

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**

October 11, 2004

### EDITORIAL – THE STARS CAME OUT AT G2E:

The proliferation of licensed products certainly added to the festive atmosphere at the 2004 Global Gaming Expo (G2E) in Las Vegas. Right from the beginning attendees were given the opportunity to rub shoulders with some major stars, as **Clint Eastwood** came out for the Conference's ribbon cutting ceremony, courtesy of WMS Gaming. Eastwood, who came in support of the new gaming machine bearing his image (Fistful of Dollars) not only cut the ribbon and met people at WMS' booth, he also came to WMS' party that night and mingled with the guests.

IGT brought in a boat-load of stars to support a variety of licensed games, including **Drew Carey**, **Ann-Margret**, **Thomas Wilson** and **Bob Gale** (Back to the Future), **Ron Popeil**, **Paul Rodriguez**, **Max Baer** (Jethro Bodine), and WWE Wrestlers **Matt Hardy** and **Lita**.

Bally graced us with the presence of **Pamela Anderson**, **Nolan Bushnell** (inventor of Pong), and **Bullwinkle** (of Rocky and Bullwinkle).

Add to these famous names the likes of **Larry King** as a moderator for the State of The Industry Keynote and the greatest soccer player in history, **Pelé** (courtesy of Aristocrat), and you have one star-studded event.

Nearly all of the appearances happened on Tuesday and Wednesday, and when we began the day on Thursday it seemed like it would be a relatively normal day. Little did we know that **Howie Mandel** would be roving the floor making fools out of attendees (including yours truly) for a spot on the **Tonight Show**. Needless to say, Howie made sure we were all having a lot of fun. Those of you who were spoofed for the spot might be interested to know that it is scheduled to air on October 21<sup>st</sup>.

I'd like to extend a big thank you to all the companies that went out of their way to bring in the big stars. You not only promoted your product, you helped make the conference a lot of fun for all of us. – *Todd Koeppe*

**WA SENDS 17% MORE TO SCHOOLS.** Washington's Lottery is proud to announce a \$102 million contribution to the state's Student Achievement and Education Construction Accounts



for K-12 and higher education in fiscal year 2004, which ended June 30, 2004. This is a significant 17 percent increase over the Lottery's fiscal year 2003 contribution of \$87 million. The considerable boost in Lottery education contributions is due to strong sales: fiscal year 2004 was the second best sales year in the Lottery's history, with overall sales totaling \$481.4 million. The *Scratch* game category, which accounted for almost 58 percent of total sales last year, was responsible for the largest sales spike, a \$36 million increase over fiscal year 2003.

**IA LAUNCHES EGC.** An electronic version of the lottery instant-scratch game made its world debut last week when a market test of the battery-powered card began on Monday in eastern Iowa. The Iowa Lottery's new product, known as the electronic game card, will be marketed under the name "*Quarter Play*," which aptly describes it – with 80 plays on a card sold for \$20, each play costs 25 cents. Each electronic game card, about the size of a driver's license, is battery powered and loaded with random plays. Each play loaded



Adapted photo from the National Oceanic and Atmospheric Administration/Dept. of Commerce.

onto the card is the equivalent of an individual scratch ticket. Three small LED screens on the front of the game card display the numbers in a particular play and show whether that play has won a prize. Players accumulate points, each having a value of 25 cents, by matching three like numbers or getting any "7" as they advance through the card's 80 plays.

#### **ALC NAMED ONE OF CANADA'S TOP 100**

**EMPLOYERS.** On Oct. 4, 2004, Atlantic Lottery Corporation was named one of Canada's Top 100 Employers as determined by Maclean's news magazine in its annual survey. While the survey has graded ALC on its work environment, benefits and value-added programs and services, the Lottery believes its people to be the primary reason for ALC's success.

#### **LOTO-QUEBEC WITHDRAWS WAGERING ON**

**QMJHL.** Further to discussions with the Quebec Major Junior Hockey League, Loto-Quebec has agreed to discontinue the sports pool based on the League's games, effective immediately. Given the lockout currently affecting the National Hockey League, Loto-Québec had been seeking viable alternatives that would allow its customers to continue wagering on their favorite sport. At one point consumers were able to play "Mise-O-Jeu" to wager on the results of the Quebec Major Junior Hockey League's games. However, faced with the opposition and mixed feelings provoked by this initiative, Loto-Québec held talks with League president Gilles Courteau and decided to put an immediate halt to sales of sports wagers linked to the QMJHL, whose integrity and credibility are faultless.

