

PGRI PUBLIC GAMING

NOVEMBER/DECEMBER 2022

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

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ON SHAPING THE FUTURE OF LOTTERY IN AUSTRALIA

Sue van der Merwe

*Managing Director and Chief Executive Officer,
The Lottery Corporation*



THE SCIENCE

Inside

WHAT'S IN A NAME?

In the case of Scientific Games, a lot.

For almost 50 years, Scientific Games has literally lived up to its iconic name.

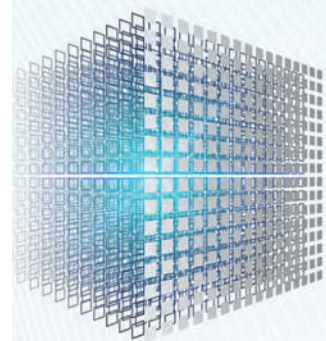


Since its founding in 1973, the company has generated millions of games all backed by science. From cutting edge technical platforms to a deep understanding of consumer behavior, science – real, data-backed science – is at the core of everything the company creates. With its recent return to being a 100% lottery-focused company, that commitment to bringing science-based solutions to the industry is stronger than ever.

The years spent as an integrated gaming company expanded Scientific Games' knowledge base, allowing for a better understanding of the lottery industry's place in the broader gaming and entertainment markets. The company is now charging ahead, focusing its efforts exclusively and entirely on helping its lottery partners achieve their objectives, delivering even greater revenues to the good causes they support.

A Scientific Heritage

So why should a lottery care about the name of one of its partners? Because the company's name embodies its operating philosophy. Its science-based foundation has resulted in a lot of first-to-market innovations that are now lottery industry staples: the first secure instant game (1974), the first touchscreen self-service terminal (1985), the first internet lottery game (2004), and the first credit/debit card solution integrated with a lottery system (2016) just to name a few. One especially important innovation – because it allowed for so many other innovations to follow – was the printing of a unique bar code on every ticket (1988). Embedding data on a ticket via a barcode truly transformed the industry and opened the doors to a number of other important innovations that altered the course of lottery history.



Much like the tip of an iceberg, these solutions were just the visible result, the end product. Below the surface and not always seen, however, was the enormous amount of research, creativity, and science that went into the design and development of these groundbreaking innovations.

An important component of this largely unseen process was the company's early use of business intelligence. Scientific Games pioneered the use of productized business intelligence in the lottery industry when it launched its patented MAP (Marketing-Analysis-Planning) platform more than two decades ago (2001).

Jennifer Welshons, Scientific Games Chief Marketing Officer, was an analyst with Scientific Games at that time and worked with the company's leadership for nearly 18 months to bring MAP 1.0 to market: *"From the very beginning, we have strived as a company to leverage applications from specific parts of our business to enable the business as a whole. In this case, our racing division had a handicapping tool for horse racing and we immediately saw how the underlying structure of that tool could be applied to instant scratch game data."*

That version of MAP 1.0, a secure, interactive database designed to help Scientific Games work with their lottery partners to make the best instant product marketing and planning decisions possible, became the backbone of what today has become a robust portfolio of advanced business intelligence tools.

Welshons is quick to point out, however, that the company was using "business intelligence" before today's wide array of BI platforms was available. "At its heart, business intelligence is simply using data to drive better business decisions. Today's BI platforms have made this easier and more accessible for businesses, but I would say that what Scientific Games did in the late 90s – creating the first State of the States product – was absolutely 'business intelligence.' It was all very manual at first, but once the technology caught up, we were able to pivot all of that manual data analysis to



MAP, which accelerated our ability to derive meaningful, actionable insights that our partners can use to drive their business. Continually tying the data we collect with emerging BI technology – that's our commitment to keeping the science inside."

Evolving the Science

MAP may have been the company's first formal business intelligence tool, but it certainly hasn't been its last. In fact, MAP served as a catalyst for many of the company's other business intelligence innovations, the most powerful being *Infuse*, the company's current enterprise business intelligence platform. Cameron Garrett, Scientific Games Vice President of Analytics and Insights, describes *Infuse* this way: "Infuse takes a 360-degree view of our partners' business to include data from games, players, retailers, terminals, and logistics. And *Infuse* doesn't just look at sales data, but sales data combined with loyalty data, demographic data, data across multiple jurisdictions, and more. *Infuse* is intuitive and easy-to-use, featuring dashboards and customized analytics that can be deployed immediately to impact sales."

