



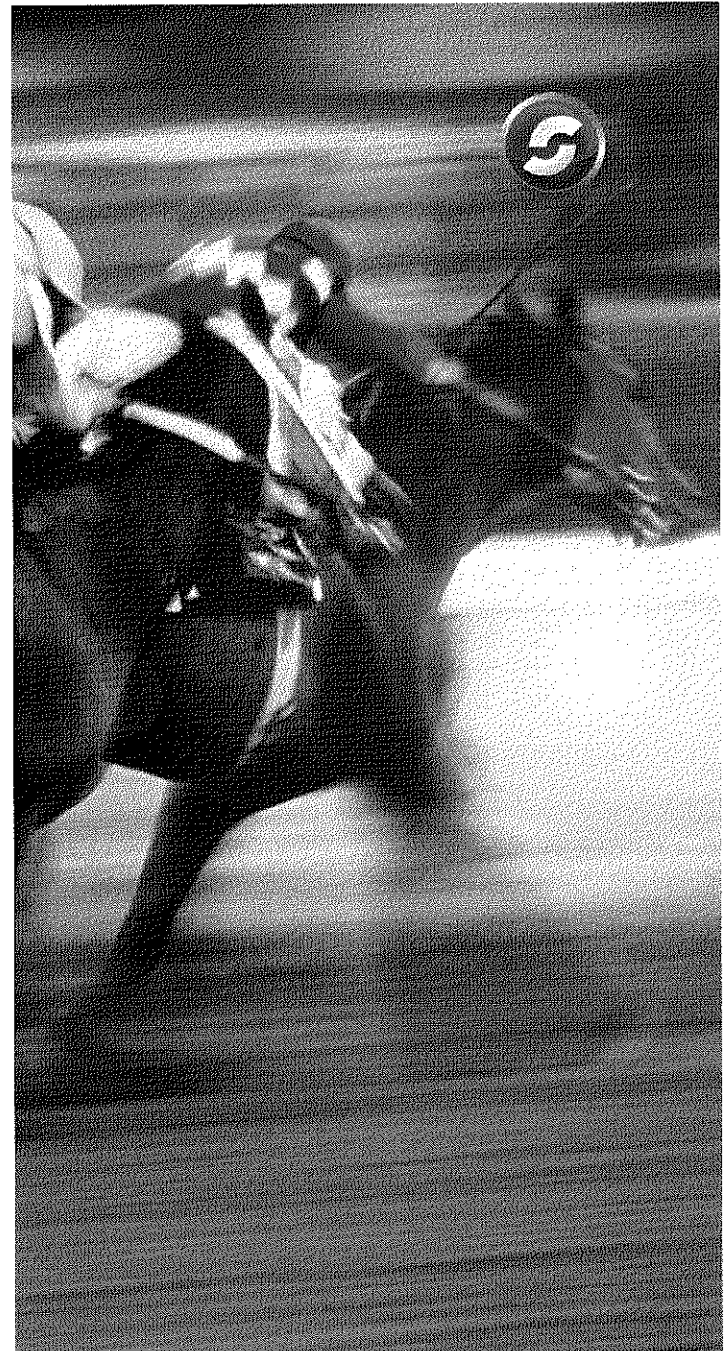
# Sportech

Delivering a winning experience

# **Presentation to the Public Safety and Security Committee**

**February 2, 2012  
Brooks H. Pierce, President**

**Sportech, Inc.  
555 Long Wharf Drive  
11<sup>th</sup> Floor  
New Haven, CT 06511**



## SPORTECH PLC

Parent company to Sportech, Inc., owner and operator of the license to offer pari-mutuel wagering in Connecticut



- Acquired Autotote Enterprises and related businesses in October 2010
- Global leader in pari-mutuel and online betting
  - Direct-to-consumer services
  - Business-to-business technology & service
- Presence in over 30 countries
- Processing over \$13 billion in wagers annually
- Traded on the London Stock Exchange (SPO)
- 1,000 employees, 700 in the US



