

WLA MAGAZINE

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World Lottery Association

Issue no. 13, May 2004



Durban 2004



Growth




WLA Convention and Trade Show



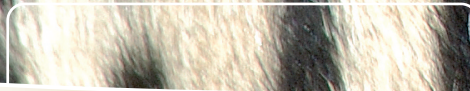
Innovation



Reputation



*See you in
Durban!*



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It's the people who make the difference

I recently returned from Burkina Faso, where the African Association of State Lotteries was holding its General Assembly. What struck me most about the outstanding welcome I received was the genuine bond of friendship that ties us together within this industry. I left with the distinct feeling that we are all members of the same family, and with an added sense of excitement about the WLA Convention and Trade Show in South Africa in November—our first-ever major event in Africa. I urge you all to read our feature about Uthingo Management, a remarkable organization and our hosts for this event, and to sign up for “Dream Africa 2004” in Durban if you haven’t already done so.

This issue also includes an overview of European legal issues and a review of developments in Antigua & Barbuda’s dispute with the United States at the WTO. Our ties with all the regional lottery associations are as topical and as important as ever, and we are continuing to leverage their experience—particularly through the WLA Academy program—for the benefit of the global lottery community.

The Erewhon case study program, complete with the inimitable Guy Simonis, is back on the WLA Academy agenda by popular demand. Through his unflagging enthusiasm and determination to pass on his wealth of experience to the next generation of lottery executives, Guy sets an example for our entire Association.

I end these lines on a sad note. Jill Wilson, wife of Warren Wilson, who served for many years on the Intertoto and WLA executives, died in early February. Although not a lottery executive herself, Jill was an asset to our community for her behind-the-scenes support and unshakeable optimism. She will be missed.

Yvonne Schnyder

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Multiple bottom lines

Our industry currently faces a number of unique challenges. We have mandates to increase revenues coupled with a growing demand for corporate social responsibility. To create value for our stakeholders is no longer just a matter of profitability, but includes offering positive entertainment, educating players about the dangers of reckless gambling, and in general making a positive contribution to the fabric of our societies.

While we are striving for positive financial results that in turn benefit our societies, we need to encourage a responsible and conscientious attitude towards gaming. During the past few years there have been considerable changes in our markets that make striking this balance even more necessary and more challenging.

It is clear that our balance sheet has more than one bottom line, making the mission of the WLA challenging and also extremely rewarding. This message was made clear at the Directors' Summit during the WLA World Lottery Forum in Granada six months ago. The opinions expressed by several members there led to a resolution, passed unanimously at the General Assembly, that the WLA will develop a program for corporate social responsibility.

This work is underway, and we will present a proposal to our members at the upcoming WLA Convention and Trade Show in Durban. Before that meeting we will host a WLA Directors' Roundtable in September to discuss social responsibility issues. This discussion will give members an opportunity to participate in a preliminary draft of the WLA's guidelines on corporate social responsibility (CSR).

The Executive Committee has also been working on a new internal corporate governance program for the WLA that will be discussed at the upcoming Executive Committee meeting in May. It is our duty to ensure that every corner in our lottery environment is kept in order, and that members further contribute to the strong reputation held by state-controlled lottery businesses.

The upcoming WLA Convention and Trade Show, "Dream Africa 2004", will be held in Durban over a period of four days in November. The business program will bring together top names from inside and outside the lottery industry – speakers who will inspire you to think differently about conducting your business and challenge you to ask hard questions related to your operations.

In the coming months, you and your organization will receive email updates concerning the development of the business program in Durban as we continue to secure the top creative, technical and economic minds available.

Take a few moments to look at topics and issues that will be the focus of "Dream Africa 2004". We hope you will agree that Durban is the place to be this November as we discuss our challenges and opportunities for the future.

A handwritten signature in black ink, appearing to read "Reidar Nordby, Jr." with a stylized flourish at the end.

Reidar Nordby, Jr.
WLA President



Lottery systems for mobile terminals. And mobile minds.

TOMORROW'S CONSUMERS will not settle for today's games and distribution channels. Speed and easy access will be taken for granted. To meet with future dynamic market changes, lottery and gaming companies will therefore need to develop new products and new distribution strategies. In a rapid pace!

EssNet's system is based on open, modern technology platforms. It allows our customers to expand

distribution of games into new retail channels. And if you wish to connect third-party retail devices, or develop new interactive gaming channels, then this too is a simple matter using EssNet's e-channel interface solution.

Lately, some of the world's most innovative and experienced lottery and gaming companies have chosen EssNet systems. Would you also like to join the EssNet family?

Durban 2004

Dream Africa 2004

Growth

WLA Convention and Trade Show

Innovation

Reputation

The World Lottery Association invites you to Durban, South Africa, in November 2004 to take part in "Dream Africa" – the first worldwide lottery industry event ever organized in Africa. Hosted by Uthingo Management, the first operator of the South African National Lottery and the first online lottery business in Africa, the biennial WLA Convention and Trade Show promises to be a landmark event for the global lottery industry.



The logo design for Dream Africa—three acacia or "umbrella" trees in rich, earthy colors—is reminiscent of Africa's savannah landscapes. The three trees represent Growth, Innovation and Reputation, all concepts of critical importance to the lottery industry, and the three main recurring themes for the Convention's business program.

The business program is just one of the reasons to come to South Africa later this year. In addition, for the biennial trade show, there is an exhibition program that is truly global in nature; the annual WLA General Assembly; the WLA Awards that will present the best and the rest of the industry commercials in the past two years; a social program that will showcase the best of this exciting country; and the ever-popular President's Cup Golf Tournament.



Built around Africa's busiest port, Durban is a major economic hub as well as a paradise for tourists.



Spotlight on South Africa

South Africa occupies only 4% of Africa's total land mass, yet it is three times the size of Texas and five times bigger than Great Britain. The country's population reflects a diversity of people — Black, White, Indian and Chinese, with eleven official languages—all adding to a mosaic of influences and a melting pot of cultures. It's no wonder South Africa is called the Rainbow Nation.

This majestic country provides visitors with a feast for the senses. It is one of the few places in the world where the Big Five—lion, leopard, rhino, elephant and buffalo—are all viewed in their natural habitat. Wild seascapes and rolling hills complement rushing waterfalls and lush forests in a palette of wondrous vistas.

Durban: Capital of the Zulu Kingdom

Home to 4 million people and voted one of the world's top 10 cities, Durban is Africa's leading conference, tourism and business meeting place. Surrounded by game reserves and beaches, superb golf courses and vibrant nightlife, Durban is the biggest city in the Zulu Kingdom — KwaZulu-Natal—and an important economic hub built around Africa's biggest and busiest port.

Durban's attractions include beautiful parks, modern shopping centers and quaint markets, interesting museums and galleries, and world-class restaurants and entertainment. And there is easy access to many wonderful attractions within three hours of the Central Business District (CBD), including the Drakensberg Mountains, Hluhluwe Game Reserve and Zulu villages.

