

# Massachusetts State Lottery Commission Meeting

## *Executive Director's Report*

Delivered by Paul R. Sternburg  
October 29, 2013



# Lottery Sales Update

- Overall sales for September 2013 were \$7 million higher than September 2012. The prize payout percentage for the fiscal year through September 30<sup>th</sup> was 70.7 percent, compared to 73.9 percent in FY13. This 3.2 percent decrease in prize payout has caused our overall net profit for the first quarter of the year to be \$36.5 million higher than the first quarter of last year. This is an improvement of \$12.5 million over last month.
- September's sales increase can be attributed to a \$7 million dollar increase in Powerball due to a higher jackpot this year as compared to last year at this time; Mega Millions also saw a \$1 million increase in sales because of a higher jackpot; Keno was up \$1 million; and, \$1 million in new sales were brought in from Jackpot Poker, the Lottery's new second monitor game that debuted in June.
- There were two games in our portfolio that experienced sales decreases in September. Lucky for Life sales decreased by \$1 million and The Daily Race Game sales decreased by \$2 million because there have been no sales since the game officially ended on June 11, 2013.

# Holiday Instant Ticket Release (Oct. 29)

## Holiday Cash

Price Point: \$1

Top Prize: \$10,000

## New Year Tripler

Price Point: \$2

Top Prize: \$50,000

## Holiday Surprise

Price Point: \$2

Top Prize: \$50,000

## Nutcracker Cash

Price Point: \$5

Top Prize: \$1,000,000

## Holiday Gold

Price Point: \$10

Top Prize: \$2,500,000



# Holiday POS Example

SOMETIMES THE PERFECT  
HOLIDAY GIFT IS RIGHT IN  
FRONT OF YOUR EYES.  
LIKE RIGHT NOW.

SHOP ONCE AND SHOP FOR ALL



You must be 18 years or older to play the Lottery.



