

CONSULTANT SERVICES AGREEMENT

This Services Agreement (this "Agreement") is between Camelot Global Services (North America) Inc. ("CGSNA"), located at 1800 JFK Blvd., Philadelphia, Pennsylvania, 19103 and the Bureau of Legislative Research. ("BLR"), located in the State Capitol Building, Room 315, 500 Woodlane Street, Little Rock, Arkansas 72201. CGSNA provides Consulting Services as set forth in Schedule 1 hereto (the "Services"). The BLR desires to hire CGSNA to provide a review of the Arkansas Scholarship Lottery's business drivers, strategy and business planning, and organization and governance for the Arkansas Lottery Commission Legislative Oversight Committee ("Committee"), a committee of the Arkansas General Assembly.

CGSNA and the BLR hereby agree as follows:

1. **Services to be performed.** The BLR hereby retains CGSNA to perform Services as set forth in Schedule 1 to this Agreement, which is attached hereto and incorporated into this agreement by reference.
2. **Data Required by CGSNA.** In order to perform the Services, CGSNA requires Arkansas Scholarship Lottery (the "Lottery") business and financial data and other information necessary for CGSNA to perform the Services. The parties acknowledge that such data and information is in the possession of third parties; that CGSNA must rely on these third parties to cooperate in providing this data and information; and that the data and information may be subject to laws restraining or preventing their release or dissemination. CGSNA hereby states and agrees that it will be able to perform the Services without the cooperation of the Lottery.
3. **Deliverables.** CGSNA will prepare a report in electronic format to be provided to the BLR for use by the Committee (the "Deliverables"). Except for the following, the BLR will own the Deliverables: (a) working papers of CGSNA; (b) pre-existing CGSNA materials or studies used in the provision of the Services and the Deliverables; (c) CGSNA know-how and processes used in the provision of the Services and Deliverables as well as any and all intellectual property owned by CGSNA that may be employed in providing the Services and Deliverables. CGSNA is providing the Services and Deliverables for the use and benefit of the Committee and the Arkansas General Assembly. The Services and Deliverables are not for a third party's use, benefit or reliance, other than members of the General Assembly. Except as described in Section 8 of this Agreement, CGSNA shall not discuss the Services or disclose the Deliverables until such time that the BLR provides CGSNA notice that the BLR has disclosed the Services and Deliverables to third parties.
4. **Term and Termination.** The term of this Agreement will commence on September 19, 2014 and terminate on December 31, 2014. Either party may terminate the Agreement by giving ten (10) days prior written notice.
5. **Fees and Expenses.** In consideration of the Services, the BLR shall pay CGSNA a Consultancy Fee in the amount of One Hundred Forty Nine Thousand Five Hundred Dollars (\$149,500). The Consultancy Fee will

be due after delivery of the final report by CGSNA to the BLR. In addition to the Consultancy Fee, CGSNA may submit invoices and receive reimbursement for travel expenses related to actual travel expenses incurred related to field work in providing the Services and related to attending meetings of legislative committees of the Arkansas General Assembly to provide testimony regarding the Services and Deliverables. Reimbursement for travel expenses under this Agreement may be up to but not exceeding Twenty Thousand Dollars (\$20,000).

All invoices from CGSNA are due and payable by the BLR within thirty (30) days of receipt by the BLR, except when the BLR in good faith disputes any portion of an invoice in which case only the undisputed portion is due and payable within the thirty-day period.

6. **Governing Law.** This Agreement shall be governed by the laws of the State of Arkansas, without regard to Arkansas's conflict of law principles, and each party hereby submits to the exclusive jurisdiction of the Arkansas Courts. Nothing in this Agreement shall be construed as a waiver of sovereign immunity of the BLR, the Committee, or the Arkansas General Assembly.
7. **Assignment.** This Agreement may not be assigned without the prior written consent of both parties, which either party may withhold for any reason. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.
8. **Confidentiality.** "Confidential Information" under this Agreement means non-public information that a party marks as "confidential" or "proprietary" or that otherwise should be understood by a reasonable person to be confidential in nature. Confidential information does not include any information which is (a) rightfully known to the recipient prior to its disclosure; (b) released to any other person or entity (including governmental agencies) without restriction; (c) independently developed by the recipient without use of or reliance on Confidential Information; or (d) or later becomes publicly available without violation of this Agreement or may be lawfully obtained by a party from a non-party.