#### **KANSAS CITY VIEWERS CAN NOW VIEW MO**

**DRAWS.** Kansas City area viewers can watch the Missouri Lottery Numbers Games drawings on WDAF, Channel 4, in Kansas City. The Fox station has entered an exclusive partnership with the Lottery to air the new animated drawings seven days a week during their news broadcasts. Pick 3, Pick 4, SHOW ME 5 Paydown drawings will be shown between 9 and 9:15 p.m. each night, and the Lotto drawings will air during those same times on Wednesdays and Saturdays. The Powerball drawings will be shown between 10 and 10:15 p.m. on Wednesdays and Saturdays.

## **INTERNATIONAL NEWS**

**SWITZERLAND JOINS EUROMILLIONS.** Loterie Romande and Swisslos have decided to join Euromillions. The game is now active in nine countries: France, Spain, the U.K., Austria, Belgium, Ireland, Luxembourg, Portugal and Switzerland. The population base for the game is now approximately 200 million.

**NZLC GIVES AWAY 20 CARS.** The New Zealand Lotteries Commission is celebrating summer by giving customers the chance to win one of 20 cars engineered for summer fun. To win one of 10 MINI Coopers or 10 Holden Monaro CV8s, customers must purchase a Lotto Triple Dip between 3 October and 16 October 2004. The 20 lucky winners will be announced on Saturday 16 October on the 9pm Lotto results announcement on TV2.

**WIRELESS OPTION IN KOREA.** Korea's Kookmin Band has entered into a partnership with SK Telecom Co. to provide a mobile banking service that will not only allow customers to check account balances and transfer money, but will allow them to purchase Lotto tickets through mobile devices.

## **VIDEO GAMING/RACINOS**

**WV CITY TRYING TO SET VLT LIMITS.** The Beckley City (West Virginia) Planning Commission has recommended requiring a 1,000-foot separation between video lottery venues and schools, churches and other gambling businesses. The commission on Tuesday approved the proposed zoning ordinance. In August Beckley's Mayor issued a six-month moratorium on new video lottery venues to give the planning commission time to study the issue.

**MIKOHN UNVEILS NEW SLOTS.** Mikohn Gaming Corporation unveiled a number of exciting new products at this year's G2E. Highlights of the Mikohn display included: CALIFORNIA GIRLS, a new 5-reel, 15-line video slot featuring songs from The Beach Boys; ODIE'S REVENGE(TM), the second in the GARFIELD(R) series of slot games; TAKE THE PLUNGE(TM), the next sequel in the BATTLESHIP(R) series, THE LATIN STARS SERIES(TM) of reel-spinning games featuring Latin icons Celia Cruz and Tito Puente; ROCK-A-BILLY(TM) - a pinball-style 3-coin, 3-reel slot game, featuring an oldies-style 1950's jukebox oversized top box; and much more.

#### **WMS EXPANDS MONOPOLY LICENSED OFFERINGS.**

WMS Gaming Inc., has expanded its popular series of gaming devices based on Hasbro Inc.'s MONOPOLY game brand with the introduction of eight new game themes for its participation and progressive gaming product lines. The new themes were shown at G2E. The new MONOPOLY titles include extensions to WMS' recently introduced MONOPOLY Money wide-area-progressive (WAP) product line and WMS' first penny denomination progressive product.

#### **ARISTOCRAT SIGNS WITH NORWEGIAN CRUISE**

**LINES.** Aristocrat Technologies has signed a contract to provide its OASIS(TM) Casino Management System to Norwegian Cruise Lines Corporation (NCL) to link and monitor activity on 1,000 gaming machines in five onboard casinos. Under the contract, Aristocrat will provide its most advanced technology including the OASIS Quickets(TM) ticket-in/ticket out system to enable cashless wagering. When fully implemented on all five vessels by the end of March 2005, Aristocrat's OASIS system will link and monitor 1,000 gaming machines aboard NCL's Norwegian Dawn, Norwegian Spirit, Norwegian Star, Norwegian Sun and Norwegian Jewel with itineraries that take passengers to destinations such as Alaska, Bermuda, Bahamas, Canada and New England.

