



**la fleur's
magazine**

VOL. 8, NO. 9 JUNE 2007



ON-LINE

MARKETING

contents

JUNE 2001

6 LOTTERY BIZ

The Washington State Lottery is giving away air miles in a promotion for lotto. The Illinois Lottery teams up with Illinois Tourism. 'Limited VLTs' are legalized in West Virginia. The New Jersey Lottery runs Pick 3 Double Draw. The D.C. Lottery offers Fat Tuesday. The Virginia Lottery reinstitutes TV drawings. The Delaware Lottery teams up with Dodge. The Colorado Lottery revitalizes its instant sales. The Kentucky Lottery tests a \$10 tourism ticket concept.



14 NEW AD-TITUDES

The New Mexico Lottery uses an adorable dog to illustrate the newest feature of its revamped Roadrunner Cash: the rollover feature.



15 1ST QUARTER '01 SALES REPORT

The 1st Quarter calendar 2001 versus 2000 statistical report ranks U.S., Canadian and Australian sales by total and instant gross and per capita sales, plus percentage increase over 2000.

24 TECHONOMICS: IT'S ONLY SOFTWARE

Of all the professional engineering disciplines, software engineering is one of the least understood in terms of repeatable processes for achieving successful results.

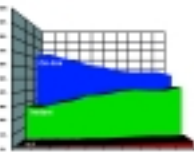
25 WIL PROFILE: SYLVIA KINARD

Sylvia Kinard, deputy director for operations and strategic planning of the D.C. Lottery, is La Fleur's Magazine's sixth WIL (Women in Leadership) candidate. She is a 16-year veteran of the lottery.



27 U.S. ONLINE MARKETING TRENDS

Over the last decade, U.S. lotteries' online game sales as a percentage of total sales have fallen by an alarming 21%. In fiscal 1990, online games represented a whopping 74% of total sales, but had fallen to 53% by fiscal 2000. Lottery marketers debate options to improve online sales, including new game concepts, higher price points and new bloc offerings.



31 GLOBE LINK

Austrian Lotteries now provides casino games via its Internet betting site. NSW Lotteries introduces the first Elvis Presley Instant Scratchies in Australia. Lottomatica issues an IPO. VLTs will remain legal in New Brunswick. Mifal Hapais celebrates its 50th anniversary. B.C. Lottery organizes Internet promo for Sports Action. Czech gaming and lottery operators reach a memorandum of understanding.



33 VENDOR WORKS

GTECH wins contract extensions from the Louisiana and Rhode Island lotteries. eLottery and MDI implement new second chance Internet draws in Kentucky and New Jersey. Autotote Corporation has changed its corporate name to Scientific Games Corporation. EGET releases a new Lottery Module for its WinOne™ Internet gaming system. Intralot SA is involved in the prestigious 5th Government Roundtable organized in Athens. Spielo Gaming goes live with its Verimax™ terminals in the Netherlands. Pollard wins contract from Austrian Lotteries.



Publishers

Teresa La Fleur

<terri@lafleurs.com>

Bruce La Fleur

<bruce@lafleurs.com>

Columnist

Michael Hutton

<mike@qlot.com>

Proofreader

Karen Unruh

Translator

Jorge Saldaña

Editorial Office

14424 Chrisman Hill Drive

Boyd's, MD 20841 U.S.A.

Phone: (301) 916-4478

Fax: (301) 916-1718

Web Site Address:

www.lafleurs.com

© 2001

TLF Publications, Inc.

ISSN# 1075-9697

La Fleur's Magazine is published monthly by TLF Publications, Inc. Annual subscription rates: North American-U.S. \$199; International-U.S. \$239

MILLION AIR MILES

The Washington State Lottery is running a Lotto Million Air Miles promotion to help its sales take wing.

Players who purchase a \$5 lotto ticket during the eight-week promotion (which ends June 23) have the opportunity to win a million Delta SkyMiles and \$10,000 cash.

Why air miles? "We focus group tested a variety of merchandise prizes," said Michael Cousins, online marketing manager, Washington Lottery. "We asked lotto players what sort of merchandise prize would entice them to purchase a \$5 lotto ticket—and the million miles scored very high. As a side note, a red CLK 320 Mercedes Cabriolet scored even higher and was our January 2001 promotion."

The lottery issued a RFP for the million miles promotion. "We purchased the miles from Delta based on their response with an emphasis on flight availability from Seattle, Portland and Spokane, customer service and price," said Cousins.

The Buy \$5 promotion is a mainstay of the lottery's online marketing programs because it has proven so successful in the past.

"We attribute much of the success to rigorous focus group testing and strong marketing and advertising support," said Cousins. "With the Lotto Wild Ride promotion (red Mercedes) we anticipated an approximately 10% lift in sales but instead saw an overwhelming 40% increase over expected sales! (That's taking expected sales by jackpot into account)."



Above: The Washington Lottery will be giving away a million Delta SkyMiles to eight winners in a promotion for lotto.

To break even, the lottery must generate an 8% increase in sales (approximately \$160,000 per week over eight weeks). Based on the success of the Mercedes promotion, the lottery is forecasting a 15% increase in sales for the Lotto Million Air Miles promotion (approximately \$308,000 per week over eight weeks).

The lottery is promoting the Million Air Miles promotion through two radio spots, newspaper ads, outdoor boards running in all markets, an America Online banner promotion, Metro traffic sponsorships in Seattle and Spokane and in-store POS.

ILLINOIS ROAD TRIP

The Illinois Lottery launched its new \$2 instant ticket, Road Trip, in May. This game is a groundbreaking concept for the lottery, because it is the first time that two Illinois state agencies have partnered in a program.

"While the lottery will be paying for all the cash prizes in the Road Trip instant game, Illinois Tourism will provide winners with nearly 200 weekend getaways to the hottest Illinois vacation destinations," said Jeff Schweig, creative and promotions director, Illinois Lottery.

How did this cooperation come about? "We have tried to put together a program with Tourism for years," said Schweig. "The problem was finding the right concept and the right timing. We felt that this program was perfect for the summer vacation time period. Consumers now have the opportunity to win sport utility vehicles and lots of cash to travel Illinois. And if they don't win the cash or the SUVs, they have the opportunity to win the weekend getaways. So, lots of cash and lots of extra prizes—given away during a time when the biggest thing on peoples' minds is what they are going to do for summer."

In terms of the coop, both partners will support the Road Trip ticket with advertising expenditures.

"We are nearly doubling our advertising efforts because both the lottery and Illinois Tourism are promoting the promotion," said Schweig. "When you



Above: The Illinois Lottery's Road Trip instant ticket represents a cooperative project with Illinois Tourism.

factor in both partners' efforts we are supporting the program with the following: TV; two radio campaigns; two print campaigns; statewide exposure on toll booths, Convention and Visitors Bureaus, Tourist Information Centers, rest stops; lottery POP at 8,500 retail locations; tourism and lottery website exposure; 80 statewide radio promotions to support the game; and double public relations efforts."

Schweig believes the plenitude of prizes goes a long way to supporting the lottery's current advertising campaign. "Road Trip is yet another example of how the Illinois Lottery is paying off on our new 'Players have more fun' tagline," he said. "It's just not good enough to say players have more fun—we have to show them how!"

The lottery chose the SUV as the top merchandise prize because focus group testing showed it had great consumer appeal.

"We thought we had secured JEEP as a partner to provide the SUVs but they withdrew from the program very late in the game, leaving us no time to secure another partner," said Schweig. "Thus, the lottery is picking up the costs of the SUVs."

The lottery anticipates that Road Trip will be a strong seller during the summer sales period. "If we didn't have confidence that this game would give us a bump during a traditionally low sales period, I don't think that we would be doing this game," said Schweig.

LIMITED VLTs

In May, West Virginia Gov. Bob Wise signed into law HB102 to tax and regulate gray machines but it appears there

may be a court challenge. Various factions are organizing against the expansion of machine gambling in the state.

This legislation outlaws the estimated 13,500 gray machines. They will be replaced by 9,000 legal video lottery terminals (VLTs).

"These machines will use paper vouchers only," said Libby White, director of marketing, West Virginia Lottery. "No coin drop machines are permitted."

These VLTs will be limited to adult setting locales. White defined these establishments as "private clubs licensed by the West Virginia Alcohol Beverage Administration and establishments that possess a Class A Beer license where, additionally, 40% of the business receipts must come from beer purchases, and of the beer purchased, at least 80% must be consumed on premise."

The maximum bet for these new devices will be \$2. In contrast, the maximum bet permitted on VLTs at the racetracks was increased from \$2 to \$5, effective April 21, 2001 by HB102 in the 2001 legislative session.

In terms of outlets, "bar owners who had beer or liquor licenses by last January first may have a maximum of two terminal permits if they purchase their machines," said White. "They may have up to five machines if they are supplied by an operator. A retailer may purchase up to two machines and get three more from an operator for a maximum total of five. These permits will be awarded by the lottery if the retailer submits forms by August 1, 2001 and meets all subsequent requirements such as background checks and financial stability checks.

"After this process, the number of machines reserved by retailers will be subtracted from the maximum allowed of 9,000 statewide," White added. "The remaining number will be put out to bid for operators and retailers who meet licensing requirements."

Fraternal organizations may have up to 10 VLTs: seven owned and three provided by operators or purchased through the bidding process.

PICK 3 DOUBLE DRAW

The New Jersey Lottery is projecting a 10% increase in Pick 3 sales during its Double Draw Promotion, which is running May 14 through June 3. A similar promotion last year resulted in a 7% increase in weekly Pick 3 sales.

The promotion's objective is to increase player interest in the Pick 3 product. "For many years, Pick 3 sales were slowly declining," said Cathy Scangarella, research and online product manager, New Jersey Lottery. "We needed a promotion that would make the game more fun for current Pick 3 players as well as pique the interest of players who haven't played in a while. As always, we are hopeful that the promotion could introduce the game to new players."

"Double Draw is a promotion that adds value and excitement to the game for players," she added. "Last year, this promotion worked very well. It not only increased sales during the promotion, but it has had a positive long-term effect on Pick 3 sales."