# FOOTBALL POOLS AND ONLINE GAMING (E-GAMING)

## UK-based Operations of Sportech Plc



- Online Gaming (eGaming)
  - Trusted Name in Online Gaming for nearly a decade
  - Operates established UK brands Littlewoods and Vernons
  - Wide range of products
    - Poker
    - Instant Win and other games
    - Casino
    - Lotteries
- The Football Pools
  - The world's oldest football gaming company
  - £10 billion paid out in prize money
  - 60 million winners
  - £1.1 billion donated to good causes
  - Over 450,000 players every week
  - 88 years of winning experiences



# SPORTECH IN CONNECTICUT



- Sportech Venues, Inc.
  - Exclusive license to operate betting on horseracing since 1993
    - OTB venues
    - Telephone betting
  - 15 of the 18 licenses in use
  - \$3 million venue refurbishment in 2011
  - Operate the racebook at Mohegan Sun Casino
- Sportech employs 328 people in CT
  - Sportech, Inc. North American HQ
  - Sportech Venues, Inc.
  - Sportech Interactive Products & Services Marketing & Customer Care functions

Sportech, Inc. Corporate HQ in New Haven



Waterbury



# INTERACTIVE PRODUCTS & SERVICES

## Business Unit of Sportech Racing

- Customized online wagering platforms for licensed operators
  - 3 customers in New York State
  - New Jersey
  - Illinois
  - Puerto Rico (launching Feb 2012)
  - Louisiana (launching April 2012)
- Turnkey Marketing and Customer Service from Connecticut
- Growth in Interactive B2B business with expected hiring of CT-based employees in 2012
- All Sportech B2B websites include:
  - Independent verification of identity, age and residency
  - User ID and Password required to access wagering accounts
  - Secure banking network integration to provide safe funding of wagering accounts



## ONLINE WAGERING ON HORSE RACING IS LEGAL IN THE US



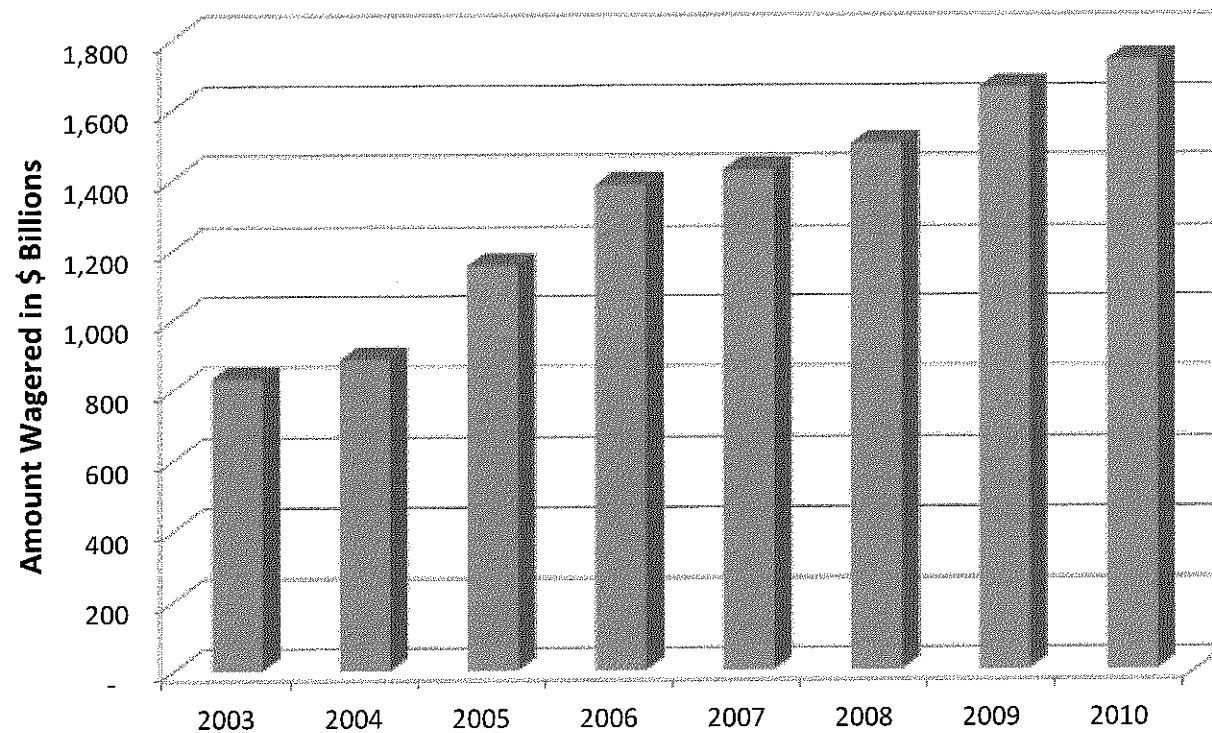
- Lawful in the US under the Unlawful Internet Gaming Enforcement Act (UIGEA) and the Interstate Horseracing Act (IHA)
  - Under IHA, interstate wagers on horse racing by telephone or other electronic media is legal
  - States have opted to either allow or disallow
- There are essentially 2 types of online horse race betting operators in the US
  - Websites offered by state-licensed racing and wagering operators such as racetracks and OTB networks, for example:
    - New York State racetracks and Off-track Betting Corporations
    - New Jersey Account Wagering – a consortium of NJ Racing interests
    - Pennsylvania racetracks
  - National online wagering operators
    - XpressBet.com
    - Twinspires.com
    - TVG
- Online wagering operators accept accounts and wagers from residents in up to 37 US states