# Sales Update: September 2013 Instant Ticket Release

## Full of \$50s

Price Point: \$1

6 Week Sales: \$3,984,375

## Fire & Ice

Price Point: \$2

6 Week Sales: \$10,208,524

## Scary Cash

Price Point: \$5

6 Week Sales: \$11,774,745

## Win It All!

Price Point: \$5

6 Week Sales: \$23,100,180

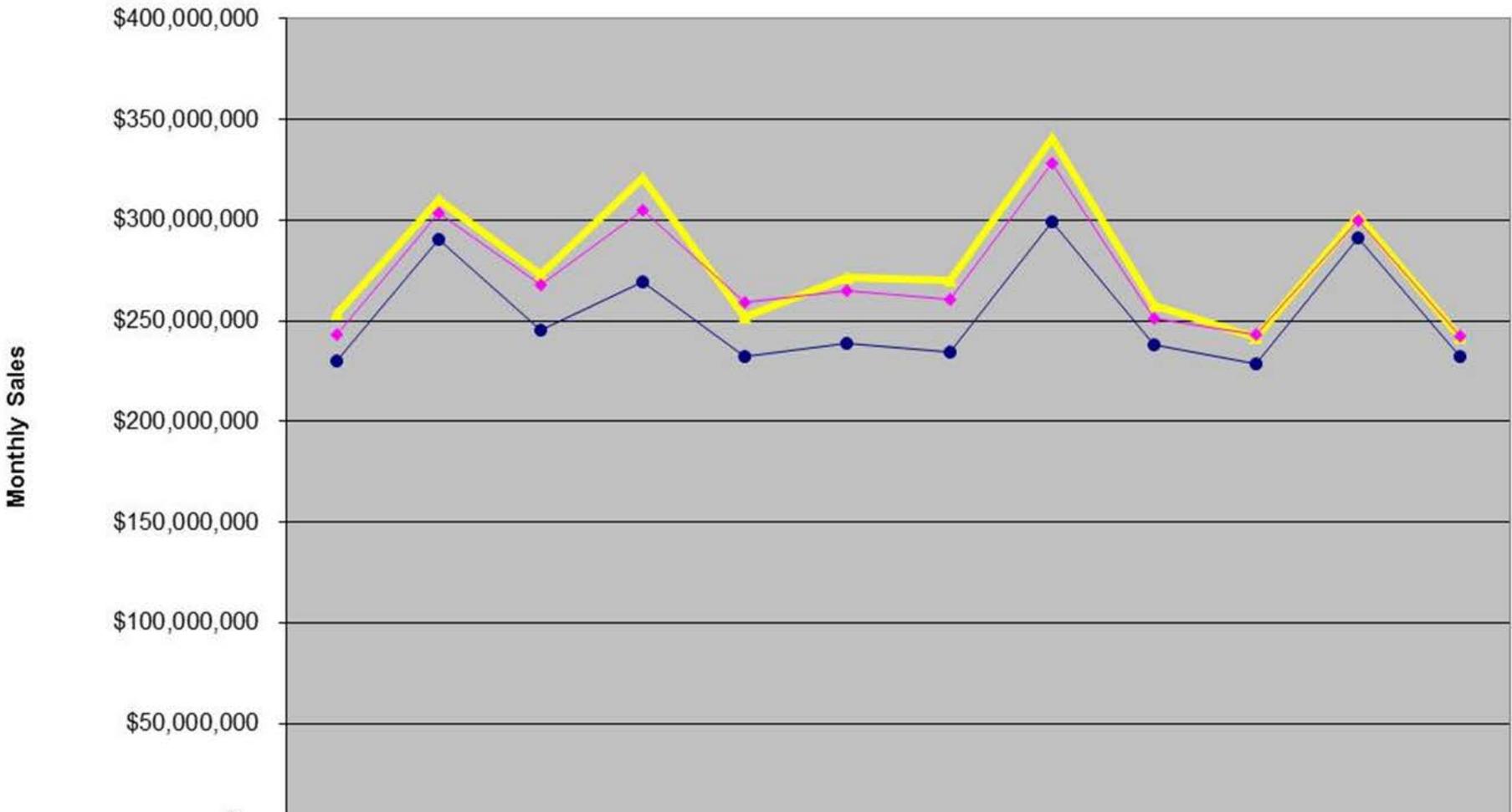
## Platinum Millions

Price Point: \$20

6 Week Sales: \$49,418,060



# Instant Game Monthly Sales October 10 thru September 13

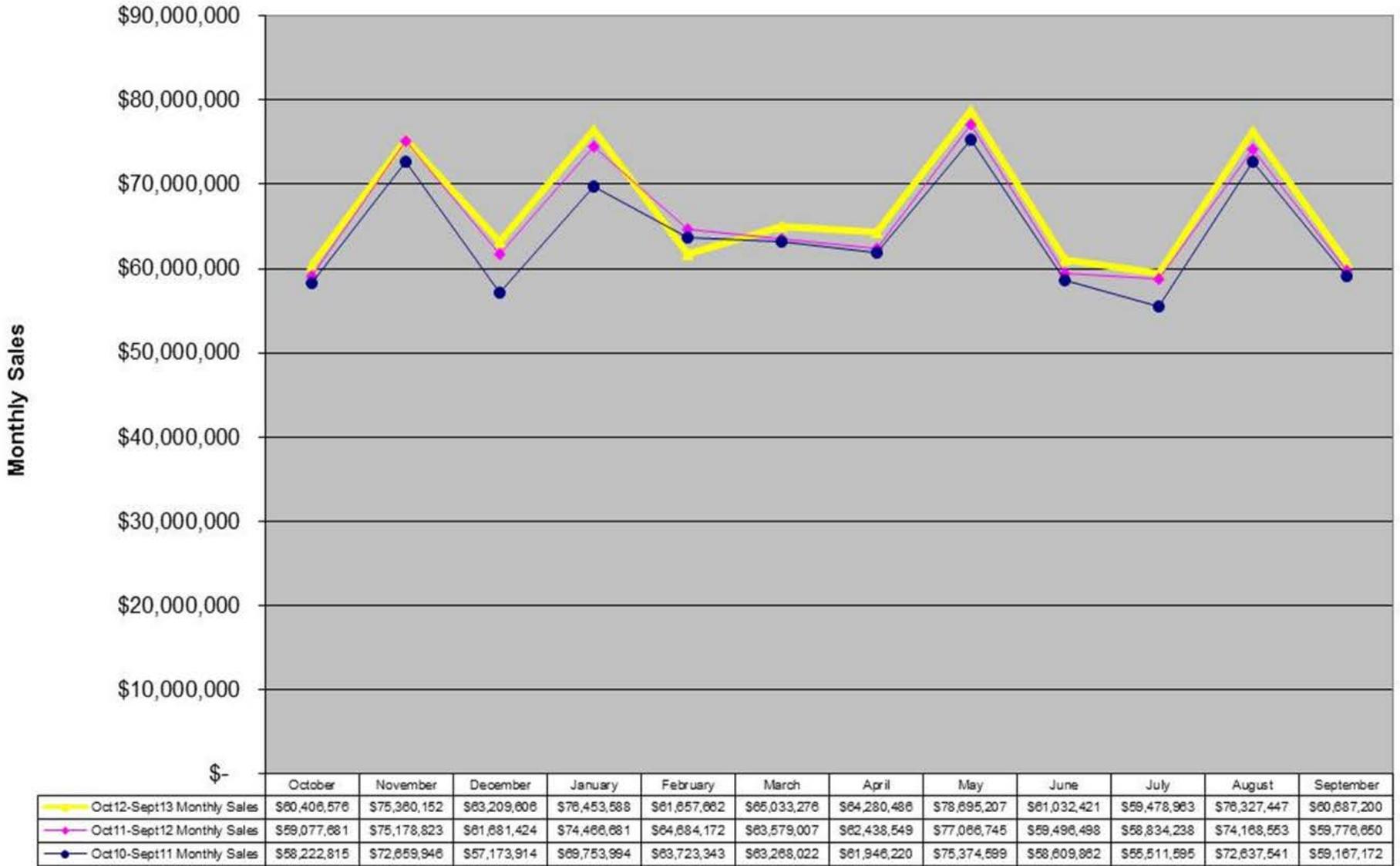


	October	November	December	January	February	March	April	May	June	July	August	September
<span style="color: yellow;">—◆—</span> Oct12-Sept13 Monthly Sales	\$253,282,06	\$310,008,68	\$272,829,60	\$321,214,24	\$251,651,74	\$271,603,91	\$269,889,61	\$340,874,68	\$257,793,30	\$241,559,17	\$301,691,66	\$241,817,70
