

**Texas Lottery Commission
Lottery Operations and Services RFP
Evaluation Scoring Matrix Documentation**

Vendor Name: Intralot
Evaluator Name: Michael Anger

Pre-Qualification		Date / Time
A.	Mandatory Pre-Proposal Conference and Non-Disclosure Statement	
A.1	The Proposer attended one of the mandatory pre-proposal conferences and submitted a signed non-disclosure statement.	
B.	Cost Proposal and Proposer's Commitment Submission	
B.1	The Proposer submitted the Cost Proposal and Proposer's Commitment in the manner as prescribed and by the deadline provided in Section 2 of the RFP.	
C.	Technical Proposal, Bid Bond/Proposal Surety and Protest/Litigation Bond Submission	
C.1	The Proposer submitted the Technical Proposal, Bid Bond/Proposal Surety and Protest/Litigation Bond in the manner as prescribed and by the deadline provided in Section 2 of the RFP.	

Round 1: Minimum Qualification Requirements		
A.	Financial Status of the Proposer	Pass/Fail
A.1	The Proposer is financially viable and Office of the Controller has validated the financial status of the Proposer.	
B.	Historically Underutilized Businesses (HUB)	
B.1	Whether the Proposer performed the good faith effort required by the HUB subcontracting plan. *HUB Subcontracting Plan HSP Workshop	Pass/Fail

The RFP references are intended as a guide for Proposers in preparing responses to this RFP, but do not limit the Texas Lottery's review of any Proposal in evaluating responsiveness to the RFP requirements or selecting a Proposer whose solution provides the best value to the agency.

Round 2: Technical Scoring		Max Aval Pnts	Evaluator Notes
2.1	<i>Past Performance. The quality of the Proposer's past performance in contracting with the agency, with other state entities, or with private sector entities.</i>	550	
2.1.1	<p>Contract performance issues, which include, but are not limited to:</p> <ul style="list-style-type: none"> --contract terminations --sanctions / liquidated damages / goods or services in lieu of sanctions/LDs --significant or material audit findings or compliance issues --disciplinary action for substandard work or unethical practices --pending/past litigation --gaming license status 	440	<p>4.2.5 The Proposer shall state in its Response whether or not any of the following have occurred during the last five (5) years:</p> <p>(a) The Proposer has had a contract terminated and, if so, shall provide full details, including the other party's name, address and telephone number.</p> <ul style="list-style-type: none"> • Never had a contract terminated. <p>(b) The Proposer has been assessed any sanctions or liquidated damages under any existing or past contracts with any state, provincial or other lottery, and if so, note the jurisdiction, the reason for and the amount of the sanction or liquidated damages for each incident. (See Section 3.44 for continuing disclosure requirement.)</p> <ul style="list-style-type: none"> • 4.2.5(b) <p>(c) The Proposer has provided goods or services in consideration of contractual sanctions or liquidated damages that would have been assessed, and if so, note the jurisdiction, the reason for the penalty or liquidated damages and the goods or services provided in lieu of the assessment.</p> <ul style="list-style-type: none"> • Intralot has not provided goods or services in consideration. <p>(d) The Proposer has had any material or significant audit findings.</p> <ul style="list-style-type: none"> • No material significant audit findings have been issued to Intralot <p>(e) The Proposer was the subject of (i) any disciplinary action for substandard work and unethical practices or (ii) any order, judgment or decree of any federal or state authority barring, suspending or otherwise limiting the right of the Proposer to engage in any business, practice or activity.</p> <ul style="list-style-type: none"> • No to both

2.1.2	Reference checks and site visits (to include site visits to other lotteries if applicable)	4.4 and 2.22	110	<p>(f) The Proposer has been involved in any material civil or criminal litigation or indictment either threatened or pending as fully described in Section 3.43.</p> <ul style="list-style-type: none"> no material civil or criminal litigation current or pending <p>(g) The Proposer has applied for, has sought renewal of, has received, has been denied, has pending, or has had revoked a gaming license of any kind, or had fines, penalties sanctions or liquidated damages assessed against its gaming license, contract or operation, and the disposition of such in each such state or jurisdiction. If any lottery or gaming license or contract has been revoked or terminated or has not been renewed or any lottery or gaming license or application has been either denied or is pending and has remained pending for more than six (6) months, all of the facts and circumstances underlying the revocation, termination, non-renewal or the failure to receive such a license shall be disclosed.</p> <ul style="list-style-type: none"> None of these conditions apply. <p>General—Proposer provided all required information in this section. No patterns emerged from the proposer’s information in this section. Proposer has recent history of significant contracting experience in the lottery industry providing online game systems and many of the goods and services requested by TLC.</p> <p>4.4 - Proposers must provide verifiable references which include contact person, name of company, phone, fax number and e-mail address if available for each engagement identified in Section 4.2.1. The Texas Lottery reserves the right to verify all information in the Proposal submitted by the Proposer and seek other information it deems necessary to conduct a thorough review.</p> <ul style="list-style-type: none"> Committee obtained survey responses from several jurisdictions. The results were generally positive regarding the proposer’s performance in providing similar service. The New Mexico report noted 6 month conversion, but issues with acceptance testing on self-service equipment and delays in the rollout of this equipment. The committee reviewed the responses and determined that no additional follow-up would be needed. <p>2.22 -The Texas Lottery, in its sole discretion, reserves the right to conduct site visits and/or to require Proposers to make oral presentations prior to the Contract Award. Site visits may include visits to a state lottery(ies) with whom a Proposer currently contracts. Proposers will be notified in writing and will be provided with equal advance notification of site visits and/or oral presentation assignments and guidelines.</p> <p>Oral Presentations—Oral presentation primarily led by Intralot Corporate Management Team. Proposer provided information on staffing allocations. Proposer also presented sales growth initiatives (new game/game enhancement concepts presented; focus on younger demographic, social media, 3-tiered retailer sales growth program, partnering with Texas companies to provide services). Proposer also addressed conversion, company integrity and equipment proposed.</p> <p>Site Visits—</p> <p>Corporate Visit—</p> <ul style="list-style-type: none"> iPredict predictive inventory ordering system was noted as evaluating ticket inventory down to the validation level. Afternoon portion of site visit spent at Space Net touring their VSAT operations.
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- Data mining tool not demonstrated. Intralot noted that their iWare Data Mining Tool was being developed and would launch in October in Ohio and would feature a drag and drop reporting tool and dashboards.
- Subscription program overview—Idaho and NH. Do not currently use age or geolocation services with these lotteries. Age is self reported and state data is hard coded into the subscription entry field in the jurisdictions presented. When asked about age use or geolocation technology in Texas, proposer indicated that they would research this and respond to the committee. The following day Intralot responded and provided the names and web links of some companies that perform these types of services. See notes from OH visit below.
- Intralot reported that the IPT units would support LSR functions at retail. Indicated that the IPT would be demonstrated in OH.

Ohio Site Visit—

- In response to committee's age and geolocation questions the prior day. Intralot noted that they do age verification in Italy and Croatia. Reported that they would use age verification and navizon.com for mobile related to subscriptions.
- The Call Center troubleshooting application that sinks the call and the screens accessed by the operator was a particularly strong application.
- Promotions Tool overview presentation demonstrated robust features combined with a user-friendly interface. The system was reported as capable of running multiple overlapping promotions and can prioritize those promotions.
- Demo--During the live (real world) retailer demo, the representative (Ms. Patel) exceeded the order quantity calculated and provided by iPredict in every ordering field. Ms. Patel indicated that the order projection of the system is used as more of a guide.
- Tel-Sell orders generated are queued to be filled at the warehouse within 5 minutes of execution.
- Winstation machine seemed to be an attractive well designed machine with solid burster technology. Machine uses a ticker for messaging in place of a display monitor. Intralot indicated that this was by design and that they believed this type of signage cut through the clutter of marketing messaging in retail spaces.
- Reporting Tool—Noted that iWare solution is a new Intralot product and will be rolled out in Ohio in October.
- Full Size Terminal—Committee members (Toni and Kathy) noted during a demo that a playslip left in the tray and later removed caused a rescan of the playslip. This is related to the ticket scanning (camera) technology used by the terminal.
- SFT Unit—Microlot. Committee had concerns about the number of separate connected peripherals and the overall combined footprint of the unit.
- Ingenico Debit/Credit Card Sales terminal demo appeared to present good potential.
- IPT online tickets generated had problems with tearing from the terminal printer. Tickets produced ended up torn across the bar code. In committee members hands-on interaction with the IPT, there appeared to be significant lag time between executing functions and the machine responding. All demonstrations were related to sales functionality. The IPT software for LSR usage has not been currently developed and was not available for demonstration.
- Warehouse operations overview —The Auto Sorter system appeared to be very efficient and warehouse presentation was thorough.
- Retailer Site Visits—Committee noted that at Sheetz numerous PAT bins were empty and "out of order"

	signs were attached to the side of the PAT at the restaurant/bar location. Intralot noted that this was OH's responsibility.
	Site Visit Overall—There was limited exposure to many of the Texas proposed management team members and the other key corporate leaders that would play a role in supporting TLC.

				Total Points

2.2 Personnel. The qualifications of the Proposer's personnel.		800
2.2.1	Executive Management – General Manager/Site Director, Assistant General Manager, and any other officers or key personnel who will provide direction or oversight to the Texas Lottery account.	160
	<p>SEC/Jay M. Lapine Matter—The final judgment against Lapine permanently enjoins him from violating Section 17(a) of the Securities Act of 1933 and Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(5) of the Securities Exchange Act of 1934 ("Exchange Act") and Rules 10b-5, 12b-20, 13a-13 and 13b2-1 thereunder. In addition, Lapine was barred from acting as an officer or director of a public company for a period of five years and was ordered to pay a civil penalty of \$60,000. Lapine was acquitted on November 19, 2009 of criminal charges related to the fraud at HBOC and McKesson HBOC.</p> <ul style="list-style-type: none"> GM, Bruce Anderson, currently employed outside of Intralot, prior Senior Director Lottery Customer Service and Senior Director Michigan and Wisconsin Lottery services for GTECH Corp. Also, handled GTECH troubled Washington, DC wide area radio network issue. Technical background GTECH. DGM, Terrence Patterson, with Intralot since 2009-business channel oversight for VT, NH, DC and OH (CSP only) former Director of Lottery Sales with Multimedia Games (4yrs), SGI (7 yrs) VP Operations and Support Services and GTECH 1982-1997 director of project implementations Americas, startups and conversions <p>General—Committee concerns about compliance reporting structure to General Counsel Lapine based on SEC matter. Mr. Anderson is not currently employed by Intralot and Mr. Patterson has been employed since 2009 with proposer. Both individuals have significant industry experience.</p> <ul style="list-style-type: none"> Data Center Ops Director, Tim Hallet—Intralot since 2008 GM and former Ops Manager in South Carolina; Field Services Manager (tech management) in Florida for SGI (99 to 05). Field Tech AWI (86 to 99) Software Development Manager, Steven Fox—Intralot since 2008, Senior Software Engineer, SGI (98 to 07) various programmer, senior developer and DB administrator Note—Terrance Patterson (DGM) will undertake all liaison responsibilities <p>General—Both individuals noted have background and experience related to this operational area. Both individuals employed with proposer since 2008. Mr. Hallet has 1 year of computer center operations experience in South Carolina.</p> <ul style="list-style-type: none"> Customer Service Director, Michael Kovalchin—Intralot since 2009 currently OH Call Center Manager 22 seat call center, 2K to 3K call volume, formerly with Amtrust Bank (03 to 09) Customer Service Sales Manager and Consumer Banking Operations Supervisor <p>General—Call Center Manager and Retailer Support Manager not identified, noted as TBD, interview outgoing vendor personnel. Mr. Kovalchin appeared capable in assigned role both during site visits and through resume review.</p>	
2.2.2	Data Center/Operations – Data Center Supervisor, Software Development Manager, Texas Lottery Liaison and any other staff who will have oversight or manage system operations for the Texas Lottery account.	80
2.2.3	Call Center – Call Center Manager, Retailer Support Supervisor, Dispatch and Supply Inventory Supervisor or other key personnel who will provide direction or oversight to the Texas Lottery account.	80

