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Scientific Games Acquires Sideplay Entertainment

Bolsters Digital iLottery Game Portfolio with More Innovative Content

Scientific Games is expanding its portfolio of iLottery content with the acquisition of Sideplay Entertainment, subject to regulatory approval. This move will accelerate the global market penetration of its iLottery business.

La Fleur's Magazine publisher Terri Markle interviewed Sideplay Founder and Director Steve Hickson and Scientific Games VP Digital Content Studio Amy Bergette in August to discuss the benefits of this move.

"This acquisition highlights our growth plan, our strategies around providing a wide array of high-performing digital content, and our goal to become the number one iLottery provider," said Bergette. "We are delivering a breadth of products that ensures the right mix of games for our customers and players to facilitate growth and create exceptional experiences. Our Sideplay acquisition complements that strategy."

Hickson described the acquisition as "a great fit and natural progression for both companies. Scientific Games and Sideplay's strategies are perfectly aligned at an exciting time and place for the industry. There has been much change in the last couple of years—change that presents future opportunities for the entire industry. With our combined teams, we are creating a lottery ecosystem for new and existing customers that's second to none," said Hickson.

Sideplay is a primary supplier of eInstant games to the UK National Lottery, one of the largest interactive lotteries in the world.

"I've worked in the digital lottery space since 2002," said Hickson. "We formed a small team to develop content for Camelot UK Lotteries. Some of those games were a success from the beginning and we built on that success with more sophisticated content as the years progressed by creating some now very familiar game mechanics. We still serve as one of Camelot's primary content providers."

In North America, Scientific Games is the exclusive distributor of Sideplay's top-performing content for industry-

leading iLottery programs, including the Pennsylvania Lottery and Loto-Québec. The addition of Sideplay's technology innovations will compliment Scientific Games' tech stack providing faster delivery of game content.

"Scientific Games is focused on ways that we can increase our speed to market and player experiences," said Bergette. "One of the pillars for success is investment in the games players want to play. We want to deliver excellent experiences through great game content. This is an overarching goal across all our product lines."

Market Potential

The industry's current forecast* on the potential for iLottery is an estimated \$47 billion globally by 2025. Currently, Scientific Games services more than 20 iLottery customers in nine countries—Azerbaijan, Canada, Denmark, Germany, Norway, Sweden, Switzerland, Turkey and the United States. Sideplay's iLottery business spans two continents: Europe and North America.

Regulatory Environment

One of the axioms of the global lottery business is no "one size fits all" strategy works.

"We have always pushed the innovation boundaries of game design," shared Hickson. "We have worked with a number of lotteries across the globe and know what content will be required and what works. This means we hit the ground running, whether or not a lottery already has a digital footprint in place."

Sideplay's highly experienced digital game developers have a proven track record of quickly delivering exceptional iLottery content to market.

"Sideplay has the ability to adapt to each unique regulatory environment and the players' needs," concurred Bergette. "Game development starts there because lotteries have different rules. At the end of the day, it is about creating exciting games to keep the player engaged and coming back."



Amy Bergette

Steve Hickson

At La Fleur's 2019 Austin Conference, Hickson delivered a presentation entitled "Content Curation and The Value Exchange." He highlighted that portfolio curation requires multiple factors to consider—mechanic, price point, jackpot, genre, return to player (RTP), and odds. Decisions are data-driven. The value exchange is what he calls "the ability to provide players with value for money". We offer players choice and exciting bonus experiences, creating immersive content that holds players' interest.

His takeaways? "Thoughtful curation. Use the data. Offer variety and choice. Compliment retail. Build player trust and confidence. Publish high-quality content. Maintain win-belief. Deliver value exchange," said Hickson. All philosophies that are shared by Scientific Games.

"There is a science behind eInstants just like there is a science behind a physical scratch ticket," said Bergette. "The math, game experience and art all have to work together. We also look at this from a global perspective. We can offer that expertise to existing lotteries and those that have up and coming digital programs. We have data that informs us on what drives player behavior and how to apply it to the game experience."

Hickson emphasized that each individual market requires customized content. "Our attention to detail is what makes us different. We know what works for both regulators and lottery customers. We provide guidance and experience through our player insights to produce the most appropriate content for an individual lottery," said Hickson. "Not all players are alike. and we leverage insights

on how U.S. consumers behave and apply them to the game development process. It is different from the way players in Europe or other markets like to play.”

