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EL Mission for the coming years: Setting the Stage for Sustainable Success

The Success of Chance: EL 10th bi-annual Congress in Antwerp, May 26 to 29

Paul Jason: How has the Association evolved over the last four years?

Hansjörg Höltkemeier: To understand the changes and our strategy over the last four years, there are three different areas to look at: *internal* structure and organization, *political* developments, and *market* developments. These areas interact but also evolved and developed independently from each other within EL.

On the *internal* side, in 2015 a new Executive Committee was elected. At the same time, the former Secretary General, Mdme. Lobjois, retired after decades of organizing the association and running the seminars program. And as we've seen in other associations, such a situation is not just about hiring a successor. It is a time to re-assess the mission, objectives, and methods of operation and look for opportunities to improve the service which is rendered to Association members and stakeholders. It's about re-positioning the organization to make changes that will serve us better going into a future that will be much different than the past. With these objectives in mind, we slightly restructured the organization to be guided by business needs and functions instead of by legacy structures and locations. Then we started to improve communications with our members and stakeholders by digitalizing the EL magazine (and won a prize for it in the first year of its launch) and introducing the EL-Info-Hub to facilitate the exchange of knowledge and data. In parallel, we hired Arjan van't Veer, a highly experienced and respected lottery executive, as the new Secretary General. Then we immediately started to team up

and consolidate what the Executive Team had constructed in the first months. A new membership-criteria structure as well as new and ongoing successful offerings on the seminar side are direct results of this work.

Meanwhile, the political landscape didn't wait to confront us with new events and challenges. Having fought for subsidiarity as one guiding principle for regulation in Europe for at least a decade, this principle has been mostly accepted by the European Union over the last two years. Political discourse and European court cases started



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to discuss and define exactly *how* to follow this principle but spent less time challenging the basic efficacy of the principle of subsidiarity. The political advocacy work of EL therefore started to change from fighting for a single guiding principle on the broad level of European politics to a differentiated consulting approach with members and their state-regulators in finding and developing the best regulatory model for the individual jurisdiction.

And as we have seen, the activities of online and commercial gaming operators have taken every opportunity to disrupt the market-place. In response, we have refreshed our seminars program to take a deeper view on innovation and how EL members can evolve their businesses for long-term sustainable success. Digitalization became a core-part of every offer and discussion. Sports has always been a key part and a key partner in the *good causes* supported by Lottery. Now, sports-betting has become both an opportunity for growth for many EL members and a sector threatened by regulatory inconsistencies. The more sports-betting grew and became a relevant source of income for commercial operators (including those operators without a valid license), the more important it became for EL members to either offer it themselves or to defend its market from this illegal competition. The rapid development of the Global Lottery Monitoring System (GLMS, first created under the name European System ELMS) is just one key example of how the work of EL is guiding sector developments on the basis of the core lottery values of integrity, security, and sustainability.

Over the last few years, the incidence of operators creating business models that are not consistent with the law and with the interests of the state, the general public, the protection of the consumer, and the good causes supported by Lottery, has been increasing. The bet-on-the-outcome-of-the-lottery model is creating confusion in the market-place as it misleads consumers to think that they are playing with the authorized operator. This model is particu-

larly damaging because the operator captures market-share illegally, then proposes to the government that since they are already selling to a large number of consumers, they should be granted a license to operate legally! It is incumbent upon us to show the truth about how such offers undermine the lottery model, effectively changing it from *benefit for society to benefit for private shareholders*. As these unlicensed operators have expanded their operations to threaten lotteries all across the globe, what was once a problem afflicting mainly Europe is now afflicting the whole world. Together with the global community of licensed lottery operators we hope to defeat this exploitation of legal loopholes that damage the good causes supported by lottery.

How might EL evolve over the next two years? What changes will be most impactful?

Hansjörg Höltkemeier: It is always difficult to foresee the future. Who predicted the onset of betting-on-lotteries as a global phenomenon four years ago? And who would have thought even just two years ago that the US sports-betting-market would open up while at the same time the Italian government would restrict advertising so dramatically? Nevertheless, I will hazard some predictions!

On the political side, the elections for the European Parliament will be held in May (coincidentally the same weekend as we start our EL Congress in Antwerp), and are a milestone and possibly a game changer for the gaming and gambling industry in Europe. Following the trend all over the world, more populist and national-protectionist parties might win seats and political influence. As a result, this might make it even more difficult to secure a practical but stable framework for our business and our members. EL is preparing for different scenarios and nevertheless looks forward to working together with all relevant institutions in our field.