<span style="color: magenta;">—◆—</span> Oct11-Sept12 Monthly Sales	\$242,861,84	\$303,379,35	\$268,100,44	\$304,922,07	\$258,796,18	\$265,035,53	\$260,486,09	\$328,476,22	\$251,119,38	\$242,954,61	\$299,867,08	\$242,270,66
<span style="color: darkblue;">—●—</span> Oct10-Sept11 Monthly Sales	\$230,266,51	\$290,680,77	\$245,104,18	\$269,511,06	\$231,842,54	\$238,933,61	\$234,649,19	\$298,916,07	\$237,818,40	\$228,848,53	\$290,742,92	\$232,227,72

Month Ending



## KENO Game Monthly Sales October 10 thru September 13



Month Ending

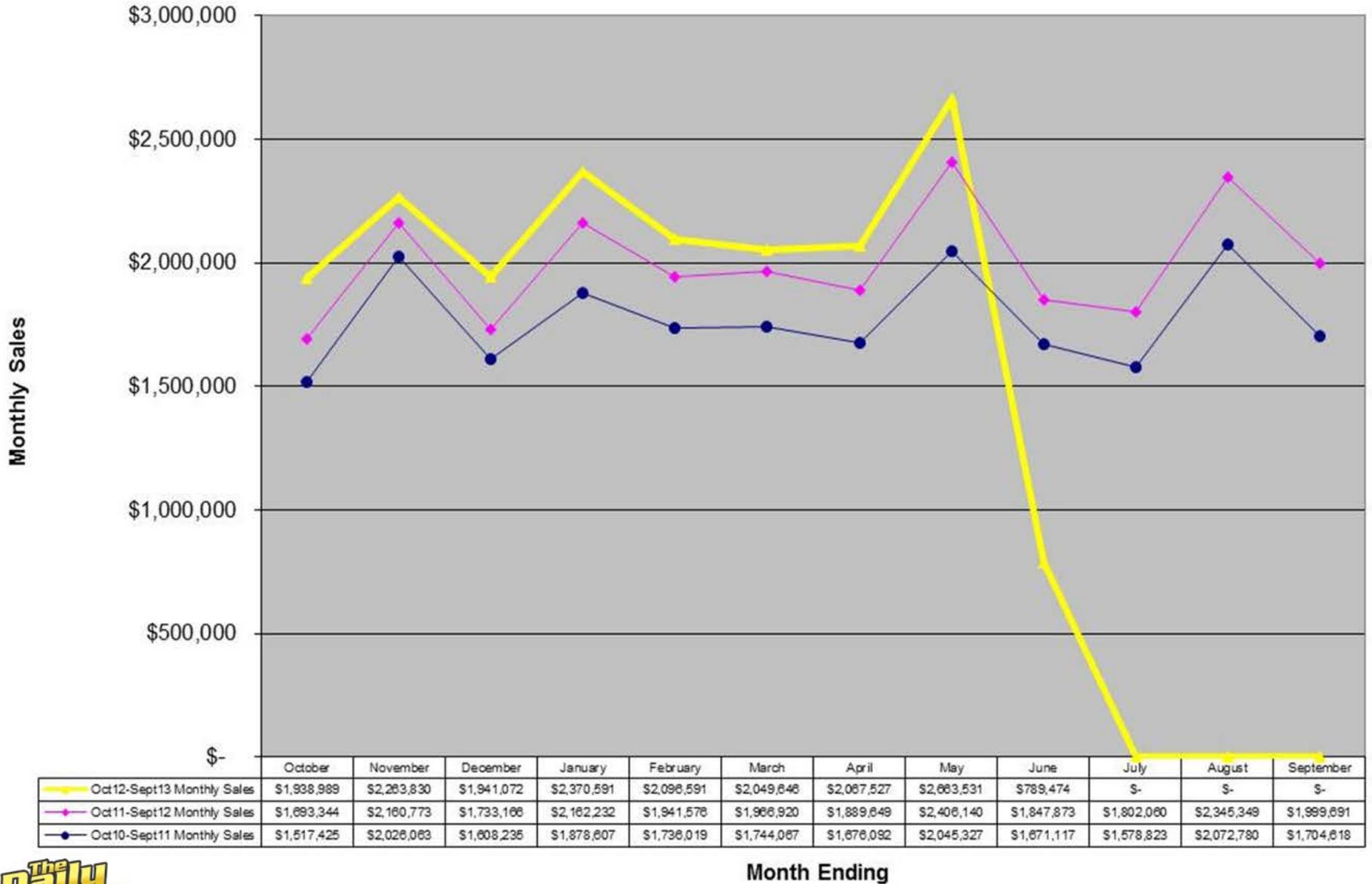
# Poker Game Monthly Sales October 10 thru September 13