## INTERACTIVE WAGERING VOLUME IN THE US

Interactive Wagering accounts for approximately 20% of total US wagering on horse racing



**US Interactive Wagering**





# OVERVIEW OF US ONLINE WAGERING ON HORSE RACING



State with Activity	Twinspires <sup>1</sup>	XpressBet <sup>2</sup>	TVG <sup>3</sup>
Alabama	✓	✓	
Arkansas	✓	✓	
California	✓	✓	✓
Colorado	✓	✓	
Connecticut	✓	✓	
Delaware	✓	✓	
Florida	✓	✓	✓
Idaho	✓	✓	✓
Illinois	✓	✓	✓
Indiana	✓	✓	
Iowa	✓	✓	
Kansas	✓	✓	
Kentucky	✓	✓	✓
Louisiana	✓	✓	✓
Maryland	✓	✓	✓
Massachusetts	✓	✓	✓
Michigan	✓	✓	
Minnesota	✓	✓	
Montana	✓	✓	✓

State with Activity	Twinspires <sup>1</sup>	XpressBet <sup>2</sup>	TVG <sup>3</sup>
New Hampshire	✓	✓	✓
New Mexico		✓	
New York	✓	✓	✓
North Dakota	✓	✓	✓
Ohio	✓	✓	✓
Oklahoma	✓	✓	
Oregon	✓	✓	✓
Pennsylvania	✓	✓	
Rhode Island	✓	✓	
South Dakota	✓	✓	
Tennessee	✓	✓	
Texas	✓	✓	
Vermont	✓	✓	
Virginia	✓	✓	✓
Washington	✓	✓	✓
West Virginia	✓	✓	
Wisconsin	✓	✓	
Wyoming	✓	✓	✓
<b>TOTAL COUNT</b>	<b>36</b>	<b>37</b>	<b>17</b>

<sup>1</sup> No longer accepts new accounts; service existing accounts opened by Youbet.com

<sup>2</sup> Source: <http://www.xpressbet.com/StateRestrictions>

<sup>3</sup> Source: <https://www.tvq.com/resource-center/#Wherearewageringservicesavailable>

Connecticut is losing handle, customers and tax revenue to out-of-state online wagering providers unlicensed in Connecticut. Existing regulations contemplate that wagering may take place either by telephone or other electronic means approved by the DCP.



State Restrictions | Xpressbet

<http://www.xpressbet.com/StateRestrictions>

[Gambling Co. g Directory](#)
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Home > State Restrictions

## State Restrictions

### Wagering Restrictions by State

Locate your state of residence in the alphabetical list below to review any current track and wagering restrictions.

