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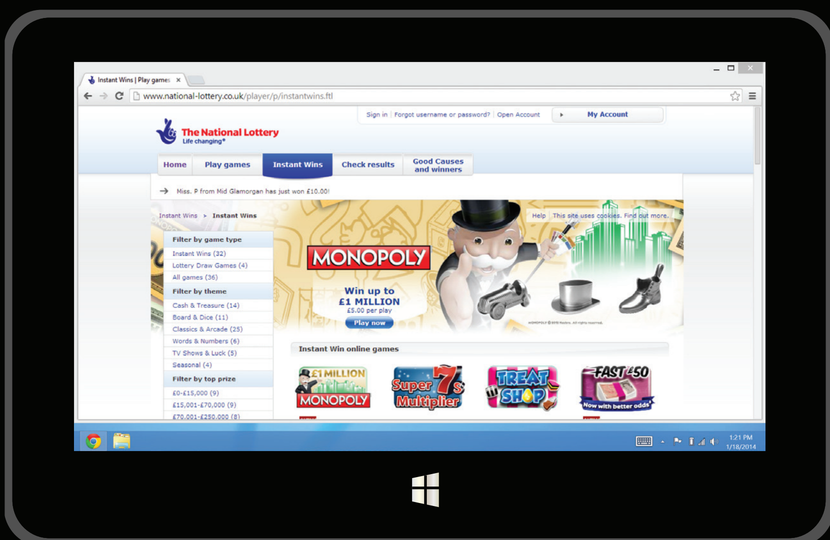

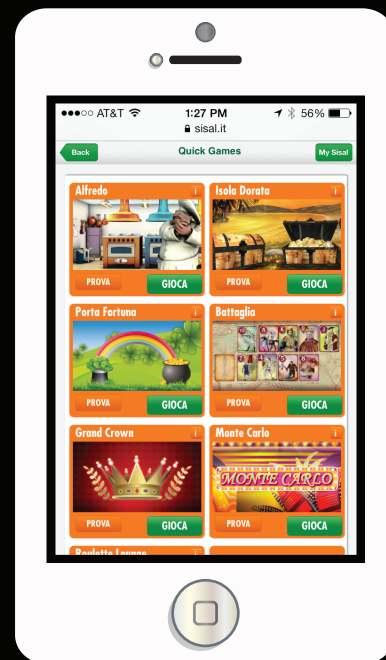

YEAR OF MOBILE

IWG: End-to-End eInstant Solution

Instant Win Gaming (IWG), headquartered in London, may be the biggest interactive gaming company you have never heard of, but not for long. Early this year, the Minnesota State Lottery is set to launch a suite of e-instant games with the help of IWG. (Scientific Games provides the Internet platform.)

IWG is a leading supplier of online, instant win games to lotteries and commercial platforms on desktop, mobile and tablet in Europe.

"We have a growing reputation in the corporate lottery world. IWG has been working with GTECH Corp. for the past 10 years and also produces e-instant games for Scientific Games. Everybody at GTECH, Scientific Games, Playtech and INTRALOT knows IWG but few government lottery executives in North America know who we are, not yet anyway," said Rhydian Fisher, CEO, IWG. This of course is about to change with the upcoming iLottery launch in Minnesota.

IWG most recently provided a portfolio of e-instant games to GTECH for its client Norsk Tipping for the launch of their iGaming portfolio.

IWG's success has hardly been overnight. Ten years ago, IWG's principals debuted their talents in the lottery sector. "I was managing online game development when Camelot first went live with their interactive offering in 2002," said Simon Bucknall, COO, IWG. (Fisher worked at Camelot's game development agency.)

"Everything we did was off the back of analyzing key data and we then worked closely with Fisher to produce games that would appeal to those demographics," said Bucknall.

Fisher and Bucknall have an ongoing relationship with Camelot. "Having worked in the online instant sector for a decade we have developed a real understanding of players and their playing habits. There are certain things that rise to the level of truisms about the industry based on the U.K. experience. These assumptions have added validity because of the total volume of players," said Fisher.

Internet gaming in the UK and across Europe is extremely lucrative. "Income from the U.K. National Lottery is 384 million pounds a year just from instants," said Fisher. "That doesn't yet include mobile. The potential is huge, so there's even more reason to get the strategy right the first time."

IWG hopes to raise its profile by sharing its knowledge with U.S. lotteries as they transition from free play to real money gaming. "It is a different animal when you start playing for real money," stressed Fisher. "It is not always easy to figure out what will appeal to those players. In the U.K. it turned out to be quite surprising and not at all intuitive. People reacted in ways we hadn't expected. Certain mechanics were trusted and others weren't. Some game styles that you would have thought would be successful were not and others that seemed unlikely were accepted by the players.

"There is no need for a lottery to launch with speculation when it has literally already been done in a very similar market 10 years earlier," he added. "Mistakes at launch are common. These are not catastrophic mistakes but lotteries will get started quicker by standing on the shoulders of people who have gone before them."

Selling online lottery games is a different paradigm than marketing traditional lottery products. There is an acquisition cost to attract online players. It is a crucial input cost.

"The idea that lotteries can just put up content that the players will become loyal to, in our experience, is simply not true," said Fisher. "A player must have a good first time experience and the lotteries only have one chance to offer that. Of course, the lotteries do not have to take risks with that first impression because the factors that make an online lottery successful have been analyzed and demonstrated."

A lottery needs a decent sized portfolio with a range of themes and mechanics. "If a lottery goes live with just three games, it's very likely that some players will come to its website and not find a game that caters to their tastes. Those people will not necessarily play the other games and may simply not come back," stated Fisher.

IWG recommends starting with or at least building to no less than 25 to 35 games. "Our initial offering is 70 games from which a lottery can select the right mix to appeal to every type of player," said Fisher.

Choosing proven mechanics and successful themes is key. "Why would you risk launching with games that have never been tested in any market? We think it is an ambitious but unnecessary risk. Lotteries should be ambitious and innovative but not necessarily at launch," said Fisher. "It is very easy to give people a negative experience by making simple mistakes. First off, the return to the player is so low on these games that it is generally a non-winning experience. If there is any sense of injustice or doubt about a game, the player will most likely be lost forever and a dissatisfied customer in the online environment can be very damaging to a brand."

For instance, there are many little things that the player can perceive as unfair, such as a game mechanic. "It is so easy to lose that trust. Over the decades, lotteries have worked hard and spent a lot to establish a trusted brand for their traditional games," said Fisher. "Lotteries should not be scared off from venturing online but it is sobering to realize what is at stake."

The lessons IWG has gleaned from working with national and state lotteries on both sides of the Atlantic is hugely valuable. "Our knowledge is based on real world experience and analytics that deliver actionable results that minimize the risks at startup," said Fisher.