PUSHING BACK
THE BOUNDARIES OF FDJ
Activity Report
A story of change. With its 2020 strategic project, FDJ® has begun its revolution. The emergence of new kinds of games and new generations of players, more familiar with digital technology, is encouraging us to push back the boundaries. Those of gaming of course, which is becoming more entertaining and more interactive, but also those of customers, our network of points of sale and our ways of working. FDJ is transforming this momentum into new experiences for all those players trying to get lucky with FDJ products.

“Throughout the world, the gaming sector is continuing its transformation. This revolution is a source of inspiration and opportunities. Today, FDJ has a new vision and a new corporate culture based on digital technology and entertainment.”

Stéphane Pallez, Chief Executive Officer
MESSAGE FROM THE CEO

FDJ has had a great year with recorded sales of 14.3 billion euros. This result shows the success of the implementation of its strategy. A summary in three key words with Stéphane Pallez.

Revolution.

The revolution of uses and explosion of casual games have changed the entertainment norms. Inspired by these trends, two years ago we launched the FDJ 2020 strategic project, to set out a vision for the future of our customers and our games. To adapt our model and bring FDJ to the digital and entertainment age, we needed to carry out our revolution and invest massively to transform our games and services offering, our customer relationship and our organisation.

Of the 500 million euros of investments earmarked by 2020, 190 million have been made since the beginning of 2015 and 88 million in 2016. They are giving a new impulse to our information systems and to our network equipment (terminals and furniture). They finally allow us to explore new areas through open innovation to invent games and services which do not currently exist.

This digital acceleration is fundamentally changing our ways of working: we are supporting all the Group’s employees to adopt digital uses and practices and more collaborative ways of working.

Experience.

Innovation is central to the FDJ 2020 project. It is naturally focused on the customer and new uses, in particular those of the younger generations. The FDJ gaming model is based on a broad base of customers, more than 26 million people, betting a moderate amount every week. We must therefore be increasingly more innovative and attractive to retain our players and recruit new ones.

We have adopted a start-up way of working so as to create new game experiences that are more entertaining and interactive, and to expand our online and point of sale services. In 2016, for example, we launched a new EuroMillions - My Million formula through a quirky and humorous digital communication campaign, pitched at a young adult target. Convinced that the future is “phygital”, we are also working on the enrichment of the physical network through digital technology. Our sports betting ParionsSport Point de vente app is a success in this regard. The electronic playslip is also growing significantly: it accounted for 16% of turnover in 2016 and 15% of stakes.

Opening.

To speed up the renewal of our offering, we are continually making new partnerships. More than 15 million euros have been invested in investment funds managed by Partech and Raise. This illustrates a new mind-set: the search for new solutions supplied by a different ecosystem. FDJ has also associated with Asmodee, the leading French games publisher and the Innovation Factory of the Web School Factory, one of the schools which trains the digital leaders of tomorrow. Finally, we have created an Innovation Centre to coordinate within FDJ the projects carried out with this open ecosystem.

This opening-up also includes our retailer network, the primary ambassadors of our brand. Our new sales organisation strengthens control over our intermediate distribution channel. It allows additional assistance to be given to points of sale undergoing change.

Finally, FDJ is listening to society as a whole. Through our CSR approach, focusing in particular on Responsible Gaming, we are taking measures to prevent excessive gaming and gaming by under 18s. The objective: to promote recreational gaming habits and defend the redistribution and solidarity values which are the basis of our model.
2016 successes

$14.3bn of stakes in 2016

i.e. $600m of sales compared to 2015

2020 objectives

$500m of investments, in particular to transform its computer base ($250m), modernise and digitise its retail network ($180m)

10% of disruptive games which do not exist today.
FDJ places customers at the heart of its strategy and aims to attract 1 million new players by 2020, in particular among young adults and women. Many initiatives were launched in 2016 in order to achieve this target.

In 2016, FDJ halted the decline of its pool of customers, by stabilising them at 26 million players. Its initiatives to digitalise the offering and the launch of new innovative services have been levers favouring this trend, especially among the 18-35 age group. 2017 should see the number of players rise again.

