

Innovation in Sisal

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Innovation strategy and governance

Research and development of innovative technological solutions, services, processes and business models are key factors in Sisal's management of digital transformation.

They are also powerful assets for improving the **customer experience** and contributing to the prosperity of the country as a whole, also by helping bring down certain social and cultural barriers to participation in the **information society**.

Sisal has always seen innovation as a key asset and takes great care over the definition of its innovation strategy and goals. To achieve these goals, it leverages its own internal assets, open innovation and the concept of ecosystem,



thereby feeding a virtuous circle of scouting, incubation and development of innovative initiatives.

Built on our breadth and depth of vision, our **innovation strategy** operates across multiple timeframes:

- **short-term activities** exploit enabling technologies in continuous evolution, such as artificial intelligence (AI), extended reality and the blockchain, in order to improve processes and products and at the same time foster innovation within the company;
- **medium and long-term activities** focus on the study of technological trajectories and analysis of social and business trends, in which the preferred innovation paradigm is more proactive than reactive.

In applying this approach, we aim to guarantee the company's sustainability in terms of both its current performance and its groundwork for future improvements.

So far as concerns its **open innovation** strategy, Sisal can boast the track record of its consolidated GoBeyond programme, which promotes and incentivises responsible innovation and brings technology back into the service of the community, with positive social and environmental impacts, while offering concrete support for young businesspeople and potential innovators.

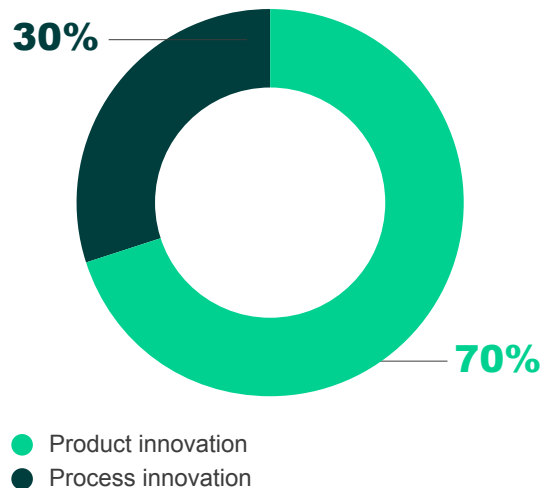
Drawing on our solid know-how, we are able to carry forward a development process targeting skills and knowledge in digital and IT that are needed to understand, identify and adopt new technologies to improve the customer experience, security and sustainability, all key factors in the evolution of our business.

Our innovation processes are distributed across the individual business units and coordinated by **Innovation Lab**, the unit in our ICT function that guarantees **innovation governance** and the creation of the right conditions for coordinated short-term efforts and a medium/long-term in-

novation strategy.

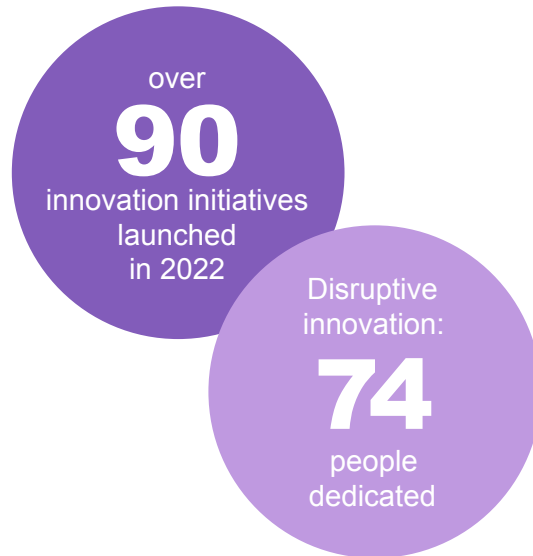
In 2022, we also carried out a **full mapping of Sisal's innovation initiatives**, along with their degrees of disruption (incremental, competitive, expansive and radical), relative strategic positioning and all the related parameters such as investments, impacts, timeframes, etc. The goal is to develop a dashboard in 2023 that incorporates the latest visualisation techniques with the aim of fostering innovation fertilisation and synergy between different business areas. This tool will also provide useful support for top management, offering a clear view of the situation and enabling the definition of guidelines for forming future strategy.

Innovation by type



To achieve these ambitious objectives, we invest in the development of **IT infrastructure** supporting the adoption of applications in line with market best practice, as well as using our own **in-house digital factories** (software development and production facilities) and **delivery hubs in Italy and abroad**.

