

To: Lottery CEO's, IALS Members, Marketing Directors,  
PR/Communications Directors

**Public Gaming Research Institute Inc.'s**

# **INTERNATIONAL MORNING REPORT**

Your weekly supplement to  
**Public Gaming International Magazine**  
January 26, 2004

**SMART-TECH ANNOUNCEMENTS.** This year's SMART-Tech program and attendance promise to be the most successful in recent years. We hope that you are planning to be there. Rooms are still available at the Peabody; call **901-529-4000**; be sure to mention the SMART-Tech conference to get the discounted room rates of \$149 for government and \$169 for non-government.

The keynote speaker this year will be the CEO of the new Tennessee Education Lottery Corporation and Co-Host of SMART-Tech, Rebecca Paul. It will be exciting to hear about the Lottery's record-breaking start-up and the things that established lotteries might gain from this new experience.

We are pleased to also announce two special guest speakers for SMART-Tech:

1. Tennessee State Senator Steve Cohen, the "father" of the Tennessee Lottery;
2. and, a key executive of Elvis Presley Enterprises, who will talk about marketing of the Elvis Presley brand.

A related special event this year will be a tour of Graceland for all interested SMART-Tech attendees on the afternoon of February 8, courtesy of MDI and Scientific Games.

The entire program of products and operations presentations, SMART-idea presentations, panel discussions and workshops is being finalized but there is still room for more SMART-Ideas and for panel participation. Call me if you would like to be involved in this year's program: **Duane Burke, Tel. 425-985-3157.**

**SEE YOU IN MEMPHIS - FEB. 6-9,  
PEABODY HOTEL - SMART-TECH!**

**TELC OFF TO A ROARING START.** The Tennessee Lottery's first tickets went on sale at 12:01 a.m. local time on January 20, officially making it one of the fastest and most-effective lottery startups in U.S. history. By the time the games went on sale, the Lottery had shipped 47 million tickets to nearly 3,500 retail outlets, from Memphis to Mountain City. First-day

ticket sales were \$10.8 million, an industry per capita record of roughly \$1.87. On its first day alone the Lottery raised more than \$3 million for education programs. One of the Lottery's next goals is to launch online games within 60 days.

**ND INCREASES TERMINALS, SET FOR AMBER ALERTS.** Initially, North Dakota planned to have 319 retailers, but the Lottery recently renegotiated with Scientific Games, and has boosted its number of terminals to 400. 390 will be distributed to retailers, two will be kept in the Lottery's state Capitol office, and the remaining eight will be held back for possible use by new businesses. The Lottery is also installing scrolling message boards that can be used in the event of an Amber Alert.

**MD OFF TO GREAT FY'04.** The Maryland Lottery has just finished the most productive twelve-month period in the agency's 31-year history. The \$1.342 billion in sales collected in calendar year 2003 surpasses last year by \$8 million. The reasons for the increase include a number of successful promotions and continued increases in scratch-offs and Keno. While December 31<sup>st</sup> marked the end of a great sales year for the Lottery, it also marked the halfway point in fiscal year 2004. Sales during the first two quarters of FY'04 give every indication that in six months the Lottery will be celebrating another record-breaking total.

**IA SEES SALES BOOST.** Iowa Lottery transfers to the state for calendar year 2003 totaled more than \$51.8 million after sales of more than \$200 million. Those figures compared to transfers of \$47.5 million and sales of \$182.2 million in calendar year 2002. The lottery's five-year average for profits to the state is about \$45.6 million. In 2003, the Iowa Legislature approved a proposal creating the corporate-model Iowa Lottery Authority, producing greater freedoms from some governmental processes, resulting in greater revenues for the state.

**GLC STILL SETTING RECORDS.** The Georgia Lottery Corp. closed the books on the first half of fiscal year 2004 by announcing the largest second quarter transfer to education in GLC history. Record breaking first and second quarter transfers to the Lottery for Education Account in fiscal year 2004 will total more than \$376 million - \$24 million more than last year's benchmark - making the first six months of fiscal year 2004 the most successful start in its 11-year history. Lottery sales for fiscal year 2004 have surpassed \$1.4 billion - \$72 million ahead of where they were at this same time last year.