Each night during the promotion, a bonus drawing from a separate machine containing five white balls and one green ball will follow the selection of the daily Pick 3 numbers. If the green ball is chosen, an additional set of Pick 3 numbers will be drawn to give players another chance to win on the same ticket. If a white ball is selected it will be removed from the machine for the next night's drawing, thus improving the odds that a green ball will be selected the following night.

The second time around, this promotion will last one week longer and the number of balls in the double draw have been reduced from seven to six balls in total, giving players an even better chance of experiencing the Double Draw.

Scangarella said "player excitement really increased when the green ball was about to come up. We decreased the number of balls from seven to six to "add more value and excitement to the promotion. We hope this adjustment, combined with the extra week (promotion length was increased from two to



Above: The New Jersey Lottery will offer bonus payouts with Pick 3.

three weeks), will keep the promotion fresh and fun for lottery customers."

The lottery will be supporting the promotion with radio advertising. "In addition, we have point-of-sales presence (POS and buttons for agents) plus a new type of agent incentive contest," said Scangarella. "Specifically, agents who increase their individual Pick 3 sales by 50% or more during the promotion period will get a cash bonus up to 10% on the increased amount."

As of April 30, 2001, both Pick 3 and Pick 4 are showing a sales increase of approximately 1% in fiscal 2001 versus fiscal 2000. "This is a significant increase, as our Pick 3 and Pick 4 games experienced a decrease of 2% and 3% (respectively) in fiscal year 2000 versus fiscal year 1999," said Scangarella.

FAT TUESDAY

From May 1 through July 24, the D.C. Lottery is running a Fat Tuesday promotion where players can win an extra 10% of their winning wagers.

"We did a similar Pick 3 promotion a couple of years ago called '10% bigger' that generated renewed interest in the product," said Kevin Johnson, director of marketing, D.C. Lottery. "It ran everyday for day and evening draws for 13 weeks. We wanted something similar but without the extended and costly payout."

Currently, Pick 3 sales are running 3% behind in fiscal 2001 (ending September 30) compared to the previous year. But Johnson stressed "this is still better than the national sales trend. We

look to keep this promotion for a full quarter to see if it will at least stop the decline. We're not being too ambitious as our ad budget reflects. Fat Tuesday is targeted at rewarding core players and attracting past players again."

The lottery chose Tuesday as the sole day to run the promotion because it represents one of Pick 3's slowest sales day. The idea was that higher payouts would motivate more bettors to play on this day of the week and thus positively effect the entire week's sales.

Is the promotion's name an allusion to the Mardi Gras celebration? "Fat Tuesday is a recognizable phrase, which relates 'big' or 'more' winning on that day," said Johnson.

The lottery has not planned a big advertising budget or ties to joint partners for this Pick 3 promotion. "This is an easy promotion targeted at core players, done with in store POS and word of mouth," said Johnson.

The lottery limited the extra winnings to 10% of the winning wager. Johnson said "10% keeps the top prize for a \$1 bet to \$550, below the level where our players would have taxes taken out by the lottery. Our players are savvy and avoid that when possible."

TV DRAWS

The Virginia Lottery has signed a three-year contract valued at \$2.8 million, with WTVR-TV Channel 6 (CBS) in Richmond to bring back live broadcasts of Virginia Lottery game draws twice per day, Monday through Saturday, starting in mid-June.

The lottery plans to produce shorter shows to make the delivery of the information more efficient. The lottery and WTVR will also bring archived drawings to the Internet.

VEHICLE COOP

The Delaware Lottery has joined forces with two private sector companies—DaimlerChrysler and Delaware State Fairs, Inc.—to launch two coop games: Dodge Dakota Quad Cab and Delaware State Fair.

The Dodge Dakota Quad Cab game



Below: The Delaware Lottery is running a coop instant ticket with DaimlerChrysler which features a Dakota Quad Cab.

was developed as a result of the success of the lottery's 1999 Durango instant game. "Durango sold at an average rate of \$0.09 per capita, per week," said Brian Peters, director of marketing and sales, Delaware Lottery. "Typical \$2 price point tickets sell around \$0.05 per capita, per week."

Peters believes joint ventures with private sector companies "allow lotteries to bring stakeholders together to talk about beneficiaries of their activities. Aligning ourselves with partners who are good corporate citizens creates a synergy that enhances our public awareness efforts."

The \$2 ticket features the 2001 Dodge Dakota Quad Cab Sport 4x4 as its top merchandise prize. "In addition to taking care of vehicle prize fulfillment, DaimlerChrysler dealers in the state will be promoting the game to their customers by displaying signage and offering promotional tickets to car shoppers who take a test drive or use a dealership's service facilities," said Peters.

The lottery will be using promo tickets as free giveaways through radio stations for call-in contests and live remotes. The lottery's field marketing team will be conducting roving spinning wheel promotions at retailers throughout the state.

SCRATCH STRATEGY

As a result of redeveloping its instant ticket plan, the Colorado Lottery has dramatically improved sales.

"Early in the year our sales were

averaging just under \$4 million per week," said Dan Noreen, director of marketing, Colorado Lottery. "Since our revised plan, we have averaged over \$5 million per week."

Noreen said the focus is on each and every element that impacts the sale, including game design, promotions, advertising, point of sale and price point strategy. The key is "flawless execution at retail."

The lottery now markets its \$2 price point as its key queue. "All of our advertising campaigns were directed around \$2 games and a special focus was on the game design around these games," said Noreen. "We wanted to add more value to this queue."

In terms of new experimentation, the \$3 price point is the newest queue. Crossword has been an excellent product, which performs more like a base game than a regular 12-16 week game. "We have also had good success with our \$3 holiday game, maze games and plan more development here," he said.

The lottery markets 11-12 games simultaneously and produces around 32-36 games annually. "Our plans let the market dictate the number of games on sale and we try not to force feed the marketplace," said Noreen.

In terms of instant advertising, the lottery cannot entice people to play, display unrealistic expectations, promote prizes in the game or focus on the dream.

"Therefore, our strategy has been one of game name recognition and the fun aspect of playing our games," said Noreen. "We use ideas that cut through, that show fun and get name recognition of the game. For example, our 3 Wishes campaign demonstrated that the Genie is working for us. On the promotion side, we like to coop with other

high profile marketers and create fun campaigns with same standards as our advertising. The creative is very important in this strategy."

\$10 TICKET

The Kentucky Lottery Corporation (KLC) is using a tourism-oriented scratch game, called Road Trip, for its second \$10 ticket.


"Our goal is to have a \$10 ticket on the market at all times, with plans to introduce one \$10 [instant ticket] each quarter, if sales can sustain it," said Rhonda Goodwin, KLC's instant product manager. "Our job now is to hone in on just the right print quantity so we will sell out of one \$10 game right as the next \$10 game is to be introduced."

Road Trip features a 76.62% prize payout. Players can win up to 20 times on the ticket.

"It also has an attractive top prize of \$250,000 with a strong prize structure for secondary prizes," said Goodwin. "In addition, programming parameters such as 'good to the last scratch' and 'many near wins' help to ensure maximum play value."

In terms of marketing, the lottery sent out email notifications to its 7,000+ player website database. It included tags for Road Trip at the end of its branded TV spot. There will be game-specific radio spots running in June.

Goodwin said although the lottery would like the Road Trip ticket to generate the same per capita sales as KLC's

first \$10 ticket, "that remains to be seen since we only have the holiday \$10 game for comparison at this point." 

Below: The Kentucky Lottery has launched a new \$10 instant ticket with eight different games of various play styles.





From the New Mexico Lottery Corporation comes this sweet ad for the lottery's new rollover feature for its long running Roadrunner Cash game. The 30-second ad called Roadrunner Dog is produced in both Spanish and English.

For this spot, ad agency Kilmer & Kilmer created a character—half Roadrunner and three-quarters dog. The star of the show is a uniquely qualified, if ancestrally suspect, spokes-critter.

What's a roadrunner? Now, pay attention. This will probably come up at this year's NASPL/WLA conference in Albuquerque and you will want to be ready. The roadrunner is New Mexico's state bird also called 'Geococcyx californianus' scientifically speaking. It was officially adopted March 16, 1949 under the name "Chaparral Bird." In Spanish, it is called "El Correcaminos." The comical roadrunner prefers running to flying and has been clocked at

speeds of 15 miles per hour. They are approximately 22 inches in length and their diet consists of insects, lizards, centipedes, mice and snakes.

(A dog is a quadruped, with prominent canine teeth, but you probably already knew that. The dog is not known to be the official animal of any state.)

Perhaps the result of a genetic engineering program gone horribly wrong, Roadrunner Dog nevertheless makes the ideal mascot for this new game feature. Roadrunner trots on stage in this one act play to demonstrate the game's newest trick.

The announcer calls to Roadrunner, encouraging him with, "Roadrunner come here boy. Okay, roll over. Come on, come on . . . you can do it. Rollover."

At first Roadrunner Dog just can't seem to roll (perhaps a comic treatment of a real life frustration every online product manager knows all too well.) Roadrunner Dog struggles with the aero-

dynamics of coordinating paw and tail feathers. Finally, though, Roadrunner Dog makes it over, as the announcer intones his congratulations, "That's it. There you go. Good boy, Roadrunner."

Next a screen pops up with the logo of Roadrunner Cash and an odometer. The voiceover explains the game: "Roadrunner Cash now rolls over. The top prize starts at \$15,000 and can roll up to \$75,000 or more." The odometer rapidly turns over illustrating how the jackpot can roll up fast.

Splash screens pop up assuring the viewer that "No animals were harmed in the making of this commercial."

The scene jumps back to Roadrunner Dog laying on his side, landing gear jutting out, looking forlornly at the camera.

Then the next slash screen pops up: "Humiliated, Maybe."

Another screen concedes "Harmed, No." 

