants (PDA's), shown above, allow customers to wager on races and could be a good bet for lotteries too.



STATE OF GEORGIA
OFFICE OF THE GOVERNOR
ATLANTA 30334-0900



Roy E. Barnes
GOVERNOR

January 15, 2002

GREETINGS:

Governor Roy E. Barnes

It is a pleasure to extend my best wishes and warmest regards on the occasion of *SMART-Tech* 2002, the annual conference of the **Public Gaming Research Institute**, co-hosted this year by the **Georgia Lottery Corporation**.

I am pleased to welcome lottery professionals and other attendees to our capital. Atlanta is a beautiful city providing many attractions, including fine dining, historic sites and various recreational facilities, and I hope you have an opportunity to enjoy some of them while you are here.

SMART-Tech was designed as an educational resource to bring the Circles of Learning to lottery professionals and to provide an environment within which those in the industry can share facts and information, emphasizing future sales, marketing and retailing trends and technologies. This year's event promises to be its largest and best ever.

As Governor, I take great pride in the accomplishments of the Georgia Lottery Corporation, which includes its contribution of \$5 billion to education and its position as the only start-up lottery in the United States to increase its sales for seven consecutive years. Beneficiaries of the program include a half million PreKindergarten children and three-quarters of a million HOPE Scholars, as well as proceeds for capital outlay and technology projects. I extend my gratitude to the Georgia Lottery Corporation for its outstanding commitment to education in Georgia.

Best wishes to all for an exciting and productive conference.

Sincerely,

A handwritten signature in blue ink that reads "Roy E. Barnes". The signature is stylized with a large, flowing "R" and a long, sweeping underline.

Roy E. Barnes

REB:pm



Expanding Sales in New Mexico!

SLINGO® - the latest success story in licensed games from Oberthur Gaming Technologies

Launched on October 9th, Slingo® is off to a flying start in New Mexico.

The extended-play instant game posted introductory-week **sales 30% higher** than

the average weekly sales for all other \$3 games! Even better, second-week sales

climbed 32%! Are you ready to "instantly" grow your lottery sales and fatten your profits?

Call your Oberthur Account Executive and watch them expand before your eyes.

Coming soon... the Minnesota Lottery SLINGO® success story !

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Bottler Buys Lottery Tickets for Safety Awareness Program

While maybe not a new idea, but certainly a SMART one, on January 9, 2002, Georgia Lottery Corporation President, Rebecca Paul, proudly announced that Southeast-Atlantic Bottling Company purchased the first installment of a total \$10,000 commitment in instant tickets for their 2002 Safety Awareness Program. "This is an innovative and fun way to provide rewards to employees. It is an exciting occasion for the Georgia Lottery Corporation, the employees of Southeast-Atlantic Beverage (SEABEV), and most importantly for the educational programs we fund," Ms. Paul stated.

Georgia Lottery tickets will be used by Southeast-Atlantic Beverage to promote continuous awareness of the importance of safety by rewarding employees who perform their work in a safe manner. At the end of every week, Georgia Lottery tickets will be awarded to winners in the Safety Awareness Program. Employees with lottery tickets can also participate in an annual second-chance drawing for a color television. This means "each employee will receive a lottery ticket for being safe," stated Ray Parker, Safety Coordinator and the Recruiting and Development Manager for the Northern Region of SEABEV. "We wanted to give our employees an instant reward for their hard-work and efforts."

The Georgia Lottery has the president of SEABEV to thank for this exciting idea. SEABEV had a previous employee safety program in place, which rewarded employees monetarily on a monthly basis as teams. Under the new program, each employee qualifies for an individual award to be distributed on a weekly basis. SEABEV views the weekly incentive of a lottery ticket as

an exciting and economically feasible reward for their employees. According to Parker, "it is more cost effective to reward employees for working safely with a fun and entertaining lottery ticket, which can further reward them with prizes, than paying the costs of employee accidents."

SEABEV is a franchise bottler and distributor for major soft drink beverages that include Canada Dry, A&W, Hawaiian Punch, Welch's, Country Time, Squirt, Vernor's, RC Cola, Mystic and Snapple, Sunny Delight, Big Red, Coco Rico, and more. Of SEABEV's 800 employees, 600 are eligible to receive their first Georgia Lottery ticket on Friday, January 11, 2002. For working safely, SEABEV employees will be rewarded with one of three Georgia Lottery tickets, Lucky Streak with a



Georgia Lottery Corporation President, Rebecca Paul, with Ray Parker, Safety Coordinator and Recruiting and Development Manager of SEABEV

top prize of \$1,000, Lucky 7's with a top prize of \$7,000 and 555 with a top prize of \$5,555.