**KLC BEATING PROJECTIONS.** Kentucky Lottery sales for the first six months of this fiscal year are higher than projected. Since July 1, 2003, the KLC has realized sales of \$378.6 million, up 10.7% over the same period last year and 17.9% higher than projected. A majority of this sales increase is due to gains made by scratch-off ticket sales, which are up \$17.2 million over the same period last year, a 10.8% increase. These higher sales allowed the KLC to turn over \$10 million more than expected to

**PLAN TO BE THERE.** PGRI announces two industry conferences. Please mark your calendars now to attend and participate in the Institute's **SMART-Tech** 2004 meeting at the Peabody Hotel, Memphis, Tennessee, Feb. 6-9; and our **combined ILAC Congress and Lottery Expo** 2004, June 28-July 2, Loews Miami Beach Hotel, Miami Beach, Florida.

the Commonwealth. For the month of December 2003, the KLC realized overall sales of \$75.6 million, which is 36% higher than projected. It's now anticipated that FY04 sales should reach \$686 million – 2% higher than FY03 – which would lead to \$187.3 million in proceeds for the Commonwealth, a 3.5% increase over FY03.

**BC TRACK TO OFFER GAMING MACHINES.** It's been reported that Fraser Downs may become the first racetrack in B.C. to install gaming machines. On March 15 a temporary facility will hold 200 machines, and by April 2005 a permanent racino will be operational.

**NY GOV SEEKS EXPANSION OF GAMBLING.** New York Gov. George Pataki wants the Quick Draw game to be offered around the clock and would like restrictions removed on establishments where the game can be offered. If implemented, the change is estimated to boost revenue by \$44 million. Also, the governor would like to make the game permanent. Quick Draw, which is set to expire on May 31, has to be reauthorized periodically. Another Pataki plan would allow an expansion of the state's VLT program. The plan calls for the Lottery to award franchises for VLT parlors to operators of major casinos in Las Vegas and Atlantic City.

**IN VPTM BILL CLEARS COMMITTEE.** A bill that would allow 1,000 electronic pull-tab machines each at two Indiana racetracks and 1,500 additional machines each at two satellite wagering facilities passed the House Ways and Means committee on Jan. 21, by a vote of 17-10. It's been estimated that the passage of this bill could generate \$93 million for the state each year, as well as \$66 million for local governments to share.

**MA LOOKS TO CONSOLIDATE GAMES.** The Massachusetts Lottery is reportedly looking to consolidate MassMillions and Megabucks into one game with bigger jackpots in an attempt to attract more players. Another reason cited for the change is player confusion with similarly named lotto games.

**TELC ALSO LAUNCHES WEB SITE.** In addition to launching its games, the Tennessee Lottery also launched its new Web site. Just five days before selling its first instant games, the TELC unveiled its new site at [www.tnlottery.com](http://www.tnlottery.com). The site contains information on the Lottery's new games, its business and its education mission, a "Retailer Compass" that allows users to perform a zip code search to locate the closest Lottery retailers, and more.

**INDIAN ONLINE LOTTERIES JOIN FORCES.** Martin Lotteries owned Smart Win Online Lottery and Shapoorji Pallonji Group's Forbes Infotainment owned

DhanDhanaDhan Online lotteries are joining hands to market and promote Online Lotteries together on a revenue sharing pattern. The Forbes Infotainment's DhanDhanaDhan has set up large network of 1200 terminals across Mumbai, Maharashtra, Kerala, Karnataka and West Bengal. Martin Lottery operates an Online lottery under the brand 'Smart Win' is the second largest Online lottery player with 1400 terminals spread across Kerala, Karnataka and Mumbai.