U.S. Lotteries' 1st Quarter Calendar 2001 Sales by Game

	<i>(in \$millions)</i>													Total Sales	PC Sales
	Pop. (M)	Instant	Pull Tab	3-Digit	4-Digit	Lotto	Cash Lotto	Bloc Lotto	Rolldown	Keno	VLT	Other			
Arizona	5.1	40.0		1.6		10.6	2.5	20.2						75.0	\$15
California	33.9	313.9		21.7		307.5	38.3			48.0		2.0		731.4	\$22
Colorado	4.3	65.5				22.3	3.2							91.0	\$21
Connecticut	3.4	130.7		28.3	17.0	8.6	10.3	14.0						209.0	\$61
Delaware	0.8	5.3		7.5	3.9		2.1	5.9	0.5	130.3				155.5	\$198
D.C.	0.6	8.4		17.9	17.7	1.0	1.4	7.4						53.8	\$94
Florida	16.0	195.9		84.6	41.9	228.5	49.2						28.2	628.3	\$39
Georgia	8.2	274.4		181.5	30.6	20.1	20.9	37.9	12.9					578.4	\$71
Idaho	1.3	13.5	0.3	0.3			0.7	6.3	0.5					21.7	\$17
Illinois	12.4	152.5		84.7	38.4	46.2	22.3	42.5						386.5	\$31
Indiana	6.1	82.1	0.2	7.6	7.5	16.6	2.3	26.2				1.0		143.5	\$24
Iowa	2.9	21.4	6.8	1.0			1.2	14.2	0.6					45.2	\$15
Kansas	2.7	22.6	0.1	1.4			5.0	11.2	0.8	11.1				52.2	\$19
Kentucky	4.0	69.5	8.5	29.9	7.0	6.5	4.5	25.9						152.0	\$38
Louisiana	4.5	31.5		11.3	4.0	7.5		20.2	1.2			1.1		76.8	\$17
Maine	1.3	25.3		1.3	1.0		1.0	5.4						34.0	\$27
Maryland	5.3	75.5		82.4	52.9	19.7	7.1	13.5		89.9				341.0	\$64
Massachusetts	6.4	739.7	0.8		96.2	20.1	11.4	20.4		144.3				1,032.8	\$163
Michigan	9.9	165.8		105.2	72.2	26.1		46.8	11.2	2.6				429.9	\$43
Minnesota	4.9	61.5		3.4			6.1	19.5	1.3					91.8	\$19
Missouri	5.6	71.1	6.3	12.6	3.5	6.7	6.2	25.5						131.9	\$24
Montana	0.9	2.2				0.9	0.8	3.6	0.2					7.7	\$9
Nebraska	1.7	8.6					1.2	6.9	0.8					17.5	\$10
N. Hampshire	1.2	35.0		2.4			0.9	10.5	0.4					49.2	\$40
New Jersey	8.4	178.1		108.7	59.8	54.8	17.2	43.1				6.0		467.7	\$56
New Mexico	1.8	17.4		0.4			1.0	8.6						27.4	\$15
New York	19.0	400.6		179.1	122.9	125.8	113.6			143.1				1,085.1	\$57
Ohio	11.4	259.6		109.9	39.4	65.6	14.4					10.8		499.7	\$44
Oregon	3.4	32.4	1.1		0.6	7.6		9.9		26.6	117.0	2.8		198.0	\$58
Pennsylvania	12.3	163.3		128.6	65.6	68.7	57.1							483.3	\$39
Rhode Island	1.1	17.7	0.0		7.2		0.8	9.3		17.1	197.8			250.0	\$238
South Dakota	0.8	3.0				0.4	0.3	2.2	0.1	143.1				149.2	\$199
Texas	20.9	445.9		55.1		233.7	38.5					10.7		783.9	\$38
Vermont	0.6	17.5		0.3	0.3		0.5	1.8						20.4	\$33
Virginia	7.1	121.1		60.8	34.7	19.9	6.5	20.7						263.7	\$37
Washington	5.9	60.1		4.6		33.1	9.0			2.2		4.1		113.1	\$19
West Virginia	1.8	21.3		2.6	1.2		1.6	12.7	0.3	3.5	111.5			154.8	\$86
Wisconsin	5.4	58.4	1.0	6.8	2.4	5.6	7.1	17.4	2.2					100.9	\$19
Total	243.0	4,408.4	25.3	1,343.4	727.8	1,364.0	466.6	509.7	20.2	501.1	699.8	66.7	10,133.1	\$42	

Australian Lotteries' 1st Quarter Calendar 2001 Sales by Game

	<i>(in A\$millions)</i>													Total Sales	PC Sales
	Pop. (M)	Instant	2/3-Digit	Other Lotto	Oz Lotto	Power ball	Spiel	Keno	Pools	VLT	Draw	Bingo	Other		
G. Casket	3.6	49.3		71.8		14.5	38.3	1.4		0.8		0.4		176.4	\$49
NSW	6.5	39.7		102.6	3.2	31.8	63.0			1.5		25.4		267.3	\$41
S. Australia	1.5	8.6		28.0	5.4	4.4	15.4	0.5	14.9	0.1				77.3	\$52
Tattersalls	5.7	17.0	3.6	118.8		20.6	63.0	1.5	13.0	0.5				238.1	\$41
W. Australia	1.9	16.5	1.1	52.0		13.8	26.9	1.2		0.3				111.8	\$59
Total	19.2	131.1	4.7	373.2	8.6	85.1	206.6	4.6	28.0	3.3	25.8			870.9	\$45

Canadian Lotteries' 1st Quarter Calendar 2001 Sales by Game

	<i>(in C\$millions)</i>													Total Sales	PC Sales
	Pop. (M)	Instant	Pull Tab	3/4-Digit	Lotto 6/49	Other Lotto	Super 7	Spiel	Keno	Pools	VLT	Draw	Bingo		
Atlantic	2.4	49.3	27.5	0.7	28.2	5.2	15.0	11.5	2.3	4.7	93.8			238.2	\$100
BCLC	4.1	53.6	28.6	1.1	48.0	17.8	19.2	17.0	54.7	5.4			1.6	247.1	\$61
Loto-Québec	7.4	152.9		7.4	115.0	16.7	82.8	43.1	28.9	14.4	279.2	37.6		778.8	\$106
OLGC	11.7	173.6		14.3	151.2	18.3	96.7	43.7	18.5	41.4			9.3	568.9	\$49
WCLC	5.3	44.2		3.5	55.4	8.0	26.2	24.7	0.2	18.6				180.7	\$34
Total	30.8	473.5	56.2	27.0	397.8	65.9	240.0	140.0	104.6	84.5	373.0	37.6	9.3	2,013.7	\$65

U.S. Lotteries' 1st Quarter Calendar 2000 Sales by Game

	<i>(in \$millions)</i>												Total Sales	PC Sales
	Pop. (M)	Instant	Pull Tab	3-Digit	4-Digit	Lotto	Cash Lotto	Bloc Lotto	Cash 4 Life	Keno	VLT	Other		
Arizona	4.8	35.1		1.7		11.6	2.0	23.8					74.3	\$16
California	33.1	324.0		21.3		252.6	39.3			53.6		2.5	693.3	\$21
Colorado	4.1	58.2				35.1	2.9						96.3	\$24
Connecticut	3.3	127.0		27.2	15.2	10.2	10.9	21.3					211.9	\$65
Delaware	0.8	5.1		7.5	3.8		2.7	9.6			114.9	0.3	143.9	\$191
D.C.	0.5	8.8		18.4	15.8	1.1	0.9	11.0	0.3				56.3	\$108
Florida	15.1	170.8		80.0	40.3	271.2	54.1					28.0	644.4	\$43
Georgia	7.8	251.0		218.2	27.6	19.5	21.5	25.6		14.5			578.0	\$74
Idaho	1.3	15.7	0.4			0.5	0.8	7.3					24.7	\$20
Illinois	12.1	141.5		85.5	38.9	36.5	24.8	25.2					352.5	\$29
Indiana	5.9	92.9	0.2	7.3	7.3	23.1	2.3	30.9				1.7	165.6	\$28
Iowa	2.9	23.5	6.9	1.1			1.3	17.2	1.0				50.9	\$18
Kansas	2.7	25.6	0.3	1.4			4.5	12.6	0.8	11.7			56.9	\$21
Kentucky	4.0	66.8	8.7	30.1	6.6	10.1	4.7	32.0					159.0	\$40
Louisiana	4.4	29.3		10.8	3.7	7.0		25.1				1.6	77.5	\$18
Maine	1.3	24.4		1.2	1.0		1.0	5.8					33.5	\$27
Maryland	5.2	56.9		76.8	47.7	10.1	6.7	8.1		76.0			282.3	\$55
Massachusetts	6.2	662.9	0.9		94.7	29.9	11.8	10.4		146.2			957.0	\$155
Michigan	9.9	165.6		106.7	72.5	32.9		23.1	12.2	2.8			415.8	\$42
Minnesota	4.8	64.9		3.4			5.2	24.2	1.2				98.9	\$21
Missouri	5.5	70.3	7.8	10.8	2.7	9.6	5.6	32.0				0.0	138.9	\$25
Montana	0.9	2.4				1.1	0.7	3.9	0.2				8.3	\$9
Nebraska	1.7	9.9					1.3	7.8	0.5				19.5	\$12
N. Hampshire	1.2	30.7		2.3			0.9	14.8	0.4				49.2	\$41
New Jersey	8.1	158.3		108.4	59.5	41.7	19.4	24.9				6.5	418.7	\$51
New Mexico	1.7	20.6					1.6	10.7					33.0	\$19
New York	18.2	292.4		179.3	115.8	163.5	80.0			140.3			971.4	\$53
Ohio	11.3	292.3		104.6	36.4	78.4	15.4					12.7	539.8	\$48
Oregon	3.3	33.6	1.2			7.5		12.8		27.4	113.8	2.0	198.3	\$60
Pennsylvania	12.0	126.7		122.4	60.0	48.8	55.7						413.6	\$34
Rhode Island	1.0	15.9	0.1		7.0		1.2	12.8		15.8	170.2		223.1	\$225
South Dakota	0.7	3.3				0.3	0.4	2.6	0.1		143.0		149.8	\$204
Texas	20.0	442.0		50.9		137.1	42.1					13.2	685.3	\$34
Vermont	0.6	17.5		0.3	0.2		0.5	2.1					20.7	\$35
Virginia	6.9	113.1		59.9	30.0	18.0	6.8	11.6				1.4	240.8	\$35
Washington	5.6	68.3		4.8		29.1	8.7			2.4		5.5	118.7	\$21
West Virginia	1.8	19.3		2.8	1.3		2.0	17.0	0.3	3.9	76.2		122.7	\$68
Wisconsin	5.3	63.0	1.1	6.8	2.4	6.5	7.9	25.5	1.3				114.3	\$22
Total	235.6	4,129.9	27.5	1,351.8	690.5	1,292.9	447.7	492.1	18.1	494.7	618.1	75.4	9,638.7	\$41