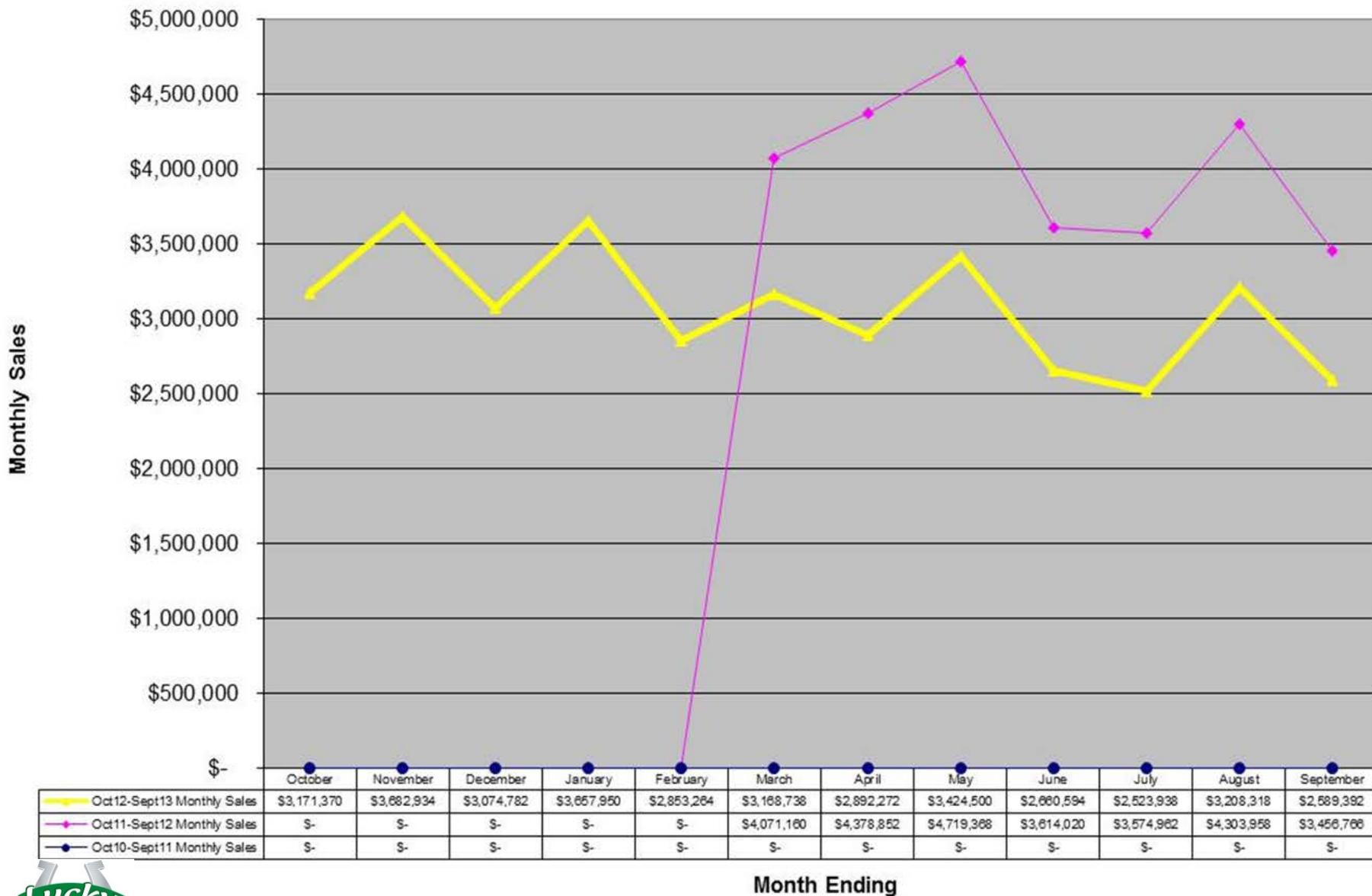
Month Ending



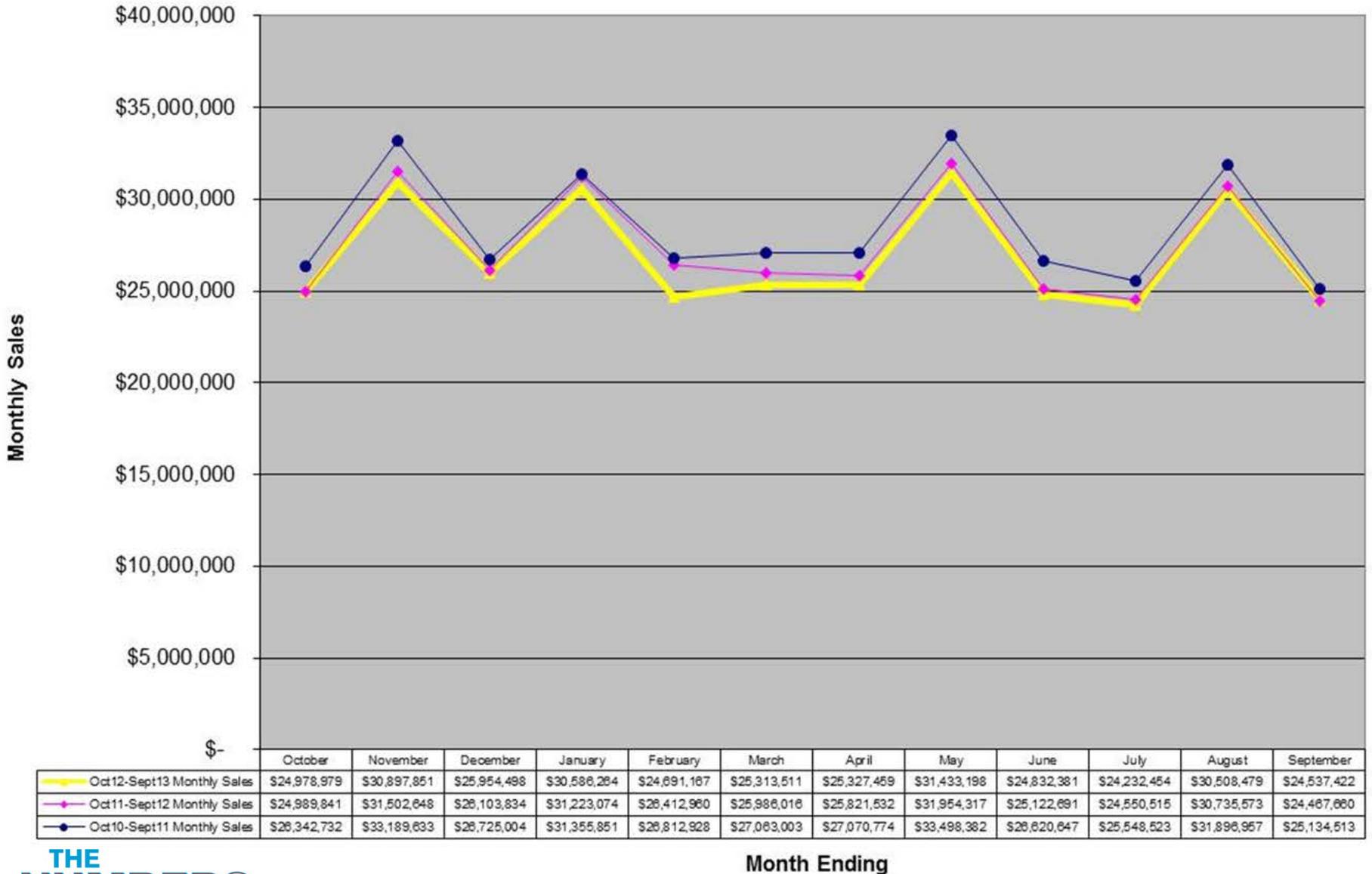
## Race Game Monthly Sales October 10 thru September 13



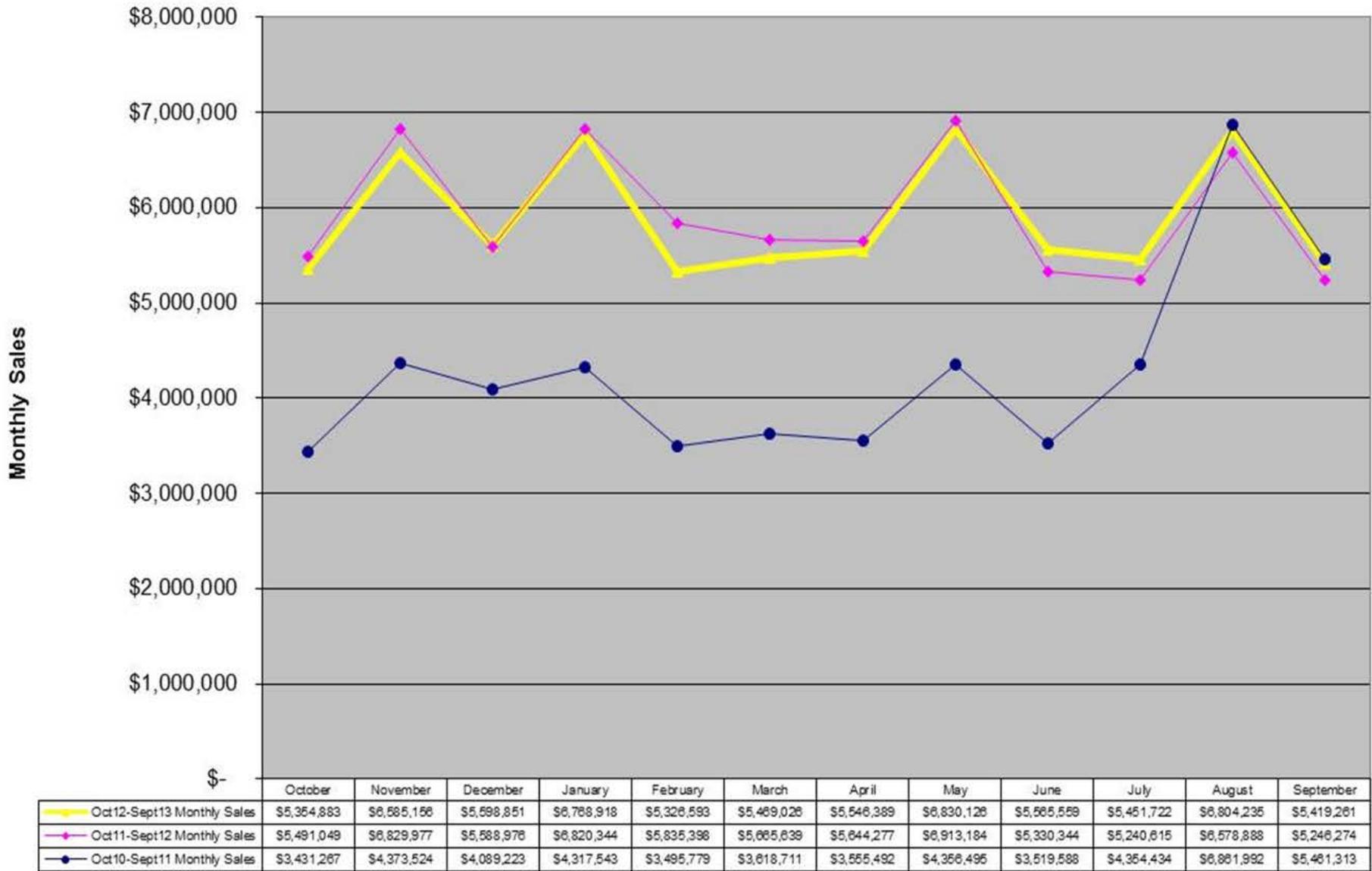
## Lucky For Life Game Monthly Sales October 10 thru September 13



