

P1 / Maltco hosts EL Seminar: Keeping up with changing retail

P2 / Maltco's retail outlets, the largest online network in Malta

P3 / From owning 1 shop in 2003 to an involvement of 5 shops

P4 / Maltco Lotteries: The player is in the centre of a professional and serious business

Maltco
LOTTERIES

10th Anniversary
2004 - 2014
MALTCO LOTTERIES LTD.

Maltconews

Issue - 11

May - 2015

www.maltco.com

Maltco hosts the European Lotteries Seminar 2015

This month Maltco Lotteries hosted this year's European Lotteries seminar which discussed the retail aspect of the lotteries business around Europe.

Top people from various lottery organisations throughout Europe participated and shared information and ideas how retail lotteries industry can keep up with the challenges that it is facing through a more hectic lifestyle and new cultures.

The objectives of the two day seminar, held in the Intercontinental Malta, St. George's Bay were based on the fact that the retail channel seems to be regarded by some commentators as the "poor relation" of lottery distribution when compared with online, multi-channel or omnichannel lottery distribution. Nothing could be further from the truth.

The fact is that European Lotteries Member Lottery Sales through traditional retail channels still represent some 93% of all lottery game sales in Europe.

The focus and content of the 2015 Retailing Seminar, hosted by Maltco Lotteries, was "back to basics" ... back to where 93% of the lottery business happens.

With speakers from the general retail sector, Lotteries, retail analysts, panels of experts and lottery suppliers, the 2015 Retailing Seminar challenged conventional

“ The privatisation of Lotto brought big positive changes ”

approaches to lottery retail and provided participants with a fresh perspective on where most of their lottery sales arise.

This experience also served as an opportunity to many foreign experts to visit the Malta retail agency network and to see how a relatively small lottery company has created an intimate relationship with its players through a unique approach to the organisation and development of their retail network.

One of the speakers was Ioannis Katakis,

Maltco
LOTTERIES



FOR THE BENEFIT OF SOCIETY

RETAILING SEMINAR

KEEPING UP WITH CHANGING RETAIL

European Lotteries Seminar hosted by Maltco Lotteries Ltd

CEO – Maltco Lotteries Limited, spoke about the realities of the lottery retail industry in Malta.

Dr Katakis spoke of the transition that challenged the mentality of the Agents. He explained how through the years they have progressed and trained themselves so that from Lotto Receivers, they have now become skilled Agents who own modern shops, offering a nice environment and equipped with the latest technology in the gaming industry. This radical change over the last years brought Maltco Lotteries closer to the players who were always kept at the centre of the entire vision.



Commentary

Maltco... The Lottery Retail Network

... and 'The Malta Case' were the focus of my keynote speech during the European Lottery seminar hosted by Maltco Lotteries in the beginning of May.

First of all I should say how proud I am that we organised this international event and all participants were very satisfied with their entire stay in Malta. This makes us all proud because we delivered a good job and we showed that we are professionals in our mission.

The theme we focused on was the retail aspect of the Lottery industry. Exceptional Customer Service is crucial and fundamental in this industry and that's the secret behind our successful story that started in 2004 and this seminar gave us the opportunity to share our visions with our extended colleagues in the Lottery industry in Europe who all have vast expertise and knowledge.

We exchanged views and we learnt from each other. There was a mutual understanding that we have to work together, and unite to be prepared to adapt to challenges, as just like other markets this industry, is also changing rapidly due to lifestyles, progressions and factors.

This also puts great responsibilities on our Agents who are doing a great job in their respective points of sale. I am proud to say that we have the most advanced shops in Europe, we have Agents with a positive attitude towards the players and together we are providing a professional service.

Today we are proud to say that Maltco provides employment for more than a 1000 people.

Every year we keep growing, and so does our commitment to assure the best service to our customers.



Sandro Gauci, Senior Manager in Consumer Sales at GO

Maltco's retail outlets, the largest online network in Malta



"Today, if one excludes the Bank's EPOS network, Maltco's retail network is the largest online terrestrial network that exists in Malta owned by one organisation". This was stated by Sandro Gauci, Senior Manager in Consumer Sales at GO, during his keynote speech in the European Lotteries seminar. He explained that Maltco's agency network currently consists of around 250 retail agents spread across the Maltese islands who are connected online to Maltco's systems. This means that once a player buys a ticket, the system instantaneously records the tickets in Maltco's Central Systems real-time as the ticket is printed.

