

News



09 October 2007

Innovation, Terminals, Technology and Training

***Camelot's Third Licence retail plans unveiled:
Faster terminals and more of them – high-speed satellite network –
increase in Scratchcard commission – comprehensive training***

Camelot Group plc today (09 October) revealed a package of measures that will transform The National Lottery in retail outlets ready for the start of the Third Lottery Licence.

At a time when retailer margins in some categories are declining, Camelot underlined its commitment to retailers, announcing that for the third licence, beginning on 1st February 2009, it will maintain commission on National Lottery Draw-Based games at 5% and increase retail commission on Scratchcard games by 20% – from 5% to 6%.

Camelot was confirmed as the winner of the new licence to operate the UK National Lottery in August, following a two-year competition process. Working closely with its retail partners, Camelot now has 16 months to transform the entire National Lottery retail environment, in line with the plans set out in its successful bid for the third licence.

Finance Director Nigel Railton is taking responsibility for overseeing the lottery's transition to the next licence. Nigel will be in charge of delivering the company's most ambitious programme of transformation since the lottery launched in 1994, while Steve Lucas, as Sales Director, will oversee the detailed plans for transforming retail ready for 2009.

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Over the next 16 months Camelot will introduce state-of-the-art technology and networks to allow new games to be launched more quickly, together with the rollout of a new terminal and digital screen network across more than 27,000 lottery retailers.

Camelot's successful bid for the new licence comes after a £336.9 million increase in sales over the last four years – and after the announcement last year that retailers have earned more than £3 billion in commission from The National Lottery since it launched in 1994.

Camelot today confirmed a series of innovations designed to support its retail partners in preparation for the official start of the new licence period in February 2009.

New In-Store Equipment

New 'IMAGINE' terminals

In January 2008 Camelot will start the largest installation of Draw-Based lottery terminals ever seen in the UK, introducing the new, smaller, GTECH 'Imagine' terminal into stores. By 1 February 2009 Camelot has to replace all existing lottery terminals with this state-of-the-art new terminal, which has been designed in consultation with retailers. Benefits include:

- Faster printing time than the existing ISYS terminal. The new terminal can print three tickets in the same amount of time the ISYS can print two, cutting queuing times during busy periods. Touch screen technology also makes the terminals easier to use and navigate – again dramatically reducing waiting times in-store on draw nights and at other busy times.

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- Greater flexibility and reliability. Imagine doesn't have moving parts apart from the printer, so needs less maintenance. A digital camera instead of a mechanical scanner offers greater flexibility as the camera allows different sizes and layouts of tickets to be read – this will be increasingly important in the third licence as Camelot introduces new types of game with different play mechanisms into the lottery portfolio.
- Despite being more advanced, it has a smaller in-store footprint than the current design – this means the new terminals will need no extension work done to existing counter spaces in-store.

1,300 more terminals

Camelot is increasing the size of its retail estate with an additional 1,300 new terminals, on top of the 26,300 already in operation throughout the UK. This will take the overall number of lottery terminals to a record-breaking 27,600. Camelot will use its existing selection policy to site the new terminals so that the retail estate continues to make the best possible returns to the Good Causes while serving local communities.

Media screens rollout

For the first time, Camelot will be able to install digital media screens into all lottery outlets in the UK. Camelot was one of the first major companies to invest in media screen technology when it first introduced them into a small selection of lottery stores in 2002. By the end of 2006 it had installed 1,400 into selected outlets around the UK and is now preparing to put screens into all 27,500 retailers – the biggest installation of this kind of technology in the UK to date.

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Benefits of media screens include:

- Eye-catching, up-to-the-minute and innovative Point of Sale material for new games and Scratchcards; Rollover and large jackpot news; advertising support and educational messages.
- Easier POS compliance for retailers; maximised sales opportunities; rotation of messages within one piece of Permanent Point of Sale; immediate updates for new jackpot amounts.
- Reduced POS production costs for Camelot, both financially and environmentally.

Complete re-fit of in-store furniture and PPOS

By the end of 2009 Camelot will have spent £20 million replacing all National Lottery Playstations and Scratchcard dispensers – and will continue to invest in outdoor signage throughout the third licence.

Communications Technology

New Satellite Communications Network

Camelot is working with international broadband communications technology supplier Hughes Network Systems, Limited (Hughes), to replace the existing ISDN network with a broadband satellite communications network connecting all 27,500 lottery retailers to the Camelot central gaming systems.

- The new network is designed to be more reliable, faster and able to cope with all the enhancements that are planned for the National Lottery up to and including 2019. New game formats will require the use of much more data in future transactions – something the existing ISDN system would have been unable to cope with.
- The new network will be less expensive to operate and with lower maintenance costs, which means more money for the Good Causes.