Famed for its mild, sunny winter climate and year-round "fun-in-the-water" weather, Durban is blessed with an abundance of vegetation and a subtropical climate. Seawater temperatures along the coast compare favorably with those of the Mediterranean in summer (75°F mean) (24°C), but in winter they seldom fall below 66°F (19°C)—10° warmer than the Mediterranean in the same season.

Partner program

During the WLA Convention and Trade Show, a daily program of sightseeing in and around Durban will be provided for accompanying persons. Suggested itineraries provide all the safety and security of a structured program, but with the flexibility to indulge their own passions—be they history, arts, flora and fauna, touring or shopping. Places are limited, so members are advised to book early.

Famed for its sunny climate, tourist attractions and beautiful location, Durban is the biggest city in KwaZulu-Natal, the ancestral home of the Zulu people.

KwaZulu-Natal

One of nine provinces of South Africa, KwaZulu-Natal is the ancestral home of the Zulu people. The Zulu Kingdom stretches from the warm waters of the Indian Ocean in the east to the awe-inspiring Drakensberg mountains in the west, and from the border of beautiful Mozambique in the north to the mighty Mtamvuna River in the south.

As the world's only kingdom that can boast 320 days of sunshine a year, KwaZulu-Natal is a tourist paradise. It is a place that offers visitors a multitude of activities: walking along a high mountain trail, tracking leopard spoor through the bushveld, soaking up the sun on a golden beach, or swimming with dolphins and other marine life in azure water.



A focal point of Durban's business district, ICC Durban is a functional space in an aesthetic environment.

Award-winning convention center

The WLA Convention will be held at Durban's acclaimed International Convention Centre (ICC Durban), twice voted Africa's leading international conference centre. Located in the heart of this bustling city, ICC Durban is surrounded by some of the area's most exclusive four- and five-star hotels, just a quarter of an hour from the airport, and minutes from the famed beaches.

ICC Durban is centered around four interlinking halls of immense area, providing a combined capacity of over 9,000 square meters of floor space. It serves as a banquet hall, an exhibition venue, a convention theater, a ballroom, a sports arena or concert chamber, or it can be divided up into eleven venues of various sizes which can all be used concurrently.



The people behind the Convention

Humphrey Khoza was instrumental in setting up the lottery industry in South Africa and masterminded Uthingo's bid to host the 2004 WLA Convention and Trade Show. He held the post of Chief Executive Officer of Uthingo from 1998, eighteen months before the license to operate the National Lottery was awarded, until he resigned in January 2004. Dr. Oupa Monamodi, Chief Operating Officer of Uthingo, is currently acting as chief executive until a new appointment is made.

"After Uthingo was awarded the license, Humphrey Khoza worked tirelessly in winning the support of the various stakeholders to accept the National Lottery as an engine of social transformation," said Prof. Nyameko Barney Pityana, Chairman of the Uthingo Board.



• *Photo above left: Dr. Oupa Monamodi, acting CEO of Uthingo Management, with Reidar Nordby, Jr.*

•• *Above: Representatives of the local organizing committee.*

Front row, with Dr. Oupa Monamodi: Ambie Govender and Vicky Baker (Simeka TWS Communications).

Back row, left to right: Karen Bennett (Simeka TWS Communications), Michelle Nathan, Thembi Tulwana and Karen Brown (The Conference Company).



Growth



Durban 2004: WLA Convention and Trade Show

South Africa's National Lottery

The birth of the National Lottery

In 1995, the South African government initiated the process of launching the nation's first National Lottery, and in the years that followed, the relevant legislation was passed by parliament and approved by President Nelson Mandela. An industry regulator, the National Lotteries Board, was set up and companies were invited to bid for the opportunity to operate the lottery.

In 1999, after a bidding and evaluation process renowned for its transparency, fairness and integrity, Uthingo Management (Pty) Ltd. was selected as the preferred bidder and was awarded a 7-year license to operate the new lottery. At a public ceremony in Funda Centre, Soweto, the company pledged to operate a successful world-class lottery with integrity and patriotic commitment to South Africa.

Uthingo Management (Pty) Ltd.

Uthingo was founded in 1996 and invested over R35 million in the bid process. The company is a seamless entity focusing the experience, skills and knowledge of its shareholders in a single, efficient organization. Its head office is in Auckland Park, Johannesburg and it has seven regional offices, two data centers and a network of 8,000 retail outlets.

The company is the first online lottery business in Africa. Uthingo generates over \$475 million a year in revenues, selling more than 28 million tickets a week for its twice-weekly million-dollar draws, and has contributed more than \$280 million to help disadvantaged South Africans in the last three years.

The Uthingo network

South Africa presents particular challenges of population distribution, infrastructure, climate, geography, education and language, which makes it one of the most difficult countries in which to establish a secure, reliable and technically advanced online lottery network.

The communications network uses satellite and radio links—a system developed by GTECH using a special protocol that operates more efficiently and cheaply than competing systems—and covers the country with 99.98% reliability.

World-class data security is complemented by comprehensive physical security at all computer facilities using the latest electronic access controls. The main and back-up data centers in Johannesburg and Bloemfontein are equipped to the highest security specifications.

The games

Uthingo operates a 6/49 lotto game costing R2.5 per board with two weekly draws and an add-on game called Lotto Plus costing an extra R1. Special promotions include a second-chance draw for non-winning Lotto coupons. In the second half of 2002, the lottery launched its new Wina Manje ("Win Now") brand of instant scratch cards. There are currently 14 different instant products on sale at three price points, offering top prizes ranging from R30,000 to R150,000.



Uthingo's branded scratch card family, launched in 2002



Funding for good causes

An average of 30% of lottery proceeds will be contributed by the National Lottery Distribution Trust Fund to good causes around the country over Uthingo's 7-year license period. The main categories of recipients include Arts, Culture and National Heritage (R170 million distributed in the year ended March 31, 2003), Charities (R344 million in FY 2003), Sport and Recreation (R211 million in FY 2003), and Reconstruction and Development programs (R153 million earmarked for distribution in 2003).



The Bigger Picture – social and economic empowerment

Over and above its support for good causes, Uthingo strives to make the National Lottery an engine for economic stimulus, empowerment and job creation, while setting new standards for corporate behavior, accountability and social responsibility.

Uthingo's Affirmative Action, Employment Equity and Representation policies guarantee equality of opportunity; and managers are accountable for meeting specific targets for engaging the previously disadvantaged. Retailer selection is monitored to ensure that the ownership and management of National Lottery outlets are in representative hands.

Suppliers of goods and services understand that Uthingo requires them to increase their levels of empowerment and establish full employment equity within a reasonable period in order to continue to do business with the National Lottery. Training and skills development drive economic empowerment. Uthingo's industry shareholders are committed to transferring competence and knowledge to local shareholders, management, staff, suppliers and retailers.