Scientific Games' history of building its own business intelligence platforms was partly born from the unique nature of the lottery business, making off-the-shelf BI solutions less effective. But that doesn't mean the company has a "not invented here" mentality. As Scientific Games continues to expand its digital and interactive portfolio, it makes sense to partner with companies that have an equal passion for

innovation in this space. Scientific Games is especially excited about its partnership with Optimove, a leader in the Customer Relationship Management (CRM) category and one of the most trusted CRM providers in the gaming and lottery industries.

With Optimove as a partner, Scientific Games provides CRM services to 10 U.S. lotteries with more on the way.

Scientific Games' expanding digital and interactive portfolio of products has also given the company an opportunity to employ a variety of data-driven responsible gaming measures. Many of the company's digital platforms utilize various algorithms to help predict problem gaming behavior which can trigger a variety of optional "guardrails" such as spending limits,

time-played limits, helpline messaging, and more. When partnered with Optimove's responsible gaming predictive algorithm, Scientific Games is able to empower their lottery partners to expand their responsible gaming practices to CRM and identify players that may become at risk in the future.

Putting Data to Work

Scientific Games understands there is a difference between having lots of data and using that data effectively. The company attributes much of its success to its mantra of putting data in motion rather than leaving it at rest. And one of the many ways Scientific Games puts data in motion is by deriving insights that inform product design and development.

The company's history of building products and solutions backed by science can be seen across every aspect of its business, from the coatings on instant scratch tickets to the advanced systems and hardware that enable the secure ordering, delivery, and sale of those tickets. *OrderCast ML*, the company's instant scratch game predictive order platform and a key component of *Scientific Games Enhanced Partnership (SGEP)* program, is a great example of science-driven product design. *OrderCast ML* uses machine learning to predict the ideal product mix and inventory levels, ensuring that the right games are delivered to the right place at the right time in the right quantities, all but eliminating costly over-stock or out-of-stock situations.

GameChoice is another example of a Scientific Games product rooted in science. The recommendation engine delivers specific product suggestions during a player's buying journey on self-service terminals to encourage the trial of other lottery products. The recommendations are driven by a logical analysis of player basket data generated by Infuse, which perfectly illustrates how the company's various platforms all work together to achieve results.

The Science Inside SG Products

Below are just a few examples of Scientific Games products that rely heavily on the embedded science inside to drive intelligent business decisions:

SC TRAK
UNIQ

Powered by *OrderCast ML*, enables sales reps to customize orders based on individual retailer preferences

ORDERCAST
ML

Optimized game orders using machine learning

GAME INTELLIGENCE

Arming sales forces with granular retail data to guide action

INFUSED

Automated, enterprise business intelligence providing end-users with data-driven insights

MAP

Scientific Games' original business intelligence tool for game and portfolio analyses

SCIQR

Intelligent game distribution with market basket level data enabling bespoke analyses

GameChoice

Smart recommendation engine providing players a modern lottery game buying experience

DIGITAL MARKETING

in partnership with

optimove

Data-driven consumer engagement utilizing multi-variant testing, micro-segmentation, predictive analytics, and AI optimizations

The Science Inside *the Success*



130
lottery customers in
50 COUNTRIES

5
INSTANT
GAME
production facilities on
4 CONTINENTS

3,000+
employees

40+
locations
worldwide

With 70% of global instant scratch game retail sales, 30+ iLottery customers, 40+ systems customers, and partner to the largest government sports betting program in the world, Scientific Games brings 50 years of innovation and experience to responsibly drive lottery performance.



EXPERIENCE LOTERIA LIKE NEVER BEFORE

Bring Your Game to Life

\$0 SCIENTIFIC GAMES HD

LOTERIA
DON CLEMENTE

BONUS NIGHT 3D

▼ PLAYING BOARD 1

\$10,000	\$5	\$15	\$25	\$50
\$75	THE ROOSTER	THE UMBRELLA	THE STAR	THE DEER
\$100	THE TREE	THE PITCHER	THE CANOE	THE ROSE
\$250	THE CROWN	THE PARROT	THE HAND	THE BOOT
\$1,000	THE WATERMELON	THE DRUM	THE FROG	THE ARROWS

▼ PLAYING BOARD 2

\$10,000	\$10	\$20	\$40	\$75
\$100	THE UMBRELLA	THE PEAR	THE ROOSTER	THE ROSE
\$250	THE WATERMELON	THE STAR	THE WORLD	THE SUN
\$500	THE BELL	THE PITCHER	THE DEER	THE TREE
\$1,000	THE FLOWERPOT	THE MERMAID	THE FROG	THE MUSICIAN

CALLER CARDS

Download the Lottery App for a 3D experience to earn entries into a 2nd Chance Drawing

SEE TICKET BACK FOR PLAY INSTRUCTIONS.



