

# Measuring Success

2014-2015
Achievement Report







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Message from the Governor

#### Dear Friends:

This year, the Florida Lottery contributed more than \$100 million toward education every month, and continued to demonstrate their commitment to providing our students with the tools they need to succeed in college and careers. The Lottery's focus on generating record amounts of revenue for education is helping us become first for students to get a great education.

Congratulations to the Florida Lottery and all of the dedicated staff on an exciting year of accomplishments, and thank you all for supporting Florida's students. I look forward to another year of historic investments in Florida's education system.

Sincerely,

Governor Rick Scott



Message from the Secretary

This year, the Florida Lottery delivered on its mission to maximize revenue in a big way! First, the Lottery achieved an all-time sales record by exceeding \$5.58 billion. This milestone marked the fourth consecutive year of record sales and upheld Florida's position as the second highest-selling lottery in the country. The Florida Lottery was also recognized as the second most-efficiently operated U.S. lottery, with administrative expenses far below those similar in size, such as the New York and California Lotteries.

The most exciting thing about record sales is the positive impact it brings to our players, retailers and Florida students and schools. This fiscal year, Lottery players were paid \$3.6 billion in prizes money, and Florida businesses earned \$312 million in retailer commissions. Most importantly, the Lottery generated \$1.5 billion in revenue for education, marking the 13th consecutive year that the Lottery has contributed more than \$1 billion to Florida's education system.

Each day Florida Lottery employees, vendors and retailers, work hard to succeed in providing terrific games for players, being a dependable source of additional education funding and operating as a distinguished business enterprise serving the citizens of Florida.

Sincerely,

Tom Delacenserie, Secretary



Contributing to Education

The sole mission of the Lottery is to maximize revenues for education. Operating daily towards that goal, the Florida Lottery transferred \$1.50 billion in revenue to the Educational Enhancement Trust Fund (EETF) during fiscal year 2014-15. This marks the 13th consecutive year the Lottery has contributed more than \$1 billion to Florida's education system. In its 27 year history, the Florida Lottery has generated more than \$28 billion dollars to support the state's commitment to providing the best education possible to its citizens.

Lottery revenues benefit education programs in all of Florida's 67 counties at every level from K-12, to state colleges and universities, and serves as the primary funding source for the Florida Bright Futures Scholarship Program. This program, created in 1997, continues to provide assistance to Florida's best and brightest students as they pursue higher education at state colleges and universities. To date, more than \$4.85 billion in Lottery funds have helped more than 725,000 students receive a Bright Future scholarship to pursue their degree.

From the first day of classes to college graduation and every day in-between, Florida students are acquiring a quality education that will help them build a better tomorrow. Each time our players purchase a Florida Lottery ticket, they are helping students and teachers across our state excel. At the Florida Lottery, we are proud to serve as a contributor to education, ensuring a future where every student wins.





**Games and Promotions** 

#### Draw Games

On July 2, 2014, Florida's MEGA MONEY® game was replaced with LUCKY MONEY™ with EZmatch™. The new game offers better overall odds, more winners per draw and a bigger second prize than the MEGA MONEY game, plus the EZmatch addon feature gives players a chance to win up to \$500 instantly. LUCKY MONEY with EZmatch sales topped \$103 million this fiscal year, representing a \$23 million, or 29 percent increase over the previous fiscal year's MEGA MONEY sales.

On October 19, 2014, the newest multi-state game, MONOPOLY MILLIONAIRES' CLUB, launched in 23 lottery states. Players had a chance to win a \$15 million starting top prize, a \$1 million Millionaire's Club prize, or the chance to win a trip to Las Vegas to participate in a TV game show. During its limited offering, Florida's MONOPOLY MILLIONAIRES' CLUB sales reached over \$5 million, before the game ended on December 26, 2014.



A new play type, 1-OFF, was added to PLAY 4<sup>™</sup> on March 16, 2015, and the 1-OFF play type for the CASH 3<sup>™</sup> game was enhanced. 1-OFF players win by matching their numbers in the exact order or can also win if any of their numbers are one off. PLAY 4 1-OFF sales for this fiscal year surpassed \$5 million. Sales for the enhanced CASH 3 1-OFF play type were over \$3 million, representing a 145 percent sales increase over the previous version. Additionally, PLAY 4 sales increased by 15 percent since 1-OFF was added, and CASH 3 sales also saw a 15 percent increase following the 1-OFF play type enhancement.