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- Installation of new equipment and removal of ISDN technology will be handled by Camelot. The new kit includes a mesh satellite dish and a modem connected to the terminal.

Retail Support Package

Retailer Margins

At a time when retailer commission in some categories is declining, Camelot is pleased to announce that for the third licence, beginning in February 2009, it will maintain retailer commission on Draw-Based tickets at 5% – and increase retailer commission on Scratchcards by 20% to 6%.

Retail will remain the biggest sales channel for The National Lottery in the Third Licence period. Through new games and innovative play styles, Camelot aims to boost overall sales and returns to the Good Causes across the full range of lottery products, further adding to retailers' cash margin opportunities.

Retailers will continue to get the dedicated specialist advice and support they have received since 1994 – which helped Camelot to win the Best Supplier award at this year's HIM! awards, voted for by representatives of more than 10,000 retailers. Retailers will continue to receive installation and maintenance of lottery equipment, free training and dedicated hotline services, as well as new and improved POS through a digital media screen network.

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Training and Installations

27,600 new lottery terminals will be installed between February 2008 and the end of January 2009. The full package of retail training includes:

- Around 200,000 people trained and ready to operate the new terminals from day one of the new licence. Training begins in April 2008; this is the equivalent of 20 years' worth of training delivered in nine months at current levels.
- Tailored training to cater for the individual needs of different types of lottery outlets. The majority of training will be given in-store by Camelot's retail sales team. Where this is not viable or practical for a retailer, group training events will be held in stores – and in some cases off-site full-day classroom training sessions will be provided.
- Ongoing refresher training available through Camelot's new e-learning tool. The tool was introduced last year to allow retailers quick and easy access to training at their own convenience.

Steve Lucas, Camelot Sales Director, said: "This is a hugely exciting time for Camelot and The National Lottery, and we are more committed than ever to supporting our retail partners. During the bidding process we have invested enormous time and effort working with our stakeholders to ensure that our plans for The National Lottery for the next decade will enable us to build on the fantastic success we've seen over the last 13 years.

"We have spent a long time talking to our retail partners to make sure that we provided them with a terminal that suited their needs now – and in the future.

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“At a time when some categories are reducing retailer commission, for the start of the new National Lottery Licence in February 2009 we are delighted that we have been able to maintain retailer commission for Draw-Based Games at 5%. I’m sure that retailers will also be very pleased to see commission on Scratchcards – now nearly a £1 billion-a-year business – move up to 6%.

“Crucially, over the next 16 months, we will install the technology and will give retailers the training and support packages they need to make sure that the lottery is constantly fresh in their stores, available to players when and how they want it – and continues to add value to retailers’ businesses both in lottery pounds and in that all-important incremental footfall.

“Innovation is the key to long-term growth in lotteries – and we are extremely proud that Camelot is regarded as the most innovative lottery operator in the world. We are planning to build further on that reputation and to give players and retailers alike the kind of lottery service, systems and games they expect until at least the year 2019.”

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Notes to Editors:

- Camelot Group plc is the licensed operator of The National Lottery® and is committed to raising money for the Good Causes designated by Parliament. Camelot is not responsible for distributing or awarding these funds
- To date, over £20 billion has been raised for the Good Causes by The National Lottery, and more than 280,000 individual awards have been made across the UK – the biggest programme of civic and social regeneration since the 19th Century. The National Lottery has given away over £29 billion in prizes and created more than 2,000 millionaires or multi-millionaires since launch in 1994
- Camelot runs one of the most cost-efficient lotteries in the world, with around 5% of total revenue taken in operating costs. At 40% of total sales (28% to the Good Causes and 12% in lottery duty to the Government), Camelot returns a higher proportion of lottery revenue back to society than any other lottery operator in the world. National Lottery retailers receive 5% of total revenue in commission, and 50% of sales is paid out to players in prizes
- Camelot is committed to the highest standards in player protection and social responsibility in both the retail and interactive environments. The National Lottery website, Sky Active and Play By Text services have been accredited by GamCare, the UK's national centre for information, advice and practical help regarding the social impact of gambling – while Camelot's approach to game design, test purchasing and retailer vigilance campaigns ensures player protection at retail. Camelot is ranked first in the leisure sector in Business in the Community's 2006 Corporate Responsibility Index
- For further information on Camelot, The National Lottery and its games, please visit the following websites: www.camelotgroup.co.uk and www.national-lottery.co.uk
- Players of all National Lottery games must be aged 16 or over
- The crossed fingers logo is the registered trademark of the National Lottery Commission

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