

magazine

For Sustainable Global Gaming Excellence



Community outreach: WLA Member Lotteries giving back to their communities.



Adapting a successful growth model to international markets



A category management program used by 12 of the world's Top 20 instant game lotteries is outperforming the global market and evolving to meet international needs.

Not all lotteries are created equal. The global lottery industry spans more than 85 countries, economies and cultures with populations ranging from China's 1.3 billion to Luxembourg's 625,000 – and every number in between. Lotteries come in different shapes and sizes, each with different operational structures, product portfolios, regulations and unique set of challenges to drive sustainable growth.

That's exactly why Scientific Games, the world's largest creator, supplier and services

provider of lottery instant games, is customizing its instant category management program to meet the needs of any lottery, anywhere in the world. The goal: maximizing lottery profits.

"All lotteries are looking for sustainable revenue growth to help protect and generate valuable profits for beneficiary programs. In a year filled with uncertainties caused by the global pandemic, it's important that we align with our customers to fully develop the instant game category, which is currently lead-

ing sustainable growth in the U.S. and for several of the world's largest lotteries," says Sam Wakasugi, VP of Strategy for Scientific Games.

The company currently produces products that generate 74% of instant game retail sales globally. Yet instant products, which have the largest share of market in the U.S., continue to remain largely undeveloped in many countries.

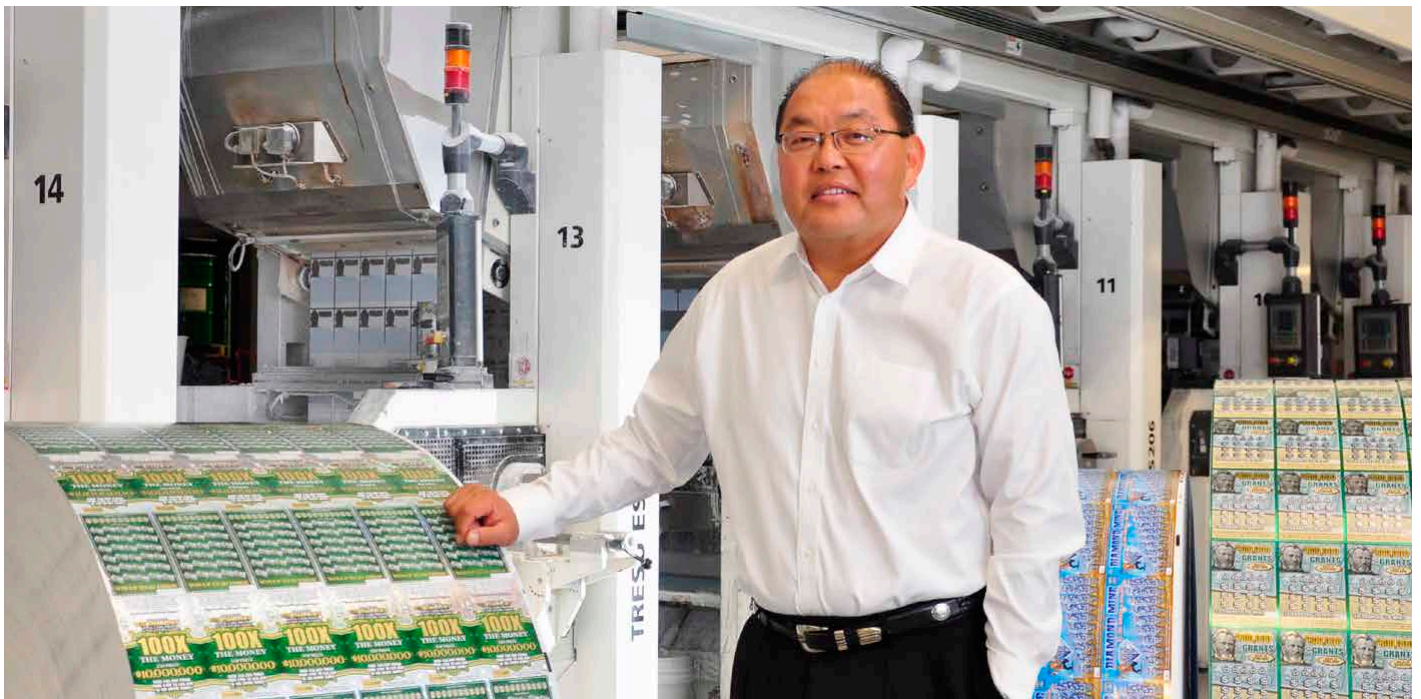
Driving Performance

Italy's Lottomatica, the largest instant game lottery in Europe, and five of the six top-performers in America participate in a full category management program with Scientific Games: Florida, Georgia, Pennsylvania, South Carolina and Tennessee. The company currently supplies instant games to 19 of the Top 20 performing lotteries in the world, with 12 of the Top 20 participating in its management program (*La Fleur's 2020 Almanac, per capita sales*).

Customizing instant category management for international lotteries, Scientific Games looks beyond the U.S. to international experience such as launching the China Sports Lottery's instant products across 150,000 points of sale, and its partnership growing instant game sales for La Française des Jeux in France and Camelot in the UK over the past several decades.

"There's an old saying that a thousand opinions bow to a single fact. And in the lottery business, that fact is in the numbers. Sales performance numbers tell the real story," shares Wakasugi.