Winning over these new customers requires greater awareness of their expectations. FDJ has taken several measures to improve knowledge of its customers, who, currently, mainly remain anonymous. To structure this approach, an Experience and Customer Knowledge Department has been created which aims to identify 5 million players by 2020. For example, work has been started to enrich the sports betting products in points of sale; those players who agree to be identified will benefit from new services. Experimentation in a hundred points of sale was launched in the first half of the year.

In addition, 2016 saw the completion of a study on the uses and attitudes of players: it helped define three customer segments (historical target, core target and new player target) with specific expectations, opening up the way to a differentiated marketing approach.

At the same time, the Marketing Department has deployed a new methodology for working on the customer experience, both online and in the point of sale. 80 projects have been launched for this purpose by multidisciplinary teams. One example: the presentation of results on the back of the Keno lifetime winner playslips, deemed too complex by the players, has been successfully simplified. In situ studies, to analyse the customer experience on volunteer retailers’ premises have also been carried out.

In 2016, FDJ strengthened its digital partnerships with Google and Facebook. It is very active on social media, with the intention, in particular, of reaching a younger population group.
26 million players in 2016*

* players over 18

20.3 million draw games players
18.7 million scratch card players
2.8 million express game players
3.5 million sports bettors

£10.6 average weekly stake per player
Record prizes

- €66m win at EuroMillions – My Million game
- €16m record LOTO® win on fdj.fr

A variety of players’ profiles

- 50% Men
- 50% Women
- 17% in the Paris region
- 83% elsewhere in France
- 37% regular players
- 33% occasional players
- 30% monthly players

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FDJ is redesigning its gaming products by modernising the lottery games, enriching its ranges of online games and launching new disruptive games which, by 2020, are expected to represent 10% of its sales.

Rooted in French daily life, lottery-type games are evolving and being transformed. In 2016, the new EuroMillions - My Million formula was the impetus for increased sales (+5%). The reasons for this success? Increased starting jackpots, which rise more rapidly, more frequent super jackpot events, an “Étoile+” option for winning a prize even without a number, etc. In other words, a new EuroMillions - My Million with a stronger identity. In 2017, it will be the turn of the emblematic LOTO®, which, after having celebrated its 40-year anniversary in 2016, is receiving a make-over. The tombola mechanics reconnects with the spirit of the tickets of the National Lottery and new fun ways of playing will combine with innovative graphics, such as emojis transformed into Lotojis, to attract, in particular, the 18-35 year age group.

Reinventing scratch games
Scratch games have not been left out. The range of illiko® online games has expanded around illiko® Grattage (Cash, Astro, etc.), illiko® Express (La Ruche d’Or, Splendor, etc.), and illiko® Action, new generation games, with enriched experiences, which immerse the player in a universe allowing them to be an active player and make choices during the game... illiko® Action now comprises a range of six games including Instant Loto and Keno Atlantia, launched in late 2016, which are experiencing a great success. FDJ is also modernising the “classic” scratch cards with temporary games linked in particular to sports events. Among these, a game based on the UEFA EURO 2016 TM or, in 2017, “Vibrez pour Paris 2024”, the first scratch game offering to support an official bid for the organisation of the Olympic Games and Paralympic Games, the one of Paris.

Still in 2017, after two years of research, the new range of illiko® Live games (La Poule aux œufs d’or, Sauve Souris and As Capone) were launched as a pilot project in nearly 900 volunteer points of sale in the Lille urban area and Normandy. The ticket is purchased in a point of sale and scratched, which reveals the potential prize as well numerique. As a QR code that the player scans or enters on their mobile phone to extend the game experience, before returning
to the point of sale if it is a winning ticket. It is a successful hybridisation of physical and digital media for interactive scratch games targeting a young clientele, with an appetite for digital technology.

Innovation is also a necessary part of sports betting. Taking advantage of the rich sports programme of 2016, with the UEFA EURO 2016™ and the Rio Olympics, FDJ introduced eight new sports and eight new forms of betting to its players. A range of games accessible in particular via the ParionsSport En Ligne et ParionsSport Point de vente apps.

Games available on all media

While renewing its games, FDJ is focusing on making products available on all channels, in particular tablets and smartphones, to facilitate digital bets, including in points of sale. An Illiko® app and new LOTO® and EuroMillions – My Million apps were launched in the spring of 2016. FDJ has also continued to develop and promote the ParionsSport Point de vente app.

