

ON GROWING A TRUSTED, GLOBAL BRAND AND BUSINESS

Robert Chvátal

Chief Executive Officer, Allwyn Entertainment Interim Chief Executive Officer, Allwyn UK



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PGRI Introduction: Robert Chvátal's appointment in 2013 to lead SAZKA a.s., operator of the lottery in the Czech Republic, set the stage for what would evolve into the global gaming enterprise that is Allwyn Entertainment today. Over the last decade, Allwyn's lottery-first approach of focusing on affordable, secure, responsible, and recreational play has earned it leading market positions with trusted brands across Europe in Austria, Czech Republic, Greece and Cyprus, and Italy. With the recent acquisitions in the United Kingdom and United States, Allwyn now has 120,000 points of sale and digital platforms, serving a market of over 130 million players with total amounts staked in the € double-digit billions. And going forward, Allwyn's contract to operate the UK National Lottery Fourth Licence is scheduled to begin February 1, 2024. Its acquisition of Camelot Lottery Solutions puts Allwyn in charge of operating the Illinois Lottery. The global games-of-chance market-place is certainly changing, and Allwyn is poised to contribute to the healthy, sustainable growth of an industry that serves society and good causes.

Paul Jason: Will Allwyn's growth continue to be driven by lotteries? Will this change over time?

Robert Chvátal: We are a lottery-led entertainment platform. The overwhelming majority of our revenues today come from running lotteries, and within that, draw-based games. We differentiate ourselves by putting player protection at the heart of everything we do. We're constantly working to improve our customer experience, including ways to support more vulnerable groups.

And we have a compelling vision for the lottery of the future – one that is continually providing players with new and exciting ways to play, while focusing on innovation, efficiency, and safety.

How will retail businesses survive alongside growth in digital-first lottery offers? And how do you build a seamless connection between the two platforms (based on Allwyn's experience of modernising traditional, established lotteries in Czech Republic and Greece)?

R. Chvátal: It's true that online and digital

channels are increasingly prominently, but there is still a major role for physical sales. We see the online and offline as complementary channels, as both provide the consumer with options that work together to augment and enhance the player experience. Optimal player value is achieved by those players who play on multiple channels and enjoy the full variety of play-styles.

Retail does not have to be a victim of digital growth. It's still valued by consumers and so will continue to be an important part of our business, and our vision for the future of lotteries. We're committed to helping our retail partners digitise their own businesses and grow. Physical retail also has a strong role to play in promoting the brand / lotteries, and a positive offline experience will encourage players to go online (and vice-versa) – so they are very much complementary in our view. Land-based retailers have long been loyal and valued partners and we are dedicated to supporting their ongoing success.

What is Allwyn's approach to player protection? What progress have you made in this area, given it's importance in most jurisdictions?

R. Chvátal: Better protection for players is at the heart of everything we do, and we're constantly working to improve our customer experience, including ways to support the more vulnerable groups. Allwyn has a proven record of building technology that encourages responsible behaviour and making our games safer for

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consumers. Since 2015, we've increased our funding for player protection initiatives by 29%.

To date, some of our player protection initiatives include:

- Combining the power of data and technology to identify unhealthy play habits and intervene early
- Creating a safe environment for players through, for example, self-exclusion registers
- Protecting underaged and other vulnerable groups through age verification systems, training of POS staff and product design
- Educating the general public about problem play through activities such as annual training for employees and information campaigns

In addition, our lotteries operate under the World Lottery Association and European Lotteries' responsible gaming standards.

How do you balance this issue against innovation and player experience goals?

R. Chvátal: Allwyn never pushes consumers towards certain products, and we operate within a strong data protection framework. Rather than aggressive promotional methods, we use digitally led, innovative products to create a more engaging and interactive gaming experience for all our players. As appealing as the whole recreational experience is, players are not enticed to over-spend. After all, we want the overall experience to be rewarding so the players come back, and over-spending does not contribute to the goal of having large numbers of people playing smaller amounts of money on a more frequent basis. That way, our products enable us to keep lotteries fun, relevant, and sustainable and better protect players by using data to help consumers manage problematic behaviour.