"We are actively working to inform more Georgia businesses about the benefits of such programs. It really is a win-win-win situation for the GLC, business and education in Georgia," stated Ms. Paul. ■



January 15, 2002

GEORGIA LOTTERY
CORPORATION

PRESIDENT AND CEO
Rebecca Paul

Welcome back, y'all! Yes, after almost nine years, y'all has become part of my everyday language. As always, it is with great pleasure to welcome our lottery family back to Georgia, especially our newest member, South Carolina. SMART-Tech is always chock full of new and exciting information and this year is no exception. I am honored to be able to co-host this great forum again in 2002.

SMART-Tech has proven to be a timely opportunity for information sharing among our many lotteries. The New Year is a great time for us to do a little check-up of ourselves, our past year, our current environment, our industry as a whole, our opportunities and challenges, and where we want to be this time next year. You notice I said opportunities and challenges. While it may not seem the "in" thing to say challenges these days, let's be honest, we have challenges. In how we choose to address them is our opportunity and through this we create our SMART ideas. I am proud to be part of an industry that celebrates SMART ideas and shares them. We all learn from each other and through this we improve our ability to raise necessary dollars for the programs we fund.

The past year will forever be remembered by the tragic events of September 11. Our industry and so many others were and remain directly or indirectly affected by this event that very little else will be recalled in 2001. Today, we continue to feel the effects of September 11 and the slowing economy, although we are seeing glimpses that an upward trend is on the horizon. In the meantime, policy makers are grappling with state budget demands. There is very little or in some cases no money to fund existing government programs. What this means for us is that the revenues we raise are becoming increasingly essential during these times of cost cutting and belt-tightening in state budgets. Many of us are being asked to do more with less, while still responsibly maximizing the revenues we raise. Let's talk about a challenge – and talk we will and solutions we will find.

The solution to funding education opportunities was easy for South Carolina voters – the approval of the South Carolina Education Lottery. Welcome aboard and we look forward to watching you grow. When you learn of the SMART ideas you realize that the solutions are out there, whether it is through technology, new partnerships or new game development, we have the resources to do more with less and do it even better.

I am confident that this time next year we will be celebrating having risen to the occasion and looking for what opportunities lay ahead.

Sincerely,

Rebecca

Lotteries and the Internet Part I

The Internet is quickly becoming the most useful Lottery marketing tool in the world. Even in the U.S., where it's not yet considered legal to wager online, Lotteries have learned to use the Internet to achieve their goal of higher sales, and happier customers.

This article is the first in a series dealing with how Lotteries are using the Internet. The information contained shows that most lotteries have moved, or are moving past merely posting winning numbers and game information. Online surveys are becoming a very popular Lottery tool, more player clubs are popping up, some states (i.e. Oregon) are running promotions that require players to visit their web site, more lotteries are using multiple sites to manage their multiple tasks, and some Lotteries are even beginning to use Intranets and Extranets to handle their inter-communication and communication with franchise holders.

What follows is a list of how lotteries are using the Internet in the fields of Communications, Public Relations, and Market Research.



Communications

Atlantic Lottery: ALC launched its page on the Internet June 1, 1995, as a customer service. ALC's site provides winning numbers and information on games, winners, retailers, special events and promotions, and the corporation itself.

Delaware: Delaware's new site utilizes a winning numbers search and first-generation players club, as well as a page educating non-players on how to play.

Eesti Loto: The Eesti Loto website is built up following the principle, that any visitor of the site will receive all existing information, including company's business results, games, drawing results both current and past, and promotion campaigns. The site also offers the possibility to send feedback: questions, suggestions or commentaries regarding the Eesti Loto products and activities. So, the website is not only a source of information; players' personal opinions and suggestions are welcomed and highly valued in order to improve

the mutual relations of Eesti Loto and its customers.

Loteria Nacional para la Asistencia (Mexico): The history of the Loteria Nacional para la Asistencia Publica is contained on their web site. Also contained is the Lottery's mission and vision statements, description of products, list of prices, organizational chart, games, some CIBELAE info, and facts about the Trust Fund "Transforma México" (Transform Mexico).

Michigan Lottery: The Michigan Lottery provides winning numbers, "how to play" instructions for games, and procedures for claiming a Lottery prize.