2.2.4	Sales and Marketing – Sales Manager, Marketing Manager, Promotions Manager/Coordinator, District/field Sales Managers, Corporate/Chain Account Manager, New Business Development/Recruitment Manager, Research Associate, and any other staff who will provide sales or marketing input, direction or recommendations for the Texas Lottery account.	4.3.2(d)	160	<ul style="list-style-type: none"> Chief Marketing Officer, Patricia Koop—not currently employed by Intralot. Same position with FL Lottery since 2007, Director of Sales/Marketing (01 to 07) SC Education Lottery, Maryland Lottery Marketing Director (99 to 01), also (92 to 99) Asst. Ad. Director and Director Broadcast Ops/Promos at Florida Lottery Deputy Chief Marketing Officer, Karen Porter—not currently employed by Intralot. Marketing Consultant and Private Candle business principle since 2003, National Marketing Director for 31 state Child Care Co with \$8M Budget (97 to 03), TX Lottery Marketing Director (94 to 97), 94M Marketing Budget Director Sales, Phil Sherwood—not currently employed by Intralot. Sales VP Multimedia Games (05 to present), Stuart Entertainment, Bingo product manufacturer (85 to 04) Market Research Director, Chitra Thankaswamy—not current Intralot employee. OGTBusiness Development, Marketing/Research Consulting and Senior Marketing Analyst (03 to 06), Marketing Research Senior Consultant Dell Computers (07 to Present) <p>General—Proposer's staff identified have industry work background, but are not currently employed by proposer. None of the individuals identified participated in the oral presentations or the site visits and none are currently employed by Intralot. Other key positions in this area were noted as TBD, interview outgoing vendor personnel</p>
2.2.5	Warehouse and Distribution – Warehouse Manager.	4.3.2(e)	80	<ul style="list-style-type: none"> Distribution Services Director John Hadley—Intralot since 2009. GM CSP Operations and startup for Ohio Lottery. Also, GM CSP Operations for SGI (99 to 09) ran SC and NY CSP startup projects. Florida Lottery (94 to 99) Purchasing Director and Deputy Secretary (Chief of Staff) <p>General—John Hadley was present during site visits. Demonstrated knowledge and experienced in addition to resume credentials. Distribution Operations Manager and Telemarketing Manager positions were noted as TBD, interview outgoing vendor personnel.</p>
2.2.6	Transition Team – Project Manager and key personnel assigned to the transition and implementation of the Texas Lottery account.	4.3.2(f)	120	<ul style="list-style-type: none"> Conversion team 402 FTEs with 8 project managers Project Implementation Director Bruce Anderson (also GM) not currently employed by Intralot. Project Implementation Manager Lee Wilson—Intralot Systems Project Manager since 2003. Satellite communication background. Project Manager System & Data Conversion Matt Johnson—Intralot Operations and Apps Director from (04 to 07) software and data conversions for Montana from SGI and Idaho from GTECH, Nebraska Lottery IT Manager (08 to 09) MUSL compliance exp., Intralot again in 09 to present, Project Manager for software implementations and Ohio ops support Project Manager Software George Fotopolous—Project manager for Intralot since 2006. Proposed as Software project Manager—noted exp. at Intralot, focused on business model and legal framework analysis. Committee discussed that his resume did not include a background in software development related to his proposed role as Project Manager for software. Project Manager Field Service Logistics Paul Ostendorf—Senior Project Manager Intralot since 2007. Will handle PM logistics field Service Logistics. SGI from (90 to 06) Regional Ops Director, Support Services Senior Director and PM, etc. Asst PM Field Service Michael Kolvachin—See Above. OH Call Center Manager for Intralot since 09. Previously Amtrust Bank 03 to 09 Project Manager Communications Joffre Rivera—Network Manager for Intralot since 2009. Senior IT Manager and Director 2 companies 03 to 05 and 05 to 08 Project Manager Vending Ken Wilson— Non-Traditional Lottery Manager (self service) for Intralot since 2009. Project Manager for Integrated Management Solutions (05 to 09) deploying, servicing, modifying ITVMs in WV, GA and TN. VSAT Lottery deployment in CT. GTECH Regional Director

<p>Client Services (03 to 05) working with ITVMs and Lottery customers</p> <ul style="list-style-type: none"> Asst PM Vending Sherry Soard—Intralot Vending Solutions manager 08 to present. GTECH Regional Account Director (vending) sales, marketing and contracting 03 to 05 and Interlot Technologies Account Executive 00 to 03 <p>General—Transition Team is made up mostly of Intralot current employees (exception Bruce Anderson, PMP—not currently employed by Intralot) with experience in this area. Committee concern noted above regarding Mr. Fotopolous’ assigned role based on experience.</p> <ul style="list-style-type: none"> <p>General— Intralot has made a strong headcount commitment to the proposed support of TLC in the proposal. Staff for many key positions were not identified. Many key positions including many management and staff positions in the marketing and sales arm of the proposed organization are noted (chart after P.30) for hiring one month prior to go live. Concerns exist with how proposer will ensure a smooth transition with so many staff coming on board just prior to contract launch. Concerns also exist with the lack of clarity in the structure of the sales and marketing organization (conflicts between provided org charts and written descriptions throughout the proposal response). See also clarification letter response with new marketing organizational chart and structural description (marketing director position has been removed in this new chart). It is not clear from the responses provided that the proposer has clearly defined and thought through the roles of the proposed positions and how they would interact with the existing structure of the Texas Lottery. Also, it is not well defined what roles the noted vendors (e.g. advertising and research) will play related to the Intralot and Texas Lottery operating structure. For instance, what role Intralot envisions MOSAK playing as the Lottery also contracts for Advertising Services and how these vendors, Intralot and the Texas Lottery would work together. When asked about MOSAK’s planned role during oral presentation questions, Intralot indicated that MOSAK’s planned role was still “formative.”</p> 	
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2.2.7	Organizational structure for Texas Lottery account, which includes position titles and number of positions and staffing schedule for unfilled positions and dates when key management will be available.	4.3.1; 4.3.5 and 4.3.6	120
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Total Points

2.3	Quality. <i>The probable quality of the offered goods or services.</i>	2,600
2.3.1	ACCOUNT MANAGEMENT AND ADMINISTRATION	130
2.3.1.1	Account management; Service level monitoring; Service management, which includes incident and problem management, capacity management and performance management; Compliance review.	46

2.3	6.2—Account Management DRs: 11-17	1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.]	<ul style="list-style-type: none"> Intralot acknowledges and accepts.
2.3.1	Account management; Service level monitoring; Service management, which includes incident and problem management, capacity management and performance management; Compliance review.	6.2 through 6.5	<ul style="list-style-type: none"> The Proposer must provide a description of its proposed account management process.
2.3.1.1	Account management; Service level monitoring; Service management, which includes incident and problem management, capacity management and performance management; Compliance review.	6.2 through 6.5	<ul style="list-style-type: none"> IT delivery will be managed in accordance with (globally recognized) IT Infrastructure Library best practices. P.2. Intralot will ensure all critical management team members are ITIL certified. (When asked in oral

<p>presentations about the ITIL certification efforts that Intralot had pursued since proposal submission. <u>Intralot noted that staff are not currently certified and did not indicate a specific plan to accomplish this, noting that staff are busy on many tasks and responsibilities.</u></p> <ul style="list-style-type: none"> • <u>Will provide a yearly SLR compliance audit by independent auditor at no added cost.</u> <p>6.3—Service Level Monitoring DRs:6</p> <ol style="list-style-type: none"> 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> • Intralot acknowledges and accepts. 2. The Proposer must provide a description of its proposed Service Level monitoring and reporting process <ul style="list-style-type: none"> • <u>Intralot's goal for service level monitoring (SLM) is to maintain and improve service quality throughout a constant cycle of monitoring and reporting service levels and the implementation of actions to eliminate poor service.</u> • <u>Intralot uses a series of procedures to track and ensure SLRs are met (detailed on p. 6 on).</u> 3. The Proposer must identify how SLRs as defined in Sections 3.60 and 3.61 of this RFP, will be measured and reported. <ul style="list-style-type: none"> • <u>Intralot to use Nimsoft (3rd Party) monitoring and reporting software to monitor all IT-based and business applications SLRs. Accessible to authorized lottery staff.</u> • <u>Intralot uses IBM Director central system health monitoring software to enhance and monitor system performance. Software provides Predictive Failure Analysis on systems.</u> • <u>LOTOS system also provides several tools for monitoring system health.</u> • <u>Utilize a range of system monitoring applications related to network health including NAGIOS (p.22)</u> • <u>Call Center/Field Service Measurement managed by Oracles Siebel Service Request application.</u> • <u>Lottery access with tracking from first contact to FST repair (p. 32). Supported by Donlen Telematic GPS tracking of FSTs and LSRs for routing optimization and tracking.</u> • <u>Call Monitoring and Recording—Cisco Call Rex call monitoring software will be used. Offering up to 250,000 hours of recorded call storage which can be expanded through SAN storage with expansive call monitoring tools and features and access for authorized users (p.34-39).</u> • <u>Call Center staff will conduct polling and surveys of retailers experience in slow periods with Lottery input. (p.36)</u> • <u>Inventory Management and Ticket Delivery Measurement—Managed by Intralot Instant Game Management System (detailed description in section 7.3 of RFP response)</u> 4. The Proposer must provide an example of service level reports and its notification process that satisfies the requirements as defined in Sections 3.60 and 3.61 of this RFP. <ul style="list-style-type: none"> • <u>Intralot notes using a variety of reports from several systems to monitor service level requirements.</u> • <u>Numerous sample report screens provided beginning on P. 41.</u> 5. The Proposer must describe the automated reporting capabilities that it will make available to the Texas Lottery, including the Texas Lottery's ability to access data (real time) and generate reports. <ul style="list-style-type: none"> • <u>Will provide real time access to all data, reporting tools and inquiry or reporting systems available on the LOTOS system and all other tools used by Intralot for system monitoring to the Lottery. All are browser based. Will train as needed and have system experts to develop custom reports as needed.</u>

Note—P. 62 indicates a staff of over 480 versus the different range provided previously in response to the proposal. Previously a range of 455 to 533 was provided.

6.4 Service Management

6.4.1 Incident and Problem Management

DRs: None

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.]
 - Intralot notes that 85% of retailer calls are cleared over the phone.
 - Intralot acknowledges and accepts.
2. The Proposer must provide a description of its proposed incident and problem management process to ensure adequate resources are available to meet the Texas Lottery’s Service Level Requirements.
 - Uses Siebel software and Oracle dbase for maintaining incident and problem management
 - ITIL best practices are the baseline in this area
 - Offer to include Lottery in internal incident management control board groups (p. 3)
 - Siebel Retailer Services and CRM app used to track and report incidents either internally or externally reported. All are run through the Service Desk monitoring structure. Service Desk escalation procedures are used to resolve issues quickly.

6.4.2 Capacity Management Response

DRs: None

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.]
 - Intralot acknowledges and accepts.
2. The Proposer must provide a description of its proposed capacity planning process to ensure adequate resources are available to meet the Texas Lottery’s Service Level requirements based on current and future growth expansion over the life of the Contract.
 - Proactive monitoring and use of numerous system tools are utilized to ensure appropriate capacity management.
 - Intralot will conduct an annual system performance review and replace/upgrade marginal equipment

6.4.3 Performance Management

DRs: None

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.]
 - Intralot acknowledges and accepts.
2. The Proposer must provide a description of its proposed performance management processes.
 - Performance management efforts are closely tied to Intralot Capacity and Problem Management efforts.
 - SOP monitoring used to identify issues at their data centers.

3. The Proposer must describe how the Proposer plans, develops, modifies, monitors and reports on System and network performance. The Proposer must demonstrate knowledge and experience of capacity and performance tools for managing the Lottery Gaming System and all managed services defined within this RFP.

- Intralot uses several commercially available packages to monitor system and network performance including Nimsoft NMS, IBM Director, NAGIOS, VSAT NMS and others.
- Intralot uses SOPs that include monitoring the health of the hardware, network and gaming system. Metrics are tracked and monitored daily.

6.5 Compliance Review

DRs: 9-10

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. **[NOTE: Applies to all sections where applicable.]**
 - Intralot acknowledges and accepts.
2. The Proposer must describe how it will meet compliance review requirements. This must include a description of the policies and practices to prevent, detect, and resolve compliance issues. In addition, the Proposer must demonstrate experience, ability, and intent to meet all contractual compliance requirements.
 - Will establish a permanent compliance department to meet requirements (3 FTES). Compliance Manager, Compliance Auditor and Service Quality Assessment Manager will report to the VP and Legal Counsel. Will work directly with the required independent compliance firm hired by the Lottery. P. 2
 - Maine State Lottery referenced in place of Texas on p. 8
 - Detailed information on Intralot's sales history, worldwide presence and association memberships provided similar to Section 4.2 response. It is not clear how this is related to the compliance review section response.

