

Camelot gets nod for UK Lottery

Camelot has been chosen as the preferred bidder for the latest licence to run the UK's National Lottery.

The licence, the third in the lottery's history, will come into effect in February 2009 and last for 10 years.

Camelot has run the National Lottery since its launch in 1994 and said it expected to conclude talks with the National Lottery Commission this month.

Camelot had been facing competition from Indian company Sugal & Damani, which wanted to take over the lottery.

Competition

Camelot will now start talks to finalise the terms of its agreement.

„We now need to agree the final form of the licence,“ said Dianne Thompson, Camelot's chief executive. „The competition is not over until this has been done.“

Sugal & Damani has been chosen as the reserve preferred bidder, and would be eligible to start talks should there be any problems between Camelot and the commission.

Kamlesh Vijay, the boss of Sugal & Damani, said that the company was „disappointed“ by the outcome of the process.

Speaking to BBC Radio Five Live, he added that he was „surprised“ that only two firms had put themselves forward for the new lottery contract.

„We operate in a competitive market in India where there is competition from many operators – so we were surprised there

were only two bidders," Mr Vijay said.

„There is competition between operators in India and everyone benefits – from the good causes to customers and the exchequer," he added.

„That doesn't exist here – it is almost a monopoly. No sincere efforts have been made to create such competition here."

Winning ticket

The commission said that it had received two strong bids from Camelot and Sugal & Damani, „which have both met the seven required standards".

„Camelot was selected after rigorous scrutiny," it added.

The commission said that having reviewed the two business plans for the latest licence, it had concluded „that Camelot's bid is better able to maximise returns to good causes".

It continued that there was „a strong probability that Camelot would achieve higher sales" than Sugal & Damani.

However, the commission said it had concerns about some of Camelot's proposals, adding that it „did not find all the evidence compelling".

It added that some of the ideas put forward by Camelot for boosting returns had understated the degree of risk involved.

„In particular, the commission was concerned that Camelot had adopted the more optimistic research forecasts for each proposal and adopted low forecasts for cannibalisation between the different proposals," it explained.

As well as providing a broad range of games for people to play, lottery operators must also generate as much cash as possible for good causes.

Critics of Camelot have complained that the firm has not made

enough money after total spending on lottery tickets fell last year to GBP 4.91bn from GBP 5.01bn.

At the same time, money raised for good causes also dropped to GBP 1.24bn from GBP 1.29bn.

Broadening out

As well as making money for good causes, the successful bidder had to show that it could manage the transition to the next licence smoothly, a requirement experts believed would favour Camelot.

Besides its other responsibilities, the next National Lottery operator is expected to hit targets for raising funds for the 2012 Olympics.

About GBP 2.2bn is currently earmarked from Lottery funds for the Olympics, with GBP 750m expected to come from specially-designated games.

Camelot has promised to launch the world's first global lottery draw as part of its package of games, which will create up to 100 millionaires every month.

On Tuesday, Camelot said it would look to introduce „state-of-the-art technology and networks to allow new games to be launched more quickly“.

It also said it would roll out a new terminal and digital screen network across more than 27,000 lottery retailers.