#### **COMPANY ANNOUNCEMENTS**

##### **TN DISPENSER CONTRACT FOR SCHAFER.**

Schafer Systems has been awarded the Instant Ticket Dispenser contract by Scientific Games International. The dispensers will be used for the Tennessee Education Lottery. Schafer Systems initially provided 32,000 Dual Dispensers and 8,000 Dual Locking Mounts to assist the lottery in meeting its goal of a January 20, 2004 ticket launch.

##### **V.I. CONTRACTS CUSTOM EQUIPMENT FROM**

**SMARTPLAY.** The *Virgin Islands Lottery* has contracted with Smartplay International, Inc. to produce a custom drawing machine for their traditional passive game. The new design incorporates a classic sphere-shaped mixing chamber, as had been used in Saint Thomas prior to 1990. The device will comprise approximately 200 square feet and mix 50,000 numbered beads. Proceeds from the lottery benefit disabled persons and the general fund.

#### **LOTTERY JOBS**

**FLORIDA LOTTERY SEEKS CFO.** The FL Lottery is seeking applicants with a comprehensive knowledge and understanding of accounting, finance, economics and financial risk analysis. The Chief Financial Officer is an Executive Mgmt Service position, directing the general accounting activities of the Lottery in areas of cash mgmt, financial reporting, managerial accounting, retailer accounting services, games accounting and player accounting. The CFO sees that activities comply with applicable guidelines, including applicable State, GAAP and FASB standards and guidelines. A successful candidate effectively communicates with Exec. Staff and Senior Mgmt, is responsible for policy and rule development/implementation in all accounting matters, and will monitor all required federal income tax filing and reporting. This person should possess integrity, loyalty, discretion and commitment to public service; have 15+ years of progressively responsible experience in accounting or finance; possess a CPA license; verbal and written communication skills; organizational, prioritization and time mgmt skills; and sound judgment to plan and accomplish goals. **Minimum Qualifications:** A Bachelors degree (MBA a plus) in Accounting or Finance, a CPA license and 15 years experience in an accounting or finance department with responsibility for all general accounting activities. 5 of those years must have been in a senior management role. Anticipated Salary \$100 to 105K annually. **Applications** can be downloaded at [www.myflorida.com](http://www.myflorida.com). Completed applications can be emailed along with resumes to [bouldingk@dol.state.fl.us](mailto:bouldingk@dol.state.fl.us) or sent to: Florida Lottery Human Resources Recruitment, 250 Marriot Drive, Tallahassee, FL 32301-4014

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



December 15, 2003

Dear Lottery Associate:

It is with great pleasure that I invite you to attend SMART-Tech 2004 in Memphis, Tennessee, **February 6-9**. I have co-hosted SMART-Tech conferences with Public Gaming Research Institute in past years, but this year is special for me because we are about to start the exciting, new Tennessee Education Lottery!

As the newest lottery in North America, the Tennessee Education Lottery will have the benefit of the latest and best in lottery products, services and technology and we will be happy to share our experiences with you. But I will also look forward to hearing the experiences and smart ideas that you are willing to share. Probably like yourselves, I always come away from SMART-Tech with ideas that I can apply to increase revenues. So, be sure to take advantage of this great learning and sharing opportunity.

We look forward to seeing you in Memphis for SMART-Tech and to help us celebrate the start of the Tennessee Education Lottery.

Sincerely,

A handwritten signature in black ink that reads 'Rebecca'.

Rebecca Paul  
President and CEO



## Public Gaming Research Institute, Inc.

218 Main Street, Suite 203, Kirkland, Washington 98033 USA  
Home Office: (425) 653-1253 • Fax (425) 378-2748 • Cell (425) 985-3157  
[www.publicgaming.org](http://www.publicgaming.org) • [duaneburke@aol.com](mailto:duaneburke@aol.com)

### **YOUR INVITATION TO SMART-TECH 2004**

Co-Hosts: Public Gaming Research Institute, Inc.  
And the Tennessee Education Lottery Corporation  
February 6-9, 2004  
Peabody Hotel, Memphis, TN

December 15, 2003

Dear Lottery Associate:

PGRI's SMART-Tech is always an important forum for promoting ideas to make the lotteries more successful. Again this year, PGRI will strive, especially, to make SMART-Tech 2004 a springboard for lotteries to see new ways to help their states close the gap between budgetary needs and serious shortfalls in traditional state revenues. From cutting edge ideas to better application of well know concepts, SMART-Tech will help lotteries and suppliers look ahead and be more successful.