General—Proposer demonstrated ability and experience in implementing service level monitoring processes including extensive detail on system reporting tools utilized to manage system performance and identify SLM issues. Proposer demonstrated process and approach to addressing incident and problem management including ensuring appropriate system capacity monitoring related to performance management. Proposer will provide dedicated staff of three in support of compliance activity reporting to the VP and Legal Counsel. Proposer did not provide a clear plan for addressing committed ITIL certifications for staff in oral presentation response. Proposer did not respond to the following requirements as detailed below:

6.2 Account Management

- DR 13 **Org chts-Not mentioned with the exception of general statement in RR 1**
- DR 14 **Incentives rpt-Not mentioned with the exception of general statement in RR 1**
- DR 15 **Vacancy rpt-Not mentioned with the exception of general statement in RR 1**
- DR 16 **Disclose conflict of interest-Not mentioned with the exception of general statement in RR 1**
- DR 17 **Disclose change in financial position-Not mentioned with the exception of general statement in RR 1**

2.3.1 .2	Facilities support services, which includes all facilities and equipment to support the Texas Lottery account.	6.6	20	<p>6.5 Compliance Review DR9 Reimburse costs-Not mentioned with the exception of general statement in RR 1</p> <p>Facilities Support DRs: 4-24</p> <ol style="list-style-type: none"> Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. <ul style="list-style-type: none"> Intralot acknowledges and accepts Proposer must describe all recommended facilities, to include at a minimum, the locations and types of facilities functions to be supported, accommodations for TLC and Proposer staff and warehousing capacity. <ul style="list-style-type: none"> Plans to provide 209,000+ sq. ft of warehouse and office space in 10 locations around Texas. Each equipped with backup generators. (see sq. ft. table P.3 of section response) Secured warehouse in 10 locations. (see sq. ft. table P.3 of section response) Exterior areas of facilities controlled by electronic access cards. Instant ticket and computer room security will use biometric security and all secure areas will be video recorded at all times with live feeds going to Intralot and Lottery security. Confirmed central ticket warehouse (CTW) will meet all RFP specs. (see sq. ft. table P.3 of section response) planned 100,000 SQ FT warehouse. CTW will be equipped with automated order placement system (sorter). P.9 Will utilize manual pack stations (see diagrams) P.10 Intralot will exercise our disaster recovery plan once a quarter by running the lottery network and computing functions from the BDC. RFP requirement is monthly failover to the BDC. Note—Diagram of BDC does not show seats for the backup call center noted later in the RFP. P. 12 Backup Data Center to be located in the Irving (mid-cities) area. Minimum 48 hour backup diesel generator support. The Proposer must describe other services, procedures, materials, supplies, programs, policies, equipment and facilities it believes necessary for successful daily operations. The Successful Proposer shall be responsible for providing all necessary items for each proposed facility. <ul style="list-style-type: none"> P.19 discrepancy on visitor access notice. One section indicates 24 hour notice, the other indicates that a 48 hour notice will be provided. All are compliant with RFP requirement of 24 hours. Facilities access logs for badges will be available to Lottery in real time via LAN/Web application. FM200 fire suppression systems will be used in computer rooms Redundant HVAC systems will be provided in the Primary and Backup Data Center locations. The Proposer must indicate the proposed hours of operation for the central distribution warehouse. <ul style="list-style-type: none"> Central (Instant) Ticket warehouse proposed operating hours will be M-F 8 to 5 p.m. Weekends and holidays will be scheduled for operation, as necessary. All daily orders will be completed each day and loaded to courier trucks.
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2.3.1 .3	Business continuity and disaster recovery capabilities which includes primary site system recovery.	6.7	32	<p>General— Detailed overview of proposed facilities, including 10 Warehouse locations that will support operations. PDC in Austin and BDC in Dallas. Proposer BDC diagram does not reflect seating for backup call center mentioned later in response to the RFP. RFP requires monthly operation from the BDC, proposer responds that they will operate quarterly from the BDC on p.10. Proposer did not respond to the following requirements as detailed below:</p> <p>DR 6 Acquisition costs-Not mentioned with the exception of general statement in RR 1 DR 16 Partial-Listing of holidays not provided DR 24 Disaster Recovery Plan will be exercised once a quarter from the Backup Data Center.</p> <p>Business Continuity and Disaster Recovery DRs: 9-11</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot acknowledges and accepts The Proposer must provide a description of its proposed Business Continuity and Disaster Recovery capabilities. This must include a description of how primary site system recovery will meet Texas Lottery requirements set forth in this section. <ul style="list-style-type: none"> <u>Intralot will deliver the BCDRPs not later than 90 days after the production start-up date. P.1</u> <u>Commitment to update the Business Continuity and Disaster Recovery Plan annually or more often as needed.</u> <u>Intralot utilizes continuity planning software, DRS, from TAMP Systems. Easily updated to remain current by Intralot DR team. Updates delegated to team members that understand the functions. TAMP guarantees the plans compliance with various regulatory requirements associated with business continuity compliance. (see p.3)</u> <u>Will initiate a Business Impact Analysis and apply a Risk Threat Assessment</u> <u>Will conduct quarterly operations of critical functions over a weekend from the BDC. Intralot again notes that they will perform a quarterly failover to the BDC. RFP requirement is monthly. P. 5</u> <u>Remote Backup Site will be capable of full failover in minutes from Primary Data Center loss. Failover will occur without data loss.</u> <u>Audit trail will be developed for all backup system data to ensure complete system recovery of data in loss situation.</u> <u>Intralot will hire an outside consultant in first year to review Lottery and Intralot business risks and DR Plans and recommend improvements.</u> <u>All com equipment purchased from Cisco. Primary and backup satellite uplinks are provided for redundancy.</u> <u>Internal testing of the plan will occur 4 times annually (staggered seasonally)</u> The Proposer must describe its data backup and restore process. <ul style="list-style-type: none"> <u>Intralot completes back-up procedures and creates numerous system checkpoints after critical events</u>
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					<p>have occurred throughout the day.</p> <ul style="list-style-type: none"> Offsite storage of critical backup files, software and data will ensure full system recovery. Will also maintain system configuration backup files to allow restoration <p>4. The Proposer must describe how tickets will be delivered should its primary delivery service become unavailable.</p> <ul style="list-style-type: none"> Lone Star Overnight will act as primary ticket courier with UPS as backup. Should both be unavailable, LSRs and FSTs would be utilized for ticket distribution efforts. <u>note—FSTs are third party company staff.</u> <p>General—Proposer demonstrates commitment to Business Continuity and Disaster Recovery requirements with proposal to hire outside consultant to review BC/DR plans for TLC and proposer and conduct of Business Impact Analysis and Risk Threat Assessments. Proposer’s plan to use FSTs along with LSRs for backup ticket delivery may present challenges as FSTs are outsourced staffing. Proposer again notes BDC Testing will occur quarterly not monthly in accordance with the RFP. Proposer did not specifically address how it would achieve compliance with TAC 202 in response related to roles and responsibility requirement #1. In response to detail requirement #10 associated with the requirement to submit the BCDR plan within 90 days of the conversion start date, proposer responded that they would deliver the BCDR plan not later than 90 days after the production start-up date. Proposer did not respond to the following requirements as detailed below:</p> <p>RR 2 No mention of TAC 202 DR 10 The plan will be provided no later than 90 days after the production start-up date</p>
2.3.1 .4	Training activities which includes training on Lottery Gaming System, various retailer training requirements and LSR training.	6.8	32		<p>Training Response DRs: 7-21</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] The Proposer must provide a description of its proposed training activities for each requirement. <p>Retailer Training—</p> <ul style="list-style-type: none"> Intralot retailer training sessions have the highest participation rate in the industry. Using “Trade Show” (traveling training conducted up to twice daily in area—self paced), class room, retail location and chain HQ training. Will provide training materials and terminals to key corporate accounts for training purposes. Prefer trade show, followed by in-store, followed by classroom training. Will provide classroom training if Lottery required. Bottom of P. 2 takes 45 to 60 minutes to complete the training on new equipment and can therefore come at any time during either session Intralot highly recommends the Trade Show format because the concept is fun for the retailers and highly effective. Recommend class room training for equipment for Lottery staff. Also for back office systems and other

<ul style="list-style-type: none"> • <u>software systems to be used by Lottery staff provided by Intralot (p.3)</u> • <u>Train-the-Trainer—Intralot will use company trainers for Lottery staff and initial retail conversion. LSRs, CSRs and FSTs will receive Train-the-Trainer (weeklong) course and will conduct in-store training sessions. Will use training script for subsequent training conducted. Will conduct reviews on performance of this staff.</u> • <u>This section on p. 3—notes, “The training our LSRs provide include: (items listed on p.4). These were the items that TLC required that LSRs be trained in such as “general employee development”.</u> • <u>LSRs will receive bi-annual formal sales training, including best practice sales and promotion management. LSRs will be primarily responsible for store level training.</u> • <u>Retailer Group Training will occur around the state in hotel, conference and banquet facilities.</u> • <u>Call Center operators will arrange all retailers training, including on-site training when Retailer Group training cannot be attended.</u> • <u>Key Accounts—Intralot Marketing and/or key account manager will work with the key account corporate HQ personnel to conduct train-the-trainer program. Key Account Manager will handle new store training, either at store, corporate HQ or Intralot HQ. Intralot is also willing to conduct training at Trade Shows.</u> • <u>Overview of themed (raffle or giveaway) Trade Show events conducted in various states by Intralot (starting p. 6). Multiple stations, self paced. Attendance in 5 notes states was over 94%. Nebraska and Idaho Rapid Rush Training DVD provided for review.</u> • <u>LSR will host the Check-in station for the Trade Show style retailer training.</u> • <u>Classroom training option also detailed (p.19)</u> • <u>Intralot attempts to limit drive time to not more than 50 minutes by scheduling overlapping training areas. Geography would create situations where in-store training is more accessible.</u> • <u>Key accounts would be trained in centralized training cities or in-store at chain training facilities.</u> • <u>Training Security—terminals networked to simulator program. All training tickets have no bar code and are marked “Training-Void Not for Sale”. (p.29 example) On p.30, shows a bar code on a training ticket. Training ticket stock complies with MUSL standards and is marked differently than live stock. Later it is indicated that training tickets also do not contain a serial number. Note--Sample training ticket provided on p.30 contains both a bar code and serial number.</u> <p>Retailer Terminal User Documentation—</p> <ul style="list-style-type: none"> • <u>Hard Copy—Terminal User’s Manuals and Quick Reference Cards will be provided to all retailers.</u> • <u>Terminal Based Documentation—full featured help screen. Can be customized for lottery games, functions, features, FAQs, contact information, policies and procedures. Help system also offers optional videos for retailers to learn features and functions. Video may be paused and restarted as needed.</u> <p>Lottery Staff Training—</p> <ul style="list-style-type: none"> • <u>Thorough training at Lottery offices on the online terminal, management terminals, hotline call tracking/dispatch system and other system operations prior to conversion. Instructor led and interactive hands-on training to be used. Support materials and manuals by topic to be provided. Will customize training as needed. Various examples of business functional area training provided (p.42 on)</u> • <u>Security Features Training to include iSecure program (p.50)—special security process to verify ticket validity. Also, other security reports for identifying abnormal behavior, etc.</u> • <u>Business Intelligence Data Base (BIDB) Training—dynamic information management system with flexible reporting, capable for both canned and ad-hoc reports. Functional detail provided (p.50).</u> 	
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				<p>General—Proposer advocates for a retailer trade show-style approach recommending it over classroom style training. Proposer notes that they will conduct class room training if requested. Classroom training appears to assign two trainees to terminal as depicted on p.20 of the response. Proposer notes on p. 4 a list of areas that their LSRs will train retailers on following conversion. The list includes items that the lottery requested in detail requirement #20 that the proposer trainer their LSRs. Limited detail regarding LSR training program provided. Proposer did not address promotional staff training in response to detail requirement # 21. Proposer did not respond to the following detail requirements as detailed below:</p> <p>DR 13 Items a) Retailer Guide and d) Best Practices were not responded to or biannual guide updates DR 17 Ongoing Training - Not mentioned with the exception of general statement in RR 1 DR 20 Response focuses on "Train the Trainer" rather than LSR training DR 21 Promotions Training - Not mentioned with the exception of general statement in RR 1</p>
2.3.2	LOTTERY GAMING SYSTEM			
	On-Line Games			
2.3.2.1	On-Line game development which includes demonstrated experience and success in On-Line game development, research and implementation.	7.2.1		<p>On-Line Game Response DRs: 20-24</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot will provide new game changes and implementation within 120 days from sign-off of functional specifications based on a quarterly software release schedule. Will provide faster if needed, as was pursued during the MM/PB cross sell implementation across jurisdictions.

