

PUBLIC

# GAMING

I N T E R N A T I O N A L

World's most widely read Lottery-Racino-Gaming magazine • Video, Racino, Casino, Internet, Wireless, Online, Scratch-Off

To: Lottery, Video Gaming & Racino Executives  
Interested in Growth, Expansion & Added Success

## Public Gaming Research Institute Inc.'s International Morning Report

Your weekly supplement to  
**Public GAMING International  
Magazine**  
August 16, 2004

**OREGON HAS RECORD YEAR.** The Oregon Lottery finished FY04 with record sales of \$895.1 million, a 4.6% increase over FY03's record of \$855.8 million. New records were achieved in Video Lottery net sales, Keno sales, Powerball sales, Sports Action sales, and Megabucks sales were the best in nine years. Thirteen of the top 20 sales weeks ever were recorded by the Lottery in FY 04. The Lottery transferred \$364.7 million to the state in FY04. .

**TN TOPS HALF-BILLION.** The Tennessee Education Lottery announced today ticket sales topped the half-billion-dollar mark last week, as ticket sales reached \$501,328,659 by midnight, August 7. So far, 82% of sales have come from instants.

**ND PROFITS AHEAD OF SCHEDULE.** The North Dakota Lottery has already turned over \$1.43 million to the state treasury, matching the profits the new gambling venture was expected to make over 15 months. The Lottery offers Powerball and Hot Lotto, and Wildcard 2 is expected to begin in September. A fourth game will be launched early next year.

**TX SELLING HOT.** Sales of Texas Lottery tickets were hot in July, producing a total of 22,626,142 winning tickets. That translates into a whopping \$277,412,014 in prizes that were paid to players. Texas sales are more than 10% above the same time period last year.

**NE LAUNCHES SURVEY CONTEST.** Ipsos-Reid is conducting a survey on behalf of the Nebraska Lottery to help shape a new Lotto game. Players participating in the survey have the chance to win \$1,000. There is no purchase necessary to enter. The contest is open to Nebraska residents

only, and consumers can complete the survey and enter only once. Only those consumers who register on-line are eligible to participate in the Nebraska Lottery Lotto Game Survey Contest during August 2004. On August 24, 2004, a random drawing will be held from among entries received. Three top prizes of \$1,000 each will be awarded to the winning entries.



**SCEL MILLIONAIRE SUMMER.** This fall, the South Carolina Education Lottery will end its summer promotion by giving away \$1 million. It's all part of SCEL's Carolina Millionaire Summer Promotion. On October 14, the Carolina Millionaire will be selected at the SC State Fair in Columbia. To date, SCEL has received nearly 100,000 entries vying for the million dollars. Players are asked to collect any \$20 combination of non-winning Carolina Millionaire qualifying instant tickets, fill out the back of at least one ticket, and mail them in an envelope to the designated post office box listed on the back of each ticket.

**GASSED UP IN ND.** The North Dakota Lottery is offering free gas in an effort to promote Powerball's Power Play option. The promo offers a year's worth of free Ethanol gas.

**U.S. TO LAUNCH NEW \$50 BILL.** The newly redesigned Series 2004 \$50 notes, featuring subtle background colors of blue and red, images of a waving American flag and a small metallic silver-blue star, will be issued beginning on September 28. On the day of issue, the Federal Reserve Banks will begin distributing the new notes to the public through commercial banks. Banks and businesses should make final preparations for the new notes. For some businesses, preparations include training cash-handling employees on how to use the notes' security features, for others it entails making technical adjustments to ATMs or machines with cash receptors, such as vending or automated checkout machines. The new \$50 design retains three important security features:  
**Watermark:** A faint image, similar to the portrait, which is part of the paper itself and is visible from both sides when held up to the light. **Security thread:** Also visible from both sides when held up to the light, this vertical strip of plastic is embedded in the paper and spells out the denomination in tiny print. **Color-shifting ink:** The numeral in the lower right corner on the face of the note, indicating its denomination, changes color from copper to green when the note is tilted.

## INTERNATIONAL NEWS

**10 YEARS FOR UK.** This year is the 10th Anniversary of the launch of the UK National Lottery, which has raised over £15 billion for good causes and funded over 160,000 projects across the UK. To celebrate the 10th birthday, The National Lottery is organizing National Lottery Day on 6 November, and many recipients of grants are supporting the birthday by running special events or opening their doors for free.

**HOT LOTTERY WEEK IN TAIWAN.** Taiwan Lottery players reportedly spent NT\$2.64 billion last week trying to hit the Lottery's NT\$1.2 billion jackpot. Two people ended up splitting the pot, while 22 people won the second prize of NT\$4.5 million.

