

Are lottery tickets going to be the next 'Killer App' for the ATM?

Interview with linq3 Executive Management and CEO/Founder Daniel Cage

It's not every day that the cliché 'Killer App' comes to mind, particularly on the subject of ATMs, but every once in a while a genuinely novel, yet straight forward idea gets implemented in a way that is easy to understand and makes economic sense, and this seems to be the case for the linq3 ATM Lottery application. Self service lottery ticket dispensing has been around for some time but combining it with the ubiquitous nature of retail ATM networks, has the potential to be the next 'Killer App' for the ATM. The idea was the inspiration of Daniel Cage, linq3 CEO and founder. I had the pleasure of interviewing Daniel and his partner David Tashjian, linq3 COO on their recent visit to my hometown of Dallas, Texas. They were accompanied by industry veteran and all-round ATM guy 'par excellence', Wayne Dalton, Linq3 Sr. V.P. of Sales. I joked with Wayne that he is living proof that old ATM guys never die they just go to work for another company.

According to Daniel, "The implementation of the idea has been five years in the making" and it promises to be the buzz of the ATM industry, as linq3 rolls out its ATM ISO program this year. Wayne commented on what attracted him to this new business opportunity, "There are no additional hardware needs and no explanation required, because lotteries have been around for a long time and everyone understands how they work." On the subject of the economics and why work through ATM ISOs, Wayne simply stated, "The residual income is stable and should exceed interchange revenue, which has become increasingly unstable as some of the card associations have adjusted the interchange fees, resulting in lower interchange revenue for the ISOs. We chose to introduce the product only through registered ISOs in order to protect the integrity of the ATM sponsoring financial institution."

I asked Daniel what states will be offering the lottery through the ATM networks and he said, "I can't tell you the number of states or give you any firm dates, because each state reserves the right to make official announcements regarding their own lotteries. However, the preliminary groundwork has been laid and there should be an announcement coming very soon." I questioned whether there will be a potential conflict with some merchants who already sell lottery tickets, to which Daniel replied, "In many cases the merchant simply views the self service terminal as another point of sale at their retail locations and in general the response has been good, but the best opportunity is in incremental locations, where lottery is not currently sold.

In addition to the ATM program, we touched on some of the vertical markets that linq3 is looking at and it was noted that any customer facing card swipe terminal has

potential. They are even working on mobile phone applications to provide a better customer experience by providing interactive applications for membership clubs, sending notifications and processing customer inquiries. David Tashjian pointed out, "we are not competing with online and we are always conscious of not getting in the way of the core functionality of the payment terminal." There is also international expansion on the linq3 radar screen with some preliminary discussions underway in Canada and Australia, and keen interest in Europe. We agreed to do some follow-up articles to keep our readers up to date on how and when new services will be rolled out.

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