## **COMPANY ANNOUNCEMENTS**

**CHASMA TAKES SLINGO WIRELESS.** Chasma, a wireless entertainment publisher, has signed on Super Happy Fun Fun to develop Mobile Internet Slingo(R) games. The first two Mobile Internet Slingo games available in January 2005 are: Slingo Millennium, the original Slingo game, and 5 Card Slingo(R), a variant in which players form poker hands

**GAMELOGIC AND SCIENTIFIC GAMES SIGN LETTER OF INTENT.** Scientific Games International has signed a letter of intent to enter into a joint venture with GameLogic to design and develop a compelling portfolio of web-enabled interactive games based on a secure, proven method of displaying predetermined data results. GameLogic will provide its proprietary HomePlay(tm) service for use as a component within Scientific Games' Internet Lottery Gaming Service. Scientific Games will offer the new content in both instant and online formats to lotteries throughout North America. The initiative will also provide Scientific Games an important web-enabled interactive platform from which the company can transform and extend MDI's (its licensed properties subsidiary) vast library of lottery licensed brands, including, for example, PAC-MAN® and Hold 'Em Poker®.

**GILAT TO SUPPLY UKRAINIAN LOTTERY.** Gilat Satellite Networks Ltd. announced an agreement to supply the Ukrainian National Lottery with a satellite-based VSAT network based on its Skystar Advantage VSAT platform for immediate delivery. The network will serve lottery kiosks across the country. The Ukrainian National Lottery operates a constantly growing network of more than 2,400 lottery kiosks across the country. Hundreds of these existing sites that have been connected by terrestrial communications are now being transferred to satellite technology.

**JCM CHOSEN AS MULTIMEDIA'S PREFERRED SUPPLIER.** Multimedia Games has selected JCM American Corp as its preferred supplier of bill validators. JCM Vice President of Sales and Marketing, Mark Henderson said, "We believe this enhances JCM's position as the bill validator of choice for gaming. Working with a company like Multimedia allows JCM to expand our business into the interactive, video lottery and wide-area gaming arenas."

**MDI OFFER COMBINES HARLEY AND FORD TRUCK.** "Only one truck is tough enough to be the Official Truck of Harley-Davidson®," and that truck, according to the Ford Motor Company's official website, is the Ford Harley-Davidson™ F-250. Well, now, this Super Duty full-size pick-up truck, together with the always-popular Harley-Davidson® motorcycle, are the centerpieces of an innovative MDI-licensed product line extension that will enable lotteries to offer this alluring package as a top "non-cash" prize in a lottery game. Last year, Harley-Davidson® and Ford Motor Company each celebrated their 100<sup>th</sup> year in business. These powerful iconic brands will remain in the MDI portfolio of lottery licenses at least through December 2006.

**SCI-GAMES ACQUIRES GERMAN TICKET COMPANY.** Scientific Games Corporation has entered into an agreement to purchase all of the outstanding shares of Printpool Honsel GmbH, a German company which is the supplier of instant tickets to all of the 16 lotteries which operate in Germany. The purchase price and other terms of the transaction were not disclosed. The transaction is expected to close before year-end and is subject to the satisfaction of certain closing conditions. The company, which also sells other lottery products such as bet slips and paper rolls, serves customers in approximately 25 countries. As part of the transaction, Jan and

Klaus Honsel, the principal shareholders and managing directors of the company, will enter into employment agreements pursuant to which they will continue to manage the company after the closing.

**SLINGO CELEBRATES 8 YEARS.** Independent game developer Slingo Inc. is celebrating the 8th anniversary of the Slingo brand during the month of October. Original Slingo, the flagship product of the company, was launched on America Online in 1996 quickly winning over players and propelling the company into the online giant that it is today. In just 8 years, Slingo Inc. has grown from having a single multi-player game into a staple of the entertainment industry. Slingo games have evolved into casino slot machines, instant-play lottery tickets throughout more than 30 states (and 4 countries), and will soon be coming to both cellular telephone and interactive cable television markets.

**3M RELEASES SEVERAL PRODUCTS.** 3M Touch Systems, Inc. displayed several new products at G2E, including the MicroTouch EX II, a controller surpassing today's gaming regulations and requirements while providing fast and accurate touch response; 30" and 40" touch screens integrated on LCD's; and a new generation of capacitive touch systems - ClearTek II Profile and MicroTouch Software Suite.

## PEOPLE

**Peter M. Carlino**, Chairman and Chief Executive Officer of Penn National Gaming, has been named "Best Performing CEO" for 2004 by HVS Executive Search, a leading human resources consulting firm dedicated to the gaming, lodging and restaurant industries. The award was presented to Mr. Carlino in Las Vegas during G2E by Keith Kefgen, President of HVS Executive Search, and Steve Goebel, Vice President of HVS. The award is based on an annual study that analyzes the prior year performance of a CEO relative to his or her peers based on corporate financial growth, decision-making methodology and application of the HVS Pay-for-Performance Model, which evaluates financial results relative to a CEO's total compensation. Other criteria for the award include stock price appreciation, market capitalization and EBITDA (earnings before interest, taxes, depreciation and amortization) growth.