## Numbers Game Monthly Sales October 10 thru September 13

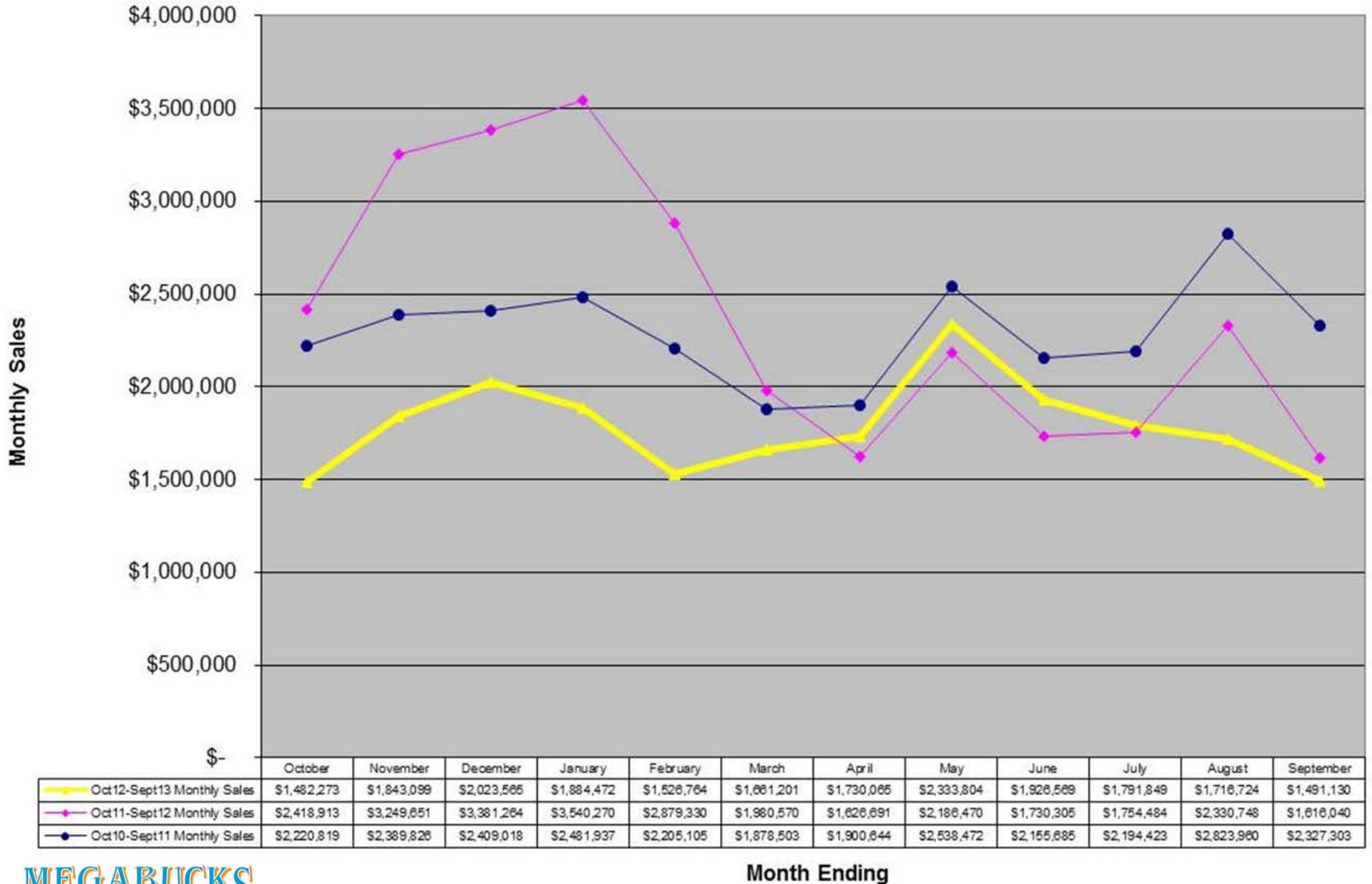


## Mass Cash Game Monthly Sales October 10 thru September 13

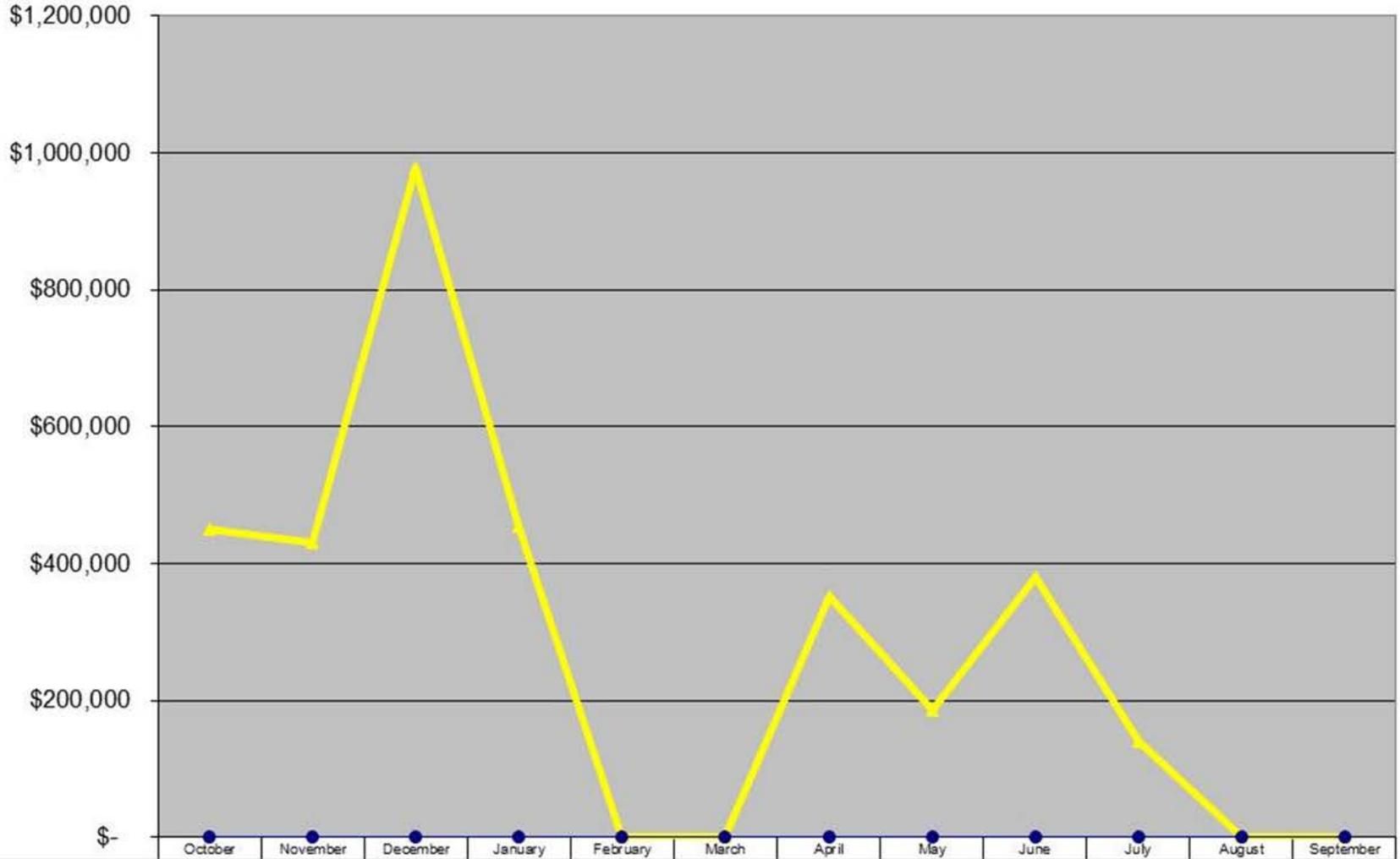


Month Ending

## Megabucks Game Monthly Sales October 10 thru September 13



## Super 50-50 Raffle Game Monthly Sales October 10 thru September 13

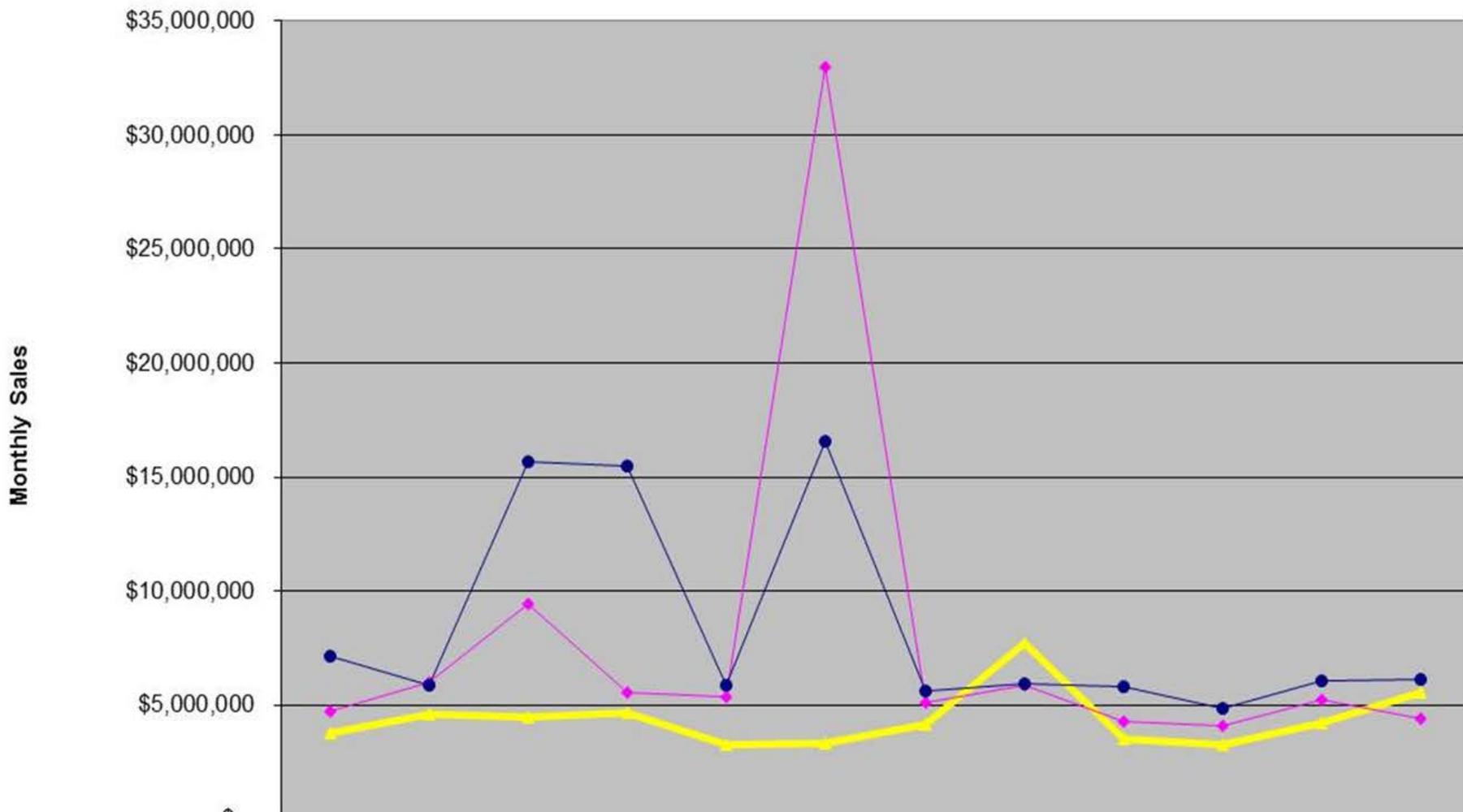


	October	November	December	January	February	March	April	May	June	July	August	September
Oct12-Sept13 Monthly Sales	\$449,110	\$429,820	\$977,930	\$454,960	\$-	\$-	\$351,110	\$185,020	\$380,820	\$140,450	\$-	\$-
Oct11-Sept12 Monthly Sales	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Oct10-Sept11 Monthly Sales	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-

Month Ending



## Mega Millions Game Monthly Sales October 10 thru September 13



	October	November	December	January	February	March	April	May	June	July	August	September
Oct12-Sept13 Monthly Sales	\$3,798,620	\$4,622,314	\$4,464,771	\$4,689,133	\$3,259,650	\$3,339,999	\$4,156,059	\$7,702,167	\$3,524,100	\$3,274,059	\$4,237,931	\$5,540,292
Oct11-Sept12 Monthly Sales	\$4,732,239	\$5,999,489	\$9,455,586	\$5,561,441	\$5,356,677	\$32,974,064	\$5,113,305	\$5,867,252	\$4,288,693	\$4,070,293	\$5,214,203	\$4,408,529
Oct10-Sept11 Monthly Sales	\$7,127,421	\$5,863,271	\$15,859,859	\$15,471,338	\$5,890,784	\$16,576,585	\$5,595,416	\$5,916,940	\$5,624,818	\$4,881,039	\$6,044,294	\$6,093,254