New Zealand Lottery: The New Zealand Lotteries Commission is developing an Intranet which is web based, as the Commission is situated in several locations, to aid internal communications. In order to facilitate communications with the 610 franchise holders throughout the country an extranet is being developed. This will have the added advantage of being able to deliver training modules directly to the franchise holders and their staff.

NKL Lottery (Germany): The NKL Lottery provides general information on the classic NKL-numbers lottery, product-info, and basic information on the company.

Ohio Lottery: The Ohio Lottery's site features new instant games, posts winning numbers, and also keeps a searchable archive of old numbers, special promotions notification, and letters from the Director.

Ontario Lottery: The OLGC operates three websites, with olgclotteries.ca being the primary site for communicating with lottery customers. The site includes detailed information on all games, game demonstrations, winning numbers, highlights on new games and promotions, responsible gaming information, and links to the corporate information site olgc.ca. Their sportselect.com site is specific to their sports lottery games.

Oregon Lottery: The Oregon Lottery uses its web site to communicate the very latest promotions, game enhancements and game features. They are running a number of promotions that are actually web site oriented and require people to visit their site in order to participate. These promotions have been extremely popular and the Lottery is continuing to explore ways to drive more of their players to the site. Also located on the site are frequency number charts, winner information and career (job) information.

SAZKA, a.s. (Czech Republic): SAZKA Communications are accomplished via web pages www.sazka.cz, www.tipovani.cz, and via Extranet for business partners and e-mail.

Sites contain information for customers regarding current products offered, results of draws in lotteries and betting games, information for business partners, information service for betting on sports events (current and old results of matches, advice, recommendations), forum and inquiry for customers and business partners, and ELIS – Electronic information for players according to their request

SIBS Lottery (Iceland): The SIBS Lottery uses their site for email communication with people and institutions. Their homepage is also open to communications from their customers. They don't have a direct line to their retailers yet, but they will be adding one in a short time.

Sport-Toto Gesellschaft (Switzerland): The Internet as a communication-platform is used to publish the up-to-date winning numbers and statistics as well as the odds of winning, product information, prize division/sports benefit etc.

West Virginia Lottery: West Virginia provides a great deal of communications-based information on their web site. A page is provided for those requiring detailed financial information on video lottery activities at the State's four race-tracks, while last year a page was used to allow written public responses from those who could not attend statewide hearings concerning Limited Video Lottery. The site also includes a complete data base of winning numbers from all games, a complete data base of winning numbers from all games, up to date jackpot information, "how-to-play" instructions for all games, including instant tickets with corresponding prize structures, end dates and prizes remaining. The web page also contains all press releases by subject and by text, an opportunity to write letters of inquiry or feedback and an area that explains the allocation of proceeds.

Public Relations

ALC: ALC uses their site as one of the vehicles to inform Atlantic Canadians not only about games and winners, but also about responsible gaming, community involvement and sponsorship of events, and Lottery history and operations.

Delaware: Delaware's PR thrust on their web site is aimed at appealing to younger audiences, and reinforcing and energizing the entertainment theme established for the brand. How to Play modules demonstrate how to play each game with fun and energy.

Eesti Loto: Eesti Loto's determined priority for PR is to enhance their players awareness about lottery games having two beneficiary components: the first a chance to win for a player; the second, profits for the state and community in the form of a gaming tax or "a luck tax".

Michigan: Michigan's site provides news releases on winners, special promotions and the latest instant games, a lottery club (coming soon), photographs of recent winners, a listing of unclaimed top online Lottery prizes and a listing of

top remaining instant game prizes.

New Zealand: The NZLC is in the process of developing a web site for customers and stakeholders to access information about key upcoming promotions and to access lotto numbers.

Ohio: For PR, the Ohio Lottery posts Lottery financial data (annual reports), a web-based email customer service, press release archive, FAQs, and public service notifications.

OLGC: Olgc.ca is Ontario's primary site for corporate information related to their four lines of business. The site describes each line of business, details the uses of gaming proceeds and the economic benefits of activities, offers responsible gaming messages and information, and includes news releases and fact sheets in the Media Centre.

Oregon: While Oregon's site is weighted more toward the marketing aspects of their business, they do have a number of sections that are devoted to PR. A FAQs contains answers to some of the more frequently asked questions, and links to all the Constitutional Amendments, statutes and administrative rules that pertain to the lottery. They also have an "Oregon Wins" section covering where Lottery profits go, revenue, prize payout and expense information and links to other state agencies that are involved in distributing Lottery profits. The site also contains contact information including the Lottery's general email address. This generates a high volume of emails which are answered daily by public affairs staff. Also, a key recent addition to the web site is a new section on problem gambling. The site contains all the very latest information on problem gambling and the treatment that is available around the State of Oregon.