Our digital factories also develop **mobile apps**, which are central to our users' experience. These apps allow us to deliver a better customer experience while minimising the energy consumption of device batteries to reduce environmental impact.



Sisal Innovation Lab

In June 2021, in Turin, we set up our first **Innovation Lab**, a new technology centre promoted entirely by the company and forming part of a wider investment and new jobs plan focused on innovation. Sisal's Innovation Lab is a **Competence Centre** that develops innovation projects and experiments with new technologies, prototypes and proofs of concept for integration in business operations. Trend and scenario analysis is also performed here to help top management keep our innovation strategy in step with new market opportunities.

In addition to its innovation coordination and governance function, the Innovation Lab works along **three main lines**:

→ **Radical innovation projects:** these are disruptive innovation initiatives (product or process and prevalently AI driven) led by a group of internal data scientists working in close collaboration with the Business Unit that will implement the product or is responsible for the process impacted. Alongside applied innovation projects, we also un-

dertake **exploratory projects** that focus on technologies or services for use in the development of future applications, such as **AI implementations applied to Responsible Gaming**, a pillar in Sisal's sustainability strategy. One of the most significant exploratory projects launched in 2022 was the Metaverse Lab project, which aims to develop environments in various metaverses to use as spaces for business initiatives, proof-of-concept demo tours and so on.

→ **Open Innovation:** scouting, incubation and development of innovative initiatives through sharing with the start-up ecosystem, in close collaboration with **GoBeyond**, and the development of a network of collaborations with universities and other technological innovation centres.

→ **Technology observatory:** this studies trends in the field of digital transformation and identifies the potential new scenarios that Sisal will soon be facing, thus intercepting

both threats and opportunities in good time. This know-how is made available to the company in the form of ad hoc consultancy and innovation culture initiatives that engage with Sisal's people and stimulate their ability and desire to innovate. These initiatives include the **Tech-trend reports** posted on the company intranet, the **Envisioning Days** initiative and (from 2023) webinars and podcasts.

The Lab is therefore also a huge opportunity for **networking with universities, research centres and start-ups** and will act on one hand as an external observer of the digital world and on the other as a major incubator of ideas for concrete projects.

Innovation advocacy – Main events and collaborations

Politecnico di Torino - Master HumanAlze	Academic 2022/2023 saw the launch of a new Level 2 Master's degree course, "HumanAlze: human and social sciences for artificial intelligence". Designed as a continuous training activity for humanities graduates aspiring to "hybrid" professions, it exploits the combination of humanistic and technical skills (AI and digital). As a member of Associazione STEM by Women, Sisal contributed to the design of the Master's course and relative project work together with other sponsoring companies. In designing the course, the companies encouraged the adoption of approaches that overcome the gender gap and promote equal opportunities in STEM jobs (for a culture of equality and inclusion), and that recognise the value of logic skills developed in humanities courses (where most students are female).
IKN Applied & Artificial Intelligence	In November 2022, Sisal's Innovation Lab took part in the IKN Applied & Artificial Intelligence Conference and was ranked Best Leader in AI 2022. <i>"Sisal stands out in the market for its expansion and technological innovation, for its commitment to raising awareness about strategic macro trends, and for having created an innovation ecosystem capable of meeting the challenges of the future."</i>
Digital Soul – VAR Group and Talent Garden	In line with the principle of open innovation, Sisal's Innovation Lab took part in the Hackathon organised by VAR Group and Talent Garden at the "Digital Soul" Convention in October 2022. The initiative involved Italian university students in a competition to implement a Web3 and Metaverse project meeting the specific requirements of participating businesses.
European lotteries in the digital era	In June 2022, the Innovation Lab was asked to speak at a convention held at the European Parliament: 'European lotteries in the digital era: adapting to new gaming models, ensuring player protection and fighting illegality'.
Italian Tech Week	Through GoBeyond, Sisal was a partner at Italian Tech Week, an Italian technology event organised by the Gedi group in collaboration with Italian Tech.

Spreading innovation culture

TechRadar

A weekly review of news on innovation topics (relevant not only to the trade) in the form of newsletters to everyone in Sisal Italia, totalling around 2,000 users.