Where are some of the real 'hot spots' in the Responsible Gaming debate today, and what more can we be doing at an industry-level to tackle the problem?

R. Chvátal: I think two big trends/issues – technology and responsible gaming – are understandably sparking a lot of debate and are going to have a major impact on the future trajectory of the lottery sector. There

is a huge amount that our industry can be doing to anticipate future digital trends and how to harness those consumer and market-driven trends to further enhance player protection initiatives and standards.

At Allwyn, we are constantly reviewing how we can use data and technology to improve efficiency and management of lotteries, enhance player protection and drive innovation.

How does your multinational footprint help you share best practices across markets and improve group and individual market performance?

R. Chvátal: Allwyn has a strong track record of successfully operating national lotteries across Europe, providing us with a wealth of experience that distinguishes us from our competitors. The experience we have gained from operating in multiple jurisdictions provides us with a wealth of business intelligence, much more than if we operated in just one jurisdiction - no matter how big that jurisdiction is.

In all these markets, we have consistently increased contributions to good causes while bringing lotteries into the modern age to make them both safer and more appealing. In the Czech Republic, for instance, we grew national lottery returns for society by almost four-fold and increased participation from 50% to 76%. In Greece, we increased our contribution to local good causes by 82%. And in Austria, we brought new sources of growth to the state lottery and grew digital sales of draw-based games by 80% between 2016 and 2020.

All Allwyn-operated lotteries continuously grow – and at faster rates than the market.

In the UK, you have just acquired Camelot, operator of the UK National Lottery. How can you ensure a seamless integration of employees in what is one of the biggest mergers that market has seen in decades?

R. Chvátal: We are confident that we have the management resources to provide appropriate oversight to ensure that these two operations are managed successfully. Pre-merger, Allwyn was already a leading lottery operator in Europe. Both the Camelot management team operating The National Lottery under the Third Licence, and the Allwyn management team focusing

on transition to the Fourth Licence, will remain focused on their respective roles. Each of these businesses has senior, experienced leadership leading their teams.

What can your Camelot LS acquisition bring to the US market based on your success in Europe?

R. Chvátal: Allwyn's success in Europe is built on our understanding of the power of digital technology. I spent many years in the telecom industry where technology has transformed the industry, the marketplace, and the consumer experience. Similarly, there are huge opportunities to bring innovation to the traditional lottery business.

We believe in the lottery of the future – one that is focused on innovation, technology, efficiency, and player safety. We want to make a positive contribution to the markets in which we operate and help other businesses to thrive in a competitive environment. That includes supporting other lotteries through our proprietary industry-leading technology like iLottery.

Why is the goal of invigorating a broader participation in draw-games so key to the long-term success of lotteries?

R. Chvátal: Draw-based games comprise more than 80% of games played across our lottery operations. At Allwyn, we feel strongly that draw-based games are at the heart of the lottery and play an important part in ensuring player safety and contributions to good causes.

How important are partnerships with suppliers and other stakeholders to Allwyn's growth? How do you create positive impact for all?

R. Chvátal: Across our operations, Allwyn is consistently ahead of the curve when it comes to new technology and contributing to the communities in which we operate with the help of our talented partners and our own international expertise. We understand our value chain reaches beyond our own businesses and includes our suppliers and agents selling our products and services. We work with these value chain partners to embed responsible business principles by offering training and recommendations about where improvements could be made.

We believe that a sustainable value chain contributes to our objective of "making play

better for all". Our partnerships are critical to our commitment to making a wider societal impact and are an important pillar of our ESG strategy.

What role should lotteries play in wider society?

R. Chvátal: We believe that lotteries are a force for good and can create value for all stakeholders. This is not just about ensuring robust player protection standards. It's also about directly contributing funds and other resources to support local communities. Our local community programmes in every market enable all our employees to make a positive impact on the ground.

We're also passionate about changing lives through sponsoring initiatives across sport, culture and responsible gaming. For example: We are a partner of Wings for Life – a global non-profit that raises funds for Spinal Cord Research; We are a long term supporter and sponsor of the Czech Olympic team and Sazka Tour (the largest cycling race in the Czech republic); and In Austria, we hold Lottery Days to support cultural institutions, which grants free access to museums, theatres and festivals with a valid lottery ticket.