SAZKA: SAZKA's PR features include on-line competitions and entertaining games, publication of Press Releases and PR Articles, information regarding legislative development in the field of lotteries and betting games, 2D presentation of their company – basic information about history, shareholders, public benefits, Annual Reports, etc., and virtual presentations – 3D guide through activities and products of SAZKA, a.s.

SIBS: SIBS places ads on homepages, webmagazines and uses their own homepage for marketing purposes as well as providing press releases about their work.

Sport-Toto Gesellschaft: Topical promotions or other events and news may be published. The Internet appearance itself is PR – promotes the image and has advertising-character.

West Virginia: West Virginia allows for a list of on-line and instant winners to be accessed along with the names of those who have won second chance drawings. Promotional announcements of upcoming activities are included, as well as winner claim forms, laws pertaining to the structure of both traditional and video games, Limited Video Licensing forms and a list of retailers approved for those licenses. "West Virginia Morning," a song composed and performed

by West Virginia artists for one of those ads, received so many requests for duplication that it was placed on the site for those who wished to download it. Some of the West Virginia Lottery's television advertisements highlighting proceeds have been placed on the site.

Market Research:

ALC: The Atlantic Lottery currently ask a series of optional questions to consumers under the "talk to us" section of the site. They also regularly track a variety of statistics on numbers of visitors and where they are going on the site.

EL: The principal tool for Eesti Lotto's market research is the players' database. Thanks to the new system, when a player makes a lottery purchase via the Internet and pays for it directly through the Internet bank, the Lottery can make observations regarding the player's age, sex, nationality and residence. This information helps them to plan more effective promotion campaigns aimed at particular groups of customers.

Michigan: The Michigan Lottery conducts player surveys via the web site. When players log into the site they can complete a short survey regarding the Lottery's instant games. The survey presents different instant game play styles and players are asked to rate the games on how well they like them and then comment as to why they like them or do not like them.

NKL: The NKL-cyberlottery as an electronics-only game, independent from the main product and accessible via the Internet only and within their own jurisdiction is also a Market Research tool. Question and Answer forms from players help develop new products and set prize structures.

Ohio: On-line surveys are run by individual departments within the Ohio Lottery. Currently, their state administrative codes don't allow them to actively research and poll customers (so as not to be accused of targeting audiences), but this is presently up for clarification

OLGC: Ontario closely monitors activity on their sites to better understand and serve the interests of their customers. They have offered customers surveys on their sports lottery site, and also use the Internet to access research from other sources.

SAZKA: SAZKA conducts research on opinions of customers regarding: products quality, service offered, information service, research on advice and recommendation for improvements. They also do research on opinion regarding quality of web pages of their company.

Sport-Toto Gesellschaft: Playing conduct/attitude in the Internet can be analyzed and compared with the playing conduct/attitude at the traditional point of sales. It is also possible to analyze which possibilities of payment are used with which intensity and to draw conclusions concerning future modes of actions. ■

PUBLIC GAMING RESEARCH INSTITUTE 2002 CONFERENCES

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Loews Miami Beach Hotel, Miami Beach, Florida USA

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

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EGET Releases Internet Instant Game

European Game & Entertainment Technology Ltd Ab (EGET), announced the release of the WinOne Scratch Card Module. The "Trio" Scratch Card is the first game to be released using the new module. The game consists of three separate games: two traditional scratch games and a second screen, double-or-nothing game. All game clients are implemented using Shockwave, delivering excellent graphical quality and high player appeal. The new game was commercially launched by EGET's Finnish customer Ålands Penningautomatförening (PAF) in December last year.

"We are extremely pleased with the addition of the scratch card game to our Internet service. This product adds interactivity and excitement to our site and is an important step for us in creating the best one-stop shop for Internet gaming in Scandinavia," says Patrik Hellman, PAF Online's Marketing Manager. "The initial sales figures have been very encouraging and confirm that there is a great demand for this type of interactive products."

Kentucky Lottery Launches New Look Web Site

Players who miss seeing the Kentucky Lottery drawings on television can now watch replays of them on the Lottery's redesigned Internet web site. Video of the drawings is just one of the new features the Kentucky Lottery is offering on the fourth generation of its web site located at kylottery.com.

"We're giving video of the drawings a trial run on our site," said KLC VP of Public Affairs & Corporate Communications Rick Redman. "If a lot of people use this feature then we'll make it a permanent part of the site."