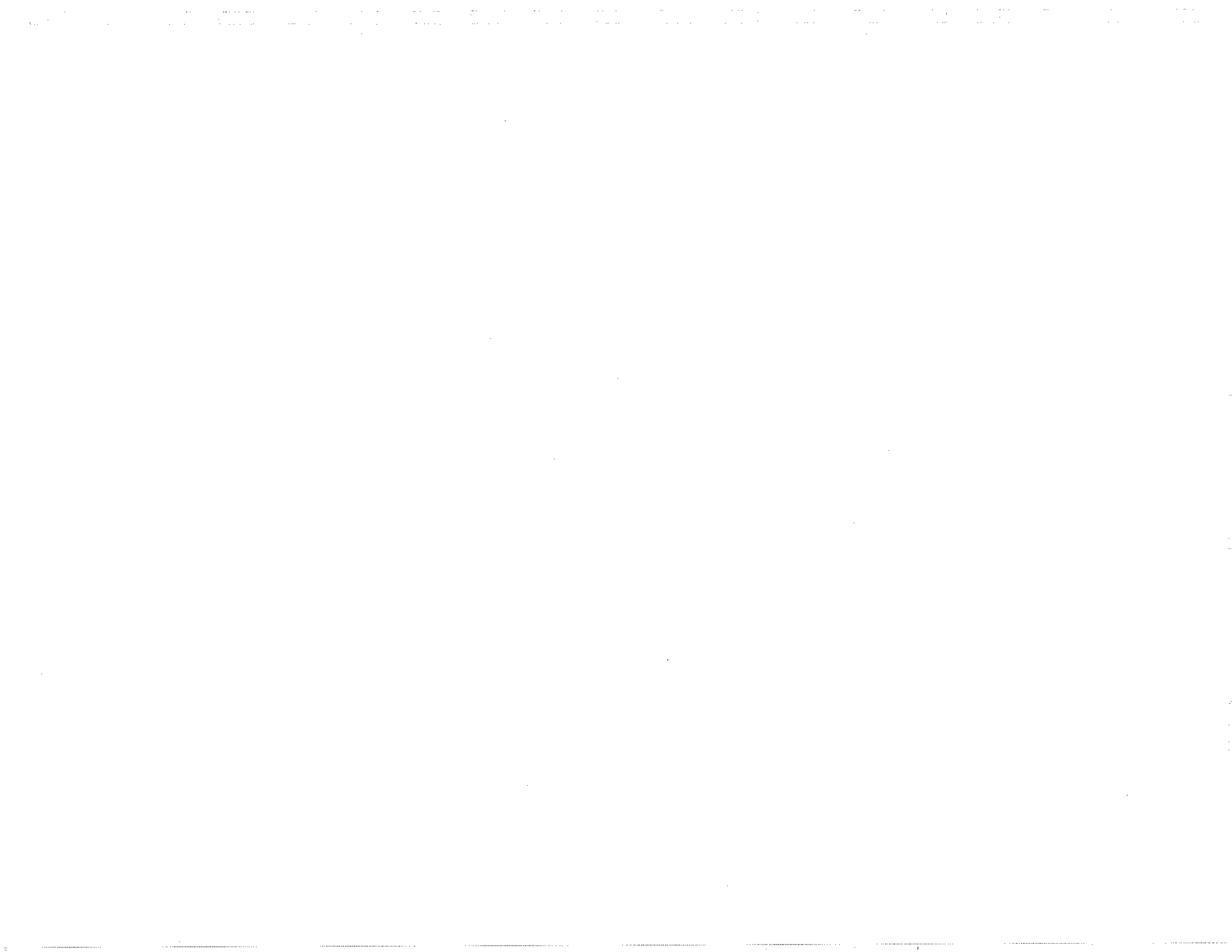
State	Track and Wagering Restrictions
Alabama	No Restrictions
Alaska	No Account Wagering
Arizona	No Account Wagering
Arkansas	No Restrictions
California	No Restrictions
Colorado	No Arapahoe.
Connecticut	No Restrictions

## CORPORATE AND COMMUNITY RESPONSIBILITY



Sportech is experienced in providing responsible online wagering services in highly regulated markets

- For over a decade, Sportech has satisfied the online gaming requirements of regulators in numerous jurisdictions including:
  - New Jersey
  - Illinois
  - New York
  - Puerto Rico
  - Louisiana (pending)
  - United Kingdom
  - Netherlands
- Sportech adheres to strict regulations designed to:
  - Prevent crime
  - Verify account holder identity and residency
  - Ensure fair treatment of consumers
  - Protect the young and vulnerable