Black Economic Empowerment policy

Black Economic Empowerment (BEE) is an important condition of Uthingo's license requirements, and the company deploys a far-reaching BEE policy through the development and promotion of small, micro and medium-sized enterprises (SMMEs), affirmative procurement

of goods and services from suppliers and a relevant Corporate Social Responsibility program.

Uthingo has established eleven SMMEs since 1999. These enterprises have each been awarded exclusive contracts with Uthingo to provide lottery terminal installation and maintenance services. Each company is 49 percent owned by a Previously Disadvantaged Individual (PDI) and 10 percent owned by Uthingo. A maximum of two strategic partners hold the remaining shares. These strategic partners are well-established companies with the requisite experience and expertise in terms of corporate governance, best business practices and entrepreneurship. This ensures that the PDI owner is empowered and developed into an astute entrepreneur who can contribute effectively to the country's economy.

Regular workshops are held to educate shareholders about corporate governance issues. All PDI shareholders have attended a new managers' program at Witwatersrand University, covering finance, marketing, human resources and business management. Through the support it has given SMMEs, Uthingo has created well over 500 jobs so far.

In addition, 74 Uthingo suppliers have been audited to date to monitor their commitment to economic empowerment. The audits assessed the suppliers' performance and progress against criteria such as Black Economic Empowerment (own-

Employment equity

Of Uthingo's total staff complement of 305, 47 percent are male and 53 percent are female. Previously Disadvantaged Individuals (PDIs) account for at least 95 percent of the company's staff, and over 35 percent of the total work force since the lottery was launched has comprised PDIs who had never worked before.

Uthingo has also implemented positive measures to redress imbalances of the past and to ensure that certain designated groups who were discriminated against are equally represented in all occupational categories and levels in the workforce.

Affirmative procurement

Uthingo's procurement policy ensures that service and supply agreements closely mirror the government's socio-economic objectives. Explicit preference is given to empowered SMMEs on all contracts worth less than R 7.5 million in value.

ership, management control and affirmative procurement), employment equity, and the effective development and transfer of skills to employees.

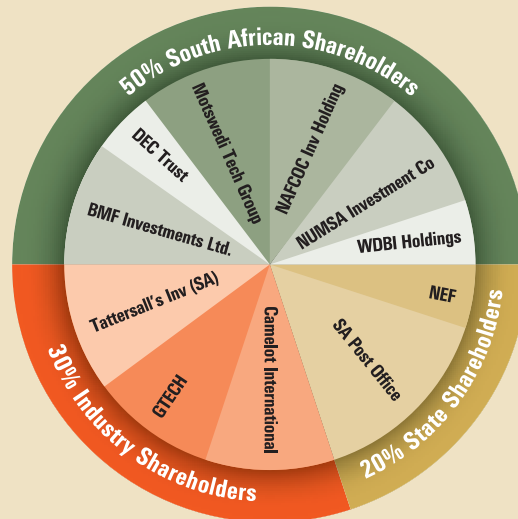
Visits have also been organized to Uthingo's top 10 suppliers to emphasize the importance of the operators obligations and commitment to Black Economic Empowerment.



Uthingo shareholders

Uthingo's local shareholders have a **70% interest in the company and hold 80% of the seats on Uthingo's Board. They represent South Africa's new empowerment dimension, with a strong emphasis on socio-economic transformation and grass-roots empowerment.**

- The National Empowerment Fund (5%) and the South African Post Office (15%) contribute in the areas of retail distribution, physical distribution, prize payments, empowerment policy and, through PostBank, the development of a savings culture in the community.
- Black Management Forum Investment Co (Pty) Ltd (10%) is helping Uthingo build a skilled black management cadre to the benefit of the lottery and South African business in general.
- Disability Employment Concerns Trust (5%) ensures that the disabled are fully integrated as players, employees, retailers, suppliers and beneficiaries of the National Lottery.
- Motswedi Technology Holdings (Pty) Limited (10%), a leading provider of systems integration solutions, provides personnel and manages Uthingo's Technology Scholarship program to expand skill levels in the IT sector.



Established in 1996, Uthingo Management (Pty) Limited was awarded a 7-year license in 1999 to operate South Africa's National Lottery.

- NAFCOC Investment Holding Co Ltd (10%) assists Uthingo in maximizing the opportunities for SMMEs to benefit from the economic activity generated by the National Lottery.
- NUMSA Investment Co (Pty) Ltd (10%) brings the weight of grass-roots representation to Uthingo's boardroom as well as contributing to training and skills transfer programs.
- WDB Investment Holdings (Pty) Ltd (5%) champions the cause of women's entrepreneurship and equality across the supply and delivery chain, particularly in rural areas.

Lottery industry partners

Uthingo's three lottery industry partners provide a wealth of lottery industry experience and know-how and hold 30% of the equity:

- Camelot International (10%), the sister company of the UK National Lottery operator, Camelot Group plc.
- GTECH (10%), one of the world's leading suppliers of lottery hardware, software and system expertise, and a pioneer of leading-edge lottery research and development.

- Tattersall's Investments (SA) (Pty) Limited (10%), the South African subsidiary of the Australian company Tattersall's, which has been operating lotteries under license to governments since 1897.

As shareholders, Camelot, GTECH and Tattersall's, together with the local shareholders, are fully accountable to the South African government for Uthingo's performance. The combined operating skills and expertise of Camelot, GTECH and Tattersall's have been transferred progressively to the South Africans. Ongoing support, new products, system upgrades and practical expertise will continue to be provided to Uthingo throughout the license term.



**Durban 2004:
WLA Convention and
Trade Show**

Growth

Innovation

Business program

The challenges of today's economic and social environment allow no escape from the fact that businesses of all types face challenges much more complex than in the past—when bottom-line performance was measured solely in terms of profit and loss. Now, leadership must face an increasingly international economic environment, issues of corporate governance—and still make the profits that are demanded by shareholders, owners and boards of directors. How can commercial success be combined with irreproachable transparency and ethical conduct?

The lottery industry must tackle all of the issues outlined above, but in addition must face the following challenges:

- intense focus on the 'correct' level of marketing, sales and profits
- serious questions regarding the impact of gaming responsibility efforts
- increased competition with lotteries that lie outside governmental jurisdiction
- serious examination of the need to maintain monopolies
- convergence: lotteries acting as suppliers and suppliers acting as lotteries
- security threats linked to the large amount of monies involved
- technology changes
- changes in consumer behavior and patterning

- lack of a level playing field, with state lotteries and sports betting organizations competing with companies governed by completely different rules.
- sharper focus on social responsibility

The 2004 WLA Convention in Durban will focus on the three core aspects of this mix – Growth, Innovation and Reputation, in a process that will help lottery leaders and other key people gain a more complete perspective of the challenges lotteries are facing now, and will continue to face in the future.

Growth

How can the lottery industry sustain growth in an increasingly competitive market blighted by "gray-area" lottery operations, the cross-border threat and economic uncertainty? How can it compete with multimedia interactive entertainment? And how can it embrace the social and political issues that pose increasing challenges to its legitimacy?