To supply this culture of innovation, FDJ has multiplied its in-house incubation units: with an allotted budget and timeframe, they bring together IT specialists, marketers and game designers, to develop richer, longer and more interactive games. 2016 also saw the realisation of FDJ cooperation with an innovative ecosystem forming part of its open innovation approach: the launch of paper and digital scratch games with the game publisher Asmodee, thinking about the new LOTO® with the Web School Factory, and investment in innovative start-ups through the Partech and Raise funds, etc. 

These are the major principles that have guided the renewal of the FDJ product range in 2016.
GAMES

A diverse and...

... attractive product range

48% OF STAKES

34% OF STAKES

18% OF STAKES

Scratch cards

Sports betting

Draw and express games

+7%

+11%

increase in scratch and interactive games vs. 2015

new more fun, interactive games where the players make their own choices

increase in sports betting vs. 2015

Pushing back the boundaries of FDJ
Digital is gaining ground

+€900m of sales, i.e. 6.5% of bets

+65% growth in digital sales vs. 2015

Looking towards the future

2 new games developed with Asmodee, 2nd European games publisher (Splendor and L’Or des Caraïbes)

6 incubation cells* in 2016

€15m put into two innovation investment companies, Partech Ventures and Raise

* Inspired by the way of working of start-ups, they focus on the creation of disruptive products and services.
FDJ leads a proactive policy to ensure the longevity of the local physical network of 31,100 points of sale which is a key asset, by modernising it, providing support for its development and strengthening its coverage.

Modernisation of the points of sale in the FDJ network fits into a win-win partnership relationship. For this purpose, in 2016, FDJ started to deploy Custo, a disability-friendly furniture offering a new presentation of scratch games. This furniture item includes new digital displays showing the amount of the jackpots on LOTO® and EuroMillions - My Million in real time to make playing easier. At the same time, FDJ has continued to renew gaming terminals with optical readers, Neptune, offering retailers access to the entire FDJ product range, and has modernised its logistics base via a new central warehouse which will eventually be able to make deliveries within 2 days.

We are also enriching the physical network with digital services. In 2016, FDJ launched the LOTO® and EuroMillions – My Million mobile apps and updated the ParionsSport Point de vente app: they allow bets to be prepared on smartphones before validation in a point of sale. More practical for the players, these solutions alleviate bottle-necks of customers thereby reducing time spent at the check-out.

Management of the network has also been strengthened with the establishment of an in-house commercial organisation structured around 55 sectors: 35 are managed directly by employees of the subsidiary, FDP, and 20 by intermediaries under contract. This organisation allows strengthened support for the points of sale by the teams in the field.

Finally, to complement its geographical coverage, FDJ is continuing to diversify its network and now totals, at the end of 2016, approximately 1,400 points of sale other than bars, tobacconists or newsagents (petrol stations, florists, bakers, etc.).
31,100 points of sale in + 11,000 towns and villages (6,708 of them in the only village shop)

Consolidation of the distribution network

1st local network in France

12,000 new equipment items rolled out (furniture and display)

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€718m paid to retailers i.e. + 4% vs 2015

Increase in commissions

Pushing back the boundaries of FDJ network

Consolidation of the distribution network

Increase in commissions

12,000 new equipment items rolled out (furniture and display)
FDJ’s digital transformation implies new ways of working that are both agile and collaborative. The employees are therefore on the front line to ensure that a new collective performance emerges.

To support FDJ’s ambitions for the 2020 project, in particular as regards the digital transformation, FDJ recruited a significant number of new staff in 2016, both at its head office and in its subsidiaries. The goal: to strengthen its expertise in key areas such as computer security (system architecture, project management), customer knowledge (Big Data, community management), finance and management control.

The digital transformation also implies a change of culture. A large corporate project, Num’In!, aimed at all employees was thus launched in 2016 in order to encourage them to adopt digital uses. A training module has been devised to develop a coaching attitude by managers, and reverse mentoring sessions are organised to ensure that all employees are involved in gaining a better understanding of the web and social media tools. At the same time, different tools have been deployed to facilitate routine exchanges and access to information: smartphones for everyone, messaging, digital safe for salary slips and personal papers, FDJ Connect in-house social media, etc.