## Sportech in Connecticut

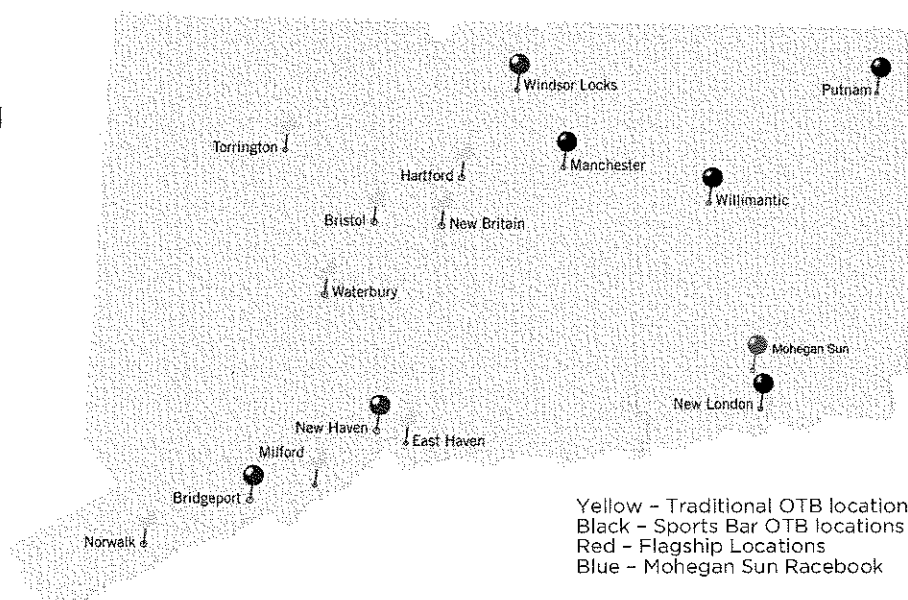
Licensed operator of pari-mutuel wagering services in Connecticut since 1993

**Sportech Plc** is one of the world's leading pari-mutuel gaming organizations focusing on highly regulated markets worldwide. Sportech provides pari-mutuel betting on football (soccer), horseracing and greyhounds, processing over £8.5 billion in bets annually with a presence in 30 countries. Sportech also has a developing e-Gaming business. Sportech is headquartered in London, with offices in Liverpool, Atlanta, Connecticut, the Netherlands, Germany and Ireland. Its North American headquarters were established in 2011 in New Haven.

**Sportech has 328 employees, 15 locations and a telephone betting service in CT, and has provided pari-mutuel wagering services to Mohegan Sun Casino since 1998.**

The company purchased its U.S.-based racing technologies business and Connecticut-based venue management business in late 2010 and has already invested significantly in the expansion and improvement of the Connecticut-based operations:

- Established North American headquarters in New Haven, creating or re-locating from out-of-state permanent full-time jobs, investing in design, build-out and furnishing of the office, and injecting another \$400K annually in on-going expenses (before payroll) into the local economy;
- Upgraded OTB facilities throughout the Connecticut venues network;
- Invested in a 50-seat, state-of-the-art Contact Center to provide Customer Service and Technical Support to customers in Connecticut, Illinois, Louisiana, Puerto Rico and Pennsylvania.