Pillars of Success

Bergette said content is a key pillar of a successful iLottery program. “Another one of the pillars is leveraging and analyzing data in terms of when, what and how players play. Based on that information, we can create better experiences for onboarding a player and create content they want to play.

RTP in the game is also crucial for the player’s overall experience. “It’s important to balance the right mix between the game experience and RTP. The best programs have higher RTP used wisely with the game mechanic to ensure an effective player experience,” she added.

A lottery’s retail strategies also are important when launching iLottery. Bergette cited the Pennsylvania Lottery’s success in implementing an affiliate marketing program for its retailers.

“You want the retailers’ support. Lotteries have to provide insights that can dispel some of the beliefs that iLottery cannibalizes retail sales. It’s actually the opposite. There is work to do communicating concrete data that proves this so retailers embrace iLottery,” she said.

Finally, lotteries need to have proper responsible gaming measures in place so players have tools and resources. “Our system features opt-out, cool-off periods and self-exclusion to encourage healthy play,” said Bergette.

Personalized Content

Segmentation and automation personalize the iLottery experience, which is also critical to a program’s success. “Scientific Games segments data and customizes the right offers to players,” said Bergette. “Lotteries have information at their fingertips to create personalized promotions because players’ preferences are known. It is about the



right promotion to the right player at the right time. We have great customer relationship management (CRM) and growth marketing experts that specialize in just that: effective player engagement and retention.”

Well-curated content also keeps players engaged. “The portfolio should offer the breadth of products across the genres—both mechanics and themes. Pennsylvania Lottery is a great example. They offer a wide range of content with an exciting, regular cadence of new games,” said Hickson.

He cited the success of a simple match three eInstant like Piggy Bank Payout in Pennsylvania. “The art and animation combined with the prize payout is key to the player experience. The mantra is—give the player a dollar’s worth for a dollar spent, so win or lose, they’ve enjoyed the experience,” he explained. “This can also be seen in our Fairground Fortunes game which features one of our more complex game mechanics. It is a whimsical fairground theme that creates excitement and anticipation for the win.”

Scientific Games also plans to leverage its second chance progressive jackpots to eInstants. “We will be embracing progressive jackpots in our eInstant games,” said Hickson. “They form an important part of our consideration for future products.”

Bergette noted that Scientific Games already launched second chance programs with progressive jackpots for the Florida, Georgia and South Carolina lotteries. “Players want growing jackpots. Progressives works across all portfolios,” she said.

Getting Ready

Lotteries in North America shouldn’t wait until government gives the green light to launch an iLottery program. There are numerous ways that a lottery can prepare in advance.

“It is important to understand what it takes to launch a successful iLottery program and the groundwork that can be

laid well in advance. Lotteries should plan how to evolve digitally before iLottery. Digital second chance promotions and loyalty programs are an important start to creating an engaged player base that naturally evolves into an effective iLottery business. Engage and reward players for specific behavior early on. Offer achievement-based incentives and points or other rewards. This makes it easier to onboard them when a lottery launches an iLottery program. Otherwise, it is harder to start if you don’t have an already engaged digital player base,” said Bergette.

Future Potential

Lotteries can increase funding for beneficiaries by offering choices for how to play. The consumer wants access to lottery products online and at retail. Now more than ever, it is crucial to consider implementing omni-channel strategies to cross-promote across channels. “There is potential for great growth and return to beneficiaries,” said Bergette.

During the pandemic, most consumers preferred making purchases online, whether ordering groceries or consuming entertainment.

“Consumer behavior over the last year is a measurement guide for what to do,” said Bergette. “There is a wider base of consumers online who are interested in the lottery’s products. To remain relevant and keep lottery game entertainment at the forefront, lotteries should plan now for a future that includes iLottery.”

*Source: La Fleur’s, H2 Gambling Capital (“H2GC”). Note: Projected growth rates based on H2GC.

iLottery

Now is the Time to Stay Connected

Today more than ever, it's vital to be where your players are, wherever they are.

Scientific Games' portfolio of iLottery products lets your players stay connected to each other and to the games they love.



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