Several exciting promotions supported the Draw games in fiscal year 2014-15. The Florida Lottery launched its second promotion using smartphone technology, by offering the Cruise for Cash Collect & Win Promotion, in which players could scan FLORIDA LOTTO tickets on their cell phones to collect symbols and earn entries for a chance to win Caribbean cruises, tablet computers or up to \$5,000 cash. Plus, two EZmatch promotions were offered that provided LUCKY MONEY and FANTASY 5 with EZmatch players, the chance to win increased prizes for a limited time.

#### Scratch-Off Games

This fiscal year, the Lottery launched 40 new Scratch-Off games with a variety of themes, colors, play styles, top prizes and price points to appeal to Florida's broad population. Scratch-Off sales saw a robust increase of over \$300 million compared to fiscal year 2013-14, or a nearly nine percent increase. The Lottery achieved an agency Scratch-Off sales record for the fourth consecutive year, while setting an industry record for single-week Scratch-Off sales of \$95.6 million in March.

In July, the Lottery introduced the JACKPOT family at the \$1, \$2, \$5 and \$10 price points, which accounted for over \$256.5 million in sales and contributed \$47.4 million in transfers to Educational Enhancement Trust Fund (EETF). The JACKPOT family of Scratch-Off games was supported by a second chance promotion that provided players an opportunity to enter their non-winning tickets for a chance to win up to \$50,000. The successful second chance promotion showed excellent engagement with an average of 24,100 unique players per drawing.



The Lottery introduced its ninth iteration of the player-favorite GOLD RUSH theme with the launch of \$600,000,000 GOLD RUSH in September, which went on to produce more than \$430 million in sales and contributed \$81.26 million in revenue transfers to the EETF.



In an effort to attract new players, the Lottery launched a Home Depot-themed licensed property in December, with the debut of \$25,000 DREAM MAKEOVER, which generated more than \$23.5 million in sales during the fiscal year. The game was supported by a second chance promotion that gave players an opportunity to win a Dream Room Makeover, valued at \$25,000, redeemable in The Home Depot® Gift Cards. The Lottery saw excellent participation during the second chance promotional period, as 66,000 players each registered an average of 11 tickets in each of the three drawings.

Leading into the peak sales period of the fiscal year, the Lottery capitalized on the appeal

and popularity of the \$20 game \$600,000,000 GOLD RUSH, by offering a family of GOLD RUSH Scratch-Off games at the \$1, \$2, \$5 and \$10 price points, for the first time. Launching the family in January, revived promotional support of the \$20 game and as a result the GOLD RUSH family accounted for more than \$745 million in Scratch-Off sales and generated more than \$137.5 million in revenue for education.



In an effort to continually provide players with new and exciting games that deliver more winning opportunities, life-changing top prizes and the best odds of winning, the Florida Lottery launched the newest \$25 ticket, \$10,000,000 FLORIDA CASH on February 24, 2015. Boasting 50 prizes of \$1 million to \$10 million, the largest top prize offered by any of our Scratch-Off games, this game exceeded sales expectations and led the pole position for several weeks of record-breaking sales at the Florida Lottery. In its first six weeks, \$10,000,000 FLORIDA CASH produced over \$106 million in sales. When compared to all other Scratch-Off games offered by every U.S. lottery last year, \$10,000,000 FLORIDA CASH was the top-performing game in the nation.

This fiscal year, \$20 and \$25 game ticket sales again led the charge, increasing their contribution to approximately 45 percent of total Scratch-Off sales, which translated to close to \$300 million in revenue transfers benefitting Florida students and schools.