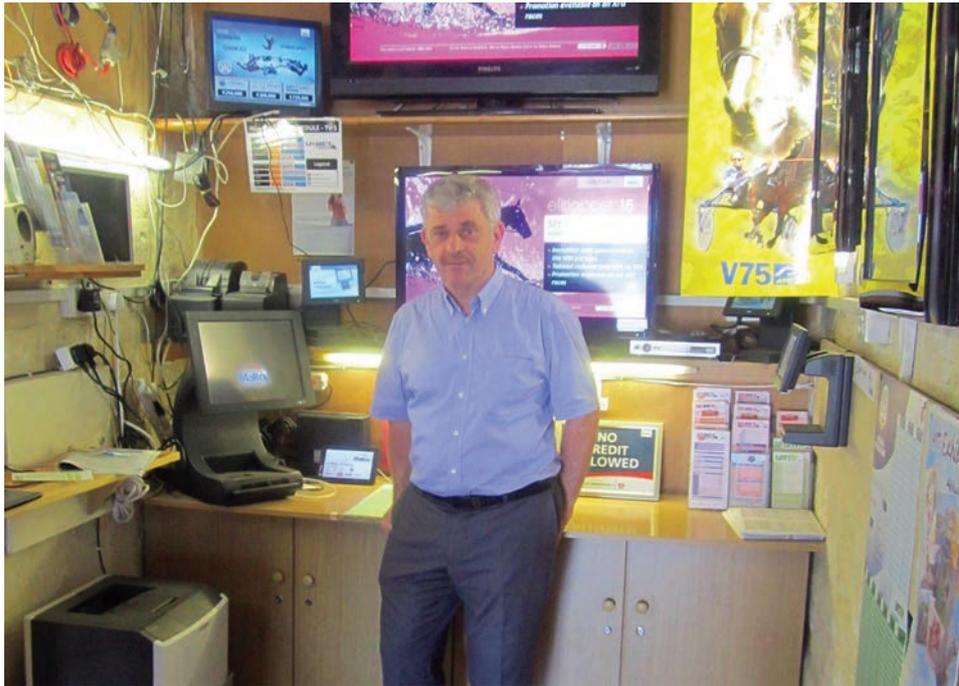
He said that Maltco's relationship with GO

dates back to 2004 when Maltco selected GO as the preferred partner namely due to the outreach of GO's expanded network, the advanced technology, flexibility of services, and GO's commitment to continue to heavily invest in Malta's infrastructure.

Maltco was granted the Licence to operate from 5th of July 2004. In April 2004, a project team made up of Maltco, Intralot and GO technical engineers was formed with very tight and demanding deadlines in order to meet this date. In July 2004, Maltco was up and running with its' first 2 National Games (Lotto and Super 5) offered at the time by the Department of Lotto, until over the years it increased its portfolio to what it is today.

From a bandwidth of 64kbps to a bandwidth of 8Mbps for every retailer

In order to play the initial two games; Super 5 and Lotto the bandwidth requirement to each retailer was only 64kbps, however to be able to support today's enhanced portfolio, the bandwidth has been upgraded to 8Mbps for each retailer. In 2013, after the second 10-year concession and licence, the then legacy Network (based on ATM) was migrated to MetroEthernet. This was a major project for both GO and Maltco involving substantial reinvestment including cutting edge equipment and the deployment of Intralot's Horizon system; an integrated, interactive multimedia platform which displays draw presentations, LIVE Horseraces, video, adverts etc. Sandro Gauci added that the Maltco's Horizon TV is one of the best services currently running on GO's infrastructure.



Victor Cassar in one of his shops.

From owning 1 shop in 2003 to an involvement in 5 shops today

 Victor Cassar one of Malta's lotto pioneers; serving the industry for more than forty years, was also a participant in the seminar.

Speaking with Maltconews Cassar said "in 2003 I was licensed with one Lotto office whilst my wife had another. Today we manage 3 Maltco shops."

He said that when Maltco started investing millions of euros "I decided that the best way forward was to go alongside their plan. I decided to increase my opening hours, renovate my shops and employ new people.

"This was very important because when new games were introduced I felt confident

and prepared for them. The key turning points were the introduction of UBET Sports Betting and Keno."

Cassar continued that "before the privatisation our main concern was that the market would be flooded with lotto offices. However the variety of games offered made up for the increased number of outlets.

"Latest technology also helped since now we can boast of excellent hardware and efficient support. Maltco's helpline helps us in giving individual attention to each customer. Our job now is to build a one on one relationship with all our customers".