Month Ending

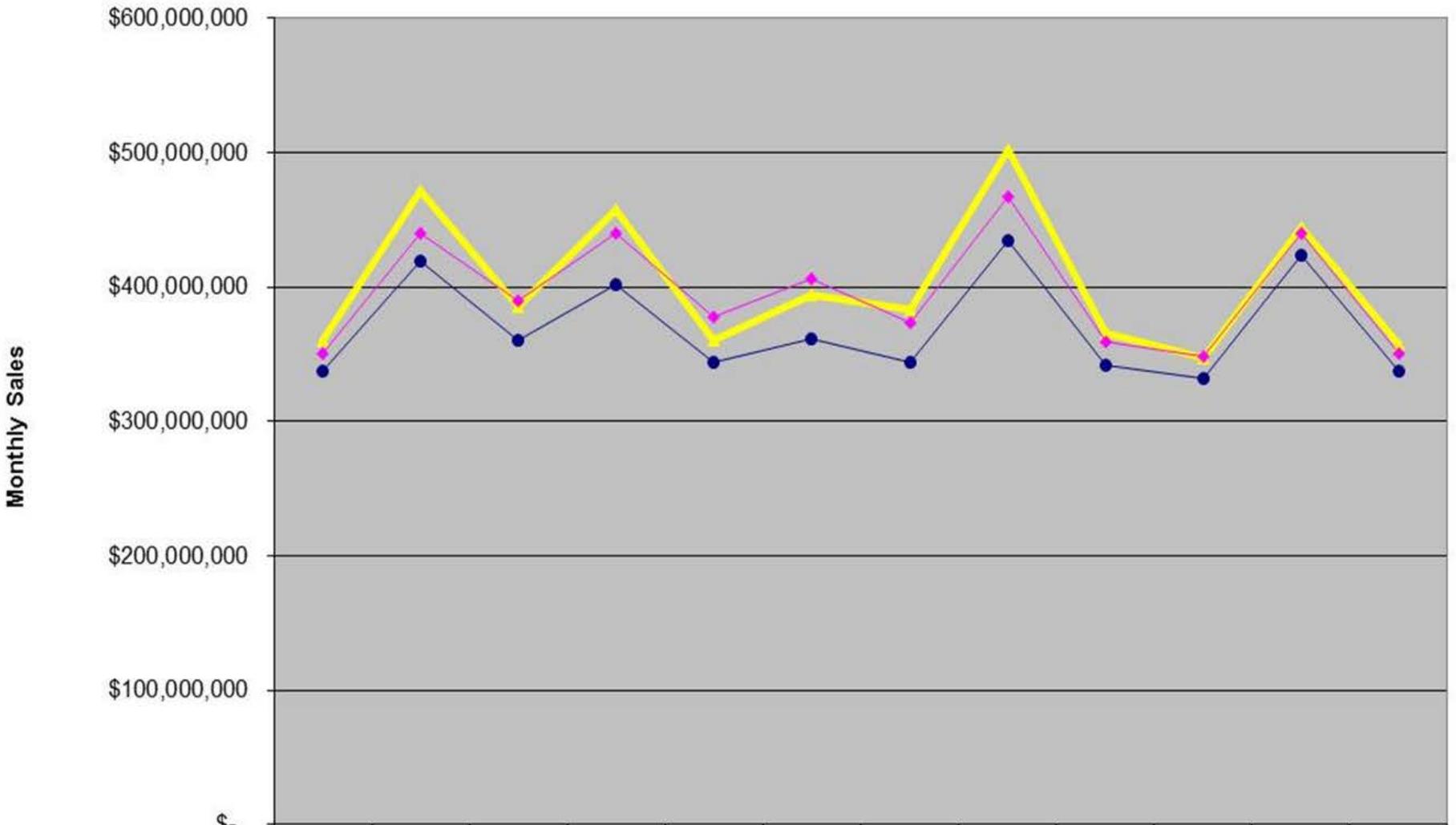


# Powerball Game Monthly Sales October 10 thru September 13



Month Ending

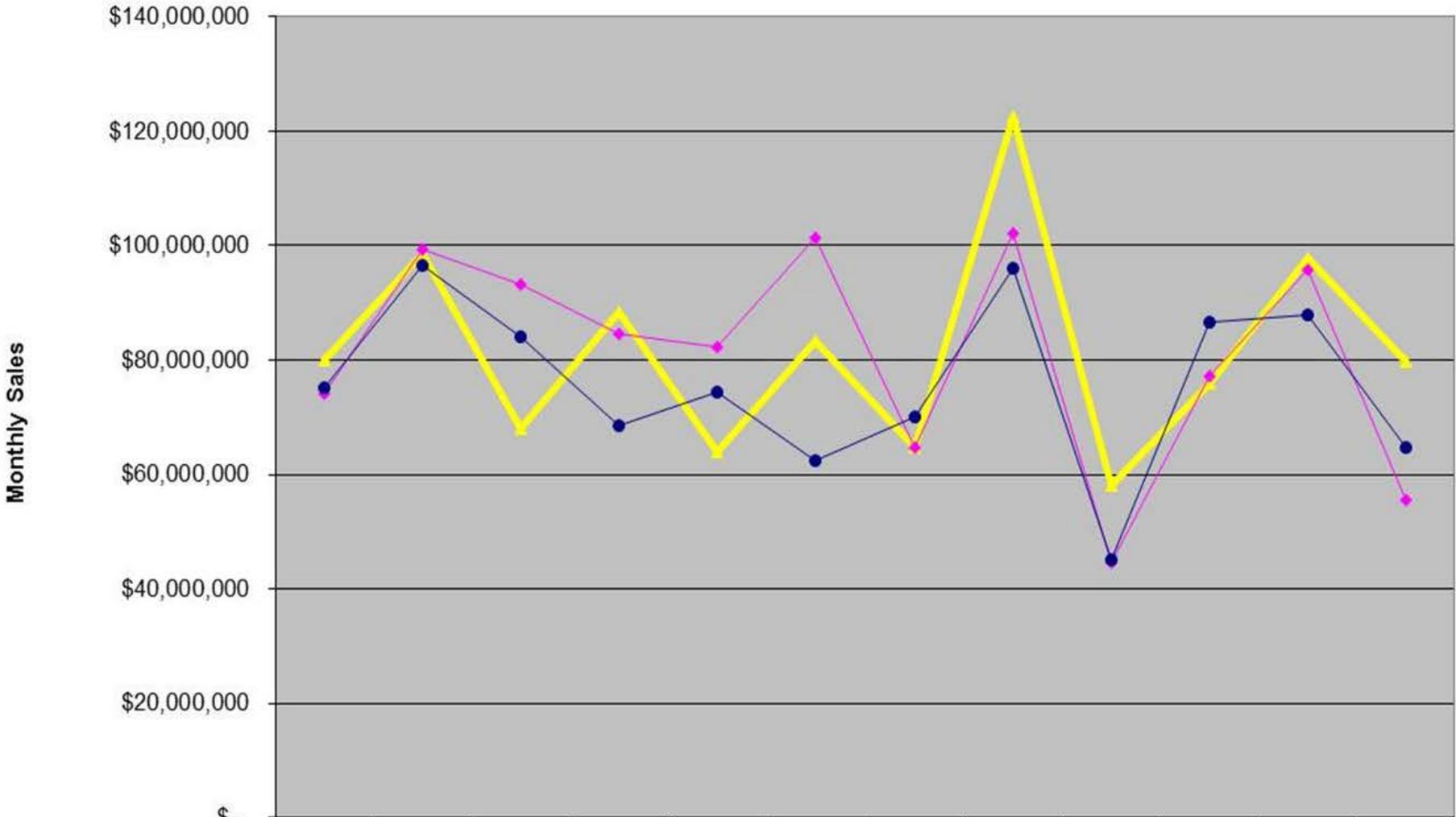
### All Game Monthly Sales October 10 thru September 13



	October	November	December	January	February	March	April	May	June	July	August	September
Oct12-Sept13 Monthly Sales	\$380,005,31	\$471,334,14	\$385,141,21	\$457,475,98	\$380,488,15	\$394,327,36	\$382,685,71	\$502,405,17	\$365,804,86	\$347,447,17	\$444,714,79	\$357,201,67
Oct11-Sept12 Monthly Sales	\$350,610,08	\$439,409,55	\$389,381,14	\$439,555,90	\$378,185,23	\$406,403,48	\$373,769,43	\$486,824,07	\$359,205,13	\$348,653,04	\$440,248,26	\$350,548,19
Oct10-Sept11 Monthly Sales	\$337,685,84	\$419,433,11	\$360,673,19	\$402,014,40	\$343,565,06	\$361,290,35	\$343,489,86	\$434,978,67	\$341,858,51	\$332,006,02	\$423,385,04	\$337,777,46