This increasing digitalisation has a framework: a company agreement called “Better living and working together in the digital age”, on the right to disconnect was signed in November 2016 so that the use of digital tools does not replace dialogue and exchanges which strengthen social links in the company. In order to ensure the effectiveness of the right to rest and respect of privacy, employees are free to connect, or not, outside of working times and the place of work.

Initiatives have also been launched to make new ways of working effective: skills sharing between the digital marketing and IT department teams on the same project and the creation of “pilot” work spaces in the Communications and Sustainable Development Department around collaborative, silence or relaxation areas.
Diversity and quality of life at work
FDJ has been involved since 2010 in an approach in favour of diversity and the quality of life in the workplace. In 2016, the place of women was strengthened. Their proportion in managerial roles increased from 34% to 38% whereas the wage gap narrowed: for the basic salary, the gap is 9.5%, against 14% five years ago. A community of women managers has been created to develop leadership and the place of women in the company. Among the initiatives launched in 2016, participation in emblematic events such as the 4th Digital Woman’s Day and the Gender Equality Forum, as well as support for the programme, launched by the City Hall of Paris, dedicated to women entrepreneurs in sport.

This commitment in favour of diversity has also been achieved in the employment of disabled people. The proportion of employees with disabilities (direct and indirect employment) rose from 2.6% in 2009 to 6.51% in 2016, the fourth consecutive year over 6%.

This commitment has now been deployed in the subsidiaries, with for the first time, a group disability rate of 4.76%.

Quality of life in the workplace is also promoted, particularly through the provision to employees of services that promote social cohesion or allow people to relax such as yoga, nursery places and the creation of a choir. An in-house labour survey called FDJ'Team and conducted every six months in the form of a questionnaire is used to track the progress of the level of commitment of staff; for the second half of 2016, it reached 79% (i.e. two points higher than in the first half).
Gender equality: a reality

38% women managers FDJ vs. 34% in 2015 i.e. ...

+4 pts women in managerial positions

6.51% Employment of people with disabilities* i.e. ...

over 6% for the 4th year running

* Rate valid only for FDJ
The values of commitment and solidarity are the basis of our model. They also feed our business strategy and form part of our everyday work with all our stakeholders.

Because our CSR policy is built and works with and for our internal stakeholders (staff) and external stakeholders (players, retailers, regulators, suppliers, civil society, etc.), in 2016 we remodelled it in order to better meet their legitimate expectations. It is now structured around four rules of the game: commitment, trustworthiness, pioneering spirit and showing solidarity.

We are committed to entertain and protect. Through our action in favour of Responsible Gaming, our objective is to provide support to players as part of a recreational activity, combating excessive gaming and preventing gaming for under 18s. Thus, on the occasion of the Euro 2016 Football Championship FDJ raised awareness (one-off events and on the Internet) of the general public to good practice as regards gaming.

We are trustworthy, ensuring ethics are respected. In this field, we wish to be exemplary. The attention that we give to the points of sale network is one of the essential pillars of our trustworthiness. Therefore, we base our actions on two areas: training and control. In addition to regular training sessions, the retailers undergo inspections every year.

We are pioneers in moving the boundaries through an open innovation process. This was particularly reflected, in 2016, by a cooperation contract signed with IBM to design and deploy the Safer Game programme. This innovative solution is based on Big Data in order to detect more effectively any money laundering networks and atypical situations in points of sale.

We show solidarity in being useful to all, especially via the FDJ® corporate foundation which works in favour of equal opportunities. FDJ employees are involved in activities that demonstrate solidarity. In 2016, their participation in the 3rd edition of the Run&Bike Solidaire charity race thus raised EUR 50,000 for the Secours Populaire Français.
A RESPONSIBLE ...

TRUSTWORTHY
99.9% of points of sale have been inspected to check compliance with the security and Responsible Gaming procedures.

SOLIDARITY
The FDJ® Corporate Foundation has supported nearly 200 associations with an annual budget of €3.8m.

PIONEERING
FDJ, a sports partner, has created with the CNOSF (French National Olympic and Sports Committee), OSR guidelines dedicated to the world of sport with 20 principles of action to promote best practice in relation to responsibility for sports organisations.

COMMITTED
A benchmark operator in the field of Responsible Gaming, FDJ is certified by the Afnor in compliance with the Responsible Gaming standards of European lotteries with a 100% score on all the criteria.