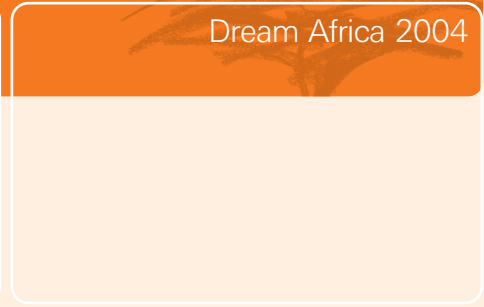
The Business Program in Durban will examine the question of growth from a number of perspectives, with keynote speakers and parallel break-out sessions and workshops focusing on such issues as:

- lotteries and their monopolies
- gaming and the law
- landmark legal cases affecting the lottery industry
- multi-jurisdictional games
- the balance between profit and problem gaming
- the balance between aggressive sales and social responsibility
- trends and opportunities in developing markets
- reaching new customers while keeping existing customers

At the 2004 WLA Convention, experts from inside and outside the lottery industry will bring to the table a wide variety of experiences and viewpoints that will both inform participants and stimulate discussion to shed light on some of the most challenging issues facing the lottery industry today.

Innovation

How can lotteries and their suppliers continue to grow and succeed? The answer lies in sound business practices, an increased focus on product development, creativity, and above all innovation. But what are the best choices and strategies in a world that is becoming increasingly intercultural and a competitive context where consumers' time is becoming even more important than their money?



Reputation



The Durban business program will feature some of the familiar and controversial faces that delegates have seen before, as well as innovators from inside

You can't build a reputation on what you are going to do.

Henry Ford

Reputation

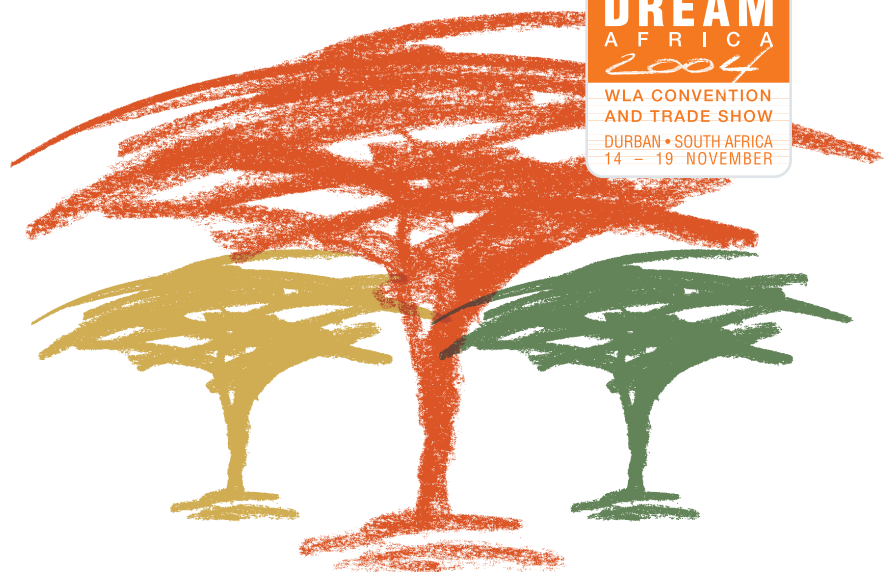
Through a series of keynote addresses, parallel stream sessions and workshops, the 2004 WLA Convention will address the role of the lottery in society, its relationship to governing bodies, its ethical responsibilities and other considerations. Discussions will follow on from the World Lottery Forum in Granada, as well as focusing on additional subjects that currently warrant the industry's attention:

- scams, scandal and frauds
- crisis management
- illegal gambling
- money laundering
- social responsibility.

The business program in Durban will look at how socially responsible lottery leaders and managers can make the decisions that will allow them not only to focus on bottom-line profit, but to understand how those decisions will affect the lottery's reputation – and so avoid the mistakes and pitfalls that can throw a wrench into their operations.

and outside the industry who will discuss their role in making their companies leaders in their respective markets. Keynote addresses, parallel sessions and workshop discussions will address subjects including:

- creativity from idea to product delivery
- staying ahead of the technology curve
- combining education and entertainment into a powerhouse product
- games and products that are redefining the lottery industry
- product development





Durban 2004: WLA Convention and Trade Show



Program overview

Saturday <i>November 13</i>	Sunday <i>November 14</i>	Monday <i>November 15</i>	Tuesday <i>November 16</i>	Wednesday <i>November 17</i>	Thursday <i>November 18</i>
WLA VIP Dinner	President's Cup Golf Day	Plenary session	Plenary session	Plenary session	Plenary session
	Welcome dinner and show	Breakout session 1	Breakout session 1	Breakout session 1	WLA General Meeting
		Breakout session 2	Breakout session 2	Advertising Awards Voting	Farewell dinner, show and party
		Advertising Awards Voting	Advertising Awards Voting	Workshop	Friday <i>November 19</i>
		Workshop	Workshop	Exhibition, tea breaks, lunch and cocktails	Business Networking Day
		Exhibition, tea breaks, lunch and cocktails	Exhibition, tea breaks, lunch and cocktails		

Volunteer Program

In WLA tradition, the Convention and Trade Show organizers will rely on a limited number of volunteers from lotteries around the world to assist them in making "Dream Africa 2004" a truly exceptional experience for delegates. Volunteers will help in various areas, including registration, information desks, people moving, casual interpretation and a wide range of other necessary but enjoyable responsibilities throughout the Convention week.

The Volunteer Program is open to staff who would not normally take part in a major WLA event, and is an opportunity for lotteries to promote career development in a new generation of outgoing, high-potential lottery employees.

Volunteers will have wide exposure to the multi-faceted program, attending some business and social activities to maximize personal rewards and benefits for their lottery. The Volunteer Program will be an exciting opportunity for selected personnel to observe and take part in this unique and prestigious

world event – enhancing skills and gaining valuable international perspective that has intrinsic benefits for all.

Volunteers will arrive in Durban on Friday, November 12 and depart on Saturday, November 20, 2004. Training for their specific duties will be provided prior to the Convention. For further details, members are invited to contact Volunteer Program coordinator Mandy Kojetin at wla2004@adcorp.co.za before the end of May or download information and application forms from the Convention website at www.wla2004.com.

Africa is calling you...



Dream Africa 2004

Durban • South Africa • 14 - 19 November

Sanibonani! Greetings from the Kingdom of the Zulu!

We invite you to join us in Durban, South Africa for the WLA Convention and Trade Show 2004, from 14 -19 November.

This year's theme of "Growth, Innovation and Reputation" will

offer a host of speakers and activities targeting three of the most important issues currently facing lotteries around the world.

World-renowned business speakers will join top South African politicians and leaders to provide an insightful, action-packed conference complemented by a social

programme which will give you more than a glimpse of African history and culture.

For more information and registration visit www.wla2004.com to book your space at this years – WLA Convention and Trade Show.