Revenue growth comes in many forms including, expansion of product offerings based on successes elsewhere, improved marketing of existing products, improved retailer sales strategies, improved advertising, reduced operating costs and the addition of products new to the lottery industry. All of these strategies for growth will be explored by the experts participating in the program.

We look forward to your contribution to helping the lotteries grow by participating in SMART-Tech 2004.

A SMART-Tech registration form is enclosed with this note. I encourage you to register for the conference and to make your hotel reservations before the holidays begin - the cut-off for hotel rooms is **January 6**. Please complete the form and fax it to PGRI at **800-657-9340** or **425-415-2125**. Or, alternatively, e-mail the information to [sburke@publicgaming.org](mailto:sburke@publicgaming.org). The direct dial number for the Peabody Hotel is **901-529-4000**.

If you have questions or need help with your registration or hotel reservations, you can call PGRI at **800-493-0527** or **425-765-4119** or call me personally at the numbers listed below.

We hope to see you at SMART-Tech 2004 at the Peabody Hotel in Memphis, Tennessee, **February 6-9**.

Sincerely,

A handwritten signature in black ink that reads 'Duane V. Burke'.

Duane V. Burke  
President & CEO

[duaneburke@aol.com](mailto:duaneburke@aol.com)  
[www.publicgaming.org](http://www.publicgaming.org)  
Tel.: 800-493-0527  
Mobile: 425-985-3157



**SMART-Tech 2004**  
**Memphis, TN**

## SMART-Tech 2004 Registration Form

Co-Sponsored by Public Gaming Research Institute and the Tennessee Education Lottery Corp.  
February 6-9, 2004 • Peabody Hotel • Memphis, TN

### Conference Registration Fees and Information:

Complete registration form below and return by fax to **800-657-9340** or **425-415-2125**. Alternatively, you may register via e-mail by providing the same information to the following e-mail address: **sburke@publicgaming.org**. For more information and assistance, please call PGRI at **800-493-0527** or **425-765-4119**. Payment is accepted by check or credit card. Checks must be in U.S. funds made payable to Public Gaming Research Institute, 218 Main St., Suite 203, Kirkland, WA 98033.

**No refunds after January 6th.**

**Fax back to Public Gaming Research Institute at 800-657-9340 or 425-415-2125**

First Name: \_\_\_\_\_ Last Name: \_\_\_\_\_

Title: \_\_\_\_\_ First Name for Badge: \_\_\_\_\_

Organization: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

State/Province: \_\_\_\_\_ Zip/Postal Code: \_\_\_\_\_ Country: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_ Spouse's Name, if attending: \_\_\_\_\_

### Category (check one):

Vendor **\$895**       Lottery/Government (No Charge)

Method of Payment:  Check       AMEX       MasterCard       Visa

Credit Card #: \_\_\_\_\_ Exp.: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name (as it appears on card): \_\_\_\_\_

### Hotel Reservations:

Make room reservations directly with the Peabody at **901-529-4000** or **1-800-PEABODY**. Be sure to mention SMART-Tech for discounted room rates. **Deadline for discounted hotel rate is January 6, 2004.**

### Public Gaming Research Institute

Phone: 800-493-0527 / 425-765-4119 • Fax: 800-657-9340 / 425-415-2125

[publicgam@aol.com](mailto:publicgam@aol.com) • [www.publicgaming.org](http://www.publicgaming.org)

**Fax back to Public Gaming Research Institute at 800-657-9340 or 425-415-2125**

# SMART-Tech 2004

Co-Sponsored by Public Gaming Research Institute and  
THE TENNESSEE EDUCATION LOTTERY  
February 6-9, 2004 • Peabody Hotel • Memphis, Tennessee

