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# WHO'S HOT?

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PLUS



Scientific Games CEO Pat McHugh lauds the benefits of private ownership



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# Taking lotteries to another level

*A new era is underway at Scientific Games under new private ownership. In an exclusive interview, CEO Pat McHugh gives GIQ the lowdown on how the company's long-term investment strategy will deliver innovation across the lottery sector*

**2023 WAS A** big year for Scientific Games in more ways than one. As the global lottery company celebrated its 50<sup>th</sup> anniversary, it also marked the first full year of operations since it went into private hands following its sale to Brookfield Asset Management.

The new company retained the Scientific Games name, which was first established in 1973, after Brookfield completed the approximately \$6 billion acquisition of the lottery business in April 2022, with the remaining gaming and iGaming business rebranded as Light & Wonder.

For McHugh though, the past year has mostly been about long-term investment.

"Our partnership with our new owners Brookfield has been fantastic - they've allowed us to run the business and are helping us with investment and new ways to look at growth of the business," says McHugh. "The fact that we're privately held by astute investors who are interested in focusing on lottery streamlines our process so we're no longer debating between different business units. We can have much better direct control of where we're investing."

The lottery business had always been run fairly independently from the gaming business units, but the split meant that the new company had to build out several internal departments, including legal, HR and finance, which were previously shared with the now renamed Light & Wonder.

More significantly, however, Scientific Games' entire executive leadership team

remained intact, providing continuity to an already thriving business that had seen record growth in recent years.

"We've added some key people in our team, but our long-time business leaders like John Schulz, Jennifer Welshons, Michael Conforti, and Steve Beason continue to run the business," says McHugh. "For a lottery group, we've got the largest group of employees ever, we've added staff significantly and now have 3,500 employees worldwide, serving more than 130 lotteries across fifty countries. That's all gone seamlessly and our lottery customers really appreciate the fact that we are just focused on their business, and bringing a lot of innovation to the industry."

With Brookfield's backing, McHugh believes the company is now able to fully focus its attention on providing games, services and technology to the global lottery market.

"We've grown significantly, continued to win business, but what's been nice is being able to focus on the continued growth of the company, and really help drive the industry along," he explains. "For us it's about ramping up to meet our growth now and our future anticipated growth. Along with where we are structurally as a business, it's been going great."



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Scientific Games CEO Pat McHugh

### Global expansion

Scientific Games won dozens of contracts for retail games, digital games and systems in 2023, but two of its standout wins were in the United Kingdom and New Zealand. This means building the games and technology ecosystems for new UK national lottery operator Allwyn, as well as Lotto NZ, which had conducted an 18-month procurement process before finally selecting Scientific Games.

“These are two different sized lotteries, but there are a lot of similarities and it’s very key to our strategy,” explains McHugh. “In both of those wins, we’re providing platforms, content, analytics and games across retail and digital. Really, they represent our omni-channel approach to the business. We can seamlessly provide a gateway for our lottery customers that’s covering online and retail – it’s driving both ends of the business. And that’s a unique

continuing to bring innovation to our customers to help grow their business. The big part for us too is making sure that while we are launching such a large program, we continue to support our other customers around the world.”

Another landmark deal last year saw Scientific Games win an exclusive twenty-year contract leading a consortium that will introduce new instant and passive lottery games to the Brazilian state of Minas Gerais.

“We’re excited about our first state contract in Minas Gerais,” says McHugh. “We’ve been working on the Brazil market for quite some time. We’ve partnered with IGT as we have in other places around the world like our joint venture in Italy, and it’s about trying to bring our assets together to help governments generate maximum proceeds from those games.

“I think Brazil represents one of those markets with huge opportunities, but it will take

licensed products like Game of Thrones and MONOPOLY. Being able to put those products together at retail and digital brings a lot of value to our customers and is a significant way to engage with players. We’re going to see a lot of acceleration into 2024 to make it a big part of our offering and portfolio.”

### Building blocks

Last year Scientific Games celebrated its 50<sup>th</sup> anniversary, and McHugh has been there for twenty of those years. This includes serving as lottery CEO for five years and coming up to two years as CEO of the standalone company since the carveout.

“What I find really exciting is that we also celebrated this new phase of the company being privately held, back focused 100 per cent on lottery, and also investing and having all-time record growth,” he says. “We started the busi-

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Scientific Games CEO Pat McHugh

value that we bring as the largest games provider in the industry.”

With Allwyn ending Camelot’s 28 years’ operation of the UK national lottery, Scientific Games is currently preparing for the official changeover in February with a multi-phase launch beginning with instant ticket services and new platforms earlier in the year, followed by the implementation of its systems technology in the latter half of the year.

“Our focus has been on the full portfolio of our offering and just making sure that the basics of the conversion, especially that size of a conversion, are executed well. There has been a lot of collaboration between Scientific Games, Allwyn and their other partners to pull that all together, and then making sure the business is aligned for growth, which is the reason Allwyn was selected, and why they chose Scientific Games as their provider.”

“One of the things that’s key for us is being able to provide our analytics and services to Allwyn in order to help them drive the business, really have a better view of where the business can go, what consumers need, and then help shape the game portfolio and ways to engage their customers,” McHugh adds.

“That’s all part of that omni-channel strategy. For us it’s executing on those, and then con-

time to build, and there’s a huge population base. There’s clearly an appetite and desire for lottery games as a form of entertainment. We’re looking forward to starting in one state and seeing how it develops across the nation as other states go that way.”

### Convergence strategy

A huge part of Scientific Games’ recent investment has been centred on the convergence between retail and online.

The company is currently rolling out a whole suite of retail games around Game of Thrones, alongside a range of iLottery games. For US lotteries not selling online, there are digital engagement programs with second-chance drawings and other linked games to be delivered.