Australian Lotteries' 1st Quarter Calendar 2000 Sales by Game

	<i>(in A\$millions)</i>													Total Sales	PC Sales
	Pop. (M)	Instant	2/3-Digit	Other Lotto	Oz Lotto	Power ball	Spiel	Keno	Pools	VLT	Draw	Bingo	Other		
G. Casket	3.5	56.6		68.2		14.2	22.6	1.3		1.6		1.1	165.5	\$47	
NSW	6.4	42.1		74.9	3.2	32.3	44.6			1.9		35.2	234.2	\$37	
S. Australia	1.5	7.2		25.4	4.8	4.4	9.5	0.5	16.8	0.2			68.7	\$46	
Tattersalls	5.7	17.6	3.4	118.0		20.4	38.7	1.6	13.7	0.7			214.0	\$38	
W. Australia	1.9	18.4	0.9	64.3		12.6	18.3	1.3		0.3			116.2	\$62	
Total	19.0	141.9	4.3	350.9	8.0	83.8	133.8	4.7	30.4	4.6		36.3	798.7	\$42	

Canadian Lotteries' 1st Quarter Calendar 2000 Sales by Game

	<i>(in C\$millions)</i>													Total Sales	PC Sales
	Pop. (M)	Instant	Pull Tab	3/4-Digit	Lotto 6/49	Other Lotto	Super 7	Spiel	Keno	Pools	VLT	Draw	Bingo		
Atlantic	2.4	48.1	26.3	0.8	29.2		13.0	11.5	2.7	4.3	85.8			221.5	\$93
BCLC	4.0	46.3	23.9	1.1	52.0	18.3	15.4	17.1	47.7	5.5		-0.3		227.1	\$56
Loto-Québec	7.4	151.8		6.4	118.0	15.5	65.5	41.3	28.4	14.7	251.5	31.0	9.9	734.0	\$100
OLGC	11.6	208.1		14.0	159.3	20.2	71.7	41.2	17.0	51.3			13.4	596.3	\$52
WCLC	5.2	46.3		3.2	55.4	7.9	19.2	22.9	0.2	17.0				172.0	\$33
Total	30.5	500.7	50.2	25.4	413.9	62.0	184.8	134.0	95.9	92.8	337.3	30.7	13.4	1,950.9	\$64

The
Big
Easy



Just
Got

A
Little
Harder



January 18-21, 2002—La Fleur's Fifth Annual Lottery Conclave comes to The Big Easy, New Orleans, Louisiana. Hosted by *La Fleur's Magazine* with the Louisiana Lottery Corporation, this event promises to work every attendee as hard as possible. We pledge to send everyone home tired and a little wiser. The event will be held at the 4-star Le Pavillon Hotel, a member of Historic Hotels and Preferred Hotels & Resorts Worldwide. A special low room rate is available for the first fifty conclave registrants. For more details, see us on the web at www.lafleurs.com. Or call Bruce and Terri at:

Phone: ++301-916-4478

Fax: ++301-916-1718

terri@lafleurs.com

IT'S ONLY SOFTWARE

It's only software. I've often heard that phrase used to describe the relative difficulty of adding a feature or making an enhancement to a complex information system. The underlying assumption is that since the physical process of developing software is trivial, producing the desired results must be more or less unproblematic as well. After all, it's not like you have to pour concrete or bend metal to construct software systems. You just add or change the instructions to tell the computers to do something else. It's simple, right?

Wrong. Software development is hard. Software that works is precious. Of all the professional engineering disciplines, software engineering is one of the least well understood in terms of repeatable processes for achieving successful results. In some ways software development is still more of an art than an industrial process. It is engineering, but of a different sort.

Since the infancy of computer science in the 1940s, efforts have been underway to develop ways to ameliorate the inherent difficulty of building successful software systems. Aided by an exponential increase in computing power, considerable progress has been made in terms of reducing the level of complexity and increasing the productivity of software engineering professionals. Our tools today are better than ever. However, until recently, little progress has been made in attacking the essential difficulties involved in developing large, complex software systems.

Software projects are still routinely behind schedule, over budget or both. Issues with software projects continue to give nightmares to business executives the world over. This is one of the reasons that it seems to take an inordinate amount of effort and expense to get your online system to support that hot new game or promotion. It's not easy.

So it is understandable that the com-

puter industry has long sought a "Holy Grail" that would miraculously eliminate much of the vexing difficulty involved in building large software systems, thus allowing system architects to concentrate on the business problem at hand, rather than the arcane details of software construction.

Such a solution would ostensibly make the production of software systems more akin to a traditional manufacturing process where working systems are assembled from standard components and less like a collaborative work of art.

Well, I'm sorry to say that we're not there yet, but a few related software technologies have matured to the point of making significant progress toward the goal of assembling complex software systems from "off the shelf parts."

In the mid-1990s, Sun Microsystems released a programming language and related technology it called Java. Originally intended for developing software for embedded applications, the technology has steadily matured over the past several years, and is now used in a vast number of applications, from web browsers, to telephone switches to yes, even lottery terminals. Java technology has many interesting features, but the most relevant of them from a business perspective are relative ease of use, hardware platform independence, and the ability to dynamically integrate new functionality into working systems. This last feature is probably the most important, because with proper design it allows us to construct systems that can be enhanced in a straightforward and economical fashion.


One of the interesting aspects of Java technology is the concept of a "Java Bean". Essentially, a Java Bean (or simply "bean") is a software component that is constructed following certain specific rules for interacting with its environment. The environment in Java terminology is called a "container". As long as both the bean and the container adhere to a common set of relatively

simple specifications, any bean can be "dropped in" to any container and it will work. Furthermore, Java technology allows beans to be dynamically added to a system while it is running.

Java Beans were originally used to construct standard graphical user interface (GUI) components, which could be simply and easily assembled into a working application using commercially available tools, with little or no programming. However the "bean-container" concept proved to be extremely powerful and there are now many different "flavors" of beans, and many types of standard containers. The most significant of these standard containers is the Application Server.

Application Servers are software infrastructure products that provide a standard framework for developing large, complex online software systems. Applications are constructed by developing and "plugging in" various types of beans into the framework. Used in conjunction with a web server and a relational database, application servers provide nearly all of the software "plumbing" required by sophisticated Internet or other on-line applications, and which previously accounted for a significant portion of the development time and expense associated with such systems.

When people talk about "building systems using Internet technology," they are most likely referring to the use of application servers. New lottery games can be developed as a set of beans to be "dropped in" to an application server. This is in fact the way that some Internet gaming systems are constructed today.

Java technology and Application Servers represent a significant advance in the state of the art, but like any other technology, they are not a panacea. The technology is not appropriate for all applications. Technical organizations must expect and plan for the learning curve required to become proficient with the concepts. But it's only software. 

Mike Hutton is a principal at QLot Consulting.

WIL PROFILE: SYLVIA KINARD

The “quality of mercy is not strained,” declares Portia in a pivotal speech delivered to Shylock in Shakespeare’s *The Merchant of Venice*.

Portia describes such a spirit as twice blest, because it “blessest him that gives and him that takes.”

Thus it is no surprise that Sylvia Kinard, a 16-year veteran of the D.C. Lottery, should elevate this passage to the status of favorite quote. For Kinard has “a quietness of spirit” that defines both her professional and private life.

Currently serving as deputy director for operations and strategic planning of the D.C. Lottery, Kinard has served in numerous capacities, including acting executive director, deputy director, director of development and deputy director of charitable games.

In her experience at the D.C. Lottery, Kinard has planned and executed organizational realignments, fiscally sound budgets and expenditure control policies.

She has weathered changes in the executive director of the agency and the abandonment of a lottery board.

She has also served as chair of the Product Development Group and has planned and coordinated highly successful industry conferences, including the annual NASPL conference in 1991 and the NASPL Region II conference in 1997.

Previous professional positions held by Kinard include:

- director of human resources development for the National Cable Television Association
- facilitator and lead trainer under government and private contracts
- faculty consultant and instructor at the Howard University College of Medicine.

Kinard is the mother of four children—Lewis, Peter, Sheri and John. She has served on the board of Big Brothers Annual Celebrity Golf and Tennis Tournament and the United Nations Association of the National Capital Area.

She is currently a “Hand-in-Hand” mentor to young girls in her faith community. “I chose to be a Hand-in-Hand mentor because two of the young ladies in the church chose me to look up to,” said Kinard.

“I knew I had to have a more formal tie to them if I was to have a role in their lives and I needed some training in how to be a good mentor,” she added. “I knew how to be a parent, but being a mentor is a little different, so I joined the program. I think I’m a good mentor but I guess the jury is still out!”

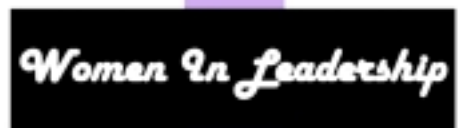
Kinard’s special interests include playing the piano, reading (especially poetry) and entertaining at home.

