



**Testimony on SB 269 to The Ohio Senate, Government Oversight and Reform Committee  
Wednesday, March 2, 2022 - Hearing at 10:30 a.m. in North Hearing Room  
By Rhydian Fisher, Chief Executive Officer, Instant Win Gaming Ltd.**

Good morning, Chair Roegner, and distinguished members of the Committee. My name is Rhydian Fisher. I am the Chief Executive Officer of Instant Win Gaming (IWG). We are a leading supplier of internet-based instant lottery games, otherwise referred to as e-Instants. In total, IWG supplies e-Instant games to 27 government-regulated state, provincial and national lotteries around the world. Here in the United States, eight lotteries offer e-Instants; the District of Columbia, Georgia, Kentucky, Michigan, New Hampshire, Pennsylvania, Rhode Island and Virginia. Collectively, these eight lotteries generated over \$4 billion in topline e-Instant sales during FY'2021. IWG e-Instants accounted for 43% of these sales.

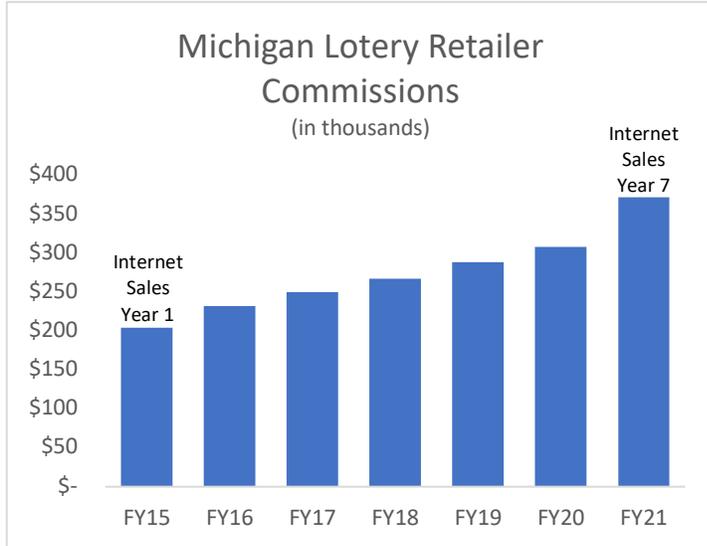
I appreciate and thank you for the opportunity to submit this testimony today. A common consideration for every lottery planning to sell games online is the impact that this new channel will have on traditional retail sales. Definitively, across the eight lotteries offering e-Instants here in the United States, the addition of online sales always has a strong, positive impact on retail sales.

The Ohio Lottery is one of the most respected and well-managed lotteries in the United States. The addition of an internet sales channel positions the Lottery to modernize how it reaches players, and to substantially increase the funds it delivers to Ohio's Education Fund. Based on previous launches of internet lottery sales in the United States, IWG estimates that Ohio Lottery could, over a five-year period, generate more than \$500 million in incremental transfers to the State's Education Fund.

Further, these online sales will be totally incremental to those from retail lottery sales generated during the same time period, and retail lottery sales will grow alongside internet sales. For the eight states that offer e-Instants, corresponding retail sales increased by more than 40% collectively when you compare the results from each

Lottery	1 <sup>st</sup> Year of Internet Sales	Corresponding Growth of Retail Lottery Sales
Michigan	2014	90%
Georgia	2015	34%
Kentucky	2016	54%
Pennsylvania	2018	26%
New Hampshire	2018	63%
Rhode Island	2020	10%
Virginia	2020	36%

lottery’s fiscal year just prior to the launch of internet sales to results from the most recent fiscal year.



The Michigan Lottery has been selling lottery games online since 2014. In February 2022, just a few weeks ago, the Michigan Lottery announced its seventh straight record year of transfers to the School Aid Fund. This record-breaking streak began in their FY’2015, the first full fiscal year that they offered internet sales.

During this seven-year period, annual retailer commissions increased to \$371

million; an 82% increase. Simply put, Michigan Lottery retailers have earned more commissions over the past seven years as compared to the time period before iLottery was offered.

While the results clearly show that retail sales grow alongside internet lottery sales, it is important to highlight key initiatives that lotteries have instituted to promote the retail experience to their online players:

**Prepaid Cards:** Lotteries that sell online market internet lottery prepaid cards that are exclusively sold at retail lottery outlets. Players purchase these cards from lottery retailers and then enter them into their internet lottery account. Retailers earn their standard selling commission for selling these prepaid cards.

**Crossover Games:** Lotteries that sell online regularly offer the same instant game across both their retail and online channels. Lotteries will incorporate a coupon with internet version of the game which awards free plays of the corresponding retail version of the game. As a result, new players, whose first ever purchases are online, also become retail lottery players.

**Prize Cashing at Retail:** Lotteries that sell online allow players to cash their winnings at retail locations. Players generate cashing vouchers from their online account. These vouchers are validated at a lottery



retail terminal. Retailers cash these vouchers earning the associated cashing commission. Players then have cash in-hand at the retail outlet with the potential to buy additional lottery or non-lottery products.

The objective of the Ohio Lottery is to maximize proceeds for the Education Fund. The availability of lottery games online attracts new players, as well as offers integrated promotions and sales opportunities for lottery retailers. To-date, eight lotteries in the United States have launched online sales of both e-Instants and draw games. As demonstrated in my presenting testimony, in all cases, retail sales increased alongside the launch of an internet sales channel.

Once again, I want to thank the Committee for the opportunity to present testimony on behalf of IWG.

For more information, please contact:

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