GoBeyond's contribution to innovation strategy

GoBeyond is a **responsible innovation platform** created by Sisal to promote the development of innovative and socially useful business projects and thereby foster enterprise culture in Italy. Thanks to its constant growth and above all the high number of start-ups taking part in the call for ideas every year, the project has gradually become a point of reference both within our organisation, as a possible source of new business opportunities, and outside it, with Sisal acting as a virtuous example of social innovation. GoBeyond is now **one of the best-known start-up competitions in Italy** in fact and also has the important role of interconnecting sustainability and in-house innovation. For the purposes of the call for ideas, an **internal Screening Committee** (involving Sisal's Innovation Lab and innovation and sustainability functions) was created to consider possible synergy and collaboration between Sisal and the candidate start-ups. The **GoBeyond network** developed over the years has made it possible to expand the existing innovation ecosystem and to dialogue with the main innovation players in Italy (co-innovation), consistently with the Group's open innovation strategy.

Envisioning Day

Live events to raise awareness of strategic innovation macro trends and also designed to stimulate thought and discussion around the practical applications of these trends in Sisal's business. In 2022, they focused on topics such as gaming, metaverse, blockchain and NFT, esports, customer centricity, experience design and loyalty, as well as the trends characterising them and possible impacts on Sisal, from gamification to 'esportainment' and from the expansion of virtual worlds and new economic phenomena to the rise of esports and new technological approaches.



Write the Future: a contest to stimulate internal entrepreneurial culture

Launched in 2022, "Write the Future" is a contest designed to **actively engage employees in the co-creation of a more responsible future and stimulate the generation of ideas and projects** in line with our sustainability strategy. The contest was run in collaboration with Talent Garden, which selected the 20 best ideas to implement (from 117 submissions). An internal jury then chose the projects of five finalists who took part in a workshop to validate their idea, develop a roadmap and record their pitch. Following voting by the entire corporate population, it was decided to include a number of the projects in new or existing design streams.

Digital innovation for international growth

As part of its **internationalisation process**, Sisal decided to reorganise its IT infrastructure in response to new business needs by creating **two Digital Technology Hubs, in Albania and Turkey**. The aim is to provide powerful technological expertise to support our Digital Factories in Italy and thereby strengthen our capacity to develop and deliver new technologies.

Albania

Our Digital Hub in Albania was opened in 2019 to provide IT support in this constantly growing country, with a staff of highly specialised professionals aligned with the Group's standards. The main focus of the ICT Hub is to provide technological support for the growth of Sisal's multichannel business and synergy between the countries in which it operates. The various units in the Hub are headed by experts in the company's software solutions, platforms and systems, using the latest technologies and best development practices and operating according

to the highest standards of quality and security. The Digital Hub's growth objective for the ICT perimeter alone in its launch year was fully achieved, with 40 people involved in software development and application delivery. Building on this success over the last three years, plans were reviewed and adjusted, and growth has been exponential, with **around 600 colleagues now engaged in offering ICT, Customer Care, Technical Support, Administration and Finance and Procurement services**, with a number of core services developed and delivered entirely by the Albanian facility for the entire Group.

Turkey

In line with our software design and development strategy, based prevalently on internal resources and know-how, and in view of the successes of the IT Delivery Hub set up in Tirana, a Technology Hub was also opened in Turkey in March 2022. This Hub is run in synergy with the other centres that design

and develop the Group's technological assets under the supervision of the central structure in Italy, and operates with the same methodologies, levels of security and best practices. The Turkish hub's main focus is on directly supporting the growth of Sisal's business in Turkey in terms of technology and also by exploiting cultural proximity and other context and language-based synergies. The

Hub has around **60 software engineers and technicians with specialist skills focusing mainly on innovation in the field of lotteries, gaming terminals, apps and the web, and on the development of on-line games** for various Sisal Group brands.



PLAYNEXT, Sisal's first game studio

In 2022, we founded PLAYNEXT, Sisal's first game studio, a creative games development hub based in Istanbul. It has an international team of young talents with specialist backgrounds ranging from mathematics to IT and latest generation gaming.

The game studio is a big leap forward in Sisal's strategic project to guarantee a uniquely innovative gaming offering underpinned by in-house development of games with high customer appeal, enabling it to further broaden the product offering and enter a highly competitive market like content production. Thanks to creative synergy and close collaboration between the teams in Turkey and Italy, Playnext has already completed remakes of a number of highly successful instant games and slot machines and is developing completely new content for both the online and retail markets.