- - Currently providing internet based gaming systems to Italy, Turkey, Australia Victoria and Netherlands
 - Intralot acknowledges and accepts.
2. The Proposer must provide an overview of its On-Line game development, research and implementation process.
- Research—acknowledge baseline requirement of annual market research project and will also include several critical research components in baseline pricing. Will work with Lottery to develop a customized market research program to suit the Lottery.
 - Intralot proposes the lottery consider conducting an Annual Market Segmentation and Usage and Attitude Study. Usage and Attitude studies typically serve as a lottery’s main strategic marketing tool. The segmentation study will provide the lottery with a more rigorous means of determining the size and potential for certain lottery products within the market.
 - Intralot base research approach based on several key foundations:
 1. Research needs to extend beyond simply looking at product usage and demos and must incorporate attitudinal dimensions
 2. Research must examine the broad spectrum of gaming within the state and from neighboring states
 3. Research is only as good as questions asked. Must ask the right questions to uncover new attitudes and perceptions surrounding the lottery.
 - Telephone research sampling methodology proposed on P.24
 - Additional research offered in base cost will include: Focus Groups, Mini-Labs and Gaming Perception Analyzer (computer supported, interactive feedback system that provides real time data and graphics based on handheld player responses to the customer) research sessions. To include 4 focus groups annually.
 - Intralot will also conduct an annual mystery shop of Texas Lottery retailers (5 to 10% annually). Suggest creating a retailer incentive package related to the mystery shop effort.
 - Intralot will also provide access to the LOTOS Polls Program in base research offering. LOTOS Polls is a terminal based survey/research program that can be used with players and retailers to obtain survey feedback using special questions (similar to playslips). Offering 2 of these initiatives per year in baseline offering.
 - Intralot partners with Independent Lottery Research (ILR) to use the GAMEPLAN interactive research technique to identify, develop and position new games. Based on internet interviewing research techniques. ****this is offered as a potential negotiated research option in the proposal**
 - Interactive Research—Intralot asks the lottery to consider internet over phone research methodologies
Game Development Process--
 - Game Development Process flowchart provided on p.28
 - Intralot notes that the design research process is a circular process where new concepts are brought to market and subsequently evaluated for their effectiveness. The results of these evaluations are then used in future planning for additional new concepts.
 - Test Tracking software tool used to track software defects and customer requests, tracks workflows

<ul style="list-style-type: none"> and all software changes for issues that arise "Implementation Process" (p.35 on) Discussion of software upgrade and change procedures and control processes. System is built for maximum flexibility due to open architecture and modular infrastructure. Flexibility to easily add new games, change game styles, odds, payouts, matrices, draw times, play types and implement promotions. Discussion of quarterly release strategy/process for system changes (p.36) Customer Change Request Forms (CCRF) will be required for system changes. Quality Assurance and Acceptance Testing follows rigorous ISO 9001:2000 Standards. Discussion of Testing protocol (p.40 on) including Unit Testing, Factory Acceptance Testing, On-site testing on Lottery test system, UAT then release to live environment. Intralot will also provide test script development support. Discussion of development and testing environment and Intralot testing philosophy <p>3. The Proposer must provide evidence to demonstrate its experience and success in developing and implementing new On-Line Game concepts. Examples must include On-Line games currently in the market, sales expectations and actual performance, and implementation strategy.</p> <ul style="list-style-type: none"> Nebraska "MyDaY" Game encouraging players to play "their day". Launched October 2008. \$40,000 per week in sales (.023 per cap) and no cannibalization. Idaho "Double Play Daily" 5 of 36 matrix, lottery draws two sets of numbers. Top prize of \$20K rolls to second drawing and builds if not selected. May 2009 launch steady sales growth to \$42,000 in weekly sales (.026 per cap). MyDaY and DPD were developed in house at Intralot with Lottery partners. 10 Spot launched in Montana in Feb 2010. 10-spot is a twice daily online, non-monitor, keno style game. Players pick 10 of 80 lottery draws 20. No details Fantasy Sports Action game launched in Montana in August 2008. First game was centered on football, the latest on NASCAR. Players pick favorite player and watch sports results in real world. Attracted 200 new retailers (bars and taverns) to lottery sales. To date, these retailers represent \$2.5 million in additional sales. <u>No per caps provided for this game.</u> New Mexico—worked to modify the Road Runner cash game to meet 35% beneficiary mandate. Weekly sales have gone from \$116,000 to \$150,000 weekly (.058 to .076 per caps) <p>General—Proposer provides an overview of their research strategy. Proposer provides limited discussion of their online game development process and organizational resources applied to these initiatives. Proposer provides a thorough discussion of their system implementation process associated with testing and change management. No discussion of implementation efforts (marketing) as it relates to bring new games to the market place. Proposer did not provide sales expectations or details of its implementation strategy for specific games noted related to response requirement #3. Proposer did not respond to the following detail requirements as detailed below:</p>
<ul style="list-style-type: none"> RR 3 Information not responsive; does not include sales expectation vs. actual perf. data DR 22 Funding of intellectual property searched not mentioned DR 23 Proprietary games; Not mentioned with the exception of general statement in RR 1 DR 24 Licensed games; Not mentioned with the exception of general statement in RR 1

<p>2.3.2.2</p>	<p>On-Line game controls which includes development and monitoring of On-Line game control features.</p>	<p>7.2.2</p>	<p>12</p>	<p>On-Line Game Control Response DRs: 3-5</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot acknowledges and accepts. The Proposer must describe its approach and experience with the development and monitoring of On-Line Game Control features. <ul style="list-style-type: none"> Intralot notes that LOTOS OS has an extensive range of features and functions that taken together provide all tasks with the capability to securely manage and control the integrity of the online and instant games to ensure player, drawing and unique game attributes that are controlled by parameters established in the Lottery Gaming System. Summary of 26 integrated safeguards utilized related to systems operations to ensure game control, database, validation, etc. are protection. (p.51 to 53) Change control, configuration management, tracking and traceability process discussion Discussion of ticket (roll) stock tracking system Secure—dual security feature used to validate authenticity of winning tickets (used by security for ticket verification). Eliminates need for retailers to maintain sign-on slips and precludes Intralot staff from need to decrypt dual security number. Working successfully in all US Intralot jurisdictions <p>General—Proposer notes system functionality that generally meets online game control requirements associated with change and configuration management. Liability limits (DR#5) functionality not specifically addressed in the response to this section. Liability limits (DR #5) are referenced by proposer on p.63 of the following section. Proposer did not address the following requirements in its response to this section:</p> <p>DR 3 Advance wagers-Response does not address 365 day requirement DR 4 Multidraw-Response does not address 365 day requirement</p>
<p>2.3.2.3</p>	<p>Drawings which includes the Lottery Gaming System's capability to meet the Texas Lottery's drawing requirements.</p>	<p>7.2.3</p>	<p>14</p>	<p>Drawings Response DRs: 6-10</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot notes that the TLC has 6 on-line games. TLC has 7 online games. Intralot acknowledges and accepts. The Proposer must describe its proposed System's capability to meet the Texas Lottery's drawing requirements. <ul style="list-style-type: none"> System set up for automatic close for draw break. Although the system offers a manual override feature.

			<ul style="list-style-type: none"> • Transactions at close—draw break can be set as short or long as the lottery wishes. • Draw Information at Game Cut-off—Oracle database automatically provides pool close summary information and can be customized to lottery needs. • System Features Dual Entry of Winning numbers, Prize and Jackpot Amounts on separate terminals. All info is logged and tracked. • System allows for suspension of sales as needed. • Due to system efficiency, game closing can be conducted automatically and occurs in about one second. • Numbers of winners are determined in seconds. All fixed prizes games can be paid immediately following this process. Other games (MM/PB, etc) can be paid immediately following ICS balancing and other requirement completion. • System can be rolled to begin next day sales following problematic draws to ensure no sales disruption. <p>General—Proposer provides general system functionality overview related to drawing requirements.</p> <p>DR 6 Variations in drawings freq./days-Not mentioned with the exception of general statement in RR 1</p> <p>DR 8 Display/print functions-Not mentioned with the exception of general statement in RR 1</p> <p>DR 9 Winning retailers report-Not mentioned with the exception of general statement in RR 1</p> <p>DR 10 Enter new JP w/in 4 hours-Not mentioned with the exception of general statement in RR 1</p>
	<p>Instant Ticket Game Management</p>	<p>47</p>	<p>Instant Ticket Game Management Response</p> <p>DRs: 3-11</p> <ol style="list-style-type: none"> 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> • Intralot acknowledges and accepts. 2. The Proposer must provide a description of the proposed Lottery Gaming System’s capability to support the volume, scope, development and management of the Texas Lottery’s Instant Tickets operations as described in this section. <ul style="list-style-type: none"> • Intralot’s Instant Game Management System (IGMS) handles these functions. It is a sub-system of LOTOS. • Inventory Management system allows LSRs to carry and control “trunk stock”. Allowing packs to move from the warehouse to a LSRs trunk inventory. • Partial and Full Packs can also be returned to LSR and reassigned to new retailers. • IGMS Security Grid allows lottery to define all valid pack transactions • LSRs will make bi-weekly visits and pick up overstock of full and partial packs of slow selling inventory, adjust retailer inventory by price point, replenish consumables such as roll stock, will stock and fill all ITVMs. • IGMS is built on Oracle database and updates in real time. Fully browser based. • The system can track by ticket, pack, carton, pallet, region, game and retailer. • Ticket status can be change in real time by individual ticket or range of tickets.
<p>2.3.2 .4</p>	<p>Lottery Gaming System's capability to support the volume, scope, development and management of the Texas Lottery's Instant Ticket operations, which includes the ability to inquire, track and monitor pack activity both globally and at the Retailer level, and monitor game inventory levels and order statuses.</p>	<p>7.3</p>	

- Audit trail is maintained for all pack/ticket status changes
- Pack status movement parameters are set in the system internal controls based on lottery rules.
- Ability to enter an unlimited number of status for packs
- Noted capability to monitor, track and account for point-of-sale materials
- IGMS will also provide all required receiving reports for deliveries of tickets to the warehouse. Also, discussion of inventory verification process at warehouse that will be completed.
- Pack Status Management—LOTOS will maintain instant ticket pack history that can be accessed for 24 months or more as defined by the lottery.
- Messaging is sent to retail terminals about end of game and eligibility for return. Caps on number of packs that can be returned by retailers can be set in the system
- IGMS will permit credits to be given for ticket returns
- LSR ticket return process is described on p.8 of this section and notes single ticket from pack can be scanned to process the return.
- IGMS system can be interfaced with the tracking and shipping systems of UPS, FED Ex and DHL.
- P.10 As Lone Star Overnight is Intralot's selected primary carrier in Texas can IGMS interface with their tracking and shipping systems? Yes clarified in oral presentations.
- Tracking of in-transit packs. Page 10 indicates that as soon as one of the packs is activated or one of the tickets is validated all unconfirmed packs are marked confirmed.
- Using application level security and Oracle db security features, IGMS ensures only authorized users can make pack status changes, etc. based on predefined system business parameters and security requirements. User IDs and pertinent transaction information are logged.
- LSRs and FSTs will have bar coded badges for logging into the primary retailer sales terminal and will have different menu and feature access (configurable). Upon log in messages for the LSR will appear and print.
- Returns/Transfers are accomplished by bar code scan of individual packs or tickets. For Partialis they are supported by entering starting and ending ticket ranges in the return function.
- Auto activation can be set for validation attempts on a low tier ticket that is scanned at a retail location where the pack is assigned. This is also true for activation of confirmed packs.
- Pack Activity Cards—system will operate with or without these.
- Lottery will have full access to all retailer available terminal reports in the format that they appear to the retailer.
- Intralot agrees to provide combined online/instant business reports to retailers and lottery based on lottery requirements.
- IGMS handles all instant ticket controls, inventory tracking, validations and instant ticket accounting functions. All ticket accounting and management occurs through LOTOS db repository running on

- Oracle.
- Settlements can be monitored and set based on time or validations. Retailer manual settlement also offered. LSRs and the ITP terminal can also perform settlements. Can also cause pack settlement based on X number of packs from the same game being activated (defined by game) Oldest packs settled first.
- Settlement on activation also offered.
- Weekly settlement reports provided to retailers/lottery. Will include instant/online activity
- IGMS maintains retailer account history, including instant ticket inventory and inventory values, which can be accessed on-line for several months (time period to be determined by the lottery). P.22
- Instant ticket validations—impossible for the system to conduct duplicate validations. Previously validated tickets will return a PPD message that the Lottery requests.
- Retailer location of Winning Instant Tickets—information on this is stored in Intralot’s secure oracle database with access restricted to personnel with proper authorization.
- IGMS is capable of managing games produced by multiple vendors.
- Telemarketing System—ticket orders can be placed by auto reorder, batch orders, initial allocations, tel-sell/manual orders and terminal orders
- Telemarketing Operators (TMOs)—are automatically prompted with retailers to call in sequence with a proposed order auto generated which can be edited. (p.24 on)
- Intralot’s call system will dial a retailer’s number using the Cisco IP phone working with Intralot software to avoid manual dialing through point and click calling.
- All retailers will be called at least every 2 weeks. Automatic call back lists and scheduling capabilities are used.
- Premium Items Inventory Management screen snapshot p.33
- IGMS Report screen snapshots begin p. 32 to 45
- IntraSell is a Supervisor feature to track all TMO progress toward daily calls through the day to ensure that all calls will be completed for the day
- IGMS can be configured to set auto distribution levels for initial pack allocations at game launch
- IGMS also tracks each retailer’s inventory daily, if it drops below a certain level it suggests orders outside of the normal bi-weekly call cycle to ensure inventory levels. Detecting potential out of stock before it happens—best practice p. 46
- All orders are transmitted in real time to the warehouse to be packed and shipped on the same day.
- Pick and pack uses bar code scanning to apply orders to bill of lading. P. 48
- Automatic ticket reordering can be set based on lottery business parameters. Retailers have option at store level to opt out of auto reorder.
- Retailers can place orders directly from their terminal for any active game.
- Processing priority can be set to process orders in the order received or in any other order that the lottery wishes. (e.g. zip code or other demographic criteria to improve carrier handling and distribution)
- Tickets are pick and packed by order not auto assigned a predetermined pack for efficiency
- Order filling exception reports—Partial orders cannot be filled at the warehouse. If it can’t be filled in full, it won’t be filled and appears on the report.
- Returned packs are scanned for return. Partial packs can be manual entered by ticket range or scanned.