GROWING UP

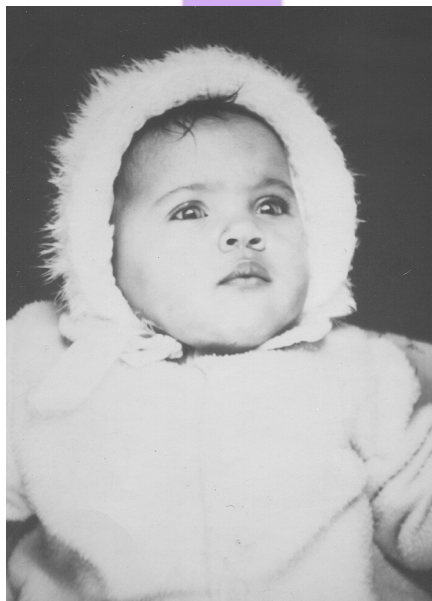
Kinard grew up in a small and what she classifies “perfect” family, comprised of her mother, father and one brother.

Her extended family included her Mom’s 11 siblings and her Dad’s six siblings and all their children.

The families lived pretty close to-



gether and many regularly converged



on the grandparents’ house on Sundays for dinner.

“I believed that the whole world lived like this or certainly ought to!” said Kinard. “My dream and desire was that I too would be a wife and mother and have a wonderful family just like this. I went to college because they made me go (thank God).”

“I got a bachelor’s in psychology, got married, had four children, then got a master’s in social work,” explained Kinard. “My focus has always been my family. I have been blessed to have jobs (not careers) that helped me to grow in knowledge, skills and responsibility while providing well for my family. Some things have changed, the ‘beliefs and dreams’ have become ‘values and reality’ and life is good.”

In terms of raising children today, Kinard acknowledges it is more of a juggling act.

“Today’s parents have my sympathy, empathy and concern because of the new stresses involved in combining work and parenting,” said Kinard. “I think life was far less stressful when my children were small which made it easier to concentrate on work while you were at work and then to enjoy quality time with the children when you were at home. Now, when you’re at work, you’re worrying about the children and when you’re at home, you’re worrying about the job! It’s too much!”

CAREER CHOICES

Kinard graduated from Howard University, earning a B.S. in psychology and a M.S. in social work.

Kinard has always been actively involved in game design at the lottery. In 1987, she represented the D.C. Lottery as a charter member of the Multi-State Lottery Association (MUSL). In April 1988, MUSL launched Lotto America. In 1990, Kinard again participated in the development of the new MUSL game, Powerball.

In July 1997, when the D.C. Lottery was experiencing a serious decline in

sales, Kinard was responsible for completing a short-term recovery plan for the lottery. During this period, the lottery's Product Development Group was launched. Kinard served as the chair.

Although sales declined in fiscal 1997 (ended September 30), the lottery executed a double-digit sales increase in fiscal 1998.

As far as mentors during her early career, Kinard said she has benefited from "many good women mentoring me over the years; some were family, some were teachers, some were 'house mothers' in the dorms; some were supervisors and employers who took time to teach and show me."

PERSONAL CHALLENGES

While Kinard has successfully climbed the corporate ladder, she concedes there is a delicate balance between loving your job and being "absorbed" by your

job. She cites this as a cautionary word to parents who must never forget their importance in their children's lives.

"Two experiences come to mind as definitive in my years of employment: one was when I realized I had allowed the job to absorb so much of my time that I had a nightmare about it, and the other was when I chose to take a break and devote more time to my teenagers," acknowledged Kinard.

"Both of these seemingly impulsive acts were necessary in order to place my focus back where it belonged," she added.

In terms of key business accomplishments, she cites the planning and production of the annual NASPL conference in Washington, D.C. in 1991.

"It is an event long remembered by our staff and by the industry," said Kinard.

Another professional accomplishment was the launch of the D.C. Lottery's Hot Five game in 1999. This game exceeded estimated per capita sales projections and was able to fill a void in the lottery's portfolio of online games.

"If I had to think of another success in my experience at the D.C. Lottery, it must be my longevity," said Kinard.

MANAGEMENT STYLE *In Leadership*

"Once discussions have taken place on a subject, my management style is gen-



erally autocratic in that I would make the decision and stand by it," said Kinard. "I expect managers to put their best knowledge forward and present strong recommendations. I believe two to three times as much time is required for planning as for implementation."

Do women face glass ceilings in the lottery industry? "I don't think so," said Kinard. "In my experience I have known many women lottery directors as well as women in other critical and high level positions.

"And, finally, I believe 'men are still from Mars and women are from Venus' and their respective management styles reflect that truism," said Kinard. 

Below: Sylvia and her children (Lewis, Peter, Sheri and John)



SYLVIA KINARD

Position: Deputy Director, D.C. Lottery

Years at Lottery: 16 years

Birthday: January 2, AD

Age: 100 minus a few or 50+ a few

Horoscope Sign: Capricorn

Spouse: Not closed to the idea!

Children: Lewis, Peter, Sheri and John

College Education: B.S., Psychology and M.S., Social Work, Howard University

Favorite cuisine: A great hamburger!

Favorite music: Sacred, classical, popular, rock, jazz, country western. I love everything but rap!

Favorite author: Several

Favorite book(s): *The Last Butterfly*, *The Long Fatal Love Chase*, *Left Behind*

Childhood hero: My father and brother have always been my heroes.

Woman most admired: My mom, now passed away, remains in a class by herself. I also admire Janet Reno.

Quote: "The quality of mercy is not strain'd,/ It droppeth as the gentle rain from heaven/ Upon the place beneath. It is twice blest;/ It blesseth him that gives and him that takes." (*The Merchant of Venice*, Act IV, Scene I)

U.S. ONLINE MARKETING TRENDS

By Terri La Fleur

In the last decade, online game sales as a percentage of total U.S. lottery sales have fallen by an alarming 21%.

In fiscal 1990, online games represented a whopping 74% of total U.S. lottery sales. In comparison, by fiscal 2000, online games contributed only 53% of total U.S. lottery sales. Why are players spending less percentagewise on online games?

Overwhelmingly, lottery marketers believe that traditional online lottery games have been the victim of a society desiring instant gratification.

The traditional lotto game which requires a two- or three-day wait to know the result simply isn't as exciting as the fast paced video lottery experience or the instantaneous experience of scratching and matching.

"I think it is a sign of a fast paced, 'got to have it now' society," said Kevin Johnson, director of marketing, D.C. Lottery. "[There are] too many restrictions with traditional online formats; play today but wait till tomorrow or later for results. Growing populations of potential players prefer quick activities that can be resolved and condensed in stingy segments of time. Their time is perceived as more valuable and less predictable than in 1990. It's a matter of time and changing competition from products that target busy consumers."

As an example, Johnson cited purchasing a meal at McDonalds where a lottery player can "get your lunch, check your burger wrapper/coupon for a chance to win a trip to Disney World, all in a half-hour."

"Consumers, in general, are gravitating to games of chance and other forms of entertainment that provide more immediate gratification," concurred Brian Peters, director of marketing and sales, Delaware Lottery. "While we try in our industry to overcome the inherent delayed gratification drawing component of online games, bigger jackpots and creative play styles have not provided a long-lasting positive

trend in recent history. Instant games, on the other hand, offer a structure that allows consumers to grab and go, win or lose, then get on with their lives."

Bonny Botts, vice president of marketing, Louisiana Lottery Corp., also believes the confusion of winning opportunities has diluted the commodity of purchasing an online lottery jackpot game.

"Our marketing emphasis on cash prizes '\$25,000 prize!', 'One million dollars!' lacks perspective," explained Botts. "With McDonald's offering a \$1 million prize, opening Powerball jackpots of \$10 million, and other consumer products' 'Win \$1 million' advertising campaigns, the public has become jaded and, therefore, is not relating to the concrete results that can stem from winning that kind of money. Perhaps we should say what \$25,000, \$1 million or \$10 million can produce, such as a college education, paid-for homes for all family members, or whatever, and then the prize amounts might be more relative and meaningful. In other words, following the advertising adage, 'Sell the sizzle, not the steak.'"

Lottery marketers also believe the

industry has been trapped by the escalation in jackpot sizes. Online lotto can't deliver eyebrow raising jackpots on a regular basis so the game provokes a ho-hum reaction from loyal players.

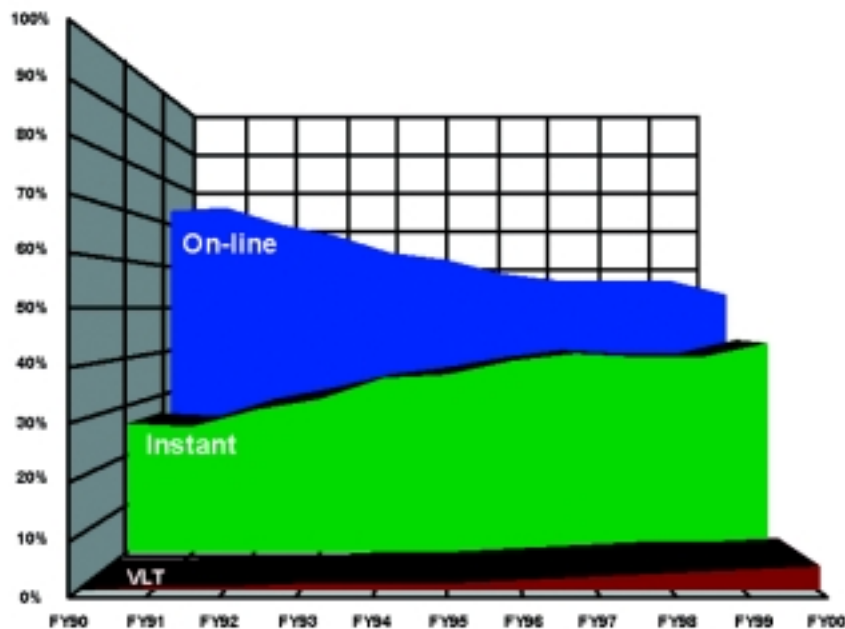
"The number one factor is increasing jackpot fatigue," said Tom Hofts, director of sales and marketing, Kansas Lottery. "Right now it take a whopping \$100 million jackpot to raise anyone's eyebrows. The second factor is the games are just plain BORING to the average person. Dreaming of winning the big one only lasts for so long."