Redman said the drawing video feature should be appealing to players who work third shift and aren't at home when the drawings air, or to ones who live in Tennessee where the drawings are not on television. "Kentucky Lottery players who live in Tennessee have long wished for a way to see the drawings. Now they can if they have a computer and Internet access," Redman said.

Among other features, the Kentucky Lottery's redesigned web site also has a large promotional window so visitors can quickly learn about the newest games and promotions.

There's a scrolling message bar to promote jackpots, winner information, and other messages important to Lottery players. An enhanced "Lucky Number Cruncher" random number generator helps players select numbers they might want to play. The "Were You A Winner?" feature allows players to enter numbers they've played to see if they've won a prize in Kentucky Cashball, Lotto South, or POWERBALL. It's also easy to find out how to play Pick 3, Pick 4, Kentucky Cashball, POWERBALL, Lotto South, Scratch-offs, and Pull-tabs.

The site also has more animation, is very colorful, and is much easier to navigate than the old one. It has loads of information about the Lottery, including "Where the Money Goes." There's an enhanced Guest Book registration feature where visitors can register for a chance to win prizes and receive special promotional emails from the Kentucky Lottery. This section will eventually be developed into a VIP Club that will feature games that members can play for fun, as well as receive special promotional offers.

Prospective employees can learn about job openings at the KLC. Vendors can get information about bids and procurements. Players looking for a retailer can enter their zip code for a quick list of stores in their area.

Plans are being developed to enhance the retailer section to utilize technology that will allow Lottery retailers to conduct more of their business with the KLC through the web site.

Access Partners With Quova to Regulate Gaming: ATSI for Game Development

Access Gaming Systems is aiming to offer better regulation services for the gaming industry by partnering with Quova, a provider of geo-specific technology. The company has also entered into an Agreement with ATSI S.A. in a game development agreement.

Quova provides a technology called GeoPoint, which can locate an Internet gaming player via his/her IP address. The company has an IP database with all of the IP addresses in the world, but the database is anonymous and, therefore, in accordance with data protection laws.

The technology can also monitor Internet credit card fraud, and can create online advertising specific to regions.

ATSI S.A. the software design company based in Kraków, Poland, has entered into an Agreement with Access Gaming Systems (Europe) Ltd. to become a game development partner for the Access interactive gaming platform. ATSI's primary business is the development of customised software solutions for a variety of different industries including but not limited to the gaming and wagering industry.

"We have chosen to work with Access Gaming Systems, because of their high reputation in strictly regulated gaming jurisdictions and close cooperation with governmental gaming organizations in Europe and overseas. This gives us the opportunity to safely leverage our gaming experience into areas beyond traditional gaming", commented Prof. Jan Werewka, CEO of ATSI S.A.

ATSI S.A. maintains close ties with Austrian Gaming Industries (AGI), a leading manufacturer and operator of gaming equipment in Europe. ■

Anti-Gambling Activists try to Halt Oregon Video Expansion

Anti-gambling activists began collecting signatures for a ballot measure to prohibit the Oregon Lottery from adding slot machine-style games to its VLTs. The group, composed of several different organizations (most notably the Christian Coalition of Oregon) is also planning to lobby against any legislative attempts to expand Lottery games in order to erase the state's \$700 million budget deficit.

The Lottery Commission has been very open for some time about its desire for slot-style games on VLTs, but has not been able to implement the idea because of Governor John Kitzhaber's reluctance to increase gambling. The anti-gambling coalition is worried that the Lottery Commission will be able to approve the slot-style games once Kitzhaber leaves office at the end of 2002.

California Lottery Takes Aggressive Steps to Ensure Fairness of Instant Games

Officials at the California State Lottery announced that aggressive steps were taken several months ago to ensure the fairness of prize distribution in its Scratchers games. The changes were following the discovery that some Scratchers games were continuing after the last top prize had been claimed. Winning tickets for prizes below the top prize continued to be available.

After surveying 137 games that were introduced since July 1996, Lottery officials determined that 11 of those games had been kept on the market after the last top prize ticket had been sold. The outdated sales accumulated approximately \$892,000 in revenue after the last top prize was claimed, and represented less than 2/100ths of a percent of the \$4.8 billion in total Instant sales.

Further, it should be noted that in these eleven games, there were still many other prizes available — in fact, the Lottery paid out approximately \$2.3 million in other prizes in those 11 games after the last top prize had been claimed.