3. As an Invited Option, the Proposer must describe if its Lottery Gaming System will support single Instant Ticket accounting. This includes the functionality to track all transactions (e.g., location, status, sales,

				<p>validation, etc.) and activities at the ticket level (check if included in the base price).</p> <ul style="list-style-type: none"> As an invited option, Intralot will provide its LOTOS Retailer Ticket Accounting (RTA) and terminal application software for instant ticket-by-ticket accounting. Retailers would have to scan every ticket sold (added effort noted) RTA would support batch scanning for activation (begin and end scan) RTA application resides in the Intralot Point of Sale terminal and is designed to perform accounting on instant tickets sold during a shift and daily basis. End of day scanning of tickets remaining (front ticket for each game) allows for pack by pack game sales to be calculated and generated in reports for reconciliation. <u>No instant-by-ticket accounting is full proof, unless retailers follow simple procedures, sell tickets in order, etc. RTA is a low-tech solution for ticket-by-ticket accounting. P.57</u> Intralot will work with the chains or trade groups to develop integration into the retailers back office systems Would add to steps to normal retail process (p.57 and 58). At end of day scanned tickets in RTA would be moved to deactivated status. **The system would then check and calculate the total sales by game for the accounting day. Tickets would be rescanned in the morning and reactivated for sale the following day. This would protect against overnight theft risks. Intralot can deliver to the lottery an effective and efficient ticket by ticket accounting system <p>General— Proposer provides general system functionality overview related to instant ticket game management requirements. Proposer's IGMS system offers functionality in support of instant ticket inventory management and includes some innovative features. Proposer's inventory ordering component of system monitors store level ticket inventory and will suggest out of cycle orders when inventory levels warrant it. IPT terminals allow LSRs to conduct all pack transaction activity directly without the use of or access to the retailer sales terminal. IPT units have not yet been configured with this functionality (site visit). The following detail requirements were not addressed:</p> <p>DR 4 Automatic retailer adjustment-Not mentioned with the exception of general statement in RR 1 DR 7 Inventory sold out report-Not mentioned with the exception of general statement in RR 1 DR 9 Comments for changes-Not mentioned with the exception of general statement in RR 1 DR 11 Restore closed games-Not mentioned with the exception of general statement in RR 1</p>
			47	
2.3.2.6	<p>Claims and Validations</p> <p>Lottery Gaming System's validation capabilities, which include Integrated On-Line and Instant Ticket claims, validations and payments, and check writing software and hardware for use at Texas Lottery headquarters and each of the Texas Lottery Claim Centers.</p>	7.4	37	<p>Claims and Validation Response DRs: 5-7 and 9-35</p> <p>Response Requirements—</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot acknowledges and accepts. The Proposer must describe how it will provide an integrated System for On-Line and Instant Ticket claims, validations and payments, which includes check writing software and hardware for use at Texas Lottery

headquarters and each of the Texas Lottery claim centers.

- LOTOS Claims and Payment subsystem is used to manage these processes.
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- System provides integrated online and instant ticket payment functionality and ability to release payments to any printer and log the transaction and printer used.
- Previously validated tickets are maintained on the system for greater than 90 days and will identify the validating retailer for 90 days. Instant tickets will be maintained as PPD and reported as such through the 180 day validation period and will return the cashing retailer information
- Provides ability to check eligibility of claimants against a database prior to payment
- Payment type can be selected at time of claim entry (CVO vs. Annuity)
- All Intralot terminals are capable of validating instant and online tickets using 2D image bar code scanning and terminals will validate by touch screen and manual entry procedures.
- Terminals can conduct keyless validation using bar code under the latex and manual entry
- Prize payment level caps can easily be set between retailers and claim centers
- LOTOS captures, reports and prints claimant information required for IRS Reporting at year end
- Withholding can also be deducted at payment issuance either automatically or on an ad hoc basis.
- LOTOS can create multiple W-2gs from 5754 form information.
- Lottery staff will have ability to issue replacement tax documents
- LOTOS system has ability to maintain game validation records, inquire on validation files and search for cash ticket records. Access to records will be available online for 3 years
- Unclaimed prizes are calculated based on the end of validation date.
- LOTOS is capable of supporting Super Retailers.
- LOTOS will not allow duplicate validations will issue PPD by you or PPD by other message
- Validations will also create exchange tickets as appropriate
- LOTOS can account for non-cash prize validations when a check is not required by assigning a transaction number. Weekly reports will detail these transactions.
- LOTOS system is capable of handling debt off-sets
- LOTOS system is capable of voiding and reissuing payments and tracking modifications by user. Ad hoc reports can detail claim modification history
- LOTOS will verify zip codes and validate addresses against USPS data.
- LOTOS will generate reports for checks issued by CC.
- LOTOS communicates with ICS and reconciles checks and identifies outstanding ones.
- LOTOS will track annuity and non-annuity payments and including current balances.
- Validation receipts are printed for winning tickets and optional for non-winning tickets.
- Wording on transaction receipts can be quickly and easily modified on the LOTOS System.
- LOTOS is designed with flexibility to accommodate changes in ongoing operations over time.
- Multi-draw and advance wager transactions are maintained after winner selection in a separate database table and assigned relationships to the original ticket. Prior to exchange ticket generation, existence and state of the original wager is verified.
- LOTOS can configure game phase-out schedules in real time which will adjust draw down for multi-draw and advance play.
- LOTOS system ensures no duplicate tickets. Following a printer transaction on the terminal the print

2.3.2 .7	Lottery Gaming System's functionality for a secured method (and equivalent backup method) of applying required signature(s) to the check stock during the check printing process.	7.4	10	<p>buffer is filled with blanks. If print failure occurs a blank filled ticket would generate.</p> <ul style="list-style-type: none"> Multi-draw tickets will generate exchange tickets upon validation as necessary. LOTOS allows authorized users to suspend/reactivate sales, suspend cashing, modify game parameters and active game promotions by retailer location, demographic groups or the entire network System supports 999 prize levels and prizes over \$10B System support for validations for cash, free tickets, merchandise and other new serialized products such as electronic scratch cards. <p>3. The Proposer must describe the validation capabilities of its proposed System.</p> <ul style="list-style-type: none"> Intralot's GMS offers flexible validation of instant and online tickets including multiple vendor validation algorithms simultaneously. Ticket status' control ability to validate. E.g. OH has 988 pack statuses to track instant tickets. There is no limit on the number of statuses the system can support. Prizes exceeding retailer cashing limits will create a claim receipt that the player can take to a lottery office. All equip will read barcodes currently used in Texas for keyless validation of instants at a 99% read rate. (2D includes PDF 417 and Data Matrix bar codes) Intralot has been very successful in several US jurisdictions in implementing keyless validation using the "Failsafe" barcode printed under latex for its customers. <p>• General— Proposer provides general system functionality overview related to claims and validation. Proposer did not respond directly to the following detailer requirements:</p> <p>DR 6 Changes to primary/backup printer-Not mentioned with the exception of general statement in RR 1</p> <p>DR 19 Response does not address combining data entry and claims processing</p> <p>DR 20 Process manual prize payment-Not mentioned with the exception of general statement in RR 1</p> <p>Claims and Validation Response</p> <p>DRs: 8</p> <p>4. The Proposer must describe its proposed System's secured method (and equivalent backup method) of applying required signature(s) to the check stock during the check printing process.</p> <ul style="list-style-type: none">
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					<ul style="list-style-type: none"> • • <p style="text-align: center;">3</p> <p>General—Proposer provides a detailed response for this requirement.</p>
<p>2.3.2 .8</p>	<p>Retailer Management Integrated Lottery Gaming System to support the Texas Lottery’s retailer management functions, which includes retailer maintenance and license application processing, inventory management, accounting and access control.</p>	<p>7.5</p>	<p>47 33</p>		<p>Retailer Management <u>Battelle Benchmark Report DRs: 8</u> DRs: 8-29</p> <p>Response Requirements—</p> <ol style="list-style-type: none"> 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> • Intralot acknowledges and accepts. 2. The Proposer must describe how it will provide an integrated System to support the Texas Lottery’s Retailer management functions. At a minimum, the System must include licensee management functions such as Retailer maintenance and license application processing, inventory management, accounting and access control. <ul style="list-style-type: none"> • Retailer Account Management is a sub-function in LOTOS of the IGMS. • Retailer data and account configuration parameters detailed p.2 to 4 • Discussion of financial accounting process and cut-off • <u>LOTOS tracking functionality allows for tracking of all changes to the retailer master and accounting files.</u> • LOTOS supports weekly account sweeps or other parameters as defined by the lottery • EFT— Combined billing statement will be issued in advance to retailer via the online system. LOTOS supports NSF cut-off of accounts • <u>Accounting by retail location—System can provide individual terminal sales data or rolled up sales data for the location as needed</u> • COOs—new retail number is issued. Existing terminal IDs are then linked to the new retailer • Retail adjustments—can be performed manually or applied by region, zip code, type of retailer, etc., including special promotional adjustments. Ongoing adjustments can also be scheduled. • <u>Retailer Bonus Checks—robust check writing and 1099 reporting including generation of retailer bonus</u>

				<p>checks. <u>Can also roll multiple chain bonuses into a single check.</u></p> <p><u>Separate commission structure--Game by game and retailer by retailer by retail modifications are possible.</u></p> <ul style="list-style-type: none"> • <u>Credit Limit feature--Lottery can set an upper limited cap on retailer financial transactions related to their account.</u> • <u>Payment and ticket cancellation caps can also be set.</u> • <u>LOTOS data base tracks all equipment at each retailer.</u> • <u>LOTOS tracks security license approvals along with retailer and compliance requirements for licensing</u> • <u>Retailer Master File conversion will be key priority in a conversion effort.</u> • <u>Retailer Messaging Communication--Dynamic and extensive control of messages down to an individual retailer and LSR level. Can be scaled up by chain, geographic area, etc. 2 message types: Immediate</u> • <u>(mandatory) and deferrable (standard)</u> • <u>Messages can be delivered to the touch screens or the advertising displays of all devices in the network.</u> <p>4. The Proposer must describe the System's capability to accept online submissions of original and renewal Retailer applications via an internet-based system and how payments for application fees would be processed.</p> <ul style="list-style-type: none"> • <u>Intralot has all of the necessary resources to develop and implement an internet-based system to the TLCs requirements in this area, including the capture and processing of application fees.</u> • <u>Noted challenges of supporting documents</u> <ol style="list-style-type: none"> 1. <u>Finger print card submission</u> 2. <u>EFT Authorization forms</u> 3. <u>Void check for EFT Account</u> 4. <u>W-9 request for Taxpayer ID number and cert</u> • <u>Intralot recruiters can collect and scan these items to expedite license application processes. Originals can be mailed for central storage.</u> <p><u>Alternatively--A central retailer could collect these items which can be scanned on the PHOTON Terminal. PHOTON has excellent reading capabilities as detailed in section 7.12 including accurate reading and capture of fingerprint cards. Terminal will print a receipt for the applicant.</u></p> <p><u>Same process can be used for renewals and retailer can do it on their own terminal.</u></p> <p><u>Completely paperless solution proposed.</u></p> <p><u>General--Proposer provides general system functionality overview related to retailer management system, including a range of features that include messaging functionality and bonus check issuance features that represent interesting functionality. System messaging functionality appears robust and flexible. Limited detail on proposer's internet-based application processing system response.</u></p> <p><u>Committee advisor (ER) noted that system appears to have a range of features. However, it will require significant customization to support Texas. The system appears to be more segmented or modularized than what would be ideal from a user perspective in moving around the system with regard to licensee issue management. Proposer did not specifically respond to the following requirements:</u></p> <p>DR 8 --Not mentioned in with the exception of general statement in RR 1</p> <p>DR 11 Not mentioned with the exception of general statement in RR1</p>
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2.3.2.9	Lottery Gaming System's ability to provide online access to retailer management transactional data.	7.5	14		<p>Retailer Management</p> <p>DRs: 10</p> <p>3. The Proposer must describe the System's ability to provide online access to transactional data.</p> <ul style="list-style-type: none"> • Intralot notes that LOTOS OS provides extensive secure online access to all data, including transaction data, • Intralot understand that security represents a critical component in ensuring and maintaining the integrity of the gaming system and related lottery information. • • • • <p>General—Proposer indicates that the system provides extensive online access to all data. Proposer does not provide any specific information with regard to access to transactional data. Section response focuses primarily on system security controls. Proposer did not specifically address DR 12 noted in section above.</p>
	Lottery Gaming System General Requirements		94		
2.3.2.10	Lottery Gaming System's ability to meet the Texas Lottery's configuration, capacity and performance requirements; detect and report fraudulent transactions and activities; and meet data exchange requirements.	7.6.1 and 7.6.2	42		<p>7.6.1 System Configuration and Capacity Response</p> <p>Battelle Benchmark Report DRs: 5-6, 11-12, and 14-16</p> <p>DRs: 5-20</p> <p>Battelle Benchmark Report Data—Battelle provided an overview of their report and benchmark testing process and reported tests were favorably completed generally. Battelle noted that some MicroLot+ ticket generation times exceeded the RFP requirement. However it was noted that, OH ticket length was cited as a factor, all tests for this terminal were passed overall.</p> <p>1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements</p>

indicated in this section. [NOTE: Applies to all sections where applicable.]

