

15 Minutes with Matt Lynch, Scientific Games' New Digital Transformation Leader

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Continuing its investment strategy in innovation and leadership to serve a rapidly expanding digital/iLottery business, Scientific Games is positioning the global lottery company for growth.

Matt Lynch, a digital experience and e-commerce expert in subscription and marketplace-driven businesses, recently joined Scientific Games as president of digital.

Lynch brings more than 20 years of leadership to the company and an impressive track record of innovating and scaling digital businesses at Amazon, Samsung, Symantec, Albertsons and Firework in his previous roles.

Early in his career, he spent eight years at Amazon scaling several product categories into \$1 billion+ businesses, also serving as Chief Operating Officer for online entertainment content.

You joined Scientific Games just five months ago. What are your initial observations on digital and lottery industry?

The two things that have been most interesting to me are (1) how underpenetrated lotteries are from a digital perspective in the US – both from a pure digital play experience and an omnichannel approach. Meanwhile, sports betting and iGaming are seemingly everywhere online and in the media.

And (2) that lotteries generate \$371 billion in revenue annually, contributing billions of dollars in funding to programs and good causes in their jurisdictions to improve the quality of life in local communities. Considering all the alternative ways consumers spend their money, the impact is phenomenal.

Based on your experience at several leading B2C tech companies, how does digital lottery technology need to catch up to the consumer?

I see it more as a technology penetration gap. From a player's perspective, there's a need for solutions that allow them to play at their convenience – when and where they want to play. In the US particularly, an overall digital experience for players is missing. Lotteries are frequently not viewing what the player's journey is on a daily basis.

As of today, it's often a fragmented experience, with each state creating its own experience. This is challenging from a scale and customer experience perspective as you look at adjacent gaming competitors offering more holistic experiences and using geolocation to solve jurisdiction-driven differences. So, I think it's about adopting more customer usage patterns from a technology perspective than it is a pure technology gap, and that's what Scientific Games is doing with our data analytics.

The core technology works for lotteries today, but we must constantly look at what's next. Crypto and AI will likely have a significant impact on the industry in the near future, and lotteries need to be prepared. AI has the potential to greatly improve personalization through game recommendations and bonusing, customer support, and player safety by helping detect problem gambling.

Should digital platforms be viewed separately or as part of the lottery gaming system?

To create an optimal customer journey, Scientific Games fully integrates digital solutions into the lottery gaming system. Disparate systems lack holistic data and customer strategies, which can lead to subpar and sometimes competing efforts. Taken together, a unified solution enables lotteries to manage their players throughout their online and offline journeys to build better engagement and loyalty, and ultimately better manage healthy gaming initiatives.

I would argue that if lotteries want to give their players the most cohesive experience, the omnichannel approach is the right approach. As I learn more, I am genuinely surprised it's even called iLottery. If you're managing the customer data and journey across all channels, no matter how you play, it's still lottery. One systems solution from a vendor should serve both online and offline play.

This allows for the best management of the player's experience. And theoretically, there's no competition between the vendor running digital and the vendor running the retail side. Best of all, with omnichannel, you can communicate with players and move them back and forth between digital and retail.

Player account management is becoming increasingly important for player convenience and as a responsible gaming tool. How do you see it working in the lottery ecosystem?

Security and scalability are at the heart of any lottery system, and that is exactly how we build our solutions at Scientific Games. However, the key is the services supporting the player account management system and how they're integrated into the solution. Services should evolve with players – Know Your Customer, bonusing/promotions, payment processing, etc.

Most importantly, a strong PAM like our SG PAM solution enables lotteries to improve their data strategy to drive player segmentation, better communication and data-driven decision-making around the player journey.

What are your thoughts on the digital game entertainment currently available to players? What trends in playstyles do you see growing in popularity lately and what are the games of the future?

At a high level, there doesn't appear to be a lot of differentiation in game play and the offerings to players seem to be limited. At Scientific Games, we are exploring new gameplay mechanisms that help provide differentiated offerings in fast play, multi-player, and even games that mimic traditional console game experiences albeit with a predetermined outcome.

There is also a generation of consumers who live on social media and interact with small groups of friends – innovating games that appeal to them will be crucial. Multi-state progressive lottery games are different ways to do draws, and Scientific Games is innovating in this space with more new products that will be launching soon.

There's something very intriguing about omnichannel games, where the player buys a game and begins their entertainment experience in-store then continues it online, or vice versa.

Scientific Games' second-chance games are a good example of play extending from retail to digital, as are our iDecide games, where the player can take winnings from a retail game and optionally continue playing online.

I see all those innovations continuing to evolve and grow with more advancements in omnichannel and multiplayer experiences. I also envision gaming marketplaces will continue to evolve as we have with our SG Content Hub Partner Program, whereby game selection is in the thousands (not limited to an arbitrary or system-limited number of games). The lottery's offerings presented to players will be personalized based on their play style preference. For example, on preferences, niche games like Bingo and Keno have very dedicated audiences.

Lotteries should look to differentiate from iGaming and find more ways to become unique, and Scientific Games is particularly well-positioned to assist the lotteries in this effort.

Which companies (or industries) with both bricks and mortar and digital presence are doing it right to grow both channels? What impresses you most? And what can the lottery industry learn from them?

Many companies do this exceptionally well, including Starbucks, Disney, and Nike. But as a customer, having experienced the transformation myself, I've always been impressed with Nordstrom. Always known for their relentless focus on customer service, when Nordstrom first launched their digital offering, it was run as a separate business unit apart from their physical retail stores – almost as its own self-contained store.

As digital continued to grow, Nordstrom transformed their strategy into a more holistic customer journey – bringing the digital and physical shopping experiences together. This led to a centralized way to manage customers, loyalty and inventory. It brought together a full view of the customer experience for the company to optimize around.

How can lotteries work with their local governments to help advance legislation that will sustain vital funding for state programs?

The best way is to continue to show data on how players and consumers overall are changing their buying habits (online/omnichannel) across categories and within other forms of entertainment (sports betting, iGaming, etc.). Changing habits continue to shift more time to mobile devices. Adjacent gaming entertainment competitors are capitalizing on that shift, making lotteries less relevant over the long run – especially with younger customers.

Lottery is simply not part of the digital ecosystem. Over the long run, this impacts funding state and good cause programs. And it prevents governments from better educating all customers on responsible gaming.

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