



Gina Smith's Unique View from the Other Side of the Systems RFP

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Gina Smith is well known in the U.S. lottery industry for leadership roles at the Maryland Lottery and Virginia Lottery – which have given her a unique perspective of systems technology, navigating across business operations, finance, compliance and security.

This summer, she joined Scientific Games' rapidly expanding global systems business as VP, Lottery Enterprise Systems, bringing hands-on knowledge of enterprise workflow design, user application development, data management and internal controls. All crucial for efficient business processes for the company and its growing roster of systems technology partners. And a trusted foundation for lotteries.

Gina's 20 years on the lottery side of the industry ingrained a deep understanding of lottery enterprise applications and business operations. Now on the partner side of the relationship, she brings relevant real-world experience to Scientific Games' systems teams, ensuring the company's platforms continue to meet the evolving needs of its North American lottery customers.

She shares advice on structuring a systems RFP for future success – including invited options and the back-office system – and the importance of responsible gaming, attracting a wide variety of retailers, and competing with casinos and sports betting.

With the average central gaming system contract term spanning five to 10 years – and sometimes longer – how can lotteries best structure their RFPs to ensure optimal long-term value?

Gina Smith, Scientific Games: The key to structuring a successful RFP is to make sure the overall evaluation process focuses heavily on which offering will deliver technology that supports innovation and sustainable growth, both at the time of the award and far into the future. This may mean a heavier focus on technical capability rather than price, which is often difficult for lotteries because state procurements often focus more on price. However, with the ability to leverage available technology, the revenue generated by investing in more modern systems technology significantly outweighs the cost – and generates significantly more revenue for lottery good cause programs.

What essential elements should lotteries include in a systems RFP to maximize the benefits of such a significant investment, and ensure the technology procured today supports evolving needs and innovation for the next decade?

Smith: While it's important for lotteries to structure RFPs to continue with their current functionality, flexibility within the requirements is critical so that their business can continue to grow and adapt new technologies over the contract's life. RFPs should not be written in such a restrictive manner that the lottery doesn't have an opportunity to adapt to

new technologies in an expedited manner. For example, lotteries can ask vendors for invited options.

Invited options allow lotteries to execute when ready, whether at the time of the systems conversion or in the future. These options also provide a mechanism to more readily obtain products that may not be legally authorized at the time of the systems contract award but become legal in the future. Allowing providers to offer invited options will expedite the overall implementation and quickly add to the lottery's bottom line.

A flexible, creative RFP is critical to the overall success of the lottery.

Should lotteries change their approach to a systems procurement?

Smith: Lotteries often look at the RFP as a mechanism to procure a system to process lottery transactions. But the RFP should also be used as an opportunity to modernize day-to-day back-office functions to help achieve efficiencies through technology and automation that it may not be able to accomplish on its own. Modernizing the back-office system can also lead to retailer and player satisfaction, as paper processes like licensing and claims can be automated.

The approach to procuring a new gaming system must be an omnichannel view, closely tying the central system with iLottery, mobile and payment platforms. An ecosystem that provides robust data tools to personalize the player journey will help lotteries meet the needs of today's players, and players of the future.

The development of an RFP can be challenging in government, so it's critical to include mechanisms that allow the lottery to quickly capitalize on new technology as it comes along so it can grow and increase its overall contributions to good causes.

What are some of the innovative technologies or trends that will shape the future of the lottery industry? How is Scientific Games positioned to help customers capitalize on these opportunities?

Smith: AI is everywhere, and Scientific Games is leading the conversation about AI's larger role in the lottery industry as well as the expansion of mobile apps and digital platforms. AI allows the industry to collect valuable data about a player which can be used to personalize the player's journey and enhance the overall experience with lottery. I also see lotteries' use of AI expanding to detect potential fraud, especially in claims processing.