Wakasugi has worked on both the vendor and lottery side of the business since the early 1980s, traveling and living around



Sam Wakasugi, VP of Strategy for Scientific Games

the globe to work with some of the largest lotteries in the industry. He works closely with Michael Conforti, President of Global Strategic Accounts for Scientific Games, to help both mature and new instant game lotteries fully develop the instant product category.

ROI-driven solutions

“We understand the business needs of lotteries in other countries differ from those in the U.S. Working with good market data and continuous dialogue with our customers helps Scientific Games adapt our solutions to address any operational and product

gap that can responsibly drive retail sales and profits for lotteries,” explains Conforti, whose four decades of industry expertise spans dozens of countries and six continents.

When it comes to instant game category management, he believes that no matter location on the globe, to achieve sustainable growth all lotteries must focus on identifying operational and product gap opportunities, then develop and execute ROI-driven solutions.

Scientific Games’ solution begins with its insights and analytics department, which provides cross-company teams with real-time data and decades of historical data, as well as findings from continuous consumer research and its *ONE™* player motivational study. All of this information is used to determine if a lottery has gaps in any of four key areas: product solutions, advanced logistics, retailer optimization and digital engagement.

This approach at Scientific Games began in 1985 with the New York Lottery, perennially among the top 20 performers in the world for instant game per capita sales performance. Although a similar management program proposed to other U.S. lotteries met resistance initially, New York’s industry-leading results proved the substantial benefits of this approach.

In 1997, the company launched a full category management program for Florida Lottery, with the Pennsylvania Lottery following later that year. More than three decades later, with over 20 lotteries around the world participating, Scientific Games continues to evolve the program based on the unique needs of each lottery.

Now called *Scientific Games Enhanced Partnership* or *SGEP* the program currently performs 57% better than other game management and distribution models. It is supported by the company’s patented, next generation *SciTrak Ultra™* system which securely manages inventory with more accuracy and efficiency than other supply chain solutions, and allows lotteries to be much more responsive to retail sales volume and player demand. *SciTrak Ultra* features the company’s *OrderSorter™* automated sorting technology and *OrderCast™* predictive ordering technology.

Conforti understands the need for some lotteries to purchase solutions outright, and he is on a mission to educate the industry on ROI. “We are working to understand any barriers that may prevent a lottery from adopting our *SGEP* solution, and collaborating to tailor the business partnership. We have demonstrated that outsourcing instant game management technology and services can drive better sales and profit performance,” he explains.



Michael Conforti, President of Global Strategic Accounts for Scientific Games



Modernizing retail, integrating digital

“Our strong game concepts are being produced for international markets with highly advanced printing technology. Portfolio management with Scientific Games as primary supplier is driving growth – proven by the top-performers that partner with us. Advanced logistics for inventory management and distribution have significantly improved with our next generation sorting and predictive ordering technology. We are integrating digital with retail products, and optimizing the lottery retail environment with first time technology like in-lane solutions and our SCiQ® intelligent instant game ecosystem,” shares Conforti.

The company is also helping international lotteries understand modernizing the retail environment with new solutions and technology, the nuances of player motivational behavior and optimizing the role of every product in the portfolio, including prize structures.

While it’s imperative that lottery retailers have the right product mix in their stores at the right time, Conforti adds that engaging play-

ers digitally by integrating the paper product with the digital product – through 2nd chance games, linked games and promotions or online/mobile sales – is crucial for success.

Often times, this means maintaining parts of the lottery’s legacy operations and providing key component parts of SGE-P. “We find that anytime we engage in a truly collaborative relationship with our customers, we see strong category growth,” he says.

Scientific Games’ cross-company global teams of experienced product, logistics, retail and digital professionals are delivering instant game solutions to more than 100 lotteries around the world.

This expertise extends to managed services for digital instant products – eInstants – which the company used to help launch and grow the Pennsylvania Lottery’s online/mobile program to USD 1 billion in sales in just under two years.

“We provide many different services to lotteries in more than 50 countries, and despite the differences in sales cycles and other business and cultural factors, it’s all based on the

same principle. And that is identifying the need and filling that gap for the customer with a strategic and proven solution,” shares Conforti.

Protecting lottery sales and profits

“Despite shutdowns caused by the pandemic in some regions, the sheer scale of SGE-P was able to keep the supply chain open and product flowing through the pipeline to retailers and players. By using enhanced data analytics and predictive modeling, we were able to ensure that our customers’ retailers maintained optimal inventory. It helped protect sales and profits for vital lottery beneficiary programs,” he explains.

Conforti cites that several of the world’s Top 20 that don’t participate in SGE-P experienced distribution difficulties during COVID-19 which affected sales and growth in 2020.

Over the last several decades, in good times and in challenging times, SGE-P has proven that it is an instant game management program that can drive more profits for a lottery, whether full category management or a select menu of services.

“This is a solution offered by one of the most trusted providers in the global lottery industry that is evolving from ongoing success leading the U.S. market and several large international lotteries, to meeting the very specific, different needs of any lottery,” says Conforti.

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Despite pandemic shutdowns, SGE-P ensured the supply chain to retailers remained open.

SGEP

Your Bottom Line is More Than a Number

SGEP Lotteries have weekly per capita sales that are **56%* higher** than self-managed lotteries and **27%* higher** than lotteries managed by other vendors. Drive more to your bottom line and to the good causes your lottery supports.



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*Based on CY 2019 Weekly Per Capita Instant Game Sales