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CASINO
REGULATOR
LAYS DOWN
THE LAW



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GAMING ABOUT
TO TAKE A **BITE** OUT
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PLUS SHFL ENTERTAINMENT'S KATIE LEVER GETS TOUGH ON IP THEFT

Internet lottery in the US: ready for prime time?

Rick Weil, of Sciplay™, at Scientific Games, talks to eGR NA about the future of the lottery landscape in the US



RICK WEIL

is president, Sciplay™, at Scientific Games, a leading innovator in the global lottery and regulated gaming industries. He has over 18 years of experience in lottery and interactive gaming.

Today, lottery is a \$65bn-a-year industry in the US; around the world it's a \$260bn industry, yet less than 15% of all lotteries sell traditional games on the internet. Rick Weil, president, Sciplay™, at Scientific Games, believes that in the next few years, the industry adoption rate will reverse with 85% of lotteries embracing internet and mobile channels. Speaking with eGaming Review North America, he explains why.

eGaming Review North America (eGRNA): What will the technologically advanced lottery look like in the future?

Rick Weil (RW): I believe that lotteries of the future will emphasize greatly expanded sales channels and player bases to include web, mobile and social – and more cost-effective ways to distribute to land-based locations. Lottery operators will integrate non-dedicated point-of-sale (POS) channels similar to the way Minnesota has begun to offer games through ATMs at hotels, dry cleaners, gas stations and movie theaters.

Instant-win lottery games offered to players today on the internet are primarily an interactive representation of paper scratch games. In the future, we will see the convergence of lottery-style games with social mechanics to create new game formats that are not yet offered because, to be facilitated, they involve multiple sales channels: legacy, social, mobile and internet.

Looking across the entire lottery landscape, we are likely to see a host of new channels, players, game formats and content providers. These providers will not come from traditional lottery developers but from innovative game developers that are not necessarily serving lotteries today.

eGRNA: What's the outlook for internet lottery in the US given the more complex regulatory environment?

RW: US social gamers are the biggest in the world – in terms of playing and spending. That bodes well for the industry since the demographics of social gamers – where and how they play – closely reflects lottery enthusiasts.

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We're seeing the first waves of a sea change in the US, starting with the Justice Department's clarification of the Wire Act, which signaled that it does not believe that the use of the internet by state lotteries to sell lottery tickets to in-state adults violates the Wire Act. Several US lotteries are leading the internet charge and as they begin to demonstrate the value of internet-based lottery, there should be a domino effect.

eGRNA: Will the drive toward social platforms hurt lotteries' brick-and-mortar presence?

RW: We know from our experience in Europe, especially the UK, that when internet lottery is done the right way, it works. We have many examples of European and Canadian lotteries launching games on the internet with no adverse effect

on their brick-and-mortar operations. In fact, lotteries with both internet and retail channels see their in-store sales grow at a steeper rate than those lotteries not selling on the internet. They frequently use promotions to push players to retail from the internet. In Minnesota, for example, players can play lottery games at the gas pump. In those locations selling through this all new channel, the lottery has seen sales increase not only at the gas pump, but also in the store. More visibility spurs sales across all channels.

eGRNA: Do lotteries need a different technical skill set if they want to succeed in the internet space?

RW: Lotteries are seeking partners that can help deliver internet lottery products securely, while leveraging third-party content – very few of them have ecommerce groups in-house. The US has many game studios launching games on social platforms, but not on internet lottery platforms. As opportunity grows, lotteries will look to providers like Scientific Games to integrate their interactive game products into a platform such as Scisplay™ on their lottery website.

eGRNA: Will the move we're seeing in many industries toward cloud-based computing also be replicated in the lottery industry?

RW: Lotteries traditionally operated in a monolithic way in the boundaries of their state – with the lottery system dedicated just for their use. Cloud computing is the opposite – everyone shares one system and it might be housed outside the boundaries of the state. You've got huge economies and efficiencies with a cloud-based system but it requires lotteries to think of new ways of operating. We're seeing momentum build for the cloud, but flexible regulation will be critical for it to take hold. While entire lottery systems may not run off the cloud initially, components such as remote game servers (RGS) for content could easily.

eGRNA: How can lotteries compete on the internet while ensuring socially responsible gaming?

RW: Many people confuse access to the internet with loss of responsible gaming control. In reality, such controls are much easier to implement on the internet. Players can voluntarily set playing limits on how much money they deposit at one time or over a period or how much they can lose over a given period. Players' limits can also be imposed through regulation. Ecommerce of all kinds requires you to register, which offers infinitely more levels of control than allowing someone to play anonymously. Today, in the world of brick-and-mortar retail sales, the vast majority of US lottery gamers today actually play anonymously.

The real question we should ask is how will lotteries enhance their land-based, legacy operations to keep up with



the standards for social responsibility that will be enabled through their internet operations?

eGRNA: Are there industry best practices emerging in this area?

RW: The egaming side of the industry has been confronting this issue for a long time. The World Lottery Association has set forth some standards for consideration by their membership, and we're working with all our clients to implement best practices here in the US. Fortunately, the lottery industry is an industry of sharing, so as lotteries employ these best practices, everyone gets the benefit of seeing how they play out and they can learn how best to implement them into their own operations.

eGRNA: What should the lottery industry do as US federal regulatory scrutiny increases around egaming?

RW: The federal government may step in and regulate egaming but that shouldn't be allowed to affect lotteries operating on the internet, which are state run. Lotteries need to be vigilant to make sure their rights are not handcuffed in the process of establishing federal egaming regulation. You don't want a situation where, once again, the industry is forced to seek clarification from the Justice Department because future legislation arguably includes internet lottery in the broad definition called 'egaming.' ■