

CHARITABLE BINGO AND GAMING REVITALIZATION INITIATIVE

April 2011 Industry Communication

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Together, we have reached a significant milestone in the Charitable Bingo and Gaming Revitalization Initiative by sending a clear message that the industry in Ontario is ready for change. This milestone was achieved with the support of more than 35 commercial operators and related charity associations that have signed a **letter of interest to participate** in the Initiative. There is tremendous interest from all parts of the province and an enthusiasm for change not seen before in this industry.

Through collaboration among the Ontario Charitable Gaming Association (OCGA), Commercial Gaming Association Ontario (CGAO) and the Ontario Lottery and Gaming Corporation, our organizations have established one common vision for the initiative. Our collective vision is to sustain and grow the charitable gaming industry. It will require a cultural change by all stakeholders to achieve this vision with a united focus on the key business driver, the customer, and the key business beneficiaries – charities and their local communities.

The goal is to create a new entertainment experience in charitable bingo gaming centres to both retain current players and reach out to attract new players for the overall benefit of generating revenue for charities to support the local funding model.

It is the most exciting and ambitious initiative we have collectively undertaken, but make no doubt that there is much work to be done in the months ahead. This is a major transformation of our industry and change will happen gradually over time. OLG has laid out a multi-year program that considers the needs of all stakeholders and integrity of products. This program lays the foundation for the revitalization of the charitable bingo and gaming industry in Ontario.

Industry Expresses Strong Interest to Participate

OCGA and CGAO presented OLG with the official list of commercial operators and their respective charity associations who have demonstrated a keen interest to participate. As reported in February 2011, OLG was seeking a minimum commitment from 24 new centres to participate in order to achieve economies of scale and cost recovery. We have now surpassed this number and are engaged in planning to take the next steps to transform the industry. This is an exciting moment because it is the initiating factor to move forward together.

Municipality Support Required

The municipalities are a partner in this endeavour as well and we need their agreement to make electronic charitable games available in participating full complement gaming centres. There are ongoing efforts to inform and collaborate with municipalities to build on the interest demonstrated by charity associations and commercial operators in support of a long-term, viable, local funding model.

Site Prioritization Schedule Under Development

OLG is developing a site prioritization schedule based on established criteria. We anticipate this schedule will be available in May. The site prioritization schedule will drive the timelines at individual sites for preparation and build-out, implementation, planning, training, and new game delivery.

Transformation Timeline

As previously communicated, the new model means a transition in the legal framework from 207(1)(b) to 207(1)(a) of the Criminal Code. This change will allow OLG to uphold its conduct and manage responsibilities in order to offer paper-based and electronic charitable games at participating gaming centres.

In order to facilitate this regulatory change, final standard contracts will need to be signed by OLG and the respective charity association, commercial operator, and municipality. The scope of the contract will include the standard financial commission model that was developed and approved with the participation of OCGA and CGAO earlier this year.

The first step to transition conduct and manage responsibilities to OLG for full complement gaming centres is to implement a paper sales and inventory management system. This system will support the administration of existing paper games. Based on our experience at the current six gaming centres, commercial operators will realize immediate cost efficiencies and savings.

Preparations for implementation of the paper sales and inventory management system in the **first** group of centres on the site prioritization schedule will start this summer with go-live dates through the fall. We are embracing key lessons learned from our pilot to develop the implementation plan going forward. One key lesson learned is to retain the traditional play experience with no or little impact to players. This translates into leaving the existing Personal Bingo Verifiers in place as we transition to new products.

Product Priority and Focus

OLG is committed to providing a steady stream of innovative games to participating full complement centres. As indicated in the December 1st industry communication, a *Product Development Committee* has been working to identify priority products and to develop the specifications for those products. The *Product Development Committee* identified BOT Dispensers as the priority product and, therefore, will be the first product to be rolled out. The full offering of products as previously communicated for Phase One will be implemented and managed in a phased roll-out.

Specific timelines for individual sites will be determined based on the site prioritization schedule.

It Is About Choice

Participation in the new model is one of **choice** for commercial operators, charities, and municipalities. There are two options for those wishing to participate in the initiative: full complement gaming centres, and ancillary gaming centres. The full complement gaming centres will be offered a full line-up of paper-based and electronic charitable games. The ancillary

gaming centers will be offered two product *choices* – Electronic Shutterboard and Rapid Draw Bingo. The ancillary offering is meant for the smaller, more traditional paper centre. Ancillary gaming centres will be under individual product contracts with OLG (a process similar to existing Big Link Bingo contracts) where OLG will have conduct and manage responsibilities for the electronic games only.

Next Steps

OCGA, CGAO, and OLG are working to announce the site prioritization schedule in May. A preliminary implementation timeline will be provided for gaming centres in the first group. Preparation work will begin in order to support the paper sales and inventory management system and the installation of BOT Dispenser machines. For other gaming centres that have indicated interest, a timeline will follow at a later date when the planning for the first group is underway.

Commercial operators will be required, as indicated through the Information Sessions, to make a minimum investment to support the back-end computer system and to ensure that all required infrastructure is in place to accept the technology and equipment. There will be no requirement for facilities to be upgraded or for cosmetic changes to occur. These upgrades will be at the discretion of the commercial operators, who have the knowledge of what is best for the facility, and what is best for customer appeal.

If you have an interest in participating but have not made your voice heard, we encourage you to contact OCGA or CGAO. We also encourage you to listen to the archived webcast of the Information Sessions held earlier this year by accessing OCGA's website at, www.charitablegaming.com or CGAO's website at, www.cgao.ca. More than a thousand visitors have listened to the presentation since it was posted in early March.

Developing a common vision will make us stronger, more viable, and innovative. Vision begins with the courage and insight to recognize that change is a constant and that our industry has to evolve with change to remain relevant.

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