**NZLC GIVES ANOTHER SHOT AT \$1 MILLION.** Beginning August 21, a new feature of the New Zealand Lotteries Commission's live televised draw will be Lotto's Winning Wheel. Every week a Lotto player from somewhere in New Zealand will be identified through their Lotto ticket's unique serial number and soon after flown to Wellington to spin to win \$1 million or other cash and non-cash prizes.

**MALAYSIA LOOKS AT FOOTBALL BETTING.** Malaysian authorities are reportedly considering legalizing betting on international and domestic football matches. Berjaya Sports Toto looks to be a leading contender for the football betting business. The proposal does not call for additional betting shops, but states that existing four-digit lottery outlets and turf clubs could offer the new betting services. The proposal would also allow Internet bets.

**LOTTERY GROUP SUPPORTING FIFA WORLD CUP.** The German Lotto and Toto group along with sports betting branch ODDSET are the latest Official Suppliers of the 2006 FIFA World Cup™. The agreement takes effect from July 1, 2004 and includes a wide range of joint activities. Furthermore, a treaty was agreed two years ago between the federal states, the German Football Association (DFB) and the OC 2006 FIFA World Cup, whereby 12% of surplus receipts from ODDSET sports betting (based upon results from 2001) are directed into the cultural and supporting program, and have specifically been used to finance the successful FIFA World Cup campaigns for schools and clubs.

## VIDEO GAMING/RACINOS

**DC SLOTS BILL DIES.** The DC Board of Elections and Ethics ruled that supporters of a casino initiative failed to gather enough legal signatures to get the initiative on the November ballot. Of the 56,044 signatures submitted, only 14,687 were labeled legally obtained from registered DC voters. The District requires 17,599 signatures to put the initiative on the ballot. The ruling is being appealed, but there is little chance the ruling will be overturned. In response to the ordeal, D.C. Councilman Adrian Fenty plans to propose legislation banning video lottery gambling.

**NO NY VLT FERRY PROPOSAL.** A proposal to allow VLTs on the Spirit of Ontario ferry operating in NY waters has been taken off the table by the Democratically controlled Assembly.

**MD SPEAKER MAKES SLOTS PROPOSAL.** Maryland House Speaker Michael Busch proposed that voters decide whether to amend the state constitution to allow as many as 13,000 slots at three tracks and three off-site locations. The plan would allow a maximum of 3,500 machines at each site.

**MIKOHN & IGT ESTABLISH PARTNERSHIP.** Mikohn Gaming has signed a five-year strategic partnership agreement with IGT to license segments of Mikohn's extensive patent portfolio of technology and to develop video slot games based on Mikohn content. The new games will be developed on IGT's game platform and distributed by Mikohn. IGT also licensed aspects of its "Wheel" intellectual property to Mikohn for its Garfield games as well as for certain joint developments.

## COMPANY ANNOUNCEMENTS

**15 YEARS FOR GLI.** What began as a small sole proprietorship has grown to cover the globe, employ more than 300 professionals and count 380 jurisdictions on its client roster. This July, Gaming Laboratories International (GLI), the world's leading gaming testing company, celebrated 15 years in business. Since launching operations, GLI has entered into more than 380 contracts worldwide to perform machine testing and certification on more than 300,000 devices.

**BREEDERS' CUP INSTANT IN NJ.** The Breeders' Cup World Thoroughbred Championship will be featured on a New Jersey Lottery instant from MDI Entertainment. The \$2 Breeders' Cup Gold offers a top instant cash prize of \$30,000 as well as a series of second-chance drawings offering ten grand prize trips for two to the 2005 Breeders' Cup World Thoroughbred Championships. More than 1,100 Breeders' Cup collectible packages will also be awarded.

**DIVERSINET TEAMS WITH CPCNET.** Diversinet Corp. has formed a strategic alliance to offer the full suite of Passport Trust Platform(TM) security products and solutions to government agencies, state-run lottery programs, suppliers of interactive online games, and other potential end customers throughout the Greater China market. The new joint sales and marketing agreement allows CPCNet to distribute Diversinet Passport Trust Platform products while providing Diversinet with potential revenue streams through license deals, subscription pricing, and/or transaction services beginning in early 2005.

**GTECH BACK IN MEXICO.** GTECH's contract award to provide equipment and services for a new online lottery system and associated telecommunications network to Pronosticos para la Asistencia Publica (Pronosticos) has been reinstated, based upon a decision made by the Secretaria de la Funcion Publica (Mexican Comptroller Ministry) which declares GTECH's bid compliant. As a result of this decision, Pronosticos has officially notified GTECH that the original award of January 2004 remains

effective, and it will proceed with negotiations for a new long-term contract with GTECH Corporation.

