

April 2, 2018

**Testimony of Adam Barry, Vice President of Operations, Camelot Global
in Support of SB 540 An Act Authorizing Sports Wagering and Online Lottery Draw Games in the
State**

Chairmen Fonfara, Frantz, Rojas and Members of the Finance Revenue and Bonding Committee, my name is Adam Barry and I'm the Vice President of Operations for Camelot Global. I'm here to testify in support of **SB 540 An Act Authorizing Sports Wagering and Online Lottery Draw Games in the State**.

This proposal as written would authorize not only sports wagering in CT should the US Supreme Court adjudicate in favor of state's abilities to operate such wagering but it would also authorize the Connecticut Lottery Corporation (CLC) to operate an iLottery. Camelot Global is generally agnostic on sports wagering. However, if CT is going to have the online/digital systems in place to operate sports wagering; updating the CLC to handle iLottery is a significant step towards that capability.

To that end – Camelot Global urges passage of SB 540, specifically Sections 4 through 10.

Camelot Global has operated the UK iLottery platform for over 13 years, engaging over 10 million registered players and generating iLottery sales of over \$2.3Bn per annum globally. We provide and operate the interactive lotteries across in a number of jurisdictions including Switzerland, Ireland, and recently we have taken over as the Illinois Lottery Private Manager. Over 50% of sales now come through mobile devices. We are therefore fortunate enough to have significant experience in the responsible, sustainable and successful operation of iLottery platforms.

If I could leave you with three things from this hearing today it would be that passage of SB 540 should happen, providing new funding avenues for CT, because:

- **iLottery is secure and responsible for players**
- **iLottery is not a threat; it can be a benefit for retailers**
- **iLottery is incremental for State returns and securing the lottery's future**

Let's take these briefly one by one.

iLottery is a secure and responsible channel for players. One of the most common areas of concern, and one that we take very seriously, when considering iLottery is that of player protection. Far from leading to issues with excessive play, uncontrolled, under age or out of state play, iLottery presents a Lottery with significantly increased levels of control and insight. This allows a lottery to work with their players to identify, prevent and help manage any problem behaviors.

Through the controls outlined below, a lottery has far greater insight and a far deeper relationship with their players to allow tailored one to one communications.

This is achieved through a variety of methods, including:

- Configurable deposit limits to limit how much a player can spend in a time period, configured either by individual or by global settings
- Support for any applicable Voluntary Self Exclusion Programs
- Mechanisms to prevent problem and excluded individuals from registering for an account
- Clear transaction, account balance and spend information
- Limitation on the maximum \$ amount available in a player's account
- Prominent responsible gaming links on all website pages

iLottery benefits retail by introducing and familiarizing the lottery brand to a whole new segment of players. In those jurisdictions where iLottery is delivered successfully, retail sales have actually grown alongside iLottery sales.

This is due to a variety of factors:

- iLottery typically appeals to a different demographic than traditional retail sales, skewing towards the younger more affluent demographic
- It also tends to attract new and 'lapsed' players, i.e. those players who have never played or have stopped playing. This is driven in part by being where the consumer is shopping, which is online. The convenience of buying lottery tickets on the internet will attract those new players who regularly buy and transact their purchases online
- It is essential that the Lottery continue to invest in the retail estate to support a healthy, diverse lottery. iLottery or purchasing online provides convenience to players who may not be able to visit their local retailer. Our experience suggests that new iLottery players then recognise the brand and thus feel less intimidated about playing in retail

This trend has been shown in:

- Ireland – iLottery growth of 27.8% since we took over alongside retail growth of 5.4%
- UK – iLottery growth of 343% since 2007 alongside retail growth of 18.3%
- Michigan – iLottery growth of 320% since 2015 alongside retail growth of 3.5%

Finally **iLottery is a significant revenue product for CT**. If implemented correctly iLottery could return a significant amount of incremental growth through responsibly introducing a new group of players to the lottery to promote its long-term health and sustainability. Not offering iLottery will threaten the viability of the Lottery as current players age faster than lotteries struggle to recruit new players.

Market benchmarks typically show that a lottery should expect to sell somewhere between 5 – 15% of total (including instants) sales through the iLottery channel. Connecticut sales have grown by 1% in the last 5 years and equal \$1.2Bn (\$500m DBG's and \$700m Instants).

This trend is shown in Ireland 6.5%, UK 22%, and Michigan 18%

We would therefore estimate that the Connecticut Lottery should expect to see potential incremental sales of:

- ***Moderate Case of iLottery reaching 20% of current Draw Game Sales only (no instants)***
 - ***+100m in incremental sales***
 - ***+45m in NEW net income***

As I hope I have shown in this short presentation, understandable concerns with relation to the implementation of iLottery are not borne out by the evidence and numbers, as you irrefutably have seen here today that:

- **iLottery is secure and responsible for players**
- **iLottery is not a threat; it can be a benefit for retailers**
- **iLottery is incremental for State returns and securing the lottery's future**

Thank you for allowing me the opportunity to testify before you today and I'm happy to answer any questions you might have.

Adam Barry
VP, Operations
Camelot Global