Still, the lottery felt it was important fix the oversight. Once the Lottery became aware of the issue officials immediately instituted new processes. Tickets are now removed when only one top prize remains. If the last top prize is claimed during the roughly four week process to shut a game down, retailers will be notified immediately via electronic messaging to stop selling that game, and consumers will be notified of this fact in-store. Up to four weeks is required to stop a game as the sales force is notified, tickets are being picked up manually from more than 19,000 retail outlets throughout the state and returns are processed.

To further reassure Californians that the situation has been corrected and to help maintain player confidence, a special Scratchers promotion is planned for February. With a non-winning ticket from any game — past or present — players can enter a second chance drawing at no additional cost to win prizes from \$1,000 to \$25,000. A total of \$1 million in additional prize money will be made available to Scratchers players.

Storey Leaves Wisconsin Post

David Storey left his post as Wisconsin Lottery Director. His last day was January 4, 2002. David will become the Deputy Secretary of the Department of Commerce and will work to encourage business expansion and job growth in Wisconsin. Good Luck David!

It's Lights Out for West Virginia Gray Machines

It's now official, all "gray" machines in West Virginia are considered contraband. As of January 1, it is a felony to possess a machine not licensed by the West Virginia Lottery. Anyone caught with the machines will face a minimum of 1-3 years in jail, and a \$50,000-\$100,000 fine.

State and local law enforcement will be working with the Lottery Commission, as well as the Alcohol and Beverage Control Administration to ensure that no gray machines stay in operation.

One County Sheriff laid out his plan to round-up the illegal machines. He plans to survey his county and see if there are any gray machines still out there. If there are, he will make a list of the establishments housing them, put the names from the list in a hat, and pull out five names — those will be the first five places checked for contraband.

Nebraska Lawmakers Opposing VLTs

Thirty-one of Nebraska's 49 state Senators have gone on record as saying they oppose expanding legalized gambling to include VLTs. Five Senators stated they are leaning towards opposing VLTs, three claim to be leaning towards approving, and one, Senator Ray Janssen of Nickerson, has gone on record as supporting VLT expansion.

Janssen is receiving support from the public. Two groups, HELP (Help Education Through Lottery Proceeds) and the Nebraska Cooperative Government Commission is attempting to change the state constitution via the polls. To make this happen they need signatures from ten percent of the state's registered voters, meaning these groups need to collect about 110,000 signatures by July to get the amendment on the November 2002 ballot. ■

Delaware

This month the Delaware Lottery is introducing a revamped brand designed to update its image, support its total offering and appeal to a broader audience.

The previous Delaware Lottery logo, developed in the late 1980s, emphasized the Lottery's role as a major contributor to the state. The new logo was developed to appeal to a new generation of Lottery players and support the overall Delaware Lottery brand offering: fun and entertainment. A lively font and an iconographic "L" (for Lottery), which helps to assure that Delaware Lottery Retailers can easily be identified from a distance, are key elements of the new treatment. The new logo keeps the red and blue of the previous logo, but adds a bright yellow to convey the idea of fun to players. The logo is accompanied by a new tag line: "Wanna Play?" This tag line acts as a teaser by making a statement in the form of a question. It conveys a lighthearted, yet inviting perspective about the entertainment value of Delaware Lottery Games.

In addition to launching a new logo, the Delaware Lottery is now using an overall advertising platform to promote the variety of fun and entertaining games it offers to a broader audience. The new strategy promotes individual games as sub-brands or products under the Delaware Lottery Games brand umbrella. This concept was developed to more effectively leverage advertising dollars, increase overall ticket sales, increase frequency and depth of play among current players on the margin or lapsed players without strong objection to Lottery games, and to drive trial among younger players (21 to 44 year olds).

Launch of the new brand positioning will be supported by a "Catch that Lottery feeling!" campaign that promotes all Delaware Lottery Games to current and potential players. Radio, television, outdoor advertising, Web site, point-of-sale materials, public relations and promotions all play a role in this comprehensive effort.

"This is an exciting change for the Delaware Lottery," says Delaware Lottery Director Wayne Lemons. "We expect to see great results from this creative and comprehensive approach to our offering."

DC

The D.C. Lottery is planning several events over the next eight months to celebrate the 20th anniversary of the agency and its accomplishments over the years. Preparations are being made to recognize the contributions and service of lottery staff, agents and players. A gala dinner will be held to acknowledge the agents that have made the D.C. Lottery such a viable contender in the Lottery industry today. A special mention will be given to the approximately 30 businesses that have been Lottery agents

for the entire twenty years of the agencies existence.

