

THE OFFICIAL PUBLICATION OF THE NORTH AMERICAN ASSOCIATION OF STATE & PROVINCIAL LOTTERIES

INSIGHTS

SEPTEMBER/OCTOBER 2022



**WORLD LOTTERY
SUMMIT 2022
VANCOUVER**

Welcome to
Vancouver



Leading the journey.
Inspiring the future.





Executive Q&A

Ten Minutes with Steve Beason

President, Digital & Sports
Scientific Games

When Scientific Games' Lottery Group became an independent organization following its sale to Brookfield earlier this year, the company's digital and sports business shifted significantly to a 100% lottery focus.

With the re-invigoration of game studio resources and gaming platform innovation – and more funding for R&D – industry tech veteran Steve Beason returned to Scientific Games to provide strategic leadership in the expanding digital lottery and sports channels.

There's a lot of excitement around what's happening at Scientific Games right now, but many don't realize that the digital lottery and lottery sports betting business remained with SG Lottery following the sale. What does the business footprint currently look like?


Yes, there's a lot of energy and a 100% focus on the lottery ecosystem. Right now, we have more than 30 digital lottery and lottery sports customers globally, including the record-breaking Pennsylvania iLottery program which topped \$1 billion in sales in less than two years. We're running sports betting programs in the U.S., Canada and Europe, including the world's largest government-sponsored sports betting market in Turkey.

But if you think about it, Scientific Games was an early pioneer in digital and sports. We've been providing internet-based solutions to lotteries since 2001. We launched the first online lottery game in the U.S. in 2004, and the first lottery sports betting program in the U.S. in 2009. We have many industry "firsts" in player loyalty mobile apps and second-chance play. We've done a good deal of work in Europe and Canada, where the acceptance of digital play is well ahead of the U.S.

Can you give us a snapshot of Scientific Games' digital products and talent?

Our teams bring a wealth of knowledge to lotteries just getting started in digital and sports. We clearly understand the role of digital and sports in a lottery's overall portfolio. We have a vested interest in keeping the entire portfolio healthy.

SG has continued to advance player account management with a convenient, one-wallet experience across multiple gaming entertainment channels. We have six active player loyalty programs with 1.5 million members, and we've deployed 22 mobile apps. We've also continued to evolve our digital services and game distribution platforms. Our digital game designers in the U.S. and Europe are



arguably some of the best and most experienced. And we are actively expanding our digital game studios and partnerships with third-party content creators.

What are your thoughts on digital content and where it's headed?

eInstant games have come a long way and they'll continue to advance. We're adding wow with our huge portfolio of licensed brands, many of which are already familiar to players from their favorite retail games. SG uses an aggregator model when it comes to content. The aggregator model allows us to offer a broad portfolio to suit a lottery's needs and launch iLottery anywhere in the world.

And like all things at Scientific Games, every digital program we develop is backed by decades of data analytics and consumer insights. We have been optimizing lottery retail for years, and we know how digital fits into the entire ecosystem – as we've proven with the retailer affiliate program in Pennsylvania.

We are committed to managing the lottery portfolio as a whole and keeping all channels healthy. It's possible to responsibly grow retail and online play with the right approach to portfolio management.

After working most of your career in lottery tech and innovation, you spent the last few years in the iGaming sector. Why did you make the decision to return to lottery and Scientific Games?

Yes, I was at Inspired Entertainment and focused on virtual sports and iGaming.

SG has always led with innovation. I watched what the company was doing with digital lottery and sports. I liked what they were doing with CRM. I also noticed there was real innovation happening with retail instant games and SGEP [Scientific Games Enhanced Partnership]. I believe that this same portfolio management approach can be applied to digital and sports.

Fifty years in and this company never stops innovating new ways to create, manage or play instants to drive performance and good cause funding. They're doing very cool work with progressive jackpots and licensed branded lottery games that excites me. And with R&D resources opening up following the sale to Brookfield, I believe SG can bring real innovation to digital and sports as these take off in more and more lottery markets.

The company's Government Affairs and Account Management teams have the knowledge and expertise to guide digital lottery and sports betting launches in any jurisdiction, domestic or international.

Overall, Scientific Games impressed me. The company purchased Sideplay, a leading eInstant game studio based in Europe. And the teams developed a new RGS system. Their content aggregator model is right on. This model is used in iGaming, and it is iLottery's way forward.

How will your iGaming experience impact the company's digital and sports road maps?

iGaming is a more mature sector than iLottery. So I have a unique and much broader perspective of what lotteries can achieve in the digital space. It's much more than bringing in an iLottery platform or PAM and all the games that one provider offers. With a more strategic view of launching iLottery, they must be able to offer best-in-class third-party content to their players – not just games from one company. And that's SG's go-forward strategy.

Because I've worked in both sectors, I understand the difference between an iLottery and iCasino game. You know what I mean? It's not the same kind of product. From a legislative standpoint, this is important.

What advice would you give to legislators and lotteries taking a good look at sports betting?

Lotteries have strong, broad retail networks already set up, and ideally their retail network is already optimized. Lotteries also bring to the table something other licensed sports betting operators don't. Of course, that is their mission to generate good cause funding. Whether it's going to the elderly, college scholarships or parks and rec, good cause funding is vital for states.

To launch sports betting without cannibalizing lottery or other existing game entertainment revenue, it's going to take managing the entire portfolio – lottery, digital and sports – the right way. That's where Scientific Game excels.

A successful sports program has to offer products for both retail and online betting. Parlay betting is smaller-level betting at retail with retailer commissions covered. Head-to-head betting is better for online, but there is a lower return to the lottery. The entire ecosystem must be clearly understood and managed holistically. Security and the one wallet, single interface through a proven PAM system are also crucial to success. There is no better way to do it than working with a trusted lottery provider. The gold standards for security, compliance and integrity are woven into business operations.

Lastly, lotteries are used to running high-level, highly responsible gaming programs. It's very important to offer responsible gaming functions with sports betting where players can set limits and have cool-off period, etc. The lottery and Scientific Games will always have responsible gaming top of mind at all times. ■

Playing *For Good.*

Strength of security paired with the thrill of the new.
Delivering the industry's favorite lottery games
and the most advanced technologies
to drive a sustainable tomorrow.
This is Scientific Games.



These classic games are ready to



Contact your Scientific Games representative for details.

MAGIC 8 BALL, ROCK 'EM SOCK 'EM ROBOTS and UNO and associated trademarks and trade dress are owned by, and used under license from Mattel. © 2022 Mattel. All Rights Reserved.



SCIENTIFIC GAMES

© 2022 Scientific Games, LLC. All rights reserved.