Contact your Scientific Games representative for details.



Qualitative Science

Not all of the science inside the company's innovations are driven by hard, quantitative data. Scientific Games' Consumer Insights Team has a long history of collecting meaningful qualitative information on players. That information is equally rich in its ability to provide insights that can be used to create products and services that enable lotteries to realize their vision and achieve their objectives.

At the foundation of Scientific Games' player research is its *ONE Segmentation*. *ONE* looks beyond the who and the what of player behavior to get to the why – the motivations behind the behavior. Knowing that a certain consumer type buys a certain product (the who and the what) is helpful, but knowing why they purchase that product can be transformative in how a lottery designs and builds future products.

Originally launched in 2014, the company recently completed the next generation of its *ONE*

Segmentation. Tim Menzia, Scientific Games' Director of Consumer Insights: "Consumer motivations remain fairly stable over time, but there are countless other factors like technical advancements, changes in

government policy, and, most recently COVID, that can significantly affect consumer behavior. So it's important that we look at our *ONE Segmentation* periodically to ensure that it reflects what is actually happening in the marketplace."

An excellent example of how Scientific Games applies both behavioral and motivational player insights to its product design process is the company's *SCiQ* retail ecosystem. Both *SCiQ Vista* and *SCiQ SlimLine* clearly display the number of the next ticket in the instant scratch game pack so that players can easily see what ticket number they are buying. Jeff Martineck, Scientific Games SVP of Product Innovation: "Years of consumer research and retailer interviews made it clear that

knowing the ticket number was a buying strategy for core players, but a pain point for retailers. Once we understood that, we were sure to 'bake' that learning into our design of *SCiQ*. By clearly displaying the number of the next ticket, *SCiQ* enables players to get the information they want without being a burden to the retailer. It's a win-win. But we had to understand that nuance to make it happen."

The Science is Here to Stay

Scientific Games has been integrating science into everything it does for almost five decades – it is a part of their DNA. The company was built and named on the premise that science should be at the core of every product it delivers – every ticket, every game, every terminal, every digital solution, every back office system. There is an inherent integrity in designing and building products based on science, an integrity that Scientific Games' lottery partners have come to expect. Creating innovative new products that players want is only a part of the equation. It is also vital that those products be delivered, purchased, and played safely and securely.

And that balance – creating safe and secure products that players want to play – requires real, data-based science.

There is no doubt that Scientific Games' heritage of creating solutions grounded in science has delivered results. The company's lottery partners are some of the highest-performing lotteries in the world and continue, year after year, to deliver increased revenues to the good causes they support.

As Scientific Games enters its 50th year in 2023, lotteries will hear more about why those five decades of the science inside its products and services strikes the right balance between the wisdom of the past and the innovation of the future. ■



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GAME NIGHT

These classic games are ready to *Play*

ROCK'EM SOCK'EM ROBOTS
THE ORIGINAL FIGHTING ROBOTS!

POW! BAM! WHACK!

WIN UP TO \$300,000!
If YOUR SCORE beats THEIR SCORE within the same GAME, win PRIZE shown for that GAME. Reveal a \$5 symbol within a GAME, win DOUBLE the PRIZE shown for that GAME.

YOUR SCORE: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15
THEIR SCORE: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE

UNO

Reveal a prize in the BONUS spot, win that amount.

BONUS

YOUR UNO™ CARDS

GAME BOARD

6	9	9	1	1
6	5	5	0	6
5	9	9	8	2
9	8	0	0	7
3	8	8	6	1
3	2	2	0	8
				4

SEE BACK FOR PLAY INSTRUCTIONS

PRIZE
PRIZE
PRIZE
PRIZE
PRIZE
PRIZE

PRIZE \$1,000!

MAGIC 8 BALL™

WIN UP TO \$10,000!

WINNING NUMBERS

YOUR NUMBERS

PRIZE PRIZE
PRIZE PRIZE
PRIZE PRIZE
PRIZE PRIZE
PRIZE PRIZE
PRIZE PRIZE
PRIZE PRIZE

If any one or more of YOUR NUMBERS match either of the WINNING NUMBERS, you win the prize shown below your matching number(s).
Reveal a (2X), (5X) or (10X) symbol and multiply the prize won by 2, 5 or 10 TIMES respectively!

MAGIC BONUS BOX
Reveal a (YES) symbol in the MAGIC BONUS BOX and win ALL 10 PRIZES shown!

Contact your Scientific Games representative for details.



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