Month Ending

## Net Profit Monthly Sales October 10 thru September 13



	October	November	December	January	February	March	April	May	June	July	August	September
Oct12-Sept13 Monthly Sales	\$80,090,803	\$98,530,009	\$68,098,157	\$88,350,612	\$63,831,385	\$83,247,700	\$64,700,836	\$122,384,34	\$58,210,530	\$75,993,683	\$97,853,188	\$79,772,000
Oct11-Sept12 Monthly Sales	\$74,241,896	\$99,423,933	\$93,223,593	\$84,691,278	\$82,308,062	\$101,280,15	\$64,761,884	\$102,125,17	\$44,615,500	\$77,166,925	\$95,717,106	\$55,661,146
Oct10-Sept11 Monthly Sales	\$75,070,321	\$96,430,121	\$84,170,140	\$68,451,088	\$74,453,739	\$82,358,850	\$70,068,974	\$98,061,179	\$45,144,893	\$86,577,862	\$87,865,153	\$64,635,311

Month Ending

<b>MSLC Revenue Results</b>									
<b>September FY14 vs. FY13</b>									
(\$ millions)									
Through September 30, 2013									
			<b>FY14</b>	<b>% of Total</b>		<b>FY13</b>	<b>% of Total</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Instant Tickets</b>	69.9 to 80.4		\$242	67.7%		\$242	69.1%	-\$1	-0.2%
<b>MegaMillions</b>	50.0		6	1.6%		4	1.3%	1	25.9%
<b>Powerball</b>	50.0		15	4.1%		7	2.1%	7	99.7%
<b>Keno</b>	70.0		61	17.0%		60	17.1%	1	1.5%
<b>Mass Cash</b>	55.0		5	1.5%		5	1.5%	0	3.8%
<b>Race Game</b>	70.0		0	0.0%		2	0.6%	-2	-100.0%
<b>Lucky For Life</b>	60.0		3	0.7%		3	1.0%	-1	100.0%
<b>Numbers Game</b>	63.0		25	6.9%		24	7.0%	0	0.3%
<b>Super 50-50 Raffle</b>			0	0.0%		0	0.0%	0	100.0%
<b>Megabucks</b>	55.0		1	0.4%		2	0.5%	0	-7.8%
<b>Jackpot Poker</b>			1	0.2%		0	0.0%	1	100.0%
<b>Total</b>			\$357	100.0%		\$351	100.0%	\$7	1.9%
<b>Instant Tickets</b>	69.9 to 80.4		\$242	67.7%		\$242	69.1%	-\$1	-0.2%
<b>Online Games</b>	50.0 to 70.0		115	32.3%		108	30.9%	7	6.6%
<b>Total</b>			\$357	100.0%		\$351	100.0%	\$7	1.9%

## MSLC Revenue Results

### Year-to-Date FY14 vs. FY13

(\$ millions)

Through September 30, 2013

	<u>FY14</u>	<u>% of Total</u>	<u>FY13</u>	<u>% of Total</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Instant Tickets</b>	\$785	68.3%	\$785	68.9%	\$0	0.0%
<b>MegaMillions</b>	13	1.1%	14	1.2%	-1	-4.3%
<b>Powerball</b>	42	3.6%	28	2.4%	14	49.2%
<b>Keno</b>	196	17.1%	193	16.9%	4	1.9%
<b>Mass Cash</b>	18	1.5%	17	1.5%	1	3.6%
<b>Race Game</b>	0	0.0%	6	0.5%	-6	-100.0%
<b>Lucky For Life</b>	8	0.7%	11	1.0%	-3	100.0%
<b>Numbers Game</b>	79	6.9%	80	7.0%	0	-0.6%
<b>Super 50-50 Raffle</b>	0	0.0%	0	0.0%	0	100.0%
<b>Megabucks</b>	5	0.4%	6	0.5%	-1	-12.3%
<b>Jackpot Poker</b>	3	0.2%	0	0.0%	3	100.0%
<b>Total</b>	<b>\$1,149</b>	<b>100.0%</b>	<b>\$1,139</b>	<b>100.0%</b>	<b>\$10</b>	<b>0.9%</b>
<b>Instant Tickets</b>	\$785	68.3%	\$785	68.9%	\$0	0.0%
<b>Online Games</b>	364	31.7%	354	31.1%	10	2.8%
<b>Total</b>	<b>\$1,149</b>	<b>100.0%</b>	<b>\$1,139</b>	<b>100.0%</b>	<b>\$10</b>	<b>0.9%</b>

# Lottery Reform Scorecard

## Governance

- The Executive Director executed this month the following new Compliance Policies: (i) Monitoring and Testing MSLC Amber Alert Policy; (ii) Monitoring and Testing Season Ticket Winners File; and (iii) Monitoring and Testing Drawings Policy and Procedure. He also executed a revision to the Agent Monitoring and Testing – Ticket Validation Policy to clarify the low tier tickets used in undercover investigations.

## Procurement

- OSD has announced revisions to standard procurement provisions and policies, effective October 1<sup>st</sup>, and the Lottery is revising standard procurement forms to reflect these updates.

They reflect a change to the Supplier Diversity Program. Bidders are required to develop creative initiatives to help foster new business relationships with M/WBEs and/or SDVOBEs within the primary industries affected by this RFR. SDP will be evaluated at 10% or more of the total evaluation. Once an SDP commitment, expressed as a percentage of contract revenues, is submitted, negotiated and approved, the contracting agency must monitor the contractor's performance.

In addition, OSD now *mandates* that all bidders participate in the Commonwealth's prompt payment discount initiative, rewarding the state for early and/or on-time payments. Vendors benefit by increased, usable cash flow resulting from fast and efficient payments for commodities or services rendered.

## Operations

- The Lottery offered a Customer Service Audio Conference to relevant employees on October 12<sup>th</sup> entitled: "Becoming a Customer Service Superstar." The Conference offered practical training that included how to make an immediate good first impression, hear yourself as others hear you, increase profitability through good customer service and wind up every customer transaction on a positive note.

# Human Resources Training Update

The Lottery has launched two training programs for its staff with the goal to train all staff either in person or through video training:

- **Anti-Discrimination & Harassment Training:**

We have held 14 sessions to-date and trained approximately 350 staff. One more session will be held and a plan is in place to train the remaining 25 staff members who work off-shifts and weekend hours.

- **Office of Campaign & Political Finance Training:**

We have offered 19 sessions between all regional offices, training approximately 325 staff members. A final session has been scheduled for the Worcester office. Once completed, we will identify those who did not attend and make training available for them.

Additionally, a customer service training session was held on October 24 via a webinar. This was a pilot to determine the effectiveness of such training. While the content was satisfactory, we found the delivery mode (teleconference) to be lacking. It did not provide the learning experience we anticipated. Accordingly, we are working to develop future customer service training of a similar content which all customer service staff will take part in.

Thank you for the opportunity to share this information. We look forward to your feedback and to further discussion on these figures, as well as other Lottery initiatives.