## Program Schedule and Outline

### FEBRUARY 6, FRIDAY

8 am-3 pm Exhibit Setup  
11 am-7:30 pm Registration Open  
3 pm-5:30 pm OPENING SESSION

#### **Welcome to SMART-Tech 2004**

Speaker & Co-host: Duane Burke, CEO, Public Gaming Research Institute

#### **WELCOME TO TENNESSEE!**

##### **THE TENNESSEE LOTTERY START-UP STORY**

Sharing the story of the newest lottery in North America – an application of the latest technology and a wealth of lottery experience

Speaker & Co-host: Rebecca Paul, CEO, Tennessee Education Lottery

#### **GUEST SPEAKER – To be announced**

#### **SMART-TECH LEADERSHIP FORUM**

An open-format panel discussion on what is happening, what is important and trends in the lottery industry today.

Panelists:

The Leadership Forum is invariably one of the most popular features of SMART-Tech. Here lottery leaders share their views on topics important to the industry. Panelists will be comprised of some of the most knowledgeable people from lottery and supplier organizations in North America.

5:30 pm-7:30 pm **“CONGRATULATIONS TENNESSEE EDUCATION LOTTERY!” RECEPTION**  
**Sponsored by Scientific Games**

### FEBRUARY 7, SATURDAY

8 am-4:30 pm Registration Open  
8:30 am-9 am **“GOOD MORNING” COFFEE & DANISH**  
Sponsor: To be announced

9 am-12:30 pm GENERAL SESSION II  
**VIDEO LOTTERY/RACINOS TO EXPAND**

The lottery industry's most profitable product, in the locations where it is implemented, is headed for major expansion into new jurisdictions.

Presentations and a panel discussion.

#### **INSTANT GAMES & LICENSED PRODUCTS – THE PRODUCT LEADER**

Instant games with licensed product themes are becoming the hottest growth games for lotteries. Instant games continue to lead others in sales for most lotteries.

#### **THE VALUE OF COOPERATIVE TYPE SERVICES**

Products aren't enough. To be most successful today, lotteries need the range of support services available from lottery suppliers.

#### **GROWING REVENUES WITH MULTI-STATE GAMES**

Multi-State games continue to be key to on-line game revenues with Texas just starting, Tennessee set to decide on which multi-state game to choose and North Dakota preparing to start with Powerball.

Presentations and a panel discussion.

### **EXCITING NEW PRODUCTS WITH PROMISE**

The new game card being implemented in Iowa shows definite promise. Other new products are expected to be highlighted, also. Presentations.

12:30 pm-2:30 pm **“WELCOME TO MEMPHIS” BUFFET LUNCH**  
Sponsor: To be announced

2:30 pm-4:30 pm GENERAL SESSION III

### **STRATEGIES TO IMPROVE RETAILER PERFORMANCE**

With the added emphasis on the need for higher revenues, added emphasis has been given over the past year to new strategies for increasing sales with the help of the retailers.

Presentation and panel discussion.

### **REVENUE RAISING INNOVATIONS IN ON-LINE GAMES**

Although on-line games have been in the doldrums, new strategies are showing promising results.

Panel discussion.

Evening Open

## **FEBRUARY 8, SUNDAY**

8 am-3 pm Registration Open

8:30 am-9 am **“GOOD MORNING” COFFEE & DANISH**  
Sponsor: To be announced

9 am-11:30 am GENERAL SESSION IV

### **SMART-IDEAS THAT CAN IMPROVE YOUR LOTTERY**

These SMART-IDEAS will be presented by lottery and supplier representatives to help lotteries be more successful.

11:30 am-1:30 pm **“NEW PRODUCTS FOR GROWTH” BUFFET LUNCH**  
**Sponsored by IGT**

1:30 pm-3:00 pm GENERAL SESSION V

### **MARKETING & OTHER USES OF THE INTERNET & eCOMMERCE**

The Internet is becoming a common tool for all commerce, except lottery. 2004 will see expansion in the use of the Internet by lotteries.