“Data”, with all its different meanings and uses, will be the key-word of the coming years. Data is not just the “oil of the digital age” but represents the biggest opportunity and at the same time the biggest threat for lotteries over the coming years. Successful lotteries will all be expert at applying player data to the process of creating the best games, the most effective communication strategies, and the best overall gaming experience. And that applies to online and offline and across all channels and media. This trend will be even more pressing for us because of the way that traditional mass-market advertising is being more and more limited. And as data analytics is integrated

into all parts of business management, the challenge of protecting the player data, guaranteeing privacy and confidentiality, becomes mission-critical. Integrity, trust, and impeccable reputation are vital to our brand and part of the cultural DNA of lotteries. For that reason, data protection will be a mission-critical cornerstone to our business. Innovation and Security experts are already steeped in discussions and developing solutions that leave enough room to apply data analytics in the conduct of business, but ensure the protection of data which is fundamental to the protection of our values and our brand. There are no simple solutions.

Similarly, EL itself will be even more dependent on data. While in the past, a single model was drawn in a kind of *one-size-fits-it-all* approach, members and stakeholders such as regulators are now asking for more differentiated solutions and a proof for what we claim, what we say and what we deliver. They ask for both source and curated data as a basis for their decisions. With our Info-Hub, we have already begun the digital knowledge-sharing initiative, and the collection of relevant data (in a manner that is competition-law appropriate and compliant). Even so, we are just in the beginning stages of starting our own analysis to extract added value from these initiatives. Supporting more studies and improving our own skills in analysing the data will be a high-priority task for EL over the next years.

What are some of the biggest obstacles facing EL members and how might EL help to address them?

Hansjörg Höltkemeier: We have already discussed many of those. Technology is changing the way business is conducted and changing the market-place faster than regulatory agencies are able to keep up with. Political events and changes in power structures also affect the regulatory environment in ways that can be unpredictable and sometimes unfavourable to the interests of the good causes supported by Lottery.

EL mission is to help its members individually, but also collectively where the agenda is one shared by everyone. It will be more and more difficult for a single lottery to solve problems that emanate from systemic problems like unlicensed online operators and the bet-on-lotteries model. These problems affect everyone, and the perpetrators stay out of the reach of individual jurisdictional authorities. We need to advocate at the EU level for the rights of the jurisdiction to enforce the laws within their own borders. We need to engage where possible

the active collaboration of multi-national efforts to prevent illegality. As already seen in other industries, there will be ongoing pressure not just for exchanging knowledge but for cooperation that leads to action and material impact. One of the challenges is for individual lotteries to think globally, to give up some of their independence for the benefit of a unified and collective effort that will be much more effective than all of us acting individually. To focus on our shared interests instead of our differences, and forge partnerships to defend those shared interests at the EU and even global levels, is clearly the best way for each of us to protect the interests of our own stakeholders. Knowledge-exchange and educational seminars are key-competencies of EL, and they also engender a spirit of cooperation that I hope will support our efforts to organize a united front to defend our interests in the political and regulatory arenas.

We have talked about how the market-place and regulatory environments are changing. So too are technology and the technological platforms that support the operations of our member lotteries. Technology providers are collaborating more to create innovative solutions for their clients. Integrating best-of-breed components from multiple technology partners can produce better results but can also be a challenge to do. I envision a role for EL to assist in the communications infrastructure that is the basis for effective integration and streamlining of technology to better serve our members. Most of the technology providers are partners of EL. We convene at conferences and trade-shows sponsored by EL. Let's use this organizational foundation to smooth a path for more and better communications between operator and technology partner. Likewise, regional industry associations like EL, NASPL, APLA, Africa, Cibela should explore opportunities to collaborate in our efforts to deliver more value to our members.

There is more than enough for the next EL Executive Committee and EL members to work on over the coming years! We embrace the opportunity to work together with EL members, EL Partners, and industry stakeholders to produce the best results for society and the good causes supported by lotteries. We welcome everyone to guide us and join us in these efforts to defend the interests of lotteries.

And last but not least: Join us in shaping the future for the Success of Chance 10th bi-annual EL Congress – May 26 to 29 in Antwerp! 🇳🇱