**\$520 K investment**

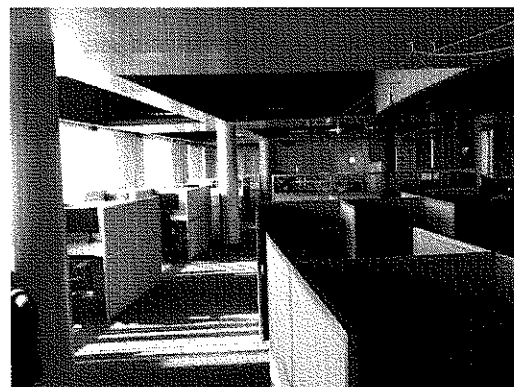
**\$3 million investment**

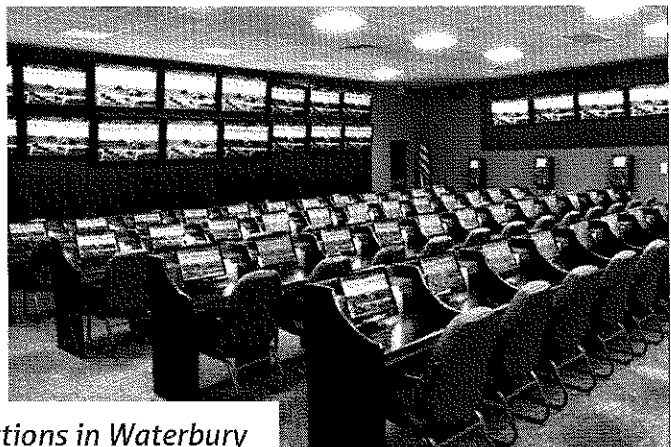
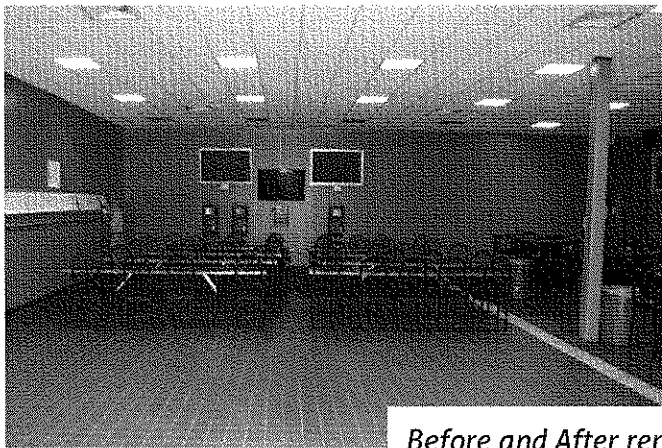
**\$600 K investment**



*Sportech's new North American HQ in New Haven*

*Sportech's new Contact Center in New Haven*





*Before and After renovations in Waterbury*

In addition to annual pari-mutuel taxes paid to the General Fund and Host Municipalities, Sportech also injects millions annually into local economies.

**Sportech Venues - 2011 Spending in Connecticut and Local Communities**  
 (\$ Thousands)

Location	Payroll & Employee Related Costs <i>Payroll, Taxes, Uniforms, Training &amp; Licenses</i>	Facilities & Operations <i>Maint &amp; Repair, Cleaning, Utilities, Supplies and Equipment</i>	Rent and Property Related <i>Rent, Real Estate Taxes, Security, Police, Fire, Insurance</i>	Marketing <i>Media Buys, Promotions</i>	Responsible Gaming Contribution	State Tax Contribution	Municipal Tax Contribution	Grand Total by Location
Bristol	\$120	\$97	\$112	\$5	\$11	\$77	\$65	\$487
East Haven	112	70	78	7	8	76	64	414
Milford	95	67	93	7	8	96	81	448
Torrington	114	48	72	6	13	71	60	383
Manchester	123	24	76	19	15	59	50	366
New London	110	26	70	22	14	34	29	305
Putnam	99	31	58	12	13	79	66	358
Willimantic	104	30	77	20	12	28	24	295
Bradley	1,000	507	248	100	16	548	462	2,881
Bridgeport	1,162	422	298	141	17	533	449	3,022
New Haven	1,846	1,260	1,098	310	39	528	444	5,525
Telebet - New Haven	607	90	-	250	-	454	382	1,783
Hartford	345	123	282	21	16	319	269	1,375
New Britain	290	137	202	14	16	209	176	1,044
Norwalk	201	84	197	12	13	171	144	822
Waterbury	239	126	123	23	16	217	182	926
<b>Grand Total</b>	<b>\$6,567</b>	<b>\$3,142</b>	<b>\$3,084</b>	<b>\$969</b>	<b>\$227</b>	<b>\$3,499</b>	<b>\$2,947</b>	<b>\$20,435</b>

**Sportech is working to further improve its Connecticut operations:**

- Estimated \$1.5 million in capital slated for continued improvements to OTB venues in 2012;
- Expansion of Customer Care and Marketing departments in New Haven – up to 47 new jobs projected;
- Engaged in concerted efforts to open new venues utilizing licenses already held by Sportech. New venues will incorporate exceptional betting facilities within high quality sports bars. Investing more than \$7 million in these new venues should generate an estimated \$40 million in handle annually in addition to considerable revenues for host communities;
- Extension of the current phone wagering operation to the Internet to allow CT residents to wager on horse racing online, exclusively through the Sportech pari-mutuel license. It is estimated that this could generate \$40 million in handle annually.

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