"Certainly jackpot fatigue, especially with multistate games plays a role, not only on the multistate game, but for in-state game jackpots that pale by comparison," echoed Dan Noreen, director of marketing, Colorado Lottery.

For example, while Powerball play has not changed significantly since the game's launch by the Nebraska Lottery in November 1995, play frequency has diminished over the past several years.

"When 'fever pitch' players were asked to specify how high the jackpot would have to be before they typically play or spend more on Powerball, the average (mean) reply was \$37 million,

U.S. Lotteries' Market Share by Product Class (FY90-FY00)



Source: La Fleur's 2001 World Lottery Almanac

up from \$30 million," said Angela Petersen, products manager, Nebraska Lottery. "With higher prize level expectations by our players, I believe our players' perceptions is that \$10 million in Powerball and \$50,000 in Nebraska Pick 5 are not worth playing for."

"In past research, players recite that one of the reasons they don't play or have decreased play is because they 'don't win,'" she added. "To afford higher jackpots, the overall odds of winning a lotto prize tend to be higher. Players tend to decrease play if they don't win time after time."

Marketers say traditional online games, such as lotto and the daily numbers game, have also failed to change to attract a young demographic. Today's consumers need only go to their desktop computer to indulge in multiple opportunities for free lottery-type experiences.

Jerry Lang, online product manager for the Oregon Lottery, believes the two overriding factors in online sales' erosion are "jackpot fatigue and an aging player base. Focus group research has shown the 18-to-34-year-old age group wants an instant winning experience."

"The lottery has not been successful at attracting the younger player who is looking for excitement and entertainment," echoed Tracey Cohen, product development manager, Maryland Lottery. "Jackpot fatigue is also a factor. Large jackpots sell lottery tickets."

Lottery marketers also believe the industry has failed to capitalize on the winning formula adopted for instant tickets.

"The industry has not addressed the

higher price point issue, which has proven to be successful with instant products," said Saverio Maglio, game design section chief, Wisconsin Lottery. "In addition, there has been added effort to improve the instant game offerings, which (when successful) has led to that product line contributing a higher percentage of sales."

Maglio added that the lack of development of "really new products and playstyles on the online side of games has contributed to the sales erosion."

But Noreen counters that it is far more difficult to change an online game than an instant ticket. "Even when these changes are planned and advertised, the flashiness of Scratch games is just not there," he said. "Colorado tried this with Perfecto—the game format changed every quarter."

"In the last three years each of our games has been updated in response to what our players have told us," noted Karen Emery, deputy director, Arizona Lottery. "Our objective was not to substantially increase sales, but to offer better odds and more meaningful prizes in hope of slowing the decline."

Emery believes "the relatively long time it takes to steer the online product in a new direction, as opposed to the relatively fast turnaround of the instant product" is also a key consideration in the erosion of online games' market share.

Finally, lottery marketers also warn against the folly of changing too drastically games that have a loyal player base.

"The lottery industry is one of entertainment, and the entertainment in-

dustry is becoming one of rapid change and strong competition," said Libby White, director of marketing, West Virginia Lottery. "Of all lottery products, the online games are the slowest in offering gratification: One must purchase a ticket, then wait for a drawing. It is the nature of the product and its entertainment competition that is responsible for decline. Still, there is a loyal audience and we as an industry must accommodate that audience by maintaining the games."

"We're not convinced that moving too far from the traditional online products would be successful," seconded Emery. "No state has been able to sustain any new online game long enough to convince us to try it in Arizona."

INSTANT CASE STUDY

During the last decade, instant tickets have gained significant market share. In fiscal 2000, instant ticket sales represented 43% of total U.S. lottery sales compared to 26% in fiscal 1990. Why has one category of the lottery business thrived while another category has suffered?

D.C.'s Johnson believes the answer is simple: Instant tickets are "a better fit for the hectic consumer."

Colorado's Noreen believes that instant tickets have three key advantages over online games: a relatively short turnaround time to bring a new game to market, multiple price points give consumers an upgrade route in their spending and ease of purchase. "It must be recognized, however, that a large percentage of instant sales comes from 'churn,'" noted Noreen.

U.S. Lotteries' Online, Instant & VLT Sales (FY90-FY00)
(in U.S. \$millions)

	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00
3-digit	4,613.92	4,792.20	4,703.07	4,857.66	5,361.00	5,737.53	5,680.23	5,674.50	5,676.43	5,672.99	5,779.57
4 digit	1,240.60	1,298.00	1,592.93	1,705.55	1,778.43	1,917.48	1,983.00	2,056.82	2,199.06	2,219.40	2,272.65
Lotto	8,585.46	8,603.10	8,387.11	9,514.99	9,687.09	10,593.51	10,220.40	10,000.54	9,903.86	9,970.23	9,409.23
Keno	106.90	168.20	246.00	623.60	980.00	1,274.20	1,686.20	1,791.50	1,850.40	1,889.70	1,692.90
Total Online	14,546.88	14,861.50	14,929.11	16,701.80	17,806.52	19,522.72	19,569.83	19,523.36	19,629.74	19,752.32	19,154.35
Total Instant	5,185.50	5,145.86	6,362.96	7,905.01	10,016.69	11,510.90	13,206.93	14,111.01	13,882.10	13,933.57	15,386.17
VLT Net	46.20	108.30	157.24	319.45	445.63	542.30	741.70	1,021.02	1,182.33	1,311.28	1,558.32

Source: La Fleur's 2001 World Lottery Almanac

Certainly, there is also no question that lottery marketers have been more creative in keeping instant tickets relevant to the consumer.

"Instant ticket sales successes are attributable to an increase in payouts, the introduction of branded properties, strategic alliances and the fact that society is instant-gratification oriented," said Botts. "Of the four, there is room for solid growth in branding and alliances. We might be able to improve both online and instant games if we expand our creative thinking on how we promote purchasing lottery tickets as 'fun.' Logic dictates that if ticket purchasers see the games as 'entertainment,' perhaps we should take a lead from movie producers, who are in the entertainment business, and ask ourselves 'Are our games entertaining enough? Are they really fun to play?' and have our advertising respond accordingly."

As judged by sales, the constantly changing element of instant ticket marketing is a better fit with a younger demographic. "Our instant products have the ability to change play style, price points and color scheme on a regular basis," said Lang. "There is something new all the time. Focus group research has shown the 18-to-34-year old age group wants an instant winning experience. They told us that our online games are not entertaining and they don't like waiting for several days for a draw to occur."

"The instant product is simply more appealing to new, younger players," echoed White.

Interestingly, the instant ticket is also a better fit with today's aging Baby Boomers. "The product has improved visually—larger print to respond to our maturing lottery player base, lighter, brighter colors on a bigger ticket—in response to player research," said Emery.

Finally, lottery marketers have been more willing to gamble on new concepts with instant tickets, as opposed to online games.

"Vendors and state lotteries have taken an aggressive approach to instant products in the 1990s," said Maglio.

"The launching of instant Crossword games is just one example of the introduction of higher price point tickets with their extended play. In many circumstances, these games have proved to be successful."

Some lottery marketers believe the erosion of online game sales has been a casualty of improving the prize payouts for instant tickets.

"People want to win at least a small prize," said Hofts. "The odds of winning a more than break-even prize are much greater on instant games than on an online ticket. Players get the 'I never win' attitude with most jackpot online games which gravitates them to instants where they can usually win something with a \$5 purchase."

"We are trying to hold the line at 60%," said Emery. "We have made the strategic decision to balance payouts by keeping \$1 tickets in the 56%-58% range to offset Bingo and Crossword at 65%."

IMPACT ON REVENUES

What is the likely impact to a lottery's bottom line (in terms of total contributions to state coffers) if the higher prize payout instant games continue to grab market share while sales for the lower payout online games continue to erode?

"Revenues may decline," answered Cohen, bluntly. "There is a threshold for instants in Maryland of 25%-30% of total lottery sales. If instants exceed that amount, cannibalization may occur."

"Our revenue is split almost evenly between the online and instant products, but a year without high Powerball jackpots would jeopardize the balance," said Emery. "We struggle with the added complication of programs funded with revenue from specific products; players moving from instant to online products impact more than just the bottom line."

"We expect Louisiana's total sales to increase, but this will cause the prize pool funds to decline at an accelerating rate," said Botts.

The challenge for lottery marketers is to increase the volume of instant ticket sales vis a vis the prize payout strategy so overall lottery profits will increase.

"Obviously, the net profit is less on the instant product," said White. "However, if the quantity is large enough, the volume profit will outweigh the loss per item. Video lottery, with its payouts of 85% to 95%, is a good example of profit with volume sales."

"The goal is to increase sales of both instant and online products," added Maglio. "If higher prize payout games dominate total sales, the potential is that bottom line revenue will decline. However, if sales of higher prize payout games are high enough, the potential bottom line loss can be made up with increased sales volume."

ONLINE GAME TRENDS

Given the continuing decline in online game market share, what are U.S. lotteries planning to do to combat it?

"I believe that most lotteries are looking to stop the decline by giving traditional players more of what they like: more drawings, more winning experience, second chance drawings and merchandising opportunities," said Johnson. "Finding alternative ways to play traditional games remains a challenge but one that may stop the bleeding."

But Noreen worries that the games themselves have not been interesting to players. "There are only so many things you can do with an online format game without violating the 'KISS' principle (substitutions, bonus numbers, multiple matrices, spiel games, multipliers, system play, rolldowns, etc.) Consumers have seen many of these and are no longer impressed. Perhaps some newer concepts will catch on."

In Arizona, the lottery is exploring a game with a capped jackpot and significantly higher level of lower-tier prizes. The lottery may also launch a tri-state game with the Colorado and New Mexico lotteries.

Many lotteries will look at changes to their marketing efforts to maintain online sales.

"The trend is to hold the loyal customer base and to incrementally increase that base with marketing," said White. "In West Virginia, the loss of il-

legal gaming outlets should provide increased interest in legal, lottery gaming." (In West Virginia, the state legislature passed legislation during the 2001 session to outline 'grey machines.')