Each party will protect the confidentiality of Confidential Information that it receives under the Agreement except as required by applicable law, rule, regulation, or professional standard, without the other party's prior written consent. Due to the BLR being a public entity within the State of Arkansas, all terms of this Agreement, including but not limited to fee and expense structure, are subject to disclosure under the Freedom of Information Act of 1967, Ark. Code Ann. § 25-19-101, *et seq.*

If disclosure of CGSNA's Confidential Information is required by law, rule, regulation, or professional standard, (including any subpoena or other similar form of process), the BLR shall provide CGSNA with prior prompt written notice thereof.

In consideration of CGSNA's and BLR's agreement to provide one another with access to their respective Confidential Information, CGSNA and BLR each agrees to maintain in confidence all Confidential Information of the other. Except as provided in this Agreement, neither CGSNA nor BLR shall in any manner

disclose any Confidential Information of the other to any person, entity, firm or company whatsoever, without the express written consent of the other. CGSNA and BLR shall each take all steps necessary to ensure that their respective affiliates, officers, employees, independent contractors, agents and other representatives (collectively "Representatives") maintain the Confidential Information in confidence.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, CGSNA and BLR have executed this Agreement this __ day of____ , 2014.

CGSNA:

Richard Wheeler, Senior Vice-President

Printed Name

Title

Date

**BUREAU OF LEGISLATIVE
RESEARCH:**

Marty Garrity, Director

Printed Name

Title

Date

Schedule 1



Camelot Engagement Scope and Deliverables

Arkansas Scholarship Lottery

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- 1.0 Objective**
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1.0 Objective

The objective of this Agreement is to review the Arkansas Scholarship Lottery ("the Lottery") Business Drivers, Strategy and Business Planning, and Organization and Governance in a report to the Arkansas Lottery Commission Legislative Oversight Committee ("Committee"), a committee of the Arkansas General Assembly.

This proposal outlines the scope of the proposed Business Review, which Camelot is proposing to deliver in a five-week period commencing upon the signing of this Agreement. Camelot will be available for providing testimony to the Committee and any other legislative committees through to 31st December 2014. Camelot will undertake the engagement by utilizing the same expert team who undertook the recent Texas and New York State Lottery Business Reviews and who will be dedicated to this project.

During the engagement period, and leading up to the engagement, Camelot acknowledges that access to the Lottery will likely not be possible. While Camelot would normally expect to have access to the lottery and its data throughout the engagement, given the circumstances we have ensured our methodology will deliver the business review effectively without this ability by using available public data, our own consumer research and retailer visits.

2.0 Scope and Deliverables

Camelot proposes that the Engagement will be delivered over a five week period through both locally and remotely located resources working in the most effective manner. All materials generated throughout the term of the Agreement will be supplied to the Committee along with a detailed report and availability of Camelot personal for testimony to the Committee. The business review will be conducted across three key phases with the following scope:

Phase 1 - In-Depth Review of the Lottery Business Drivers

Activities

- **Desk Based Research:** A review of market and Lottery performance versus peer states in the United States and industry best practice. Analysis will benchmark the Lottery against those peers and articulate key insights in determining future areas of growth.
- **High-level Consumer Research Study:** Research with sample Lottery players (regular, infrequent and non-players) to understand attitudes towards the Lottery. This will inform a clear view on the key challenges the Lottery must address.
- **Retail Audit and Execution.** Carry out store visits to support an audit of a representative sample of lottery retailers in Arkansas. This will provide overview of how the Lottery is presented and executed in retail and recommendations on areas of improvement.

Output

- **Situational Analysis of the Lottery.** A report that outlines the key insights and performance of the Lottery. With conclusion based on the activities described above.

The engagement will commence with a three-week, desk based research exercise to develop a situational analysis of the Lottery. This research will utilize both public and industry available information, Camelot proprietary information and specific information requested from the Lottery by Camelot*.

