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GGR

INSTANT VS BLOC LOTTO

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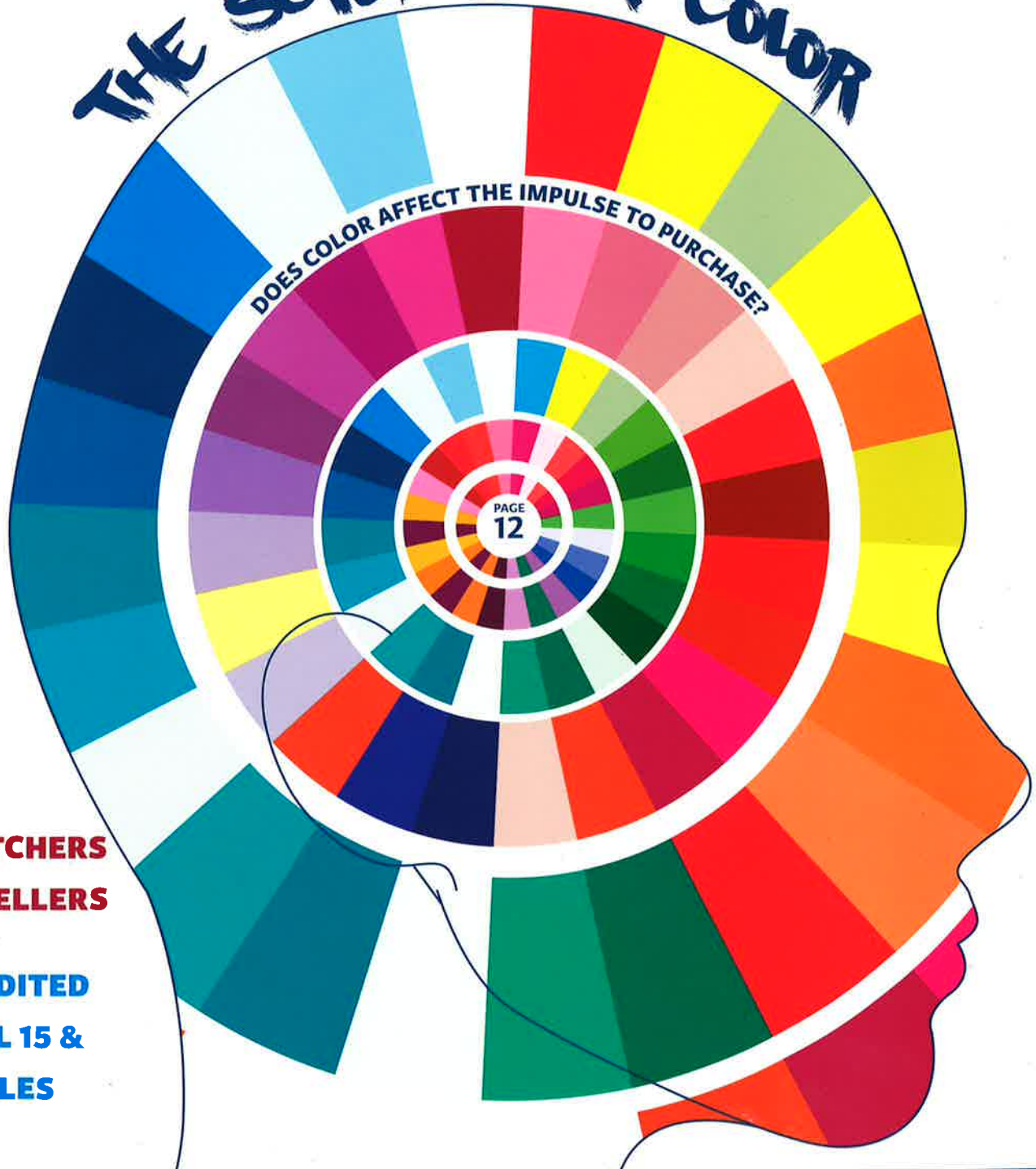
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INTRALOT: Tom Little

In the world of traditional lotteries, INTRALOT Inc. has instantly changed the solution for the stagnant draw game category.