“Customer service — we take it personally.”

Anthony Andrade
Training Manager, GTECH

In fact, one out of every five of our employees works in customer service, underscoring our deep commitment to supporting your needs. We employ the industry's most experienced customer care professionals whether in our 24/7 call centers or in your local service areas. Our service team is equipped to handle any type of challenge imaginable — or unimaginable. From hardware and software to systems and networks, *Rely on GTECH* to deliver unmatched personal service.



Think global, act local



by Hans-Jürgen Reissiger,
President of the European State
Lotteries and Toto Association (EL)

The world is becoming one big marketplace—or at least that’s how it seems with all the talk about globalization. Suppliers and customers can perform their transactions in real time even though they may be thousands of kilometers apart. New media, the experts tell us, have brought the death of distance.

However, everyday life still takes place in countries and regions. Problems come to a head locally, and it is there that they have to be tackled and overcome. For example, most of the direct impact of the WTO decisions will be felt in the United States, whereas judgments by the European Court of Justice will first affect European countries.

One decision frequently cited of late is the ruling by the European Court of Justice in the Gambelli case. Although the parties concerned interpret this ruling in widely differing ways, EL considers that the resulting messages and recommendations for action are perfectly clear. The Court has expressed itself rather more pointedly, but has not wavered from the line it has adopted since “Schindler I”:

- **National regulations constitute a restriction to the free movement of services.**
- **National legislation which grants certain enterprises exclusive rights to offer gambling activities does not constitute a violation of the EC Treaty.**

This second statement comes with conditions, however:

- **The legislation must be justified by social policy and consumer protection objectives aimed at limiting the harmful effects of gambling.**
- **The restrictions must be non-discriminating and proportionate in light of the public order concerns.**

The Court also makes another important point:

- **The raising of money for good causes or for the state is acknowledged as a welcome side effect but cannot in itself justify a restrictive policy.**

As we know, many social, charitable, cultural and sporting institutions and pro-

Everyday life still takes place in countries and regions. Problems come to a head locally, and it is there that they have to be tackled and overcome.

jects in the individual states are dependent on this funding of “good causes”.

Tightrope act

All national measures must therefore serve the objective of protecting social order, and are only justified by compelling motives relating to the public interest. We are walking a tightrope in our efforts to preserve the status quo, and the Gambelli ruling shows just how precarious our position is.

Responsible gaming is the keyword here. The responsible attitude to gaming and gaming delivery that we represent will be the benchmark for national policy makers in assessing whether the restrictive national measures are justified and proportionate. EL has taken up this issue.

The association is also carefully monitoring a number of European Union projects that could have an influence on lotteries and sports betting in Europe. For example, we recently supported our members in the discussions on the draft of a services directive for the EU single market.

National and international lobbying coordinated by EL has helped to raise national governments’ awareness of our concern that lotteries and sports betting be temporarily excluded from the field of application of the directive’s country-of-origin principle.

Future national and international lobbying efforts will need to ensure that, in the study announced by the EU Commission, lotteries and sports betting remain excluded from the field of application of the directive, as regards both freedom of establishment and the free movement of services.

Local office in Brussels

For some time now, EL has been considering the possibility of establishing an on-the-spot presence in Brussels. This step is designed to bring decisive improvements in our methods of engaging in dialog with the EU institutions. We now intend to take this step.

This representative office will help us further expand our contacts with EU bodies, and make such contacts even more effective for our members. It will put us in a better position to feed the collective expertise of the lottery and sports betting industry into the European Union’s decision-making processes.

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Can offshore gaming interests dictate American social policy?

According to a confidential report issued at the end of March, the World Trade Organization is favoring Antigua and Barbuda in its offshore gaming dispute with the United States. If the dispute panel's final report confirms these interim conclusions, the United States intends to appeal the decision.

Most WLA members are familiar with a legal action filed by Antigua & Barbuda versus the United States with the World Trade Organization (WTO). Antigua & Barbuda have alleged that the United States by enforcing laws against offshore Internet gambling providers violates

The U.S. would have to show that its regulation of offshore activities for the social good is no more rigorous than comparable domestic regulations.

GATS, the world trade agreement on services. The United States has resisted, suggesting that gambling operations were not covered in the U.S. agreement and the U.S. rigorously regulates gambling operations, even across borders of its own states.

Depending on one's perspective of the legal issues, the litigation and the agreement cover or do not cover lotteries in addition to other gambling operations. The principal question is whether or not U.S. enforcement can prohibit lotteries and other gambling operations from outside the United States from selling via the Internet or other means across interna-

tional borders into the United States. The U.S. has maintained that, with the exception of certain bets placed on horse racing, all interstate and international gambling is prohibited under current U.S. statute. Bills have been introduced in Congress in recent years which would tighten the enforcement of such laws as they relate to Internet gambling activities.

There are two main issues involved in the complaint. One issue is whether or not the U.S. excluded gaming from the GATS agreement by virtue of the broad language it authored in its GATS submittal; and the other is a substantive issue as to whether or not the U.S. can prohibit offshore commerce in gaming activities under public order exceptions of the GATS agreement. On the former point, a technical matter, Canada, Japan and the European Union filed briefs with the WTO adverse to the U.S. position, while not taking a position adverse to the U.S. using other provisions of GATS to exempt gaming activities from the agreement. On this latter point, the U.S. would have to show that its regulation of offshore activities for the social good is no more rigorous than comparable domestic regulations.

The WTO has announced preliminary findings in favor of the plaintiffs. As of this writing, those findings have been provided to Antigua & Barbuda and the U.S. trade representative. However, those findings have not been made public and were not expected to be made public until the end of April or the beginning of May. The find-



Edward J. Stanek, CEO of the Iowa Lottery and Senior Vice President, WLA

ings would then be translated and circulated to the World Trade Organization. The U.S. trade representative has already acknowledged an intention to appeal the findings.

The WLA submitted information to the U.S. trade representative supporting the U.S. position. The European Lotteries and Toto Association and the WLA have each adopted a code of conduct which prohibits cross-border sales without the concurrence or legal authorization by both the jurisdiction where a lottery ticket might be sold and the jurisdiction where a lottery ticket might be purchased.

Overseas based online casino operators have already pronounced the ruling to be a victory that could force the U.S. to liberalize laws currently believed to prohibit their businesses from activities within U.S. borders. Members of Congress have now become involved. Representative Bob Goodlatte from Virginia has introduced legislation in prior years making even intrastate gaming activities via the Internet illegal within U.S. borders. He was quoted by the New York Times as saying that the ruling cannot be allowed to stand that another nation can impose its values on the U.S. by making it a trade issue. Other members of Congress have suggested that the issue could force the U.S. to withdraw from the World Trade Organization or have an international trade war rather than have offshore interests dictate American social policy. So far the ruling would only apply to the two islands filing the action, but clearly the ruling, if allowed to stand, would cover other interests that followed suit.