*While Camelot acknowledges that it may not be possible to have access to the Arkansas Lottery and its data, we have detailed a condensed shortlist below of priority information that if possible we would like to request from the Lottery. We will of course take guidance from the Committee as to whether a request of this nature is permissible, and if so, how this should be coordinated:

- Any existing Business Strategy/ Plan that is in place (either public or disclosed to the Arkansas General Assembly;
- Marketing Plans for the last three or five years;
- Lottery data broken down by game type, by store type (i.e. key account/multiple or independent store);
- Any Market Research that has taken place on players (behavioral or attitudinal), game development marketing effectiveness, retailer satisfaction and general lottery research afforded to the Arkansas General Assembly

During Phase one, Camelot will also organize and conduct a Consumer Research study locally to identify specific Lottery consumer behaviors and habits that will be supported by more general trends identified through the desk based research exercise.

Camelot will undertake a Consumer Research exercise as part of its inclusive fee for delivering the Business Review.

Concurrently to the desk based research, a retail audit will be conducted locally by one of Camelot's retail experts who will discreetly conduct visits to a number of key retail 'segments' to build an understanding of product and the retail network.

Phase 2 - Strategy Review and Business Planning

Activities

- Benchmarking of current business plans vs. best practice by reviewing historic and current sales and marketing activities and mapping those activities against industry best practice. The resulting recommendation will segment and rank a range of strategies and activities for the Lottery that should be considered to achieve sustainable future growth
- Recommendation on a future plan for the business which will cover:
 - Product (the portfolio of games offered by the Arkansas Lottery);
 - Price (differentiation and balance of price points and payouts across the portfolio);
 - Place (how the Lottery is presented and executed in retail);
 - Promotion (how Lottery products are presented and communicated to consumers through various forms of media); and
 - Enablers (outlined in section 3)

Output

- A report that clearly sets out future recommendations within each of the 5 areas described above to deliver new growth to the Lottery, and the enablers required to deliver those recommendations. Each recommendation will be qualified to identify the growth opportunity that could result from its implementation.

Phase 2 will involve a preparatory week remotely, followed by a week-long set of workshops taking place locally in Little Rock. An important component of the agenda workshop will be to invite members of the Committee to interact, participate and provide input to the future recommendations being developed in this phase. The Camelot team in the workshops will comprise the industry subject matter experts from across the sectors of Marketing, Insight, Retail and the Senior Vice President of Sales and Marketing who will review and summarize the outputs of Phase 1, and support the formulation of future recommendations.

Having summarized the Situation Analysis, the team will benchmark the 'current' lottery operations against industry best practice from both a lottery and consumer goods perspective. The team will then use the '4 Ps' methodology - Product, Price, Place, Promotion - to define future recommendations for the Lottery.

The final activity in phase 2 will be to take the input from the workshops and recommendations across the '4 Ps' to qualify the resulting growth opportunities that might result from these recommendations. In conjunction with Phase 3 the Camelot team will also identify the enablers required to implement the recommendations.

Phase 3 – Organization Review and Governance

Activities

- Organization review. Study the current Lottery organization and establish core principles for a future organization based upon consumer goods company experience and industry best practice. Focus will be given to the sales and marketing department and its role within the Lottery's organization in helping to achieve future growth.
- Governance Review. Outline the key lottery processes and decision-making forums. Proposing a structure of key meeting forums to enable faster, more informed decision-making and the Lottery's interface into stakeholders (political and retail). This will consider both internal processes and external interactions.

Output

- Recommendations for future organization and governance

Concurrently with Phase 2, Camelot will undertake a one-week exercise to evaluate the current organization and governance of the Lottery before making recommendations of future options and how these could be implemented.

Due to the strategic nature of this work, it will be delivered by our highly experienced Senior Management team assigned to this project who all have a detailed understanding of the US Lottery market and also have held senior operational roles within the UK National Lottery.

3.0 Outline Engagement Plan

Camelot will work with the Committee to finalize the engagement plan beginning with the signing of the Agreement.

The following plan provides an indicative timeline and resource profile for the activities explained within Section 2 – Scope and Deliverables.

Phase 1

3 weeks (Date TBC)

- Desk-based research (date TBC)
- Consumer Research (Date TBC)
- Retail visits (Date TBC)

Research will be conducted in Arkansas with resource as required.