“That’s been a huge area of acceleration for us,” explains McHugh. “We just launched the latest generation of SG Content Hub, bringing first and third-party digital games to our customers around the world. As I mentioned with the UK and New Zealand deals, our Content Hub and iLottery platforms are a big part of those programs and one of the reasons why we won those.

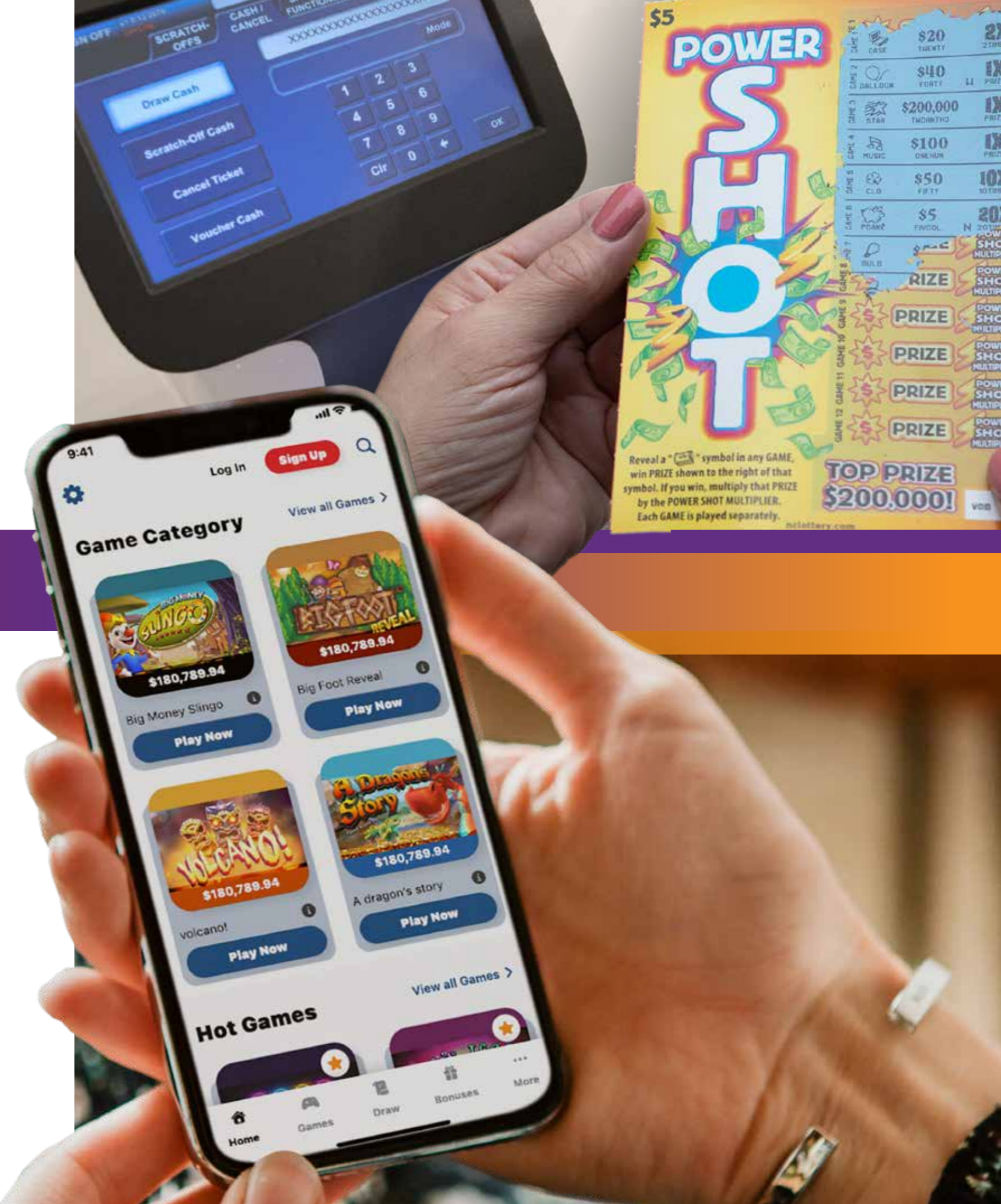
“What’s been really exciting in 2023, and we’ll see a lot more of this in 2024, is this omni-channel approach, particularly around

business as a retail instant scratch game producer, which is still the core of what we do, and then over time developed the technology systems business, the licensed property business, and our digital business.”

McHugh believes that through various acquisitions and organic growth, the company is now in a position to be able to deliver games across every channel for the lottery industry, and surround those with in-depth analytics and services.

“It allows us to be relevant to literally every lottery on the planet,” he says. “Whether we do the entire portfolio of technology and games, or just take a subset, we’re adding value for our customers and generating billions of dollars for good causes. It’s been nice to see the building blocks that have come together over many decades to get to where Scientific Games is now coming to fruition.

“I’m very lucky that we have a great team that’s been very focussed on serving our customers well. They are dedicated, they care about what we deliver, and they care about our customers, it’s just a nice environment. It’s so exciting to see where the company is at right now. We’ve got large conversions going on, implementations with mature lotteries, and we’ve got new greenfield opportunities. The business is at a great point.” ■



# The Science Inside the Success



**130**  
lottery customers in  
**50 COUNTRIES**

**5**  
**INSTANT**  
**GAME**  
production facilities on  
**4 CONTINENTS**

**3,000+**  
employees

**40+**  
locations  
worldwide

With 70% of global instant scratch game retail sales, 30+ iLottery customers, 40+ systems customers, and partner to the largest government sports betting program in the world, Scientific Games brings 50 years of innovation and experience to responsibly drive lottery performance.