"Marketing efforts will be placed on new game news," added Maglio. "Limited time offers or changes to traditional games would also receive marketing support."

Many marketers feel the answer does not lie with a new lotto game matrix.

"We will have to look at another fast-paced quick draw game to increase sales rather than a traditional lotto or numbers type game," said Hofts.

"We will continue to aggressively promote our new Win For Life game with a coop promotion with Pepsi," said Lang. "Sports Action will have print advertising and possibly a TV campaign for the upcoming season."

In terms of new game launches, the Maryland Lottery launched a parlay game called Let It Ride in April.

Although sales for Let It Ride are not "performing at the levels we thought they would, consumers are intrigued by the game once they understand it," said Cohen. "We always knew there would be a substantial learning curve. There is definitely a lot of chatter going on among players."

DAILY NUMBERS GAME

In terms of daily numbers games, few lotteries reported plans to change their game.

The crux of the problem is that "daily numbers games need to become more user-friendly.

"While customers can ask a sales agent for a Megabucks or Big Game ticket and not need to know a thing about the mechanics of play, that is not so with the Daily Numbers games," said Bill Duffy, assistant executive director, operations, Massachusetts Lottery. "As a result, we are currently looking at possibilities for simplifying the mechanics of play for our Daily Numbers game."

Some lotteries see prize payout as a tool to improve sales. In Missouri, the lottery successfully increased the Pick 3 and Pick 4 payout in October 2000.



Above: The Maryland Lottery introduced a pioneering online concept called Let It Ride (a parlay game) in April.

Since the game changes, weekly sales have experienced a double digit increase in sales.

In New Jersey, the lottery has used a Pick 3 Double Draw Promotion in fiscal 2001 to enhance the chance of winning for bettors. From May 14 until June 3, Pick 3 players received two chances to win from only one ticket purchase.

The D.C. Lottery is running a promotion for its Pick 3 game called Fat Tuesday where players can win an extra 10% on their winning wagers. The campaign runs from May 1 through July 24. The promotion is aimed at stabilizing Pick 3 sale by encouraging sales during one of the slowest sales days in the week.

HIGHER PRICE POINTS

While U.S. lotteries have aggressively experimented with different price points for instant games, there are few U.S. lotteries today selling a non-\$1 online game. Why are lotteries reluctant to press the envelope, given the success of this strategy?

"There is no evidence that there is an appetite for higher price points for online products," said Johnson. "I believe the success with higher priced instant tickets has much to do with the corresponding increased payout and the instant results."

"Our market is geared to the \$1 price point regardless of the top prize offered," added White. "In jurisdictions that have had success with higher price

points on the instant product, this strategy may be successful."

There is also a concern that lottery players will react negatively to increasing the price of an online ticket. "Increasing the price point without obvious benefits is seen as a rip off by our core players," said Hofts. "A lot of our players already make their lotto games a higher price point by buying multiple boards. Most people play \$5 on Powerball for every drawing."

But other lottery marketers believe a multi-price point strategy would work, given the increased sales volume from a popular non-\$1 instant game.

"Higher price points regarding online sales are definitely worth considering in light of the outstanding success we had with the Golden Ticket, our first \$10 instant scratch game and first pouch game," said Botts.

"We are thinking about incorporating [higher price points] into a new game," echoed Cohen.

In Oregon, the lottery introduced a \$2 online game in fiscal 2001. This game has been very successful in attracting instant players who like the play style associated with this popular instant ticket concept.

"Win for Life was introduced in February 2001 at a \$2 price point with little if any sticker shock," said Lang.

Another interesting strategy would be to use a bloc lottery as the vehicle to introduce a higher price point online game.

"This could allow for high jackpot games, games with more prizes at significant levels or games with better overall odds of winning," said Maglio. "If the \$2 price point discourages particular players, they can be directed to other in-state games.

But it is unclear whether lotteries dependent on the heavy sales volume contributed by bloc games, such as Powerball or The Big Game, would be willing to take this risk.

"This may be most beneficial with multistate games, but 'betting the farm' on a \$2 Powerball or Big Game may be more risk than states are willing to assume at this point," said Noreen.

CASINO GAMES

Austrian Lotteries now provides casino games via its Internet betting site at WebClub.at.

The casino games were developed in cooperation with Casinos Austria and are an extension of the product range of electronic (Internet) lotteries.

The site offers products in two categories: Gamesworld and Casino.

The category Gamesworld features such electronic lottery games as El Dorado, Escalero, Portobello, Goldmine, Codeknacker, Schatzinsel, Penalty and Keno, which is an internet lottery.

The category Casino consists of roulette, black jack, draw poker and chicken slot.

"These types of games have been launched to nationally occupy the internationally most competitive niches of electronic money games," explained Martin Jekl, product manager, new technologies, Austrian Lotteries.

To bet on games at WebClub, a national bank account is required. Prepaid cards, which are sold only in national outlets, represent the main payment method.

Jekl said all communication measures are limited to national media, respectively national websites.

Regarding the communication-policy of WebClub.at, "we rely on our

successful actions in the past," said Jekl. "During the introduction period, we have an online promotion in form of a demo game. The participants of the promotion game can submit their results to the highscore list. The best 4,000 participants have the opportunity to win WebClub credits. During the promotion period, we place a banner campaign on the most successful Austrian websites, followed by an online image campaign for the WebClub brand."

The sales of the Austrian Lotteries' web-based games now represent approximately 5% of total sales and have more than doubled since last year, said Jekl.

ELVIS TICKET

In May, NSW Lotteries introduced the first Elvis Presley instant ticket in Australia. It is a A\$2 series ticket with six different portraits of Elvis.

"We wanted to extend our marketing by introducing a licenced property at the A\$2 pricepoint as a standard Instant Scratchies game," said Darren Potter, instant product manager, NSW Lotteries.

"Part of our marketing strategy is to value-add at the A\$2 price point either through unique game mechanics or promotional opportunities," he added. "A licenced property at the A\$2



Above: NSW Lotteries has introduced the first Elvis Presley Instant Scratchies game in Australia.

pricepoint therefore fits into this strategy."

NSW Lotteries has licenced a number of products in the past mainly relating to game ideas such as Monopoly, Trivial Pursuit and Pictionary.

To help launch the game, the lottery has planned some interesting PR activity. An Elvis impersonator in a Cadillac convertible will carry out a number of media drops at selected radio stations in the Sydney area.

"Elvis" will deliver copies of a new Elvis CD release, tickets to the Elvis movie and Elvis Instant Scratchie tickets to be used by the radio stations for on-air promotions," said Potter.

A promotion is also being conducted with *The Daily Telegraph* offering readers the chance to win CDs and Instant Scratchie tickets.

"Elvis Presley is still remembered in Australia as one of the world's great music legends and has many fans of all ages," said Potter. "It is only fitting then that Elvis will appear as the first celebrity Instant Scratchie in Australia."

Potter believes that featuring different photographs of Elvis on the ticket will help make it a good collectible item.

In terms of prizes, the lottery has retained the usual top prize of A\$100,000 but have also included a number of special travel prizes to Elvis' Graceland Mansion into the prize structure.

LOTTOMATICA IPO

Lottomatica S.p.A., the third largest lottery organization in the world based on calendar 2000 sales, wants to raise 275 million euros in an initial public offering (IPO) for 25% of the company, reported *The Times*.

Currently, lotto represents 95% of revenues for Lottomatica. The company retains the concession to run the lottery game in Italy until 2012.

According to *The Times*, Lottomatica will use part of IPO proceeds to fund international expansion and to boost the sale of non-betting services on its 22,000 online terminals.

VLT REFERENDUM

By a slim margin, residents of New Brunswick, Canada voted 53-to-47 to keep video lottery terminals (VLTs) in the province.

The provincial government called the referendum on VLTs last October as a result of an election promise. A pro-VLT consortium comprised of Spielo Gaming International, Hi-Tech Gaming and provincial licensee owners, organized a campaign to educate citizens on the benefits of VLTs, including the C\$50 million raised a year in revenue for the provincial government.

"We feel this was a very close call for the entire video lottery industry in Canada and perhaps in other jurisdictions," said Mike Storey, Spielo's vice president of participation gaming. "The New Brunswick government was the first province in Canada to legalize VLTs

in 1990, and we were very close to starting a new trend in the opposite direction."

50TH ANNIVERSARY

Mifal Hapais celebrated its 50th jubilee events with a visit paid to the country's president Moshe Katzav, by top Mifal Hapais officials.

Mifal Hapais chairman Avraham Katz Oz awarded the president a numbered, limited-edition medal, especially designed for the occasion.

The president said that despite his not participating in lotto, he recognized and appreciated the lottery's contribution to education, health, culture and welfare.

Katz Oz stated that in its 50 years of existence, Mifal Hapais has invested 22 billion NIS in education, health, welfare, art and culture and sport.

Mifal Hapais was founded 50 years ago under the initiative of the mayor of Tel Aviv, as a lottery house intended to raise funds for building a much needed hospital. Fifty years later, Mifal Hapais intends to continue its activity under the current reality of hundreds of illegal casinos operating through Israel, in Egypt and in the Palestinian Authority in Jericho.

In order to continue pumping billions of NIS to the public, lottery officials maintain it is only right to establish a legal casino in Israel, managed by the national lottery, whose revenues will be returned to the public to fund national and social projects.

INTERNET CAMPAIGN

British Columbia Lottery Corporation (BCLC) has expanded and enhanced the experience for visitors to its web site, through an innovative online campaign (www.sportsactionbc.com).

The Oddset Action Contest, which ran from April 12 to May 16, encouraged contestants to play a Sports Action Oddset game against other online contestants in order to see who could amass the most Sports Action Dollars.

The contest provided visitors with a simulated version of Sports Action

Oddset for a chance to win great prizes, including a trip for two to the Stanley Cup Finals.