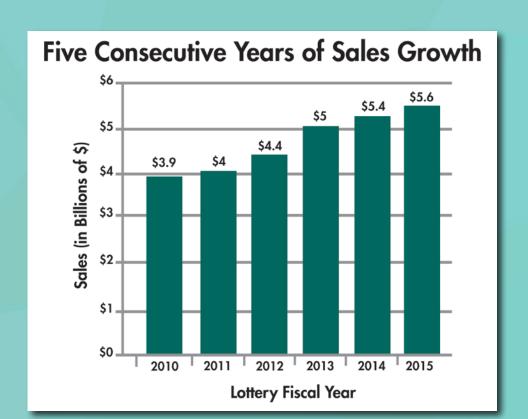


## Sales

The Florida Lottery finished fiscal year 2014-15 with an all-time annual sales record of \$5.58 billion. This standing would put the Florida Lottery, if it was a private company, on the Fortune 500 list where it would rank higher than Neiman Marcus, Levi Strauss, Williams-Sonoma and Raymond James.

Arming our sales team with better technology via a Mobile Sales tool has enabled us to monitor sales more closely and make corrective action plans to increase sales. The sales representatives can retrieve real-time sales data, review sales charts, place orders for Scratch-Off inventory, make sales presentations and conduct store audits while visiting retailers. Throughout the fiscal year, the sales team continued discussions regarding retailer integrity with all Lottery accounts and worked with the Division of Security to respond to and resolve any reported issues.

In order to increase the product availability to our customers, we began utilizing Scratch-Off ticket dispensers that accommodated higher capacity and increased the number of Scratch-Off games visible in the dispenser (facings). The new ticket dispensers allowed our retailers to carry more of the high-demand games, and further prevent out-of-stock situations. The addition of approximately 100,000 facings played a large role in the Lottery exceeding its' annual Scratch-Off sales goal by more than \$124 million. Also, at the point of retail, we have been testing 1,700 window LED-lit jackpot signs promoting Lottery Draw games. Retailers using these signs are showing jackpot sales five to eight percent higher than stores without them.



The Lottery's corporate accounts team worked with its corporate partners to increase participation in store promotions that assist in getting new games displayed quicker and increasing sales. Both RaceTrac and Tom Thumb agreed to participate in these promotions. The resulting promotions garnered increases of 205 percent for RaceTrac and 14 percent for Tom Thumb stores. The corporate accounts team also encouraged the chains to enroll in auto-replenishment for their Scratch-Off games ordering process, which allows the Lottery's Scratch-Off game vendor to place an order without having to call the store. This saves the chain both time and money by not having to divert personnel to answer the phone or count ticket inventory. One of our biggest chains has been able to decrease their store inventory, while increasing sales by \$1,500 per week. Wawa, Inc. also came aboard this year as a corporate retailer, with more than 60 locations in Florida now selling Lottery tickets.

During the fiscal year, the Florida Lottery district office staff was responsible for operating ticket sales booths at a number of diverse events across the state. These events brought in more than \$2.5 million in Lottery ticket sales, including a record \$1.1 million generated at the Florida State Fair. In addition to selling tickets, Lottery district staff is responsible for paying claims on winning Lottery tickets presented at our nine district offices. This fiscal year, Lottery district office staff processed nearly 11 percent more claims than in the previous fiscal year.



Strategic Alliance Partnerships, Promotions and Special Events The Florida Lottery's Brand Management Department formed a number of mutually-beneficial strategic alliance partnerships throughout the fiscal year, which brought exposure to large audiences across the state.

#### **Partnerships**

Through its partnership with NASCAR, the Florida Lottery received exposure to an audience of millions of racing enthusiasts during the Coke Zero 400 and Ford EcoBoost 400 race weekend in Daytona. The Lottery also teamed up with Lottery corporate retailer Winn-Dixie, Inc. to host a radio remote with #10 racecar driver Danica Patrick, who participated in a question and answer session with fans and Lottery players, the day before her race. The remote attracted hundreds of listeners who were able to purchase Lottery products and play the "Spin to Win" wheel for a chance to win prizes, including a pair of grandstand tickets and a private meet and greet with Danica Patrick. Additional Lottery drawings were held to award a pair of Pit Crew for a Day Prize Packages, which allowed the winners to serve as official members of Danica Patrick's pit crew during the race, as Danica drove a custom-wrapped Lottery-sponsored racecar on the track. Overall, the sponsorship provided the Lottery an opportunity to make more than \$146,000 in combined sales, award prizes to players and entertain a diverse audience with interactive on-stage promotions throughout the race weekend.