Phase 2

1 week (Date TBC)

- Benchmarking of current plans vs. Best Practice
- Recommendations

Phase 3

1 week (Date TBC)

- Organization review
- Governance Review

4.0 Camelot Team

Richard Wheeler, Engagement Director

Richard led the Camelot team working with the California State Lottery on their business improvement initiatives. He led the transition of Camelot to its third lottery license in the United Kingdom and the associated transformation of Camelot's business systems, process and culture to support its Business Plan for the third license.

Prior to joining Camelot Richard spent 11 years as a management consultant for both the Berkeley Partnership and Accenture, delivering transformational operational change and developed and implemented IT strategies for a number of blue-chip organizations.

Richard Bateson, Senior Vice President Sales and Marketing

Richard joined Camelot Group in 2001 to project manage and launch EuroMillions. Following the launch of EuroMillions, roles have included Head of Partnerships, Head of Scratchcards, Marketing Director of UK National Lottery and most recently Commercial Director of Camelot Global. Elected President of EuroMillions (SLE SCRL) in 2011. Previous experience includes marketing roles at Unilever Canada and a graduate training program at Fujitsu UK.

Sam DePhillippo, Executive Consultant

Sam served as the former Director of the Massachusetts Lottery, the nation's second largest lottery by sales (2012), and before that an executive vice president for Filene's Basement. Over the last 14 years, Sam has consulted with many other US lotteries, including Camelot's most recent successful consulting project with the California Lottery.

Steven Davidson, Vice President of Insight and Strategy

Steven Davidson joined Camelot in 1997 and has worked across various marketing functions spanning: broadcast, brand (Lotto, Thunderball and Instants), new product development and commercial partnerships. In addition to this, Steven was responsible for the delivery of a number of special projects, including the development of Camelot's marketing plans for the Olympics. Steven is currently the Head of Insight and Strategy for Camelot Global Services Ltd.

Jack Murray, Senior Consumer Insight Lead

Jack joined Camelot in 2013 as the Senior Consumer Insight Manager to project manage market research and administration related to the Data Room of a current Bid to Operate initiative. In addition he has developed Insight team capability, culture and processes in support of future Bid to Operate and Consultancy projects.

Matt Osgood, Vice President Marketing & Brands

Matt joined Camelot in 2004, working in a variety of roles in Retail and Brand marketing, including UK Marketing Manager of EuroMillions and serving as the Marketing work stream Chair of the EuroMillions community. Matt was responsible for advertising initiatives within Camelot's partnership with the California State Lottery and he led Camelot's engagement with the Interprovincial Lottery Corporation facilitating the new product development process for the five Canadian lotteries. Prior to joining Camelot, Matt spent 10 years in the advertising industry, working across a range of consumer goods categories.

Barry Griffiths, Vice President of Sales Channels

Barry has extensive experience developing and implementing strategy with retailers such as new game launches, rolling out new terminal distribution, and key retail projects such as enabling lottery products to be sold through retailer tills. Barry

was responsible for guiding the retailer team through the transition which included developing and installing new point of sale materials, and migrating to the satellite communication network.

John Skrimshire, Retail Lead

John joined Camelot in 2001 working within the Key Accounts Team. After two years working with the Gas Station sector he was promoted to the role of Customer Business Manager responsible for the UK's largest grocery retailer Tesco Stores Ltd. John's key achievements include Overseeing Tesco's roll-out of 1,000 Tesco Express stores within a 2 year period with 80% receiving lottery terminals, lead on the Fast Pay project that saw the implementation of world first lottery technology allowing tickets to be sold through Tesco's EPOS tills and ultimately delivered sales growth from £300m per annum to £700m. John currently works as the Retail Lead in Camelot Global with responsibility for developing the retail strategy for consultancy and bid to operate opportunities.

Thomas Luff, Global Insight Executive

Thomas joined Camelot Global Services (CGS) in 2010 to aid with critical thinking & insight surrounding projects and in the development of analysis models for lottery games. Prior to CGS Thomas was as account manager at a research agency with several UK and US clients across a range of sectors, including FMCGs. Whilst at university Thomas spent a year studying Communications in Singapore.