- Intralot acknowledges and accepts.
2. The Proposer must describe how its System will meet the configuration and capacity requirements.
 - LOTOS is capable of fully 24 hour sales and operations without downtime exceeding TLC requirements. Currently providing this service in other jurisdictions.
 - Failover is an automatic process without operator intervention. Intralot configuration emphasizes business continuity. Redundant system architecture ensures LOTOS will not experience downtime nor any data loss or corruption of information. Remote Backup system transfer will occur in less than 2 minutes if both primary site systems fail.
 - Inquiry and Search tool—proposing Crystal Reports and/or Business Objects as the primary data mining tools for this requirement
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 - System availability and redundancy discussion beginning on p. 13, system flexibility and adaptability
 - Ease of Operation—LOTOS integrated TCP/IP network platform using a web browser application.
 - Intralot guarantees to customize, expand and change the system provided to the lottery as required to meet the current and future needs of the lottery. P.16
 - development tools and software products shrink development time, design coding and system modifications and functionality changes.
 - Intralot will be totally responsible for the design, implementation, operation and management of the communications network over the life of the contract including any extensions.
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 - their competitors run on apid noted in tables on p.31 and 35.
 - LOTOS is fully modular and flexible allowing game, application or add-on system activations to occur seamlessly without the necessity to alter the system’s source code. P. 47
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 3. P. 50
 P. 54 Intralot notes quarterly testing to the BDC site at the top of this page and says they will perform test failovers to the BDC often as the lottery requires. Monthly testing is the RFP requirement.
 Open approach to communication allows supporting any POS and access over any point of communication.
 LOTOS raised the bar on MUSL System security standards p. 64
 The Proposer must demonstrate how its proposed System can meet or exceed the Texas Lottery’s performance requirements.
 - See notes under requirement #2 above.
 - Send to cut ticket printing times noted on p.73
 - Intralot notes that they exceed RFP requirements for near 24 hour operations by running 24 hour

2.3.2 .11	Lottery Gaming System's capability for configuring and executing player and retailer promotions.	7.6.3	19	<p>operations p.73.</p> <ul style="list-style-type: none"> Primary site failover testing performed by Battelle and GLI referenced on p. 74 of the proposal. <p>4. The Proposer must describe its System's capability for detecting and reporting fraudulent transactions and activities.</p> <ul style="list-style-type: none"> <p>General—Propose details the configuration and capacity of the proposed system. Proposer notes that they will provide Crystal Reports and/or Business Objects to meet system reporting tool requirements. Proposer notes that the system is capable of 24 hour operations exceeding RFP requirements. Propose provided limited information on specific reporting capabilities associated with DR #17. Proposer provided a limited response to response requirement #4 with regard to the systems capability for detecting and reporting fraudulent activities and transactions. Proposer did not address the following requirements as noted below:</p> <p>DR 19 Not mentioned in with the exception of general statement in RR 1</p> <p>DR 20 DR Plan will be exercised once a quarter (not monthly) from the Backup Data Center</p> <p>7.6.2 Electronic Data Exchange Response</p> <p>DRs: 10-11</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot acknowledges and accepts. The Proposer must describe how it will meet the data exchange requirements outlined in this section and the Data Exchange Report. <ul style="list-style-type: none"> Intralot notes they will put in place all of the Systems and operational procedures to accomplish these (requirements), and any other tasks that may be required during the term of the contract, within the required time frames. Detailed chart for data exchange report and acknowledgement of compliance with these requirements provided on p.84 and 85. <p>General—Proposer provides a list of data exchange reports and the frequency with which they will be provided and commits to meet the requirements. Proposer did not provide details on "how" they would accomplish these requirements.</p> <p>Sales and Marketing System General Response</p> <p>DRs: 3-6</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot acknowledges and accepts. The Proposer must describe its System's capabilities for providing player and retailer promotions. <ul style="list-style-type: none"> Intralot will provide OnQ technology that provides an exhaustive range of available game configuration parameters, but also supports online promotional games. Intralot believes that carefully crafted promotions, particularly in conjunction with outside sponsors, could increase lottery revenue, but could also move the Lottery toward the position of "creating more
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				<p>winners"—which is the lifeblood of any lottery. Promotions revitalize player interest E.g. To stimulate interest among younger adults, promotions could be staged around hot new tech products as prizes and promo offerings (i.e. concert tickets, iPhone, blurays, etc.). Also promos tied to new games, the lottery's web site and the lottery's VIP club.</p> <ul style="list-style-type: none"> • <u>Intralot is committed to conducting promotional research and analysis including goal setting and establishment of measurable targets for promotions.</u> • <u>Discussion of the Intralot Promotions Program software begins on p. 88. Flexible program drop down menus for configuration of promotions available, their timing, the offer, locations where offered. Multiple promotions can generate for one purchase. Coupons can be issued, either serialized or non-serialized, promotional messaging options exist.</u> • <u>Promotions require no software changes to the system. They can be defined up until the day before they go live. Promotional reports and stats are available for lottery staff and retailers for any timeframe.</u> • <u>Specific promotions offered on the system: Free Play (serialized coupon example). Cross Promotion (buy x get Y), vouchers for drawing coupons, system supports bonus draw where the lottery draws more than one set of numbers for a single drawing, bonus payoff (red ball, green ball) payout level support, drawing events (vary the number of draws per game and/or the days of the drawings)</u> • <u>Selective Marketing—system can divide retailers into any groupings or categories that the lottery wishes for promotion selection. Promos can be run simultaneously in different portions of the state, including flexibility to support regional events (fairs, festivals, etc)</u> • <u>Sampler tickets—multigame quick pick generation feature, with or without a premium</u> • <u>System can also vary the commission rate by game</u> • <u>Voucher promotions—generation of redeemable certificates with certain dollar values for merchandise, etc. Can be bar coded and tracked for total liability.</u> • <u>Retailer clerk incentive promotion vouchers—drawings or vouchers. Retailer points can be accumulated and viewed at the retail location by the retailer</u> • <u>Also offer Nth ticket promotions, raffle promotions, 2nd chanced drawings, promotional online games (predetermined start and end dates requiring no programming)., gift certificate generation for players to give as gifts, multi-draw discount promotions</u> <p>General—Proposer's promotion management application offers a simple easy to use interface for promotion building. System offers a wide range of promotions, including coupon/voucher features and variability of commission function. Proposer confirms the system's ability to manage multiple promotions associated with one purchase. Proposer did not specifically respond to the following requirement as noted:</p>
				<p>DR 6 Response does not include player address and winning prize</p> <p>Sales and Marketing System General Response</p> <p>DRs: 7-8</p>
<p>2.3.2 .12</p>	<p>Web-based systems to support "Second-Chance Drawings", player registration programs for informational, promotional and data gathering purposes, and mail order subscription services which includes transaction handling, prize payout and age verification features: including the processing of all subscription orders, age verification of players, and payment of prizes.</p>	<p>7.6.3</p>	<p>33</p>	<p>3. The Proposer must describe its System's capability to support Web-based "Second-Chance Drawings" for On-Line Games. This system will not involve the sale of lottery products via the internet, but will only involve the submission of non-winning On-Line Game tickets for secondary drawings as approved by the Texas Lottery.</p> <ul style="list-style-type: none"> • <u>P. 118 Second Chance Site (SCS) and Play It Again (PIA) encompass the full promotional lifecycle of second chance games. Arkansas Lottery example is noted. Committee contacted Arkansas and</u>

learned that the noted program is not run by Intralot, but run by one of its competitors.

- Player management and administration are core components of the system
- SCS supports ticket entry for second chance drawings like WPT while PJA supports entries for other second chance drawings. They appear seamless to the player, but two systems operating these drawings.
- Points can also be accumulated and redeemed for merchandise prizes (direct or partnered prizes) see p.118 on for screen examples
- Promotion pages can be turned on and off and run short term as needed. System functionality detailed on p. 120 and 121

General— Proposer provided response covered general system functionality. Proposer cites the Arkansas Lottery Points for Prizes in its response to this requirement. Noting integrated interface for instant and online second chance drawings. Some examples of the Arkansas interface are provided as a reference. However, the committee learned through the Arkansas Lottery that the proposer does not run this program.

4. The Proposer must describe its proposed Web-based system for a player registration program that involves registering players for various informational, promotional (e.g., unique player-printed coupons), and data-gathering purposes.
5. The proposer must describe its mail order subscription database system for lottery players as authorized by Texas Government Code Section 466.3052, including the processing of all subscription orders, age verification of players, and payment of prizes.
 Note—4 and 5 addressed jointly in the proposal (p.105 on)
 - LOTOS b-On sub-system will operate the web-based player registration and subscription system. b-On is a highly parameterized solution that can be customized and extended for the lottery.
 - Subscription system will exceed RFP requirements and offers advanced registration features, multitude of gaming options, promotions and advertising possibilities.
 - By subscription registering, a player joins the players club and acquires a number of benefits.
 - Club members get a players cards, quickest way for players to participate in their favorite games.
 - Players register their lucky numbers or use quick picks
 - Players can collect winnings from their electronic wallet and set preferences on whether they receive personalized messages, such as special game offers
 - B-On collects and can provide player usage data.
 - System architecture allows for it to be integrated with 3rd party system should this be required.
 - System has a sales calendar where dates are set when players account will be charged, as well as the dates when payment of winnings will be executed. Subscription types (gold, silver) can be set based on type of membership.
 - Subscription system marketing offers: discount promotions, free ticket promos, bonus credit promos, loyalty point promos and affiliate program promos.
 - System can also support games exclusive to subscription players for an incentive to participate in the subscription program. Noted as added value feature of Intralot offering.
 - Reporting can provide sales by subscription type, customer type, players per subscription type and success, failed and rejected participation reports.
 - System will require the submission of a number required and optional information pieces.
 - Sign Up—Player completes the registration form and submits it to the retailer who scans for form on the terminal reader. Form is submitted to the b-On application for processing and final approval.