In the fall of 2014, the Florida Lottery partnered with the Miami Dolphins and internationally-renowned artist Romero Britto to promote the Lottery's BRITTO Scratch-Off game. As the official sponsor of the Miami Dolphins vs. San Diego Chargers NFL half-time show, the Florida Lottery made a special unveiling of the new BRITTO Scratch-Off ticket to more than 60,000 fans in the stadium. This promotion spurred sales for the Scratch-Off game in the months to follow.

The Orlando Magic basketball team also partnered with the Florida Lottery, in the spring of 2015, to offer the MAGIC of POWERBALL® Promotion.



This promotion ran through the second half of the NBA basketball season and offered Lottery players in Central Florida the chance to win away game fly-away trips, season tickets, meet and greets with Magic players, autographed merchandise and more. The Lottery was the game day sponsor of the Magic's February 22nd game against the Philadelphia 76ers, during which, a lucky section of Magic fans received Florida Lottery/Orlando Magic prize packs containing Orlando Magic merchandise and Lottery Scratch-Off tickets.

#### **Special Events**

The Special Events team participated in 118 community based events throughout Florida during the fiscal year. These events allowed the Lottery to increase public awareness of its commitment to education, as well as showcase new games and promotions. Highlights from this year included the Pensacola Seafood Festival, the Miami Boat Show, the Weekie Wachee Swampfest, the Just Read, Florida! Celebrate Literacy Week, and the State Science and Engineering Fair.

As a part of its annual fall activities, the Florida Lottery welcomed students back to school by co-hosting Bright Futures Ice Cream Social events at 10 Florida colleges and universities. These events served as a platform to inform the public of the Lottery's commitment to education and funding of the Bright Futures Scholarship program. During each event, a Lottery staff member, school officials and select Bright Futures scholarship recipients spoke to students about the importance of higher education and the role the Lottery plays in supporting their school and the Bright Futures Scholarship Program. Additionally, the students received custom Bright Futures t-shirts in their school colors, and ice cream provided by Lottery corporate retailer, Winn-Dixie, Inc. These events were held on the campuses of Chipola College, Broward College, Florida Agricultural & Mechanical University, Florida Gulf Coast University, Florida Atlantic University, Florida International University, the University of West Florida, University of Central Florida, University of Florida and University of South Florida.



## Winners

As Florida Lottery Scratch-Off games have evolved over the years, players have benefitted with new and more ways to become millionaires. This fiscal year, the Lottery debuted the first \$10 million prize offered on a \$25 Scratch-Off game. In total, Scratch-Off players won more than \$2.68 billion in prizes this year including 90 prizes of \$1 million or more.

Some of the Lottery's most-popular winner stories from this year came from Scratch-Off winners, including a woman who purchased a \$500 prize-winning Scratch-Off ticket while visiting Lottery headquarters to claim a \$3 million Scratch-Off prize, a man who won a \$3 million Scratch-Off prize from a ticket he put in his dog's Christmas stocking and a first-time Lottery player who won a \$500,000 prize on a \$5 Scratch-Off ticket.

This year, millions of Draw game prizes were won by Florida Lottery players, as well, including 72 prizes of \$1 million or more. These new millionaires included Florida's ninth and tenth POWERBALL® jackpot winners, each claiming \$80 million jackpot prizes; 41 Florida players won \$1 million and \$2 million POWERBALL prizes; and, there were 15 Florida MEGA MILLIONS® winners of \$1 million or more. Our flagship FLORIDA LOTTO® game produced six jackpot winners, including a \$19 million and a \$48 million jackpot prize. The newest Draw game, LUCKY MONEY™, had 24 jackpot winners during the fiscal year! Our daily draw games, CASH 3™, PLAY 4™ and FANTASY 5® paid out more than \$468 million in prizes to players.



In addition to traditional Scratch-Off and Draw game prizes, Florida Lottery players had the opportunity to win prizes ranging from free Scratch-Off tickets and cash prizes, to college and pro-football VIP experiences and authentic Britto™ artwork through a variety of promotional, second chance and social media contest offerings. Driving excitement and creating optimistic moments that provide our players the opportunity to "just imagine" the possibilities, are two of the brand pillars that comprise the Florida Lottery's brand foundation. Furthermore, the billions of dollars won each year allow Florida Lottery players to realize their dreams.



