
Public Hearing Presentation

Aug. 14, 2017



Mission

The mission of the Illinois Lottery is to responsibly maximize profits to the Common School Fund and other good causes.



Results

Since 1985, the Illinois Lottery has transferred more than \$19 BILLION to K-12 education. In addition, lottery funds have benefited other good causes such as infrastructure projects, veterans' services, Special Olympics, and the fight against breast cancer, HIV/AIDS, and multiple sclerosis.



Statutory Requirements

In July 2009, the Illinois General Assembly mandated a first-in-the-nation private management model for the Lottery, and the first manager was hired in 2011. This procurement is the first private management transition in the nation.



Goals of the New Manager Procurement

- Responsible Lottery Growth
- Aligned Incentives
- Eliminate Conflicts of Interest
- New Technology and Innovation
- Transparency



Evaluation Criteria

- Ability to Perform the Services
- Plan for Performing the Services
- History of Regulatory Compliance
- Social Responsibility
- Past Performance
- Management
- Financial Strength and Investment Capability
- Innovation
- Marketing the Lottery
- Personnel, Equipment, Facilities
- Additional Qualifications and Experience



Procurement Process Key Dates

October 2015 – Request for Information Issued (*6 respondents*)

July 2016 – Request for Proposals (RFPs) Issued

August 2016 – Respondent Conferences

September 2016 – Subcontractor RFP Responses Due (*12 respondents*)

November 2016 – New Manager RFP Responses Due (*1 respondent*)



Next Steps

- Finalize Contract Terms
- Chief Procurement Office Approval
- Notice of Award
- Protest Period

If all the above steps are successfully complete, a contract could then be signed.
None of the step obligate the State to complete a contract.



Camelot Proposal

- Executive Summary
- Camelot Track Record
- Aligned with the State's Success
- How Camelot will grow the Lottery
- Commitment to Transparency, Integrity and Social Responsibility
- Summary



Executive Summary

- Camelot is one of the world's leading private lottery companies.
- We bring to Illinois:
 - A proven track record of successful public-private partnerships
 - An innovative and responsible plan for growth
 - A commitment to transparency, diversity and social responsibility
- We plan to transform and grow the Illinois Lottery to create long-term and sustainable benefits for the people of Illinois.



Camelot Track Record

- One of the most experienced Private Managers in the world, and a world leader in iLottery.
- Our mission is to deliver responsible growth by expanding the player base through enhancing the Lottery's brand appeal and utilizing technology to provide new ways to play.

UK National Lottery

Track record of long-term success under an aligned incentives model since 1994.

Returned over \$70bn back to society.

Two-thirds of adults participate in the Lottery regularly.

Industry pioneer of iLottery channel, 10m registered users.



+27%
OVERALL GROWTH
SINCE 2010

+13%
RETAIL GROWTH
SINCE 2010

+120%
GROWTH
IN DIGITAL SALES

Irish National Lottery

Irish lottery in long term decline from 2008.

In 2014 Camelot partnered with Irish National Lottery to implement a transformational business plan to grow digital and retail.

By 2016, Ireland had the fastest growing lottery in Europe.

In 2017, participation in draw based games increased from 42% to 49% (IL at 40%).



+24%
OVERALL GROWTH
SINCE 2015

+17%
RETAIL GROWTH
SINCE 2015

+215%
GROWTH
IN DIGITAL SALES

Camelot Track Record

Camelot has been developing successful partnerships in the US since 2009.

California Lottery – Turnaround Strategy



- In 2010 Camelot began a partnership with the California Lottery to dramatically turn it around, becoming the fastest growing U.S lottery in FY11 & FY12.
- Helped CSL become the first US lottery to achieve Level 3 certification in the World Lottery Association Responsible Gaming Framework.

New York Lottery – Growth Strategy



- Camelot developed a five-year business plan for the largest lottery in the US, which identified a potential additional \$2.6bn in net income over 5 years.

Kentucky Lottery Corporation – Sales



- Partnered with the KLC in respect of Retail channel. This delivered record sales and net income for FY2015. KLC attributes a high proportion of this growth to the implementation of recommendations made by Camelot.

Arkansas Scholarship Lottery – Execution



- After 3 years of declining net income, In 2015 Camelot started working with the ASL as part of a long term strategic partnership. Since this time, ASL has had 2 consecutive years of growth , up 14% since 2015.

Our Proposal is aligned with the State's Success

The State established clear goals, and our proposal meets all of them.

Transaction Goal		Response
①	Responsible lottery growth	Plan targets increasing participation in a socially responsible way. <i>Contract provides strong incentives for Manager to grow Net Income, fully aligned with State interests</i>
②	Aligned incentives	Manager only makes meaningful return if it exceeds Common School Fund commitment - <i>'Manager only wins when State wins.'</i> Significant key supply contract savings over the 10-year Term. Instants vendor remunerated on net sales not gross sales - a first for the lottery industry.
③	Eliminate conflicts of interest	Vendors aligned - key supplier contracts for technology and Instants printing <i>competitively procured from independent third parties</i>
④	New technology and innovation	New permanent point of sale for all retail outlets. <i>Next-generation iLottery platform introduced in 2018.</i>
⑤	Ensure greater transparency and openness	Regular audits and publicly released annual report to ensure transparency and support corporate responsibility.

How Camelot will grow the Lottery

We see opportunities to reinvigorate the lottery brand, increase digital performance and innovate the portfolio...

Brand and marketing



- A reinvigorated Illinois Lottery brand, restoring excitement, trust and respect for the role the Lottery plays in society.
- Improve marketing efficiency and effectiveness.
- Responsibly broaden the customer base by addressing barriers to play and encouraging lots of people to play a little, rather than seeking further spend from regular players.

Digital



- Deploy our next-generation iLottery platform, which has been proven as a powerful engine for growth.
- Create a great customer experience.
- Invest in Customer acquisition, Engagement, Retention, and Advocacy.
- Expand channels available to players and enable play across digital and retail channels.

Games portfolio

Sustain and develop a broad and innovative portfolio of games, based on clear analysis of the needs and expectations of all consumer segments.

Draw-based games



- Optimize core games.
- Offer players new games and experiences.

Instant



- Implement more focused range of products.
- Build win belief through improved prize structures.
- Improve retail execution.
- Invest in digital innovation.

How Camelot will grow the Lottery

...and a range of opportunities across traditional channels, supported by an unprecedented level of investment in retailer equipment – a first for the US.

Retail



- Transformation of the retail network, both in appearance and breadth.
- An unprecedented level of Investment in improved retail 'look and feel' Permanent Point of Sale (PPOS).



External
Signage

Scratchcard
Dispensers



Play Stand



Commitment to Transparency, Diversity and Social Responsibility

We will manage and grow the most socially responsible lottery, ensuring both we and the Illinois Lottery are exceptional corporate citizens.

Transparency



Regular audits and publicly released annual report to ensure transparency and support corporate responsibility.

Diversity



Partnerships with BEP suppliers, inclusive workplace and community investment

Social Responsibility



Implement industry best practice to make the Illinois Lottery the benchmark for responsible gaming in the US.

Summary