The issue is further made complex since the United States as a country does not operate any lottery. With the exceptions of Canada, Germany, Australia, and the United States, most nations have national lotteries. The aforementioned exceptions have state lotteries. To be specific, the

The WTO is principally concerned about gaming as a trade, while policy makers in the U.S. are principally concerned about gaming as social policy.

United States has 41 state lotteries. The states do not engage in trade agreements with other countries without the consent of Congress. Meanwhile, foreign affairs are conducted by the federal government, absent any involvement with lotteries except to restrict their interstate activities. Some states have made all online betting illegal, while others have permitted it only within their borders, with the only exception being that wagers on horse races may be accepted across borders provided that a state does not specifically prohibit it. The U.S. Justice Department has been enforcing actions against publishers and broadcasters advertising online casinos. While it appears that a verdict has been issued, the jury is still out with regard to a final disposition of this matter.

The WTO is principally concerned about gaming as a trade, while the policy makers in the U.S. are principally concerned about gaming as social policy. The states are frustrated because if the WTO ruling does not lose on appeal, in principle the U.S. Congress could prohibit interstate Internet gaming by U.S. state lotteries but not by foreign lotteries.

There is legislation which passed the House of Representatives last year but did not pass the Senate, that would allow Internet gaming only within borders of permitting states and would prohibit the use of any banking instrument for illegal gaming. But if the WTO ruling stands, offshore Internet gaming into the U.S. would not be illegal.

Rigorous criteria are used in the U.S. for lotteries and gambling operations. States require criminal background investigations on all operators and licensees to purvey any gaming product. If the WTO ruling stands, would that mean that offshore providers, including organized crime, would be exempt from such regulation?

While one battle has been fought, the war is still not over.

Lotteries in Europe rise to the multi-state challenge



Language barriers?

Yes, definitely.

Different laws and cultures?

Of course.

Different currencies?

Certainly... but those issues can be solved...

Now, let's play EuroMillions!

Lotteries in Europe had been talking about a multi-state game for almost a decade, but obstacles such as cultural and regulatory differences between countries had kept the project on the back burner.

Then three major operators—The French National Lottery La Française des Jeux, the UK National Lottery Camelot and the Spanish National Lottery Loterías y Apuestas del Estado—decided to take the plunge. After a joint development and market research project lasting more than eighteen months, the partners sat down together in Madrid at the end of 2002 and signed an official agreement to launch a multi-jurisdictional lottery game.

Managed as a “coordination of national games complying with local lottery legislations”, the new weekly draw game, called EuroMillions, went on sale in the three countries in February this year. With an initial player base of 90 million and more partner lotteries eager to join, EuroMillions has the potential to become very, very big!

Founding partners

The three lotteries behind EuroMillions all rank among the world's top six operators. They have combined revenues of more than \$28 billion and serve a combined population of more than 160 million. The founding partners are heavyweights in the European lottery industry and their backing has given the EuroMillions project the profile and impetus it needs to become a major success.

- **Loterías y Apuestas del Estado (LAE)** is Europe's largest lottery, with total revenues of \$10,433 million. LAE has a 75% share of the Spanish lottery market and offers a range of traditional products but no scratch games.
- **La Française des Jeux** generated \$9,799 million in sales in 2003. The French lottery is the world leader in scratch games, which account for more than 40% of revenues.
- **Camelot** generates 86% of its total sales (\$8,137 million) from lotto games, and faces tough competition from casinos, bookmakers and slot machine operators in the highly diversified UK gaming market.



3 jackpot winners already!

The inaugural EuroMillions draw was on Friday, February 13, 2004—and that same day a French player won the top prize, the minimum guaranteed amount of €15 million. On March 5, a *EuroMillones* player in Spain won more than €20.6 million, the biggest-ever lottery win in Spain's history. The biggest EuroMillions win so far came on April 9, when a player in the United Kingdom netted more than £16 million (€22.5 million).

Left to right: Tony Jones, Operations Director, Camelot; Phil Smith, Sales & Marketing Director, Camelot; Christophe Blanchard-Dignac, President and CEO, La Française des Jeux; José Miguel Martínez Martínez, General Director, LAE; Alfonso Constante, Financial Director, LAE

The game

Rule No. 1: Keep it simple

The partners needed a game that was simple to play yet attractively designed and priced to appeal to as broad a player base as possible. After lengthy research, they opted for a 5/50 + 2/9 pari-mutuel game at the premium price point of 2 euros (£1.50) per board. The player selects 5 numbers from a total of 50 and 2 Lucky Stars from a total of 9. A quick-pick option and five-week subscriptions are also available, and players can choose a systems play to increase their chances of winning. In all, there are 12 prize levels, with prizes at each level being shared among winners at that level. Last-tier prizes of an average of 10 euros are paid for matching just two numbers and one Lucky Star. The overall chance of winning any prize is 1:24.

Rolling jackpots

A big part of EuroMillions' player appeal comes from its Rolling Jackpot feature. Compared with other draw games organized by the partner lotteries, the odds of winning the jackpot are lower but the top prize amount is higher. During the launch phase, the minimum first-tier prize pool is guaranteed by the partner lotteries, starting at a robust €15 million. If there is no first-tier winner, the top prize automatically rolls over to the next draw—and so on until somebody wins it. In theory, top prizes of tens of millions of euros are possible. One of the key advantages of the rolling jackpot feature is the suspense that builds up around the game as the jackpot gets bigger: as the “buzz” in-

creases, public awareness grows and the game becomes more and more popular in a virtuous circle of word-of-mouth marketing and self-generating demand. Strong advertising and POS support, and extensive PR coverage before the first draw, quickly built a high level of awareness among players.

Collaborative design

Sharing responsibilities

Each partner is the sole operator of EuroMillions in its jurisdiction, and is responsible for collecting wagers and paying prizes on its own territory. Playslips vary from country to country to take language, local playing practices and gaming technologies into account.

The Friday evening TV draw is produced by La Française des Jeux at its own studios near Paris, then broadcast on major TV channels in all three countries using formats and presentations that are tailored to local markets and customs.

The Spanish lottery is jointly responsible with Camelot for draw administration and prize calculation, providing two different sources to check the accuracy of the calculations.

Enlargement

EuroMillions was designed from the outset to enable other European state lotteries to join the game. Later this year, more European lotteries could join the EuroMillions project. Major lotteries from Austria, Belgium, Ireland, Luxembourg, Portugal and Switzerland are thinking of taking part, expanding the potential player base considerably.

Common standards

The template for the game and a whole range of related processes — including every detail of the drawing procedure, down to the materials to be used to clean the balls — was established in a set of documents and sealed by a Lottery Operators' Agreement.

This agreement lays down financial, commercial and ethical criteria for admitting other lotteries, but the most detailed requirements for new recruits are security-related. Future EuroMillions partner lotteries will either need to be certified to the WLA Security Control Standards[®]—as all the founding partners now are — or undergo a “gap analysis” audit to identify non-compliances with the WLA Standards. In any case, lotteries must prove that they meet the 13 mandatory criteria laid down in the Lottery Operators' Agreement, which either are covered by the WLA Standards or are specific to the EuroMillions game.