The Office of the Secretary directs the operations of the Florida Lottery and is responsible for the effective management of the Lottery in accordance with directives identified in statutes and corresponding rules, policies and procedures.

The Office of the General Counsel provides consultation, direction and representation in all legal matters affecting the Lottery.

The Office of the Inspector General assists the Secretary with internal control systems necessary to ensure the fiscal accountability and integrity of the Lottery. The division is responsible for performing financial, compliance, and performance audits of the Lottery, and preparing audit reports of said findings and investigations.

The Office of the Chief of Staff assists the Secretary in providing excellence in customer service, overall organization, direction, and coordination, both in day-to-day activities and in long-range planning.

- Legislative Affairs is responsible for promoting and securing the passage of the Secretary's and the Governor's legislative objectives by the Legislature.
- Communications provides public relations support for new game launches, promotions and events, and coordinates all Lottery activities with the news media, including spokesperson interviews, media inquiries, news conferences and press releases. Communications is responsible for social media efforts, and produces official Lottery publications.

- *Customer Service* serves as the Lottery's direct liaison to players, responding to inquiries regarding games and various other facets of operations. It also manages customer correspondence via phone calls, emails and letters.
- Security provides security services for the Lottery, including protection of buildings and facilities, investigative activities and game draws. In addition, the Division of Security conducts background investigations for vendors, retailers and employees; manages the department's safety awareness program and the Lottery's continuity of operations plan (COOP).
  - *Investigations and Operations* monitors the physical security of all Lottery facilities and investigates security breaches. This unit also investigates problem claims and allegations of potential illegal activity, and is responsible for managing the draw process.
  - Intelligence and Administrative Support conducts background investigations on potential vendors, contractors, retailers and employees, and provides analytical support for other criminal investigations. This section provides maintenance and hardware support for the Integrated Security System and manages the agency's loss prevention program, which aids retailers in reducing ticket theft and informs the general public of Lottery-related scams and other fraudulent activity.
- **Human Resources** provides strategic leadership relative to employee recruitment, retention and training. The division administers a comprehensive human resources program including recruitment, selection, performance management, payroll, training, benefits, classification and pay, and attendance and leave.

The Deputy Secretary of Administration assists the Secretary by managing programs aimed at increasing lottery sales, transfers to the Educational Enhancement Trust Fund and financial management strategy. This division is actively involved in strategic planning, IT and administrative support, and the financial management of the Florida Lottery.

- Information Resources provides strategic and automated solutions to fulfill the Lottery's business needs through efficient and effective development and deployment of the Lottery's information technology resources, including optimizing the sale of Lottery tickets and ultimately enhancing contributions to education. Operations consists of the following units:
  - Software and Data Services automates and improves the Lottery's business processes by building information applications that enable and optimize the development of new Lottery products, payment of winners, electronic payment by retailers, retailer incentive programs and other mission-critical initiatives.
  - Software Quality Assurance is responsible for researching gaming system functional requirements and performing user acceptance testing on all gaming system software prior to implementation.
  - Systems and Operations Services maintains a secure, power redundant data center environment, provides telecommunications systems and services, and provides desktop computing and technology infrastructure services for the Lottery. This unit also maintains the Lottery's Information Technology Disaster Recovery plan.
  - Games Administration manages all retailer accounting and systems related to game transactions, including ticket inventory. The unit coordinates all terminal gaming functions for Lottery Draw games, including closing games for draws, entering the winning numbers into the gaming system, and setting the games to pay winners. Games Administration serves as the system coordinator and liaison to all Lottery retailers.

- Information Security Management (ISM) develops and coordinates information security infrastructure and programs to provide protection and ensure integrity for the department's computers, data and networks.
- **Procurement** provides strategic service in the acquisition of commodities and contractual services necessary in the operation of the Florida Lottery. Additional services include administering general and routine activities that result in the issuance of purchase orders and execution of contracts.
  - Support Services provides the day-to-day operational services including facilities
    management, fleet management, property/ inventory control, warehousing operations,
    records management and mail operations. The unit oversees janitorial and other administrative
    contracted services.
  - *General Services* manages and administers the contract management process as well as provides resources in the monitoring of contract deliverables. It also provides direction to ensure the minority business community participates in the Lottery's procurement and contracting processes.
- **Finance and Budget** assists the Secretary by providing fiscal direction for the Lottery to grow responsibly in a profitable and sustainable manner. The division oversees the development and monitoring of the department's budget, all financial reporting, disbursements and monitoring of cash flows.
  - The *Budget* unit prepares the annual legislative budget request and any necessary budget amendments for the Lottery, monitors expenditures to ensure budgetary compliance, and coordinates the development of the Lottery's long-range program plan.