... CORPORATE MODEL
A festive wave: that’s what 2016 was all about. FDJ, a national sponsor of the UEFA EURO 2016™, deployed La Ola FDJ®, to boost enthusiasm by the French people on the occasion of this great popular event. This complete system could be experienced in the physical or virtual spaces via a digital platform, an event tour, a promotion in the points of sale and the launch of games in the colours of the UEFA EURO 2016™. It was a great success, boosting lottery activity and strengthening brand loyalty. The UEFA EURO 2016™ was also the opportunity to launch a communication campaign in the mass media to remind people about the prohibition of gaming for under 18s.

2016 was also marked by the Rio Olympic Games and Paralympic Games during which 17 medals were won by “Challengers” of the FDJ Corporate Foundation. A great opportunity to highlight the Challenge programme that for 25 years has supported young champions, able-bodied and disabled, involved in low visibility sports with few resources. Furthermore, on 21 January 2016, FDJ formalised its support for the candidacy of Paris to organise the Olympic Games and Paralympic Games 2024, thus becoming its 1st official partner.

2016 was just as important for the FDJ cycling team on the occasion of its 20th season. The three leading cyclists excelled successively. Thibaut Pinot had a fantastic start to the season and became French time trial champion. Arthur Vichot also became French road race champion for the second time. Finally, Arnaud Démare won the Milan-San Remo, a cycling “classic”, the first for the team since Frédéric Guesdon won the Paris-Roubaix in 1997, date of creation of the team.

Finally, in the spring of 2016 FDJ announced “Sport pour Elles”, an ambitious programme for supporting women’s sport.
Pushing back the boundaries of FDJ.

4th largest lottery worldwide and 2nd largest European lottery, with recognised know-how. FDJ has accelerated the development, initiated in 2015, of its international activities.

FDJ Gaming Solutions
new brand providing content and technology to foreign lotteries

FDJ developed its international strategy in 2016. On the occasion of the World Lottery Summit 2016, which was held in Singapore, FDJ launched FDJ Gaming Solutions, the new “B to B” brand bringing together the Group’s technology sales activities (lottery games and sports betting operating platforms, point of sale gaming software), new generation games and services (a Big Data offering in favour of gaming trustworthiness and Responsible Gaming designed in partnership with IBM). A strong response to the expectations of lotteries worldwide for disruptive games and services that are looking ahead.

The new FDJ Gaming Solutions brand is based on the convergence of the know-how of FDJ, of its two technological subsidiaries, LotSys (lottery games) and LVS (sports betting), and its B2P joint-venture in China, which produces the scratch cards for the China Welfare Lottery. FDJ Gaming Solutions thus has a portfolio of strategic assets which it is intended to expand over time, possibly with partners.

FDJ abroad. It has extended its collaboration with the Portuguese lottery Santa Casa, to which it has sold its sports betting platform with match quotation services through a joint-venture. Still in Europe, the FDJ group and its partner Safran Identity & Security have won a tender for gaming terminals for a German lottery.
Behind FDJ, there are the men and women of the Executive Board chaired by Stéphane Pallez. Around it, a team with a range of expertise, ensuring the company’s smooth operation.

Stéphane Pallez
Chairwoman and Chief Executive Officer

Charles Lantieri
Deputy Chief Executive, Chairman of FDP and President of the FDJ Corporate Foundation

Pierre-Marie Argouarc’h
Director of Human Relations and Transformation

Patrick Buffard
Executive Vice-President, Marketing, Sales, Digital and Operations

Pascal Chaffard
Executive Vice-President, Performance, Finance and Regulation Division

Xavier Étienne
Executive Vice-President, Technology, Development and International Division

Cécile Logé
Marketing Director, Digital, Customer and Innovation

Élisabeth Monégier du Sorbier
Legal Affairs Director

Laetitia Olivier
Director, Communications and Sustainable Development

* Includes: Union des Blessés de la Face et de la Tête (9.2%), Fédération Maginot (6.2%), IDSUD (2.6%), Confédération des débitants de tabac (2%), Mutuelle du Trésor (1%), Comalco (0.6%), Émissions Berger (0.4%).

State
72%

FDJ® employee mutual fund
5%

Soficoma (sales agent organisation)
3%

Former issuers of tickets for France’s Loterie Nationale
20%
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