Security baseline

The WLA Security Control Standards[®] provided a security baseline for the EuroMillions operation that helped to get the project off the back burner and into the hearts and minds of the European playing public. All three founder members met WLA criteria for the launch in February. And as a benchmark for other European lotteries seeking admission in the future, WLA certification will help to enlarge the scope of the new game.



RFP Standardization – Anatomy of a WLA program

People in the lottery business know how costly and time-consuming RFPs and procurements usually are. So the WLA launched the RFP standardization initiative for the benefit of all its members—lottery operators and lottery suppliers alike. Now available to WLA members, the standard has a simple objective: to decrease both the time and cost invested in the RFP process.

As an initial step in the development process, the WLA worked in close cooperation with lotteries and lottery suppliers to produce a draft document, which is also being coordinated with NASPL. The initial version of the RFP document is a recommended standard aimed at minimizing the work associated with the routine aspects of writing an RFP. While the initial focus has been on technology-related procurements, the RFP standard is expected to provide significant savings for non-technical procurements as well, such as instant tickets.

The aim of the standard document is to offer an RFP template containing a selection of requirements which each lottery has the choice of using or not as it finds appropriate to its needs. Specific requirements concerning the actual product or service sought are not included, since each lottery clearly needs to retain complete flexibility to specify the products or services it wishes to procure. The standard is also intentionally non-specific on items which may be affected by local legal requirements, such as EU procurement regulations or state laws in the U.S. In the RFP that is finally issued, therefore, the lottery will need to insert additional paragraphs. Similarly, various requirements offered in the RFP template will not be applicable – and in such cases, the lottery simply needs to ignore the non-relevant requirements listed in the standard template and add the requirements that are needed for its jurisdiction.

Further, the RFP standard suggests an easily readable format to make it simpler to write a response and subsequently evaluate proposals. This includes compliance lists and clear statements on the meaning of each requirement.

In short, the RFP standard enables each lottery to freely specify required products or services, and each supplier to propose accordingly, while saving time, work and money.

The wording of the various RFP requirements suggested in the template is designed to ensure that both lotteries and bidders accept the requirements as reasonable. Lotteries are encouraged to maintain the original wording whenever possible and to inform bidders if any changes are made. When the text is fully standard, the bidder can easily provide standard information, and this makes responding to routine requirements significantly easier.

The RFP standard template is not considered final and a multitude of updates and amendments are anticipated. The purpose of releasing the document now is to gain experience and feedback early on as a basis for incremental development and refinement of this living document.



WLA workshop participants in Brøndby, Denmark, in February 2004.



The first day was reserved for lottery representatives. The eight invited lotteries were given a complete package of RFP material for discussion and analysis. Three lotteries (Sazka from the Czech Republic, Norsk Tipping from Norway and Svenska Spel from Sweden) gave concrete examples of recent procurements, and the major issues encountered were analyzed in light of the proposed WLA RFP standard.



Participants quickly recognized that many of today's RFP challenges would be minimized or eliminated by using the proposed standards. Having recently conducted two separate procurements, Norsk Tipping confirmed that significant pre- and post-RFP issues could have been avoided by following the proposed standard.



Popular RFP workshop

Having released the initial RFP template, the process of developing the industry standard for RFPs took a new step forward with the RFP workshop organized in Brøndby, Denmark, in February 2004. The workshop was led by Ales Kulich and Tony Steinegger, both from Qlot, the specialized Swedish consulting firm that has played a key role in the RFP standardization initiative.

Lottery suppliers joined the workshop on the second day. Three of the suppliers (GTECH, Intralot and EssNet) made presentations and gave their views on RFP procedures. It was apparent that, with few exceptions, suppliers and lotteries have very similar expectations of the RFP process. These presentations and other documentation are available to WLA members via the Member Services section of the WLA website.

Discussion points included the need for openness between suppliers and lotteries, bid evaluation and final decision-making processes, possibilities for smaller companies to take part in bidding procedures, and formats for proposals and submissions. All agreed that overly restrictive

language in RFPs can stop innovative solutions for the future. The conclusion was that the by-line for effective RFPs should be "tell me what, not how".

The WLA is planning additional workshops in this year's professional training schedule. This type of workshop is an opportunity to improve communication between suppliers and lotteries in general, and to learn about the WLA RFP standard in particular – and are ultimately to everyone's benefit. As Ales Kulich said in summing up the proceedings of the February RFP workshop: "a successful procurement is really about creating a win-win situation".

Please use it!

The RFP Standard is released and available to all WLA members. By using the standard in your next procurement, you are likely to make significant savings as well as making life easier also for the suppliers. This in turn will enable suppliers to devote more time and effort to the quality of their product and service offerings—and to provide you with better proposals. And the feedback you provide to the WLA project team will help to improve the RFP standard template for more efficient procurement by the entire lottery community in the future.

WLA News: Security and risk management update

A total of 15 lotteries are now certified to the WLA Security Control Standards® and many more were taking positive steps towards certification as we went to press.

Among the latest to gain certification are the EuroMillions partners – Camelot, La Française des Jeux and Loterías y Apuestas del Estado. Several other European lotteries are currently in the preliminary stages of certification, some of them with a view to joining Europe's latest and greatest multi-state game (see article on page 22).

Suppliers should review their security management status as soon as possible.

Morten Schjelderup, Chairman, WLA Security and Risk Management Committee

Supplier certification standards

The WLA is going ahead with its Supplier Certification program: specific supplier security control standards are expected to be ready by the summer of 2004.

Under the program, suppliers will have the option to apply for certification for their whole company or only for a specific business unit within the company.

Associate members are invited to contact one of the WLA's official certification bodies to organize a status study. This will enable them to speed the certification process once the standards are completed later this year.

Suppliers should ensure that the products or services they supply are not in conflict with the WLA Security Control Standards®, and this should be stated clearly in both procurements and contracts.

Play it safe...
get certified!

Certified lotteries

Denmark

Dansk Tipstjeneste AS

Estonia

Eesti Loto

Finland

Oy Veikkaus AB

France

La Française des Jeux

Germany

Lower Saxony:

Toto-Lotto Niedersachsen GmbH

Rhineland-Palatinate:

Lotto Rheinland-Pfalz

Schleswig-Holstein:

NordwestLotto

Greece

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Ireland

An Post National Lottery Company

Netherlands

De Lotto

Norway

Norsk Tipping AS

Spain

Loterías y Apuestas del Estado, including Sistemas Técnicos de Loterías del Estado S.A.

Sweden

AB Svenska Spel

Switzerland

Interkantonale Landeslotterie, Swisslos

United Kingdom

Camelot Group plc, The National Lottery

WLA review bodies

WLA certification bodies

British Standards Institute (BSI)

Founded in 1901, the BSI Group is a leading provider of professional services to organizations worldwide. With over 5,500 employees in 110 countries, the BSI Group specialises in independent certification of management systems and products, and the development of private, national and international standards. In addition, the Group is a leading provider of commodity inspection, product testing and management systems training services, and an important source of information on standards and international trade.