- Financial Reporting is responsible for the production and distribution of all financial reports. The unit produces the statutorily required monthly financial report, annual financial statements, and all schedules and reports required for the Florida Comprehensive Annual Financial Report.
- Vendor Disbursements is responsible for making payments to vendors supplying goods and services to the Lottery.
- The Cash Management unit is responsible for coordinating all cash activities. This includes
  collecting funds from retailers, covering required disbursements, coordinating all banking
  activities and managing all investments.
- Retailer Contracting evaluates and approves retailer applications and enters into contracts with retailers that will best serve the public interest and provide adequate and convenient availability of Lottery tickets. The unit directly supports the Lottery's efforts in the recruitment and retention of retailers. Through its application and contract renewal process, this unit evaluates the integrity and financial responsibility of all Lottery retailers. The unit is also responsible for collection efforts by tracking retailer payment delinquencies and coordinating financial reviews of retailers, as necessary.
- *Claims Processing* processes the prize payments of tickets submitted to Lottery headquarters, assists district offices with the payment of prizes presented at those offices, and coordinates all withholding and reporting requirements with the Internal Revenue Service.

The Deputy Secretary of Sales and Marketing assists the Secretary by increasing sales statewide through effective product development and research, along with the implementation of a strong sales and marketing plan.

- The **Division of Sales** plans effective sales strategies and training in advance of all new product launches, in addition to overseeing the activities of, and disseminating policies and procedures to, the nine statewide district offices.
  - *Corporate Sales* is responsible for the growth and development of the Lottery's corporate business. The unit serves as a liaison between Lottery and main corporate offices of retailers statewide.
  - District Offices manage the sale, promotion and redemption of Lottery products through a statewide network of more than 13,000 Lottery retailers. In addition to the office management staff, each of the nine district offices employs a staff of sales representatives who assist in the promotion and sale of Lottery products at the retail level.
  - ADA Office ensures that all policies and directives relating to the Americans with Disabilities Act (ADA), as they pertain to Lottery retailers, are implemented and upheld.
- Product Development and Research provides direction, oversight and evaluation of daily business functions related to Research, Product Development and Business Development with the primary focus of managing programs aimed at increasing Lottery sales and transfers to the Educational Enhancement Trust Fund.
  - *Research* initiates and oversees consumer market studies primarily contracted through the Lottery's research vendor of record. The unit's projects center on consumer, retailer, retail environment and advertising campaign analysis.

The unit also provides valuable data used to determine products to be developed, revenue forecasting and overall program effectiveness.

- Product Development provides direction and oversight in the creation, design, development and management of Terminal and Scratch-Off Lottery products.
- Brand Management oversees all areas relating to the promotion and sale of Lottery products, strategic alliance partnerships, marketing, graphics and special events and promotions.
  - Advertising drives sales by supporting product launches and bringing awareness to Lottery products and contributions to education. The Lottery's advertising is designed to not only inform and persuade the general public to purchase available products, but to also generate increased purchases of Lottery games over time through strategic "branding" efforts. In addition to traditional radio and television media buys in the General, Hispanic and Haitian markets, the Lottery advertises on static and digital billboards, on social media, and has a presence on nightly Draw television carrier stations.
  - Strategic Alliance drives the growth of the Lottery beyond its core business, and initiates and manages key promotional business and marketing initiatives. Responsibilities also include identifying, evaluating, negotiating, and implementing new strategic alliances and corporate sponsorships.
  - Special Events increases the awareness of Lottery products and contributions to education
    through special promotions, promotional merchandise and participation in special events in
    communities throughout Florida. Responsibilities include off-site, live game drawings,
    retailer promotions and Lottery Showvan scheduling.
  - Graphics provides overall art design and direction for the Lottery, including quality control
    for Scratch-Off ticket design, logo usage, publications, promotional items and graphic
    presentations.











Just Imagine®

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