What else is a top-of-mind issue for Allwyn and/or the lottery industry going forward?

R. Chvátal: At Allwyn, we challenge

ourselves to think about building lotteries of the future. The lottery of the future is continually providing players with new and exciting ways to play, while returning more to good causes by focusing on innovation, technology, efficiency, and safety. It is one that strives to better understand the end-consumer, using the power of digital to engage with players and to create a more personalised, safer gaming experience.

The modern lottery creates a personal connection with each consumer. At Allwyn, we strive to constantly improve our lotteries with all of this in mind. ■

The purpose of AI is to amplify human potential continued from page 12

imagery, weather patterns, and economic indicators to develop effective strategies for addressing climate change. Similarly, AI can help us identify and target poverty hotspots, providing aid and support to those who need it most.

"In many cities in Asia, we already see AI helping solve many vexing issues. As the artificial intelligence hardware is shrinking, it is also becoming faster which allows more people to use this technology. You don't have to work in an office or have thousands of dollars in computers. Your phone can be enough.

"AI is helping solve transportation issues in dense cities," she said. "New construction is being designed to move people from place to place more efficiently. In Singapore, you can use technology to schedule a drone taxi for a trip from one location to another, with no human involved. Apartments are being designed to include small outside landing pads so new technology, such as advanced drones, can deliver groceries to customers at their homes. This is another example of technology being used to promote sustainability and improve the lives of many people."

Artificial Intelligence will have profound implications for retail. Ayesha said that many of the changes to the in-store experience have been driven by technology advancements, and consumer products companies, such as lotteries, must be aware of these changes and stay ahead of these advancements. "We have seen a trend over the past few years that fewer people are going into stores," she said. "Now we see

two types of customers – those who still frequent stores and the younger generation that prefers the efficiency of digital rather than human mediated transaction. At Amazon's retail locations, you just walk out and a sensor in your phone automatically charges you. In Japan, the shopping cart has computer vision in it and tracks what you place in it and charges you. This saves time for the consumer, streamlines operations and reduces costs for the retailer.

"Contactless cashier solutions are growing and industries such as lottery must be ready," she said. "More than previous generations, the modern shopper typically does not leisurely roam the aisles, looking at POS displays and ads. They go in with a purpose and wants to be in and out quickly, which leaves less time for them to learn about your product while in the store. they know what they want to buy before they go into the store, so we need to think of the shopping "experience" as beginning before they even enter the store. Retailers are starting to use Augmented Reality technology to inform consumers about their products, allowing customers to try out products on their computers. Once they go into the store, they already know exactly what they want to buy."

However, while AI has the power to amplify human potential, it is important to approach its development and implementation with caution. As AI becomes more advanced and ubiquitous, there are concerns that it may lead to job loss and increased income inequality. To mitigate these risks, it is essential to ensure that AI is developed and used in a responsible and

ethical manner, with a focus on creating jobs and opportunities for all. To this end, governments, commercial enterprises, and individuals need to work together to ensure that AI is developed and used for the benefit of all. This requires investment in education and training programs that help people adapt to the new AI-driven economy, as well as in research and development to create AI technologies that are safe, secure, and accessible to all. Additionally, it requires a commitment to creating ethical and transparent AI systems that prioritize the well-being of people and the planet.

"People feel like they are always being watched, even in their homes," Ayesha said. "We have to be cognizant of that and make people feel more secure with this advanced technology. Same with data - how we obtain the data, how we store it, how we govern it, how we process it, how we secure it. If we help people understand and feel confident with the technology and its applications, you can maximize the upside and minimize the downside."

AI amplifies human potential by automating repetitive tasks, processing vast amounts of data, and providing insights that humans may not have considered. With vision, imagination, and clarity of purpose, AI will continue to improve our lives and solve some of the world's most pressing problems. The future of AI is in our hands, and it is up to us to use it wisely to create a better world for all. "AI is not here to replace us," Ayesha said, "but to help us achieve our potential." ■