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Strategies to Cope With a Rapidly Changing Environment

Chris Dimitriadis, Group Chief Executive Officer, INTRALOT, addresses key issues in the lottery industry and how the company is responding to current needs.



What would you say is key to INTRALOT's vision of the future of the lottery industry?

Dimitriadis: Part of our corporate strategy is digital transformation – the use of new technologies as we navigate the fourth industrial revolution. In the lottery sector, this digital transformation has always been a prerequisite for having a future-ready lottery. Now, with the accelerating force of the pandemic, we realize that the future is now. We have perhaps violently landed into the future, and we are seeking new ways to do business and to satisfy the needs of our customers, of lottery players, and the citizens of the state as a whole. Because at the end of the day, lottery is about contributions to good causes, and we need to help lotteries maintain that, especially in the wake of COVID-19. The pandemic has hit everyone very, very hard.

By digital transformation, I mean the use of new technologies in order to create business value, and also to enable lotteries to create value out of data. One of the key aspects is the digital transformation of the retail sector, providing players with the

opportunity to shop with as many contactless and cashless experiences as possible. With the pandemic, people have become afraid of physical interaction. So, it may be using a mobile app to create a mobile play slip to be scanned by the retailer, and even an option to receive a digital ticket if the player prefers not to touch a traditional paper ticket. Cashless payment options are also critical. These aspects of digital transformation are hugely important for lotteries in order to increase both the perception of consumer safety and actual consumer safety within a retail store.

All of our equipment in the United States is currently capable of handling contactless play through ticket preparation apps, along with cashless payments using cards or mobile pay options. Some jurisdictions have already implemented these systems; for others, we are ready to quickly integrate with payment providers once decisions are made to go forward.

What we are doing as a company is to heavily invest in all these types of new technologies. We have created lottery solutions that are

highly adaptable, merging artificial intelligence, data analytics and even blockchain. Time to market is very important right now, and technology allows us to offer lotteries new paths to business innovation. That said, you can never expect regulation to run as fast as technological evolution, so we continue to demonstrate the value created from these technologies, and are keeping lotteries well informed. We are ready to explore their needs when they are ready.

How can lotteries better serve players using these technologies?

Dimitriadis: At the end of the day, everything starts with the player. Rather than use technology in isolation, we first try to understand the needs of the player. To do that, we have developed a dedicated new service division at INTRALOT, Inc., in order to increase the quality of service provided to our customers all over the country. And at the same time, to better understand player needs and habits, so we can go back to the drawing board to see how we can provide added value to players – the users of the technology

– through new games and products for the lottery industry. So, we see technology as an enabler as we focus on the players.

We are looking at how to redefine our offerings through data analytics. For a number of years, especially in the United States, across industries there has been a huge discussion about data, and the value data can offer in creating new services and products. We are focusing on this in the lottery industry, and it's not just another technology or trend to be taken lightly. It's about generating information through the correlation of the right data sets, rather than the technology itself. The more we can create new and fun products for the players, and therefore greater value, the more lotteries can contribute to good causes.

What about the expansion of iLottery?

Dimitriadis: While retail transformation has been accelerated by the pandemic, so has been acceptance of online activities by a greater percentage of the population. Younger demographics have long been using newer technologies, but older generations have very quickly adapted to purchasing online and to communicating through technology in order to protect themselves. Even when the pandemic ultimately passes, consumer behaviors have fundamentally changed. Therefore, we need to think in a very innovative manner in order to be able to address the ongoing needs of society. It is a new normal.

At the same time, in some jurisdictions we have unfortunately seen an increase in unregulated gaming providers – the gray market. This development is another driver for regulators to consider allowing internet lottery and/or gaming as a way to keep consumers safe and to keep revenues from going to unregulated operators.

For these reasons, I think more jurisdictions will consider legalizing iLottery, because they need to support their lotteries so they can

continue generating important revenue for good causes. If an iLottery solution is developed according to global good practices and responsible gaming practices and standards, so that the players are protected, then this is a great way to maintain lottery operations through the pandemic and beyond.

Sports betting was still in its infancy in the United States when the pandemic shut things down; how has that impacted INTRALOT and your customers?

Dimitriadis: We have seen a great advancement in legal sports betting, and the adoption of online and retail sports betting solutions by lotteries, over the past two years. I believe this is a very responsible way for governments to offer sports betting, because lotteries are well experienced in how to protect players and how to achieve regulatory compliance. That's important for a highly regulated market like the United States.

When the pandemic interrupted major league sports, we continued to focus on providing our sports betting solutions to our customers that were scheduled to launch this year. We made sure they were comfortable with the new systems so they would be ready when major sports began again. In the meantime, we began investigating new solutions like eSports, a very popular form of online video game play among younger adults in particular. We have started integrating betting on eSports for our customers outside the United States.

We also took this opportunity to invest in a new generation of products, especially for the iLottery space, to help our lottery customers as much as we can during this terrible year. Fortunately, we've seen very good performance in the traditional lottery sector as players unable to find other forms of gaming and entertainment were able to continue purchasing their favorite lottery games.

How important is cybersecurity as internet usage increases and digital technology advances?

Dimitriadis: The more we depend on technology and especially on the internet, the more cybersecurity needs we have. The reality is that the global cyber threat landscape is expanding very quickly, and this is definitely going to be a driver for the adoption of new technologies. As an industry, we need to make sure that we have the appropriate cybersecurity framework in place. In the United States, the National Institute of Standards and Technology has developed a cybersecurity framework that consists of standards, guidelines and best practices to better manage and reduce cybersecurity risk. We need to adopt those standards in the lottery industry.

The most recent standards and recommended approaches to cybersecurity address the need to detect and respond to a cyber-attack, rather than to prevent it. This may sound strange, but it speaks to the fact that many companies and organizations are mainly focusing on prevention, when in fact the increasingly sophisticated attacks really make it mandatory to improve the ability to quickly detect, understand and respond to an attack, with the goal of getting business back to normal as quickly as possible. There has been much progress across industries, but we still see a lot of incidents – breaches of confidentiality, privacy, integrity and even business continuity.

Lotteries thus far have not been impacted by these types of external threats, but they are inevitable even in our industry. It is critical for lotteries to maintain their brands, so the most important thing is to have the appropriate response ready when such a cyber-attack happens. You have to keep everyone informed to show your players respect, while indicating you are doing everything possible to address the attack. Transparency is the responsible way of maintaining trust with your customer base. ●