The company pioneered the TAPP IT® series of games that allows lotteries to create an interactive gaming experience on a standalone terminal. INTRALOT Inc. also redefined the fast way to increase draw sales through instant terminal games (ITG), more familiarly known as Fast Play. The Ohio Lottery led the nation with the highest ITG gross sales.

Tom Little, President of INTRALOT, Inc., said the company's primary growth initiatives will focus on revolutionary games. "These will include Multi-state progressives, a Powerball add-on, TAPP IT® games expansion and our patented Bingo quick draw game with an instant win component; Lucky Numbers Bingo," said Little. "Quite a number of players don't have the patience to wait for the draw to happen once or twice a week or even daily. They want to play and find out if they won as soon as possible."

U.S. lotteries were hard hit by the double-digit declines in sales for Powerball due to the jackpot drought. "We have had a lot of meetings with the industry on 'fixing' Powerball," said Little. "INTRALOT proposed an innovative new add-on game to create more winners and help increase sales at all jackpot levels. In my opinion, we have to increase the prize payout percentage on all bloc games such as Powerball and Mega Millions in order to make those games playable. The actual prize payout on a week-to-week basis is well below 50%. This simply cannot compete with other games that payout closer to 70%."

Our Powerball add-on could be an instant win, multi-state rolling jackpot game available to any jurisdiction wishing to participate. It would be governed by MUSL with the rolling jackpot managed by INTRALOT. Each state could have guaranteed jackpot winners and make their own decisions regarding prizes, odds and payout for all non-jackpot tier prize levels. The entry or departure of any lottery would not disrupt the base Powerball game.

INTRALOT's strategy is to continue to innovate in the hybrid draw game category. "Multi-State instant win games with a progressive jackpot will be next. It is a win-win for the lotteries who can share the liability while offering a fast growing rolling jackpot that could be won multiple times a day," said Little.

In addition, the Montana and New Mexico lotteries might run pilots for TAPP IT® games. "We have been very successful with the product," said Little. "In Vermont, for example, just 25 terminals are offering the games and they have been experiencing 2-digit growth month after month. We are continuing to build our TAPP IT® game library by developing innovative games with new play styles, varying prize structures and bonus/second chance rounds. These novel games are being developed by our in-house team as well as 3rd party developers in order to offer a wide range of appealing games to players."

"If our lottery partners decide to, they will be able to offer these new and exciting TAPP IT® games on INTRALOT's DREAMTOUCH® TVMs. Our new vending machine will be installed in Montana within a few months as part of our new contract," said Little.

Close collaboration with their lottery partners has also yielded substantive results. "For example, INTRALOT and the Ohio lottery have formed a close working relationship which has indeed propelled INTRALOT and the lottery forward with engaging products such as countdown games, progressive games and Keno sales from MP terminals. Utilization of the MPs has also resulted in a profitable new retail channel for the Lottery, bars, taverns and other social establishments."

Little believes draw games need a better payout structure. "Right now, draw games are competing with other gaming products that have a much higher payout percentage and a significantly higher frequency of win," said Little. "No matter how well you design a game, if it has a prize structure that is inadequate and below par, it will have poor player participation. We need games that are



exciting, fun and interactive. We also need to make the whole process of buying a ticket easier by creating good mobile apps."

INTRALOT has developed a new full blown mobile platform for OPAP, its customer in Greece. "Our customers here in the states will be seeing it soon if they haven't already," said Little. "The Montana Lottery will get our new informational (not selling tickets) app in the spring of 2016 as part of our new contract. This is our offering for lotteries that want to offer information about jackpots, winning numbers and store locators. We also offer e-Playslip and Ticket Checker functionalities through the same app. INTRALOT also has a full blown iLottery Mobile App that let's players buy lottery tickets anywhere/ anytime. We are ready to launch that whenever our customers are able to sell online."

INTRALOT Inc. collaborates with INTRALOT S.A. to import game content developed for its lottery clients and iLottery clients. "There is an open line of communication for product roadmaps, product successes and client wishes," said Little. "INTRALOT S.A. is creating many of our interactive games in cooperation with our INTRALOT USA team members. We are ONE company. Content is developed both here and there."

As to the future, Little prizes agility: "We need to become more adoptive, nimble, collaborative, and inclusive to keep our admirable position in tomorrow's gaming space."