**WIN WIN GOES WIRELESS IN CHINA.** Win Win Gaming has entered into an agreement with Shanghai VSAT Network Systems Co. Ltd. to provide China Welfare Lottery games and other related entertainment content for mobile phones and other wireless devices throughout Shanghai, China. Shanghai VSAT has an exclusive agreement with the China Welfare Lottery to provide Shanghai Welfare-Based lottery games for mobile phones and wireless applications throughout the Shanghai metropolitan area (pop. approx. 18M). Following successful testing of the product mix in Shanghai, Win Win anticipates the opportunity to expand wireless content into other areas of mainland China.

## PEOPLE

As part of its strategic expansion into wireless content, Win Win Gaming has hired **Gregory DeWitt** to be its new chief technology officer. DeWitt brings more than 18 years experience working in systems engineering, product and business development and network integration to Win Win.

Multimedia Games, Inc. announced the appointment of **Michael J. Maples, Sr.**, 61, to the Company's Board of Directors. The appointment, effective immediately, increases the size of Multimedia Games' Board to five members. Mr. Maples will also serve on the Board's Audit, Compensation and Nominating and Corporate Governance Committees. Mr. Maples currently manages private investments and a Texas ranch.

## CONFERENCES

**BENCHMARK TO HOST "THE NUTS & BOLTS OF P-O-P" SEMINAR.** Benchmark Lottery Merchandising is pleased to again invite lottery professionals to attend their seminar, created specifically for those involved in the development, production, or procurement of P-O-P materials. "The Nuts & Bolts Of P-O-P" will be held in Chicago September 20 - 22, 2004 and is free of charge (including all meals and materials). Attendees are responsible for hotel and travel only. You can view an E-Brochure of the program, as well as comments from lottery industry attendees, by visiting [www.benchmark.com](http://www.benchmark.com) and clicking on the NUTS & BOLTS bar in the "bullseye" on the left side of the page.

For more information, please email Glenn Gratta at [ggratta@benchmark.com](mailto:ggratta@benchmark.com) or call him at (847) 353-6225.

**GLI AT THE AGE.** GLI will bring its worldwide expertise to the Australasian Gaming Expo (AGE). The show takes place 29-31 August 2004 at the Sydney Convention and Exhibition Centre in Darling Harbor New South Wales. GLI will be in booth #580-A.

## CASE STUDIES

### FOCUS ON NEW YORK – WIRELESS TECHNOLOGY DRIVES SALES

For the past 5 years, the New York Lottery has been using laptop technology to support sales calls to retailers. The program, while useful, had significant

deficiencies. Primarily, the information available on the laptop had to be downloaded either at the regional office or from a secure dial-up connection, which took several hours, often after work. Additionally, navigating the system required a detailed level of computer knowledge, not usually found in any sales staff. Consequently, not all sales staff embraced the program.

The lottery recently took steps to overhaul upgrade its entire laptop program to enable field staff to access real time information as well as instant inventory management tools via wireless technology. The resulting software/hardware package created by Cole Systems of New York City based entirely on sales and field management input from each Lottery region, is getting overwhelming positive reviews from the field for its ability to, as one field representative put it, "give (sales) reps everything they need to make an effective, informed sales call." Specific attributes of New York's custom wireless laptop program include the ability to:

- Send and receive real-time emails from the field, which allows the rep to be far more responsive to issues impeding sales at any retailer on their route.
- Create factual retailer profiles based upon real-time market analysis to convince retailers to carry suitable Instant game inventory, maximize facings and avoid stock-outs.
- Synchronize retailer orders with up-to-the-minute Lottery Instant ticket inventory so that sales reps have the same information the telemarketer has on specific status of all inventory – confirmed, activated and settled.
- Create and print out (via wireless printer) suggested ticket orders for any retailer based upon statewide sales per game as well as shop-specific sales history.
- Display graphics of all point of sale items which allows store owners to decide what would work best in their shop.
- Track all POS orders and monitor fulfillment status, which goes a long way to enhance the credibility of the salesperson at the next visit and foster a sense a trust between the retailer and the rep.
- And, complete on-site license application evaluations to streamline the time from recruitment decision to terminal placement to maximize sales.

New York is confident that retailers will view the Lottery's investment in wireless technology as an investment in their continued success. As one retailer put it, "Now, the Lottery has the tools it needs to see my business the way I do. Together, we can make decisions that can benefit us both. I like that."

**The New York Lottery knows that better informed retailers result in more sales in the shops and more profit for education.**

**Submit material for next week's Morning Report by Wednesday of this week to [Toddpgr2@aol.com](mailto:Toddpgr2@aol.com)**

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