Scientific Games is well-positioned to help lotteries prepare for the future, as we already believe that understanding player behavior with our data analytics is the key to success. Our technology empowers the entire lottery ecosystem and includes value-added applications that offer business and retailer intelligence. Our technology is modular, allowing for adaptability and flexibility which is key to keeping pace with ever-changing market and consumer trends. And Scientific Games' digital applications plug in better than any other systems provider. We can provide what lotteries need for future sustainability even if we don't provide the entire central system.

However, as lottery products become easier to purchase, social responsibility plays a larger role for both lotteries and suppliers. With this in mind, responsible gaming and growth drives everything that Scientific Games does. We were one of the first companies to be certified globally by the World Lottery Association as a Responsible Gaming Supplier. We are an active Platinum Member of the National Council on Problem Gambling. And our award-winning *Healthy Play* program provides our customers with real tools, backed by research, to help increase lottery literacy among all stakeholders and support their responsible gaming efforts.

Given the evolving retail landscape, how can lotteries adapt their systems and practices to attract and retain a diverse range of retailers? What specific features and functionalities are essential to foster stronger partnerships and streamline business processes to make lottery easier for retailers to sell?

Smith: Since lottery products are one of many products that retailers sell, lotteries should focus on automating lottery-related administrative processes for the retailers. Lotteries should leverage technology to automate the licensing process to allow retailers to apply and renew through a portal, as well as view their sales and weekly invoicing, and obtain their year-end tax reports. Retail automation not only increases retailer satisfaction, it also eliminates paperwork and provides the lottery with an automated workflow.

To further attract and retain retailers, lotteries need to partner with a supplier that has a diverse offering of equipment catering to a broad variety of store footprints and counter space. Lotteries must be able to offer retailers technology like our *SCiQ* ecosystem that helps minimize operational costs, improve accounting and inventory control and increase overall lottery sales.

Instant games are a \$67 billion product category in North America. But selling instant games can be labor-intensive for retailers. So, lotteries should be looking at how *SCiQ* can help ease instant game product management in stores. *SCiQ* analytics allows retailers to track tickets sold in real-time to assist in inventory management so they never run out of product in-store. *SCiQ* also automates the shift accounting process and keeps products secure from theft. The system's modern digital menu boards keep counter areas clear from clutter, yet the games are highly visible at the checkout counter.

As consumers gravitate towards self-service, vending machines like our award-winning *PlayCentral* are a must-have. Now powered by *SCiQ*, *PlayCentral* machines offer all the benefits of the *SCiQ* system to improve product management and accounting. We know 70% of grocery purchases go through self-checkout. Our self-checkout solution *Powered by SCiQ* integrates with retailers' self-checkout terminals. The solution meets customers where they most often check out, making lottery products available on the shopper journey and offering a frictionless purchase like most other products sold in-store.

As cashless payments continue to increase across all retail, lotteries should consider self-service machines and terminals that integrate a cashless solution (where permitted by regulations). We just unveiled our new, breakthrough cashless solution to customers at the NASPL 2024 Conference.

You've led a variety of business operations for lotteries in Maryland and Virginia, two of the more competitive gaming markets in the U.S. What is your advice to lotteries facing intense in-state and regional competition from casinos, sports betting, iGaming, gray machines and more to maintain a competitive edge?

Smith: A lottery operates as a business and its purpose is to generate revenue for good cause programs in the state, whereas responsibility for casino and sports betting is regulatory in nature. However, what both sides of the house – lottery and gaming – have in common is the player. While lottery players may have historically been very loyal to lottery products, with the increased competition, advertising, and ease of play, especially sports betting, players are certain to cross over.

For lotteries to stay competitive, they need to understand the journey and rewards a player is experiencing in the casino and sports betting environment, and use this information to differentiate the lottery experience from the other forms of entertainment. Scientific Games technology is available across the retail and digital channels to engage players, allow them to easily purchase lottery products and provide a personalized customer service experience. Ease of access across all channels is the key to staying competitive.