Every month, starting in January, players will be spotlighted in special events featuring contests and give-aways, with personalities from a local radio station. These events will be held at such venues as the Reeves Center, L'Enfant Plaza and the plaza at 941 North Capitol Street. In May / June, on the D.C. Lottery headquarters parking lot a player appreciation picnic is planned. Also in May, the lottery will premier the 20th Anniversary instant ticket. This ticket is scheduled to feature a collage of District of Columbia scenes and will be of a unique size. Along with the possibility of winning money by scratching the ticket, there will be a second chance drawing held in September, giving players a chance to win valuable prizes.

The celebration of the 20th Anniversary of the D.C. Lottery will culminate with the main event on August 23, 2002. At this event the staff of the D.C. Lottery will be hailed for their commitment, dedication and contribution to the success of the Agency. During the program special commendations will be presented to those employees who have actually been employed by the D.C. Lottery for the entire twenty years.



Georgia

Instant game tickets proved to be great last minute gifts for many Georgia Lottery players! The week ending December 22, 2001 was the second largest instant sales week in GLC history - exceeded only by opening week sales in 1993.

As a New Year's gift to players, the Georgia Lottery added the leftover Lotto Georgia jackpot prize money to the already rolling Fantasy 5 top prize for a special New Year's Eve bonus drawing of more than \$1.2 million. Two lucky players split the top prize.

Idaho

In January the Idaho Lottery conducted an online promotion that gave away 2 GMC Sierra trucks. The promotion was a "Buy X get Y" where the players purchased \$5 in Wild Card 2 tickets and automatically received a voucher for the truck drawing.

This was a 2-week promotion. Ten winning vouchers were drawn. Players found out the winning voucher numbers in 3 ways - a toll free number, through the Lottery web site, and postings in retail outlets.

The Ten finalists will attend a Boise State Basketball game in February. During halftime the Lottery will conduct a Grand Prize Scratch Off for the trucks. All runners up will receive \$500, as well as overnight accommodations in Boise.

Wild Card 2 was selected for this promotion because sales are healthy and consistent, and it is enjoying a stable and loyal player base. Using this game should further help to raise product awareness, which in turn, should increase play among

our loyal players and introduce new players to this game.

Indiana

The Hoosier Lottery unveiled a new game on Jan. 23 that is unlike any other in the lottery industry. Called MAX 5, it will be the first online game to give players an opportunity to play five consecutive draws on one \$5 ticket. Players will win prizes based on how many of the five draws they win. Players who win all five consecutive draws will receive a top prize of \$1 million. A player matching four draws will win \$20,000; matching three draws wins \$500; and two draws, \$50. Players who match only one of the five draws will win \$5 plus a free MAX 5 ticket. The overall odds of winning a prize are 1 in 5.42, which is extremely favorable for an online game.

Kansas

The Kansas Lottery will launch Super Kansas Cash in February 2002. The game is an enhanced version of the Kansas Cash game. Super Kansas Cash, a pick 6 online game, has two sets of numbers with play action similar to Powerball. The game is highlighted by a 5:32 matrix, with a one number Super Cashball drawn from 1 through 25. The jackpot (starting at \$100,000) is paid in one lump sum. Players get two plays for \$1. Drawings are held Mondays, Wednesdays and Saturdays.

Kansas Casino, the Lottery's third history-making pulltab

game, will be on sale by the end of January. Variable imaged, bar-coded pulltabs were first introduced in October, 2001. Kansas was the first lottery to offer such a ticket. The games have experienced continued strong sales after introduction. Pulltabs have higher percentage payouts, due to a difference in transfer rate.

Kentucky

The Kentucky Lottery recently ran a promotion giving the last Lotto Kentucky jackpot away through the new Lotto South game. Through January, players who purchased a \$1 Lotto South ticket got one free on Tuesdays and Fridays. The promotion was called Twice as Much, Twice a Week.

A \$3 Kentucky scratch-off, Deck Boat Dollars has a second chance promotion. Players mail in a non-winning Deck Boat Dollars ticket for a chance at a Grand Prize Package which includes a Godfrey Hurricane Fun Deck GS-170. Players can also win the boat instantly on the ticket.

Maryland

Responding to frequent requests by its public, the Maryland Lottery will bring Bonus Match 5 back to the playing field, beginning Feb. 4. The opportunity to win \$50,000 by correctly matching five out of 39 balls will be available seven nights a week, at 7:51 p.m. on WJZ-TV

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The bonus sixth ball makes winning easier, by enabling players to add it to 4, 3, or 2 of their original numbers, to make a match and win more money. Additionally, the ability to select 3 boards for \$2, and 4 boards for \$3, and so on, adds to the game's appeal.