This represents the second collaboration between BCLC and SplashDot. "SplashDot's modular solutions do much more than create flexible campaigns like Oddset Action," said Mike Gehrmann, manager of BCLC's creative department. "SplashDot allows us to provide an innovative and captivating site experience that entertains and informs www.bclc.com visitors and keeps them coming back."

By creating a free online game, BCLC is hoping to reward its current players as well as attract new ones. BCLC is already a trendsetter in providing new online experiences for visitors.

In the fall 2000, BCLC worked with SplashDot to launch its highly successful online campaign for BCLC's Set for Life Scratch and Win ticket.


CZECH CHAMBER

Czech lottery and gaming operators, including representatives of bingo and slot machine operators, casinos and number lotteries, have signed a Memorandum, a declaration of mutual cooperation. This new organization is called the Czech Chamber of Lotteries.

During the last 11 years, a number of negotiations have taken place dealing with modifications of the Czech Act of Lotteries but also with regulations immediately connected with lotteries, and concerning income tax, VAT, prevention of money laundering and foreign exchange regulations.

Since 1995, the continuing negotiations have aimed at the establishment of a covering subject that might, as in the EU countries, protect the interests of the whole lottery market and the gaming industry.

CORRECTION

In the article "2000 Worldwide Lottery Sales" in the April 2001 issue of *La Fleur's Magazine*, the revised calendar 2000 sales for the China Welfare Lottery are \$533.0 million (lotto) and \$416.3 million (instant). 

R.I. EXTENSION

GTECH Corporation has been awarded a five-year contract extension with the Rhode Island Lottery to continue its role as the lottery's online services and equipment provider through October 18, 2007. GTECH's current contract with the Rhode Island Lottery is set to expire on October 18, 2002.

GTECH estimates revenues of approximately \$43 million over the five-year contract extension period.

Under the terms of the extension agreement, GTECH will provide the lottery with an additional 250 Isys™ terminals and install its GWARE product. GWARE is a Lottery Business Report tool that stores, searches, organizes and displays gaming activity data collected at a central lottery site. This data encompasses transactions performed over jurisdiction areas, sales data and information on agents, terminals, cities and regions.

GTECH will also provide the lottery with EZ Express™ self-service lottery terminals and install 425 Express Point™ terminals. Express Point facilitates convenient player-activated identification of winning tickets.

GTECH has also agreed to provide the lottery with 400 LCD displays, a continuous, scrolling messaging system designed to provide retailers with a reliable medium to reach customers with product promotions and jackpot information. Additionally, GTECH will install and maintain 400 Player Express™ terminals in supermarket locations across Rhode Island.

LOUISIANA EXTENSION

The Louisiana Lottery Corporation's board of directors has approved a five-year contract extension with GTECH; it will commence June 30, 2005 and continue through June 30, 2010.

GTECH estimates revenues of approximately \$40 million over the five-year contract extension

Under the terms of the agreement, GTECH will convert the lottery's existing instant ticket system to GTECH's Instant ProSys™ system.

INTERNET PROMO

eLottery, Inc. and MDI Entertainment, Inc. have launched an Internet-based promotion for the Kentucky Lottery linked directly to MDI's Fast Cash instant scratch game.

eLottery's IMARCS technology will allow lottery players to submit non-winning scratch tickets for a second chance drawing on the Kentucky Lottery web site located at www.kylottery.com.

"Kentucky is one of the first jurisdictions to recognize the potential in offering lottery players second chances to win on the Internet and is one of the pioneers in utilizing the Internet for marketing purposes," said eLOT president and CEO Edwin McGuinn.

Beginning Friday, June 1 and continuing every two weeks, one grand prize finalist will be selected in each of five second chance drawings. Each finalist will be awarded a drivers prize package at the Kentucky State Fair worth \$300.

The five grand prize finalists will then take part in a promotional event at the Kentucky State Fair on August 25, 2001, wherein one grand prize finalist will win a trip for two to any official race during the 2001 or 2002 racing season. In addition there will be a total of 745 secondary prizes awarded.

In related news, the New Jersey Lottery will conduct second chance drawings over the Internet for its \$2 SPAM® instant game. Through the MDI/eLottery online promotions platform powered by IMARCS technology, players will be to register their non-winning tickets online.

The lottery will offer a top cash prize of \$30,000 and give second chance grand prizes of seven night trips for two to Hawaii, the state with the highest per capita SPAM® consumption in the nation.

NAME CHANGE

Autotote Corporation has changed its corporate name to Scientific Games Corporation and its AMEX stock symbol to SGM.

"We believe that Scientific Games



Above: Autotote Corporation changed its corporate name to Scientific Games Corporation. This is the company logo.

Corporation more accurately and completely describes the breadth of products and services we provide to the global gaming industry," said Scientific Games Corporation chairman and CEO Lorne Weil. "Our new corporate name reflects our objective to remain ahead of the technological advances taking place in lotteries and parimutuel wagering worldwide. We will continue to operate in the global parimutuel business under the Autotote name."

The lottery division of Scientific Games Corporation will still be known as Scientific Games International (SGI). But the lottery division will adopt the same logo as its parent company to reflect a new larger organization with broader resources and expanded capabilities, according to Beverly Hughes, SGI's director, corporate communications.

LOTTERY MODULE

European Game & Entertainment Technology Ltd. Ab (EGET) has released a new Lottery Module, its WinOne™ Internet gaming system. Lotto and Joker (spiel) are the first lottery games to be released.

The new games were immediately launched by EGET's Finnish customer Ålands Penningautomatförening (PAF). EGET's WinOne™ system is the world's first commercially available gaming system incorporating powerful personalization features, allowing lotteries to provide their players with highly personalized services across multiple distribution media. The WinOne™ system has been in commercial operation in Finland since December 1999 (www.paf.fi).

"We are very excited about the op-

portunity of adding the Lotto and Joker games to our Internet service. This is a ground-breaking step for us," said Lars Porko, PAF's managing director. "As the first government-licensed lottery in the world we are now able to offer our Internet players lottery, sports betting and casino games in parallel on the same platform. We expect a lot of cross-selling between the products, which is something we have already experienced with our online sport betting and casino products."

"We are the first vendor in this market that has mastered the integration of three wagering categories—lottery, sports betting and casino—on the same platform," said Mika Jahkola, CEO and president of EGET. "We believe that a diversified product offering will be a key to success for lotteries when extending their operations to the Internet and interactive media."

PAF is an association under public law with the purpose of acquiring funds for the benefit of social welfare in the province of Åland, Finland, by offering gaming entertainment to the public. PAF's net proceeds are distributed to cultural, sporting and social activities and causes in the province. PAF was founded in 1967 and operates under the supervision of the Åland government.

PAF's activities cover both land-based, shipboard and Internet operations. The PAF group is currently providing some 40 ferries and cruise ships with turnkey gaming solutions, making it one of the world's leading shipboard gaming operators. PAF currently operates lotteries, bingo, fixed-odds sports betting, tote betting, casinos and amusement games. PAF Online is the PAF group's Internet arm.

ECONOMIST MEETING

The 5th Government Roundtable organized by Economist took place in April 2001 in Athens. The theme was "Leadership Strategy at the Dawn of the 21st Century." The panel of keynote speakers included George Bush, former president of the United States, prime ministers from the Balkan region, ministers of foreign affairs and finance from Eu-

rope, bankers, economists and prominent businessmen.

The scope of this meeting was to conduct a stimulating dialogue in defining roles of business, government and academia in the new era by brainstorming with leading personalities of the world on the tasks and challenges ahead.

Constantinos Antonopoulos, vice chairman and CEO of Intralot SA, delivered a speech on the emerging business sector of Southeastern Europe at the dawn of the 21st century.

He explained that the gaming and wagering sector is considered a promising financial activity in Australia, Europe and the United States.

Intralot had foreseen that the use of high-end technology in the gaming sector is an imperative prerequisite for the lottery business. The company has invested in the business sector of Southeastern Europe since this region has a high educational and cultural level.

Antonopoulos concluded his speech by posing the dilemma that "it is a matter of choice for the governments in Southeastern Europe to proceed to the New Economy and attract investments on this direction, rather than become a region of cheap labor, intensive production, high energy and raw materials industrial consumption."

NETHERLANDS LAUNCH

Spielo Gaming International's online lottery group began delivery of its European Verimax™ terminals to the Netherlands in May as part of a C\$30 million contract.

The Verimax™ is a smaller version of Spielo's online Dream Station® terminal. Spielo's online group said they have gone live with their Verimax™ lottery terminal, following a new approach to multi-national collaboration.

This development by Spielo allows programmers in Moncton, New Brunswick (Spielo's headquarters) to design, implement and test the Verimax™ product with a team located in Austria, and another hardware team located in Holland.

This allows the 70 hardware and

software designers at Spielo's Moncton location to work in a virtual environment with their counterparts in Europe. Using high-speed communication, Spielo has developed software that shortens the development time and keeps key resources and personnel in Moncton.

AUSTRIAN CONTRACT

Pollard Banknote Limited has won a five-year contract from Austrian Lotteries to produce instant tickets.

The Austrian Lotteries launched their first Pollard ticket in May. Three more games from Pollard are scheduled to launch in 2001.

JOINT VENTURE

International Game Technology and Anchor Gaming have announced additional agreements related to the companies' successful joint venture relationship. The new agreement provides for the co-development of seven new wheel games based on famous themes. The companies have also extended the licensing agreement covering the successful Wheel of Fortune® themed slot machine for an additional year through 2006.

ONLINE COUPONS

RealTime Media, Inc., the digital promotion experts, has chosen Coupons, Inc. as its exclusive provider of online coupon technologies for prize fulfillment in government-regulated lottery games worldwide. Winners of Instant-Win promotions produced by RealTime Media will receive, via email, prize coupons produced by Coupons, Inc. that can be redeemed through online or offline retailers.

BRIEFS

MDI Entertainment has been granted a three-year renewal of its exclusive licensing agreement with **Harley-Davidson® Motor Company . . . Jon Manship**, CEO of **Spielo Gaming International**, has been named one of Canada's Top 40 Under 40 business and community leaders. 