Washington's Lottery has announced the appointment of **Julie Martin** to the position of Deputy Director. Martin was promoted to the position from her former role as Director of Sales for the organization. As Deputy Director of Washington's Lottery, Martin will represent the agency as liaison to the Legislature and is responsible for the day-to-day operations of the organization. Martin joined Washington's Lottery in 2001 as a Regional Sales Manager. The following year, she was promoted to Director of Sales for the agency, handling oversight of sales in all six regional offices throughout Washington.

## CASE STUDIES

### NEW YORK CASE HISTORY – RETAIL PROMOTION

A veteran retail marketing pro once said, "The key to good retail promotion is getting all parties to invest in the



success of the outcome. It may not always be 50-50 but as long as each side puts something into the program, the odds favor a better-than-average return.” As Lottery professionals, we can all appreciate a program where the odds favor a positive outcome.

New York is no different. New York executes hundreds of retail-based promotions annually to achieve a variety of strategic goals. These goals include:

- drawing attention to a new retail location
- boosting store traffic during key roll-up periods
- attracting new players to a particular game
- building sales volume among current players during traditionally slow selling periods.

New York Lottery Director Nancy A. Palumbo said well-executed strategic retail promotions were a key piece of New York’s success and a critical element of the agency’s annual business plan. “New York firmly believes that investing in its retailers is a sure investment in the bottom line. Our retailers are our primary customers; **we cannot sell a single ticket.** Like any good customer service program, we go out of our way to stay in touch with their changing needs to help ensure a mutually beneficial long-term relationship.”

Like most Lottery jurisdictions, New York has established some key criteria for executing what it considers a successful retail promotion program. These key criteria include:

- Establish a time limit on the offer so customers realize they have to act within a specific timeframe to get the reward.
- Make the retail event as exclusive as possible to maximize exposure of the Lottery product being promoted.
- If co-promotions are necessary due to budget reasons or to maximize exposure without incurring additional media expense, consider the following cost-saving tactics: Free play or Buy One, Get One Free (BOGO) coupons; on-line trailer tickets rewarding certain dollar volume purchases of specific games (Buy “x”, get “y” free); limited time bonus payouts on winning tickets; gifts-with-purchase (GWP) such as free t-shirts with purchase of a certain volume of product; and co-op promotions with third parties such as the media.
- Stamp the back of all Instant game tickets (if used) with “For Promotional Use only, Not For Sale” to reduce the risk of having retailers sell the promotional tickets by mistake. To this end, it is also critical to maintain a regular internal system for checking validation of promotional tickets.
- Establish a benchmark period prior to, during and after the promotion to measure the success of a promotion. If volume increases during and after the event, the promotion will have most likely paid for itself.

**MARK YOUR CALENDARS!**

**What:** PGRI’s SMART-Tech 2005

**When:** February 8-11

**Where:** Las Vegas!

**For details:** Call Susan Jason

Tel. 425-985-3159

## **INVITATION TO SUBMIT CASE STUDIES**

Our thanks to the New York Lottery for originating the idea of using PGRI’s *Morning Report* as an appropriate venue for sharing the case studies they deem likely to help others.

***Other lotteries and government sponsored gaming organizations are invited to similarly use PGRI’s weekly Morning Report as a means of sharing successes that may help others.***

Simply e-mail your case studies to the editor of *Morning Report*,

Todd Koeppen, e-mail address:  
[toddpgr2@aol.com](mailto:toddpgr2@aol.com)

by the end of the day Wednesday for publication the following Monday.

**PGRI will archive these case studies and make them available to all.**

*PGRI’s Morning Report*  
&  
*Public GAMING International Magazine* are available at:  
[www.publicgaming.org](http://www.publicgaming.org)

**WANT TO BE REPRESENTED  
AT THE WLA – WORLD  
LOTTERY ASSOC. MEETING IN  
DURBAN, SOUTH AFRICA IN  
NOVEMBER?**

***Advertise in  
Public GAMING International  
Magazine!***

***We’ll go there for you!***

***Call Raquel Orbezo at  
US Tel. 425-765-4119***