Panel discussion

3:00 pm-on **TOUR OF GRACELAND AND DINNER** (Details to come)  
**Sponsored by MDI**

Evening Open

## **FEBRUARY 9, MONDAY**

8:30 am-9 am **“GOOD MORNING” COFFEE & DANISH**  
Sponsor: To be announced

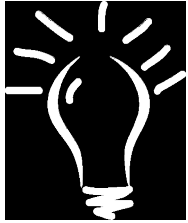
9 am-10 am GENERAL SESSION VI

### **OPEN FORUM ON IMPROVING LOTTERY REVENUES**

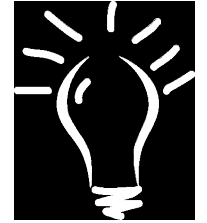
All additional ideas are welcome from lottery and supplier representatives alike on how lotteries can best improve revenues.

### **SMART IDEA AWARD PRESENTATIONS**

10 am MEETING ADJOURNED



# SMART IDEAS



**SMART-Tech 2004**

February 6-9, 2004 • Memphis, TN • The Peabody Hotel

## ***Do You Have One?***

The lottery industry has honored people, advertising and promotions. At SMART-Tech, we honor ideas and the people who have them.

There will be **THREE** categories:

- 1** To the person, department, lottery or lottery supplier with the most effective **cost-saving** idea. How did you save money for the organization and still do the job effectively or perhaps better?
- 2** To the person, department, lottery or lottery supplier with the best **revenue-enhancing** idea. A promotion? A game? A technology? Or just a simple change that took something you had and made it a better revenue generator.
- 3** To the person, department, lottery or lottery supplier using a **new technology** that led to revenue generation, enhancement or savings and/or better service. A new communications system, a new POS piece, a new way to distribute or sell your products. The key word is **NEW**, and you're the first on the block to have it.

---

The SMART IDEAS will highlight the creativity of lotteries, lottery suppliers and their staffs. The actual dollar amount is not as important as the originality of the idea and its effectiveness.

All presenters of SMART IDEAS at SMART-Tech 2004 will receive a "**Golden Idea Award**" trophy to take home and display in recognition of their unique contributions to the lottery industry.

Presentation of SMART IDEAS will be on **Sunday, February 8, 2004**. Awards will be presented at the end of the General Session on **Monday, February 9, 2004**.

To present SMART IDEAS, please fill out the below form and fax to Duane Burke at **425-378-2748** or e-mail to [duaneburke@aol.com](mailto:duaneburke@aol.com). The deadline for participation in SMART IDEAS is **January 30, 2004**. Additional SMART IDEAS presentations in multiple categories is allowed.

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Organization: \_\_\_\_\_

Phone: \_\_\_\_\_ E-mail: \_\_\_\_\_

Title of Presentation: \_\_\_\_\_

Category:     cost-savings     revenue-enhancing     new technology

**Fax this form to 425-378-2748 or e-mail above information to [duaneburke@aol.com](mailto:duaneburke@aol.com).  
For more information, please call Duane Burke at 425-985-3157 or visit [www.publicgaming.org](http://www.publicgaming.org).**





**SMART-Tech 2004**  
Memphis, TN

# HOTEL ALERT!

In order to receive the discounted hotel rates of \$149 (government) / \$169 (corporate) at the Memphis Peabody Hotel, please make your hotel reservations directly with the hotel by **January 6**.

Be sure to mention  
**SMART-Tech** when calling:  
Tel.: 901-529-4000 or 1-800-PEABODY  
[www.peabodymemphis.com](http://www.peabodymemphis.com)

**For more information on SMART-Tech,  
please contact Public Gaming Research Institute**  
Phone: 800-493-0527 / 425-765-4119 • Fax: 800-657-9340 / 425-415-2125  
[publicgam@aol.com](mailto:publicgam@aol.com) • [www.publicgaming.org](http://www.publicgaming.org)