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WLA security consultants

MacIvor Grant Limited

MacIvor Grant is an international risk management consultancy providing worldwide security project management and co-gent analysis of developments in emerging markets.

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WLA News: Big response to insurance project

Members have responded very positively to the WLA Global Insurance Project. A questionnaire was sent out in March 2004 and a large number of responses have already been received from both members and associate members. The majority of the requests received so far have been for errors and omissions insurance.

Paddy Smyth of MacIvor Grant, the WLA's security and risk management consultants and a key partner on the Global Insurance Project, confirms the strong level of interest in this project since the questionnaire was originally circulated. "The London market is now much more aware of individual needs of lottery operators and suppliers," says Smyth. "The risks are being placed with Lloyd's brokers who have been fully briefed by MacIvor Grant beforehand to ensure that members' interests are adequately protected and that the insurance cover is tailored to their individual needs."

A non-exhaustive list of types of insurance available was included in the recent questionnaire. Members with specific inquiries or seeking further help and advice on any aspect of the WLA Global Insurance Project are invited to contact the WLA business office in Basel.

I N M E M O R I A M



Jill Wilson, wife of Warren Wilson, passed away on February 6, 2004 at the age of 62. Although not in the lottery business herself, Jill will be remembered by all of us for her vibrant personality and her warm-hearted welcome when accompanying Warren at industry events. Warren Wilson served on the Intertoto executive committee throughout the 1990s and was Vice President of the WLA from 1999-2000. Our sympathy goes out to him and to the couple's two children at this sad time.

WLA News: New Contributor line-up

Welcome to Betware and Boss Media, the latest associate members to join the WLA Contributor Program!

Based in Reykjavik, Iceland, our new Silver Contributor **Betware** is a specialist in high-security gaming software for on-

line lotteries and sports betting operations. Its customers include Dansk Tipstjeneste and the Icelandic lottery Íslensk Getspá.

Our new Gold Contributor is **Boss Media**, based in Växjö, Sweden, one of the

world's leading suppliers of online casino solutions. The company built an Internet casino for Svenska Spel and was recently chosen by the Swedish operator to develop digital scratch cards and other quick games for the Internet and other digital channels.

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Upcoming events



May 9-13

Play the Game! Internet and other forms of interactive gaming

WLA seminar hosted by HKJC Lotteries and supported by APLA, Hong Kong



June 6-10

Erewhon — The most engaging case study program in the lottery industry... led by Guy Simonis!

Noordwijkerhout, Netherlands



September 12-18

English for the Lottery Industry: WLA language course, Step 2

Lydiard Park, Swindon, United Kingdom



September 15-16

World Lottery Round Table

WLA event hosted by Norsk Tipping, Hamar, Norway

The World Lottery Round Table is a two-yearly summit meeting for lottery directors. This event is by invitation only.



September 29-October 2

Is there a Future for Lotto?

WLA seminar supported by CIBELAE Costa Rica

November 14-19

2004 Convention, Durban, South Africa

South Africa's National Lottery, Uthungo Management, will host the first world-wide lottery conference ever organized in Africa. For more information, visit www.wla2004.com.

November 6-9, 2005

2005 World Lottery Forum, Cancún, Mexico

The Mexican National Lottery, Lotería Nacional para la Asistencia Pública, will be hosting the second World Lottery Forum in November, 2005.

Recent seminars



From London to Las Vegas

Fast, faster, fastest!

The now-traditional joint WLA/EL marketing seminar was hosted by Camelot in London in January to coincide with ICE, the world's second-biggest casino and amusement exhibition. This year's seminar, attended by a record 120 people, covered convergence between lotteries and casinos, and included sessions on VLTs, slots, racinos, 5-minute keno, scratch games on the Internet, online poker and mobile phone betting. The need for speed was the main theme of the event — but participants also left with a clearer idea of the challenges facing lotteries in their efforts to combine instant gratification with responsible gaming. One of the highlights this year: Lord MacIntosh, UK Minister for the Media and Heritage, outlined the UK government's imminent plans for a more liberal attitude to casinos combined with tighter control and greater responsibility.

Brush up on your English

Eighteen lottery professionals from nine countries converged on Swindon, West of London, in February to take part in Step 1 of the English for the Lottery Industry course. Not for the faint-hearted, this intensive English study program is specially designed for lottery staff, who practice their English and presentation skills from dawn until dusk. Even the evenings are taken up with word games and team presentations. Just like the products we sell, the idea is to be productive, responsible... and fun! And it works! Step 2 is in September (see Upcoming Events).

The lure of Las Vegas

WLA and NASPL invited the lottery world to "join the show" in Las Vegas in March, and 35 lottery managers spent two days in the gaming capital of the world, focusing intensively on the relations between gaming operators and TV companies. Participants had a chance to share their experiences and views by screening and commenting some of their own draws and shows, but a major part of the seminar was devoted to the Multi-State Lottery Association's Powerball show, which is recorded in Las Vegas. Participants were invited to meet the contestants and take part in one of the twelve tapings held over two days in the magnificent Venetian casino. The money isn't the most important aspect, said Sande Stewart, the veteran game show producer that produces the Powerball show: "Lotteries are too willing to pay out too much money in their game shows. The focus should be on entertainment, content, involvement and excitement." Discussions also covered licensing of celebrity brands to create marketing buzz around lottery products, and the brave new world of interactive TV entertainment — a topic that will be discussed in more in detail at the WLA seminar in Hong Kong in May 2004. To end with an interesting statistic: Las Vegas makes more money from entertainment (hotels, restaurants, shopping and shows) than from gambling. Food for thought...



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OUT WITH THE OLD

- OUT**-of-style: Displays ticket art in a flat, listless manner.
- OUT**-of-date: Old technology; ITVM's inability to sell online products limits lottery revenue potential.
- OUT**-of-sync: Loading new games is cumbersome, subject to human error, and a source of frustration for busy retailers.
- OUT**-of-stock: A common occurrence; the ITVM's Achilles' heel.

IN WITH THE NEW

- IN**terface: Advanced touch screen technology presents games in a vibrant, player-inviting manner. Interface displays a full-sized ticket with associated unique selling proposition for each game.
- IN**tense: Full-motion video for advertising and promotional messages.
- IN**tegrated: Capable of dispensing online as well as instant games.
- IN**-stock: Connects to central system to report sales and minimize stock-outs. Loading new instant games is dramatically easier for retailers.
- IN**formative: Provides lotteries – for the first time – access to vital, actionable sales data, including when, where, and what types of games players are buying.
- IN**valuable: Captured sales data invaluable for developing product plans and promotions.
- IN**cluded: We believe so strongly in this product, it's now included as a common offering within all of our Cooperative Services™ packages.

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