We experienced the most important improvements

Another local participant was Alfred Gerada; another pioneer in the Lotto Industry – who gave Maltconews his comments. He started by saying that throughout Maltco's years he lived and experienced a huge improvement. "Back then, we only had one game – Lotto! Everything had to be handwritten and duplicated. We went to the department twice a week. When Super 5 was introduced we were given computers, however, we still had to hand in the hard disks twice a week. "Since Maltco took over we got rid of the pens and hard disks. With new technology, even though a small outlet, I am still very successful. A variety of games that were made available to the players improved my business considerably," - Alfred Gerada.

Reactions

Analysing retailing in the Lottery industry

During the European Lotteries Seminar Meeting, various participants highlighted different aspects of the importance of retail in the lottery industry.

Maltconews took a few valid points from the speeches delivered by some of the experts in this industry:

■ "We have more choice than ever. Shopper's behaviour is changing. New channels but different channels roles, new environments within which to influence shopper behaviour. New customers and new investment requirements."

- Toby Desforges, Co-founder of Engage, a Retail Consultancy & Author of "The Shopper Marketing Revolution" (2013)

■ "What we have learned recently is that the offline experience of touching and feeling... isn't going away. Companies are still in many ways concerned about what they want to sell, rather than what consumers want to buy."

- Sharon Duncalf, VP International Marketing, International Technology, UK

■ "Our mandate should be to meet consumer interest in offering a reliable alternative to illegal gaming operations; social welfare is a high priority for all business decisions; and to provide a country wide service.

The combination of online and physical presence is actually a competitive advantage."

- Staffan Lindberg, Director of Business Development, AB Svenska Spel, Sweden

■ "Try to think like a Retailer in order to understand what motivates them, understand their business model and needs and you will then find the best way to work with them. Build strong relationships, and new initiatives & innovations will happen more quickly and easily".

- Nigel Scully, Commercial Director, Aryzta Foods Solutions

Meeting with...

Maltco Lotteries: The player is in the centre of a professional and serious business



Fernando Paes Afonso, CEO, Gaming Department, and Vice President, Santa Casa da Misericórdia de Lisboa, in an interview with Maltconews congratulated Maltco for what it is doing and said that while doing this business in Malta, Maltco is showing the world that in the lottery industry, a company can be professional but at the same time very close to the people through responsible gaming, by providing a clean environment and by contributing to good causes.

“Maltco Lotteries is doing an accurate job here in Malta and all other European organisations and Lotteries should look into what is going on here because all of us have many things to learn. The model applied in Malta is very professional and the whole setup is very well organised.

“Amongst all, the player is in the centre of this whole business and this is an admirable attitude towards a successful business.”

“Maltco Lotteries has very interesting and modern points of sale and something which attracted my attention was the centralised way of sharing information. I am referring to the Horizon System which is a very good system not only for Maltco as an organisation, but also for the players who can obtain the latest information before playing.”

Fernando Paes Afonso is an economist and gained experience in the lottery business, when he became a Board Member of Santa Casa and President of “Jogos Santa Casa” between 2002 and 2005.

Fernando Paes Afonso said that Santa Casa was established in 1498 with the aim to help the poor, to educate children and to provide health care services to the elderly. At the moment Santa Casa da Misericórdia de Lisboa supports approx 300,000 people through its 166 establishments comprising of foster homes, hospitals, schools and a



Fernando Paes Afonso, CEO, Gaming Department, and Vice President, Santa Casa da Misericórdia de Lisboa

“European organisations should look into what is going on here”

university. It is a big organisation with over 6,000 employees.

He said that an unprecedented €1.8 billion was spent by Portuguese people on lottery games in 2014. The sum represents a 5% increase compared on 2013, with 76% of Portuguese people playing at least one game last year.

Fernando Paes Afonso explained that

although the amount of money each person spends on each bet dropped by 13% between 2012 and 2014, still the number of players has actually increased by 20%.

Of the €1.8 billion received, over one billion went towards funding prizes, while €537 million went to “good causes” in Portugal’s “social, health, sports and culture” sectors. He pointed out that Lottery games also generated €145 million for the Portuguese Government in 2014 – a 15% increase compared to 2013.

Experiences...

Positive...

Maltco Lotteries is doing an accurate job here in Malta and all other European organisations and Lotteries should look into what is going on here because all of us have many things to learn. Maltco Lotteries has very interesting and modern points of sale and something which attracted my attention.

Of happiness...

The model applied in Malta by Maltco Lotteries is very professional and the whole setup is very well organised. Foreign companies should look into this whole setup and learn from the positive experiences for their own benefit.

Satisfaction...

Santa Casa was established in 1498 with the aim to help the poor, to educate children and to provide health care services to the elderly. At the moment Santa Casa da Misericórdia de Lisboa supports approx 300,000 people through its 166 establishments comprising of foster homes, hospitals, schools and a university.