Michigan

This month the Michigan Lottery is offering players the opportunity to get one free \$2 instant ticket with the purchase of a \$5 instant ticket. Special coupon flyers were distributed via select home-delivered newspapers throughout the state on February 3, 2002.

Instant tickets for February include the \$2 "Blackjack Doubler" offering a top prize of \$21,000; the \$2 "Cashword" with a top prize of \$35,000; the \$2 "Rainbow Riches" offering a top prize of \$17,000; the \$1 "Fast 5's" with a top prize of \$1,000 and the \$2 "Jackpot Jungle" offering a top prize of \$30,000.

Missouri

Missouri Lottery Scratchers sales are reaching record levels, and with more than a million winners every week, the instant games are fast becoming a favorite for Lottery players. Scratchers sales from January through October reached more than \$239 million, the highest total ever for the first 10 months of the year, according to Bill Burton, instant product manager for the Missouri Lottery. For the fiscal year of 2002, which began on July 1, 2001, Scratchers sales are up more than 14% compared to last year.

The Lottery attributes its success to increasing the number of significant wins by putting more of the prize money in higher prize categories, mostly \$5 and \$10 prizes. Each week more than 177,000 players win \$5 or more.

On Jan. 20, the Lottery celebrated its 16th anniversary of sales. That was also the sixth anniversary of the "Fun & Fortune" game show. To date, contestants and home partners have won nearly \$15.6 million in cash prizes and more than \$59,000 worth of instant product.

New Jersey

On December 31, 2001, the New Jersey Lottery introduced its newest instant licensed property game, Maui Money. The game offers four top prizes of \$50,000 and also gives players a chance to win one of 85 Hawaiian vacations. Hawaii Vacation Packages will include round trip airfare for two people; six nights stay at the Westin Maui, a rental car and \$500 spending money.

The ticket features five separate play areas and a Bonus Play area. The player removes the scratch-off material to reveal the five "Player's Hands" and one "Dealer's Hand". If the value of any one of the "Player's Hands" beats the value of the "Dealer's Hand," the player wins the corresponding prize for the winning hand.

Ohio

The Ohio Lottery has teamed up with the Discount Drug Mart retail chain to pilot a Buckeye 5 promotion on the Lottery's Altura terminals. This promotion, the first on the Altura, runs Jan. 13 to Feb. 8, 2002, at 52 Drug Mart stores statewide. Under the terms of the promotion, players who purchase a single Buckeye 5 ticket worth \$5 or more will be rewarded with a free Auto Pick Buckeye 5 ticket good for the next Buckeye 5 drawing. The promotion is expected to be taken statewide later this spring.

The Ohio Lottery has begun a pilot partnership with the Ohio Department of Alcohol and Drug Addiction Services which will allow the Lottery to finance treatment of people with gambling addictions combined with alcohol or drug addictions. Under the initiative, pilot programs will soon be established in four Ohio counties to assess and treat problem gamblers. The Lottery will contribute \$100,000 for the remainder of Fiscal Year 2002 and another \$100,000 in Fiscal Year 2003 to support the program.

Oregon

The Oregon Lottery just issued a new Scratch ticket on Jan. 3 called "Rock Paper Scissors." This \$1 ticket is based on the classic game from years past, and uses the three symbols from the game.

On Feb. 11, the Oregon Lottery will be adding three drawings to its daily Pick 4 game. Currently, the Pick 4 drawing is each day at 7 p.m. Starting on Feb. 11, Pick 4 drawings will also be held at 1 p.m., 4 p.m. and 10 p.m. for a total of four drawings each day. The changes are based on feedback that the Lottery received from both players and retailers who said that Pick 4 play would increase if we offered drawings around lunch time, before dinner (Happy Hour) and later in the evening.

Rhode Island

The month of December proved to be gigantic in Instant Ticket sales for the Rhode Island Lottery. The Lottery had its biggest month ever in sales, nearly \$8.2 million!

New game, new promotion! The Wild Money game that got rolling in January will have promotion days throughout January and February at retailers across Rhode Island. On Tuesdays and Thursdays, a two hour free ticket giveaway will occur for that night's drawing.

Texas

The Texas Lottery Commission authorized the initial step of adding the first ever day drawing to the Texas Lottery family of online games. The proposal for a Pick 3 mid-day drawing was approved for publication in the Texas Register, and will be available for public comment for a minimum of 30 days afterward.

If the Lottery decides to adopt the rules after the public comment period, the new Pick 3 mid-day draw would begin in late spring 2002. ■

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