				<p>System can generate a receipt with a reference number. Player can check status of registration by calling customer service. <u>A personal card with PIN is sent to the player after completion of registration, with access code sent by e-mail. Card can be activated through customer service or upon first use.</u></p> <ul style="list-style-type: none"> • Proposal notes system also supports internet registration. • System can be fully customized to payout winners based on the lottery’s requirements. • Electronic wallets can be shared and points, etc. can be transferred between wallets. • Players must use their personal card to be identified by the system directing all transactions to the player’s wallet. • <u>System can auto generate e-mail of payment notices etc.</u> • Winnings can also be transferred to the players electronic wallet using their card and personal password on Intralot self service equipment. • Deposits can be made to the player’s eWallet at retail locations and deposit receipt is generated. • B-On supports money deposits via the internet. System supports bank transfers, credit and prepaid card transfers • Withdrawal of funds via POS—Retailer supported withdrawal of funds from eWallet offered. • Range of services: gaming services, wallet services and information services for players • Players can obtain account balances at retail POS or Self Service machines. • Renewal notices can be sent when subscriptions are about to expire. <p>General—Proposer’s web-based player registration and subscription offering presents robust features in support of the program, including eWallet. Proposer’s solution for mail order subscription submission at retail via terminals is well designed. Little presentation of the player interface on web that would be used.</p>
	<p>System Management, System Security and ICS System and Vendor Requirements</p>	78		
<p>2.3.2 .13</p>	<p>Change and release management process, and test environment and access for conducting user acceptance testing.</p>	7.7	8	<p>System Management Response DRs: 21-23</p> <ol style="list-style-type: none"> 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> • Intralot acknowledges and accepts 2. The Proposer must provide an overview of its software development life cycle including, but not limited to, change and release management processes, recommended frequency for changes, review and approval process, documentation activities and associated assigned resources to support the software development life cycle process. <ul style="list-style-type: none"> • 9 dedicated on site software positions will be provided to the TLC, including 2 FTES for QA, a dBase administrator, network administrator and a systems business analyst. Also software staff in Georgia and 200 in Greece. • Software Development and maintenance at Intralot is broken into four areas: <ol style="list-style-type: none"> 1. LOTOS online transaction processor 2.

2.3.2 .14	Lottery Gaming System's security plan, which includes physical and logical security components and an overview of the policies and practices to prevent, detect, and resolve security breaches.	7.8	35	<p>3. Back Office System and Instant Game Management System ((BOS/IGMS) Pos/Terminals</p> <ul style="list-style-type: none"> • Discussion of Intralot staff, education and experience • ISO 9001:2000 standards certified • Software development—software requirement specifications (SRS), software development, integration and system testing, UAT and Implementation detailed. • Software Quality Assurance System (QAS) utilized to formalize change management process. • Enhancements, changes and defects are all logged and tracked in this system • <u>Intralot follows the Carnegie Mellon's software Configuration Maturity Model software development process to ensure high quality software deliveries. (p.11 and 12)</u> • <u>Customer Change Request Forms (CCRFs) initiate the software change process</u> • <u>Change management process outlined beginning on p.15</u> <p>3. The Proposer must describe the proposed test environment and access for conducting QA and UAT.</p> <ul style="list-style-type: none"> • <u>Test environment will include a server with all the associated software hosted on the production systems. Complete test network environment will be provided to include all lottery equipment deployed in Texas set up in a production environment.</u> • <u>Test will be physically separated from the operational system environment in a secure area accessible to lottery staff. Intralot programs will be able to access remotely or locally.</u> • Configuration and materials for test environment detailed in section 7.6 • Can be located at Intralot or lottery. • QA testing will be performed by Intralot as second to last step (UAT last step) to be performed prior to production software release • <u>Test Script Development important to describe how testing process will occur. Intralot staff will assist lottery with test script design.</u> • Testing plan and test case overview provided on p.22 and 23 • Intralot commits to test system availability and configurations to meet lottery Acceptance Testing plans <p>General—Proposer provides a comprehensive discussion of change management process and experience in this area. Proposer also provides staffing detail in support of these activities. Proposer details testing environment and support consistent with RFP requirements.</p> <p>System Security Response DRs: 8-10</p> <ol style="list-style-type: none"> 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. <ul style="list-style-type: none"> • Intralot acknowledges and accepts. 2. The Proposer must provide an overview of its System security plan <ul style="list-style-type: none"> • Security protects info, people, facilities, products, process and assets from unauthorized use, disclosure, disruption, modification or destruction.
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2.3.2 .15	Processing transactions from the Lottery Gaming System to the internal control system, which includes handling out-of-balance incidents and accomplishing electronic funds transfers.	7.10	35	<p>Controlled access procedures used. P.21</p> <ul style="list-style-type: none"> • <u>Retailer Training Security—Terminal training mode with stock marked void and training complying with MUSL standards</u> • <u>Ticket Stock is MUSL approved and Intralot offers</u> • Duplicate ticket safeguards discussed again here including print buffer filled with blanks • Segregation of duties are utilized along with online game draw controls including transaction closing (discussion beginning on p.27) • Security Governance framework includes risk assessment and standard compliance • Security management approach includes strategic alignment, value delivery, resource management, risk management and performance measurement <p>General—Proposer provides a detailed overview of its commitment to system security. This includes its policies, practices and adherence to industry standards for system security, including dedicated personnel. Proposer did not provide a specific response to the following detail requirements:</p> <p>DR 8 Response does not include TAC 202 or submission within 90 days</p> <p>DR 9 Response does not include TAC 202 or penetration testing</p> <p>DR 10 Not mentioned in 7.8, with the exception of general statement in RR 1</p> <p>ICS System and Vendor Response DRs: 4-10</p> <ol style="list-style-type: none"> 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. <ul style="list-style-type: none"> • Intralot acknowledges and accepts. 2. The Proposer must describe the process for providing support to the third party ICS vendor and how transactions from the Lottery Gaming System will be processed. <ul style="list-style-type: none"> • <u>Will cover costs of ICS vendor and the lottery operated back office system will be provided by Intralot in a manner acceptable to the lottery.</u> • <u>Intralot provides this with 3 ICS operators currently. ESI, Elsym, and Lapis. Each of these ICS operators provide software that verifies the integrity of the gaming system by reprocessing transactions produced on the gaming system</u> • <u>Intralot notes that each identified vendor has provided a proposal that can be found in the solutions folder of the DVD at the beginning of the proposal.</u> 3. The Proposer must describe how out-of-balance incidents are handled and electronic funds transfers are accomplished. <ul style="list-style-type: none"> • ICS Balancing Procedures—
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					<p>3.</p> <ul style="list-style-type: none"> • LOTOS system provides very detail information. ICS scans and identifies and command that “does not fit” based on abnormality standards of the lottery and an exceptions report is generated for lottery security follow-up • <u>Followed by the steps detailed above.</u> • Sample OH Balancing Procedure provided • LOTOS GMS accounts receivable functions is fully parameter driven and allows for adjustments (debits and credits) as needed. Examples on p. 7 • EFTs can be transferred electronically or by physical media • Discussion of LOTOS Subscription System payment function here. “Intralot understands that currently winnings under five dollars (\$5) extend the subscription and higher winners are paid by check.” <u>This is not a TLC proposal specification</u> <p>General—Proposer commitments to pay EFT costs. Proposer demonstrated understanding and requirements of this area including procedural detail. Proposer also noted experience in working with three vendors providing ICS vendors. Proposer did not specifically respond to the following detail requirements:</p> <p>DR 8 Not mentioned in 7.10, with the exception of general statement in RR 1 (10 years of data)</p> <p>DR 10 Response does not include 4 hour requirement</p>
<p>2.3.2 .16</p>	<p>Reporting Reporting functions which include the ability of the Lottery Gaming System to produce a variety of reports as well as the ability of Texas Lottery staff to create ad-hoc Systems reports using user-friendly graphical tools.</p>	<p>7.9</p>	<p>47 47</p>	<p>Reporting Response DRs: 6-12</p> <ol style="list-style-type: none"> 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] 2. The Proposer must describe its proposed System’s reporting functions. This must include the ability of the Lottery Gaming System to produce a variety of reports as well as permit Texas Lottery staff to create ad-hoc reports using user-friendly report development tools including graphical reporting capabilities. • Wide variety of online and offline management reports are provided by the LOTOS BOS. Provide ability to generate reports in real time with no system performance degradation 	

			<p>system provides for flexible reporting and building of data for custom reports. BOS and easy to use Ad Hoc report creator Crystal Reports ensures that Intralot can easily provide any view of the data for analysis and audit with 30 days of written lottery requests</p> <ul style="list-style-type: none"> Automated reports allow evaluation of usage for lottery authorized removal Predictive sales analysis functionality provides multi-year sales estimates for each product and allows granular analysis of supporting data Will modify reports and create new ones usually in two weeks but always in 30 days. Any query tool that can work with an oracle database can be used. Intralot recommends Crystal Reports LOTOS offers an extensive baseline report catalog and categories that will address many of the lotteries required reports and will modify as needed. Chart.p.3 BOS will be tailored to lottery needs. System is designed for data mining and information analysis BOS Reports Catalogue is located on the Specifications folder on the DVD enclosed. <p>General—Proposer indicates that BOS will provide significant reporting capabilities with the added support of Crystal Reports to conduct database query report development. Predictive sales analysis functionality appears to be a useful reporting tool. Proposer provided little rich detail in this section to demonstrate or provide examples of the referenced reporting tools. Proposer later noted during Ohio site visits that its iWare report application was under development and would be deployed in Ohio in October. Proposer did not specifically respond to the following detail requirements:</p> <p>DR 8 Response does not include tracking the owners/users of the reports</p>
	<p>System Supported Terminal Functions</p>	<p>47</p>	
<p>2.3.2 .17</p>	<p>System supported terminal functions, which include the Lottery Gaming System's capability to inquire and log ticket prize inquiries from all sales terminals, including player activated, and communication of winning, non-winning and actual prize amount data.</p>	<p>47</p> <p>7.11</p>	<p>System Supported Terminal Functions Response Battelle Benchmark Report DRs: 22 DRs: 2-32</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot acknowledges and accepts. The Proposer must describe the terminal functions supported by the Lottery Gaming System that meet the requirements of this Section. <ul style="list-style-type: none"> All transaction activity for all connected devices is logged to the central system All terminals communicate ticket prize win, no-win and prize amounts Terminal handles various media forms through the LOTOS gaming system Terminals and system support gift cards, players club cards and other commonly accepted transaction cards (debit, etc.), coupons or other transactional items related to lottery transactions Greater than 99% accuracy on bar code readers Intralot terminals all provide access to an inventory system to track and maintain inventory of all signage and equipment Messaging—when terminal is not in use it can provide programmable screen saver messaging and supports streaming video or downloaded video content for display on the sales terminal or terminal operated screens. Operated by the LOTOS Horizon content management system and will be provided, maintained and administered by Intralot. Horizon will stream news, weather and other content. Terminals receive, store and transmit messages wired or wireless to other communication devices

deployed by Intralot. More on p. 4
R2 Terminal Functionality Detail—

- Downloads can occur at any time of the day without affecting terminal performance
- Each terminal is hard drive equipped for software downloads and media messaging
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- Terminal functionality is controlled by level of personnel signed in to the terminal)
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- Remote Terminal Diagnostics discussion (p. 8 on)
- Terminals equipped with hardware and software sensors to insure a complete transaction and the printing of a complete and correct ticket every time including paper jams and near out of stock warnings. P.12
- PHOTON high volume, high speed larger roll limits need for paper replacement, additionally roll management is reduced. MicroLot+ holds a 3.15 in. diameter roll standard.
- If terminal is opened during printing, it will resume when the case is closed.
- Both terminals offered provide four or more unused slots/ports for connecting peripherals. There is no plug and play on these ports as they are Linux operated.
- Large dollar transaction verification alerts appear for retailers to confirm the size of the transaction prior to execution
- Transaction listing report. but can be set for shift, day etc.
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- System supports ticket cancellations
- Terminal generates a validation pay or claim receipt upon validation and displays any required information on the customer transaction display
- Modification of wording on printed receipts is easily modified
- Validation and Conversion—Intralot will complete validations on the prior vendor's tickets and current instant ticket game files for seamless validation transactions. No draw down for multdraw required. Proposer responded in clarification letter that they can validate using the current vendor's Z bar code provided that TLC or GTECH will provide the algorithms or a compiled program to decode the bar code.

- System can buffer transactions at draw close and set cut off for transactions pertaining to the current draw p. 24
- Capacity to handle various media forms—Scanners equipped with 12 foot cables for ability to read different items, racks, pos, etc
- Playslips—current playslips can be read, as well as those of various sizes and designs, creating opportunity to create graphic rich play slip designs (ex. P. 25)
- Survey tool acceptance on terminal using LOTOS Polls
- Terminal supports gift certificate generation (tickets or coupons). P.27
- LSRs will badge in at retail terminals using bar coded identification badges. System LSR messaging will occur.
- Full returns are scanned; partial returns appear to require a range to be manually entered.
- Bar Codes—both terminals thermal printers print alphanumeric and full graphics at 203 dpi, any image with a font of any size or orientation can be printed on the ticket, both printers also print all known bar codes. 255 game logos, report or ticket headers can be stored on the terminal
- Scanners read all known bar codes including i2of5, pdf417, 2D matrix bar codes and UPC.
- All equipment and peripherals offered by Intralot utilize 2D bar code technology. Has implemented keyless validation using “failsafe” bar code printed under latex in other jurisdictions
- Ticket Stock Tracking System and Retailer Messaging Group capabilities covered again in this section (p. 36). Message size is well in excess of 512 characters and is set by a system parameter.
- Sample terminal reports table begins on p. 39
- BOS report menus begin on p. 43
- Terminal sound generator function can be turned on or off from the central site (can play tones, sophisticated tunes and voice recordings). Volume control is accessible to the retailer but cannot be turned off.
- Terminals can be established as privileged with cashing restrictions
- Specialty terminals—Wireless terminals (variety of), PATs, ticket checkers (inquiry only, no validations)
- Terminals offer an extensive Help/Training mode. Central system is notified if retailer moves the terminal to training mode. All training transactions are recorded at the central site and marked as training transactions. Will incorporate an FAQ screen into the Help Menu. Help may also offer full motion video that can be stopped and restarted for training
- Intralot will develop an interactive training program that will keep each employees place in their training

General— Proposer provides an overview of terminal functions supported by the system in this area. Proposer software downloading capabilities including multiple versions that can be rolled back is a useful feature. Terminal messaging is robust and flexible as noted previously. System safeguards to avoid duplicate ticket generation appear sound and well designed. Proposer responded to clarification letter indicating that that **functionality to print tickets in training mode can be suppressed in compliance with RFP requirements.**

3. Each Proposer must provide information on the functionality or capability of all On-Line devices to interact with the back-office systems of Retailers.
 - Intralot provides retailers under many of its contracts and will provide to TLC retailers.
 - Intralot will provide a website reserved for retailer accounting, announcements and other information for

<p>retailers and will include transaction accounting, sales information, retailer applications, and retailer historical reports under access controls. Corps will have access to info on any of their sites. Quick reference materials and terminal documentation will also be available.</p> <ul style="list-style-type: none"> Intralot notes that all reports that are generated by the System are available in PDF, Excel, CVS and Text file formats. 	<p>General—Proposer provides limited detail in response to this section. Proposer discusses XML reporting support and web access to reporting is covered, but integration solutions for back-office systems are not really covered.</p>	<p>Note - intro to section 7.12 p. 1 indicates, "As a network device our terminals are fully capable of interfacing with retailer back end systems as are our LOTOS central systems." Proposer does not detail further how this will be accomplished, but the statement is relevant to this section.</p>		<p>4. The Proposer must describe its System's capability to inquire and log ticket prize inquiries and validations from all Terminals to the Lottery Gaming System.</p>	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Proposer also responded to this requirement on page 1 of the response to this section. Noting that all transaction activity for all connected devices is logged to the central system 		<p>5. The Proposer must describe its Terminals' capability (including Player Activated Terminals) to provide ticket prize inquiry communication of winning, non-winning and actual prize amount data.</p>	<ul style="list-style-type: none"> PATs (Winstation PATs) have ticket checking functionality. IPT (portable wireless terminal), MP (self service online and both proposed retailer terminals offer ticket checking capabilities that include win, non-win and prize data. 		<p>General—Proposer provided a comprehensive response to all response requirements for #4 and #5 above. Proposer's PAT ticket validation feature positive functionality for players.</p>													
<p>Sales Terminals and Related System Sales Equipment</p>																								

2.3.2 .18	Sales Terminals and related System equipment that offer the broadest diversity of options for deployment in support of current and future Texas Lottery retail venues.	7.12	61	<p>Sales Terminals and Related System Sales Equipment Response <u>Battelle Benchmark Report DRs: 4, 7, 11, 14, 18, and 19</u> DRs: 3-24</p> <ol style="list-style-type: none"> 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> • Intralot acknowledges and accepts. 2. The Proposer must describe the proposed Retailer Sales Terminals and related System equipment that meets the requirements defined in this section. Proposers must offer the broadest diversity of terminals and related System sales equipment options for deployment in support of current and future Texas Lottery retail venues. Proposers must fully describe all solutions and how the proposed equipment would support the Texas Lottery's current retail environment, as well as new retail venues. Proposers should indicate if the proposed Retailer Sales Terminals and related System equipment have been successfully deployed in other jurisdictions. <ul style="list-style-type: none"> • Terminal offerings to comply with RFP <u>Photon or MicroLot+ (mid-range) terminals meeting the 17,500 requirement quantity splits are at lottery's sole determination</u> 2. <u>Winstation PATs-3500</u> 3. <u>Coronis Self Check Terminals 17,000</u> 4. <u>Intralot IPT portable terminals 40</u> • <u>Chart of successful deployments for proposer's primary terminal offerings (Photon and Microlot+) and conversion from other vendors. Photon terminal is planned for deployment in Louisiana and DC p.5</u> • <u>Smallest footprint of any full function terminal offered in the industry today</u> • <u>Horizon Central System presents rich multimedia content and messages on up to 10 displays per terminal.</u> • <u>Terminals supports all types of cards bar coded and magnetic p.7</u> • <u>Terminal design features p.7 and 8 followed by feature table on p. 8 and 9</u> • <u>Terminals use Linux Operating System in place of less reliable or embedded Operating systems</u> <p><u>Photon Terminal—</u></p> <ul style="list-style-type: none"> • • • • • •
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 - MicroLot+ Terminal—
First deployed in Korea in Nov. 2007. New Mexico and SC have MicroLot terminals. Enhanced versions were deployed in Ohio (MicroLot+) offering faster speeds. Arkansas deployment referenced in earlier chart
 - MicroLot+ is viewed positively by retailers as it addresses one of their major concerns counter space.
 - "Don't believe our competitors when they say the MicroLot+ is slow and cannot do the job; the enhanced MicroLot+ is fast, reliable and proving itself in Ohio" p. 12
 - 8.4" touch screen, situation over the high speed thermal printer dramatically reducing the footprint.
 - Connected A6 size play slip scanner
 - MicroLot+ can be installed without the external plays slip scanner for
and as a second terminal in higher volume locations
 - MicroLot also connects to all required peripherals: ticket checker customer transaction display, video monitors, etc
 - Unit is 8" wide and 9" deep
 - Smart card reader and internal flask disk (DOM) or hard disk storage
 - Multiple USB ports for peripherals
 - Italy signed to use MicroLot with option for eyeLot camera reader technology
- Wireless Handheld Terminals—2 options
1. Provide 50 Photon or MicroLot terminals capable of operating from a temp location using wireless communication. Will require a table and electricity. Benefit—no need for acceptance testing of another equipment line and have the reliability of the main terminals related to speed, etc.
 2. Provide 40 Interactive Portable Terminals (IPT) as mobile retailer terminals. Features concurrent GSM/GPRS wireless network support and wired networking for mobile point of sale.
 3. High resolution display with touch screen.
- Demo setup users manuals for Photon and MicroLot on DVD along with printed copies provided with proposal response
 - Touch screen functionality is completely software driven
 -
 - Photon TSP1000 Printer holds a 7.2" diameter roll of stock-largest on the market 180mm/sec
 - MicroLot printer is 130mm/sec
 - Paper change takes approximately 8 seconds
 -
 - 255 logos or ticket report headers can be stored in the printers.
 - Ticket stock will be preprinted with ticket stock sequential serial numbers about every four inches to

<p>ensure each ticket receives a stock #</p> <ul style="list-style-type: none"> All print trays will hold 100 generated tickets Intralot uses two print suppliers: Appleton Ideas and Kanzaki Specialty Papers (Appleton Papers Resiste 650-3.1 recommended). Paper specs on p.30. Discussion of Kanzaki's non-top coated paper on p.33. Also, test results on p. 34 and 35 Discussion of terminal software downloads, USB port security from Linux and controlled group downloads, and multiple software versions available on the hard drive of terminal p. 38 and 39 Terminal Interface—Push a button get a ticket philosophy. Gathering input from retailer trade groups Terminal offers a transaction summary screen showing all wagers for a single player transaction. They can be combined then sent together for generation to the host. (p.42) Touch Screen walk through p.44 on Ticket Repeat—allows the retailer to scan a valid online ticket in order to generate a new ticket with all of the same attributes. Multiple Pack Plays—bundled online game sales feature. p. 48 and 49 Packaged game play support—one button for packaged play sale Offers greater than 99% first read rates and ticket branding. (see also proposer response to clarification <p>MicroLot Scanner (A6)—Separate USB connected device for the reading of playslips with the MicroLot terminal. Use contact image sensor (CIS) technology and not digital icon imaging technology like the Photon. Special markers not needed to read playslips on the A6.</p> <ul style="list-style-type: none"> Both A6 and eyeLot scanners can read VIP applications, surveys, etc. Intralot will work with lottery on design Terminal training mode discussion p.66 on (same as earlier in the RFP) P. 67 training mode. Intralot indicates the training mode allows production of physical test tickets. Graphical representations of test tickets are displayed on the terminal screen or as the Lottery may require. Terminal self diagnostics to troubleshoot terminal problems p.70 on. Data is reported to the host

collected and maintained in a database for analysis. Remote terminal diagnostics also used

- Terminal environmental (p. 78 on)
- Terminals will have sufficient hard drive and memory to accommodate at least 500 games and 10 unique bar codes or algorithms
- MicroLot 80GB hard drive; Photon 160
- Can store thousands of sounds, picture files and animations up to 1 minute. P.80 See also clarification letter response. Animations are not limited to 1 minute.
-
- Terminals both have two speakers and auxiliary speaker support also. Sound generator discussion p.81 (same as earlier in response)

Terminal Attachments—

- Player Transaction Display—8 lines of 30 characters each, LCD resolution of 240 X 64. Display size 7.87 X 3.15 X 1.38. Free standing unit. Can display any font size and graphics animation to draw attention. Adjustable view angle p.82
-
- P. 85--Flat Panel Player Advertising Display (Pad)—17 in. LCD Flat panel display for advertising and promotion at retail. Terminal powered. Content is downloaded to the terminal from the LOTOS Horizon Central System. Terminal HD provides ample space for videos and sound. Downloads performed in background and do not impact terminal performance. Content can also be loaded by USB by tech on site. Display can be partitioned to display several types of content simultaneously, showing multiple messaging customer transaction info, promotions, jackpots, etc. Added value, monitors are equipped with built in speakers or use of the terminal speakers for sound. Display type is Active TFT Color LDC Screen with high image resolution capability. Supports graphics, text and multimedia content. Display viewable at 15 feet or more. Display has reflective screen protector, is industrial grade to protect from environmental, and has high luminosity and wide view angles. (120 degrees horizontal and vertical), monitor tilt is vertical to 25 degrees. Monitor can be wall mounted, table top or pole mounted to give the retailer counter space.
- In-Store Jackpot Signage—will display Lotto, Mega Millions and Powerball jackpot messaging. Signage options provided in Part 8 Sales and Marketing
- LOTOS Horizon Content Delivery Central System—(base system offering)—System delivers content

- Broadcast messages—Standard and mandatory messaging for retailers at terminal (same as discussed earlier in proposal) p. 90
- Terminals offer large dollar transaction verification feature

- Retailer Terminal Reports p.94 see also section 7.11 response and samples Dual Function Ticket Vending Machines (TVMs)—Winstation combined online and instant self service machine.
- “Push a button, get a ticket” strategy. Scalable from 5 to 30 bins.
- TVMs meet all terminal functionality requirements, except those pertaining to validation of tickets. The machines offer ticket prize inquiry functionality. (p.95) Remote shutoff, verify age by scanning state or federal identification
- Intralot TVM designed by reviewing existing equipment in market place and then designing a total new machine with the features they wanted. Player research indicated that feature desired by players most was “more tickets, more games”.
- Winstation is installed in Idaho, NM and OH.
- OH Winstations with 25 instant bins and 6 online games is outselling prior 24 bin EDSQ units by 29.7% on average. NM Winstations are showing online sales at 15% of instant sales from this equipment
- Machine features no menus to navigate and no complicated purchasing options and multilayer screens to navigate
- Montana, NH, Arkansas, Louisiana and DC have ordered Winstation machines in 2010.
- LED backlighting for game displays and LCD price point
- Ticket Loading--Bar code scanner used to scan and set ticket load requirements. Partial packs can be loaded by scanning first and last ticket in the pack. No manual entry of data required. Central system sets and loads parameters (ticket length, etc.). Taped together books can be loaded and the system auto-calculates total tickets in the bin. (more detail on this on p. 124)
- Winstation holds game information for up to 99 different games
- Winstation has a 160 GB hard Drive.
- Has a 25 minute UPS with batter for power outages. Begins shutdown and reboots with no data loss after outage concludes.
- Remote shutoff does not have to be aimed at the Winstation
- Equipped with tilt alarm and power loss alarm.
- Winstation features most comprehensive reporting and accounting capabilities of all TVMs in the market today p. 108. Sample reports on p. 109 on
- Idaho, NM and OH have experienced incremental 8%, 15% and 12% online sales increases respectively from Winstation
- Retailer Winstation Quick Reference Guide sample p.122
- Intralot Winstations feature BetaBrite29 color advertising displays. 24” X 2.1” high top mounted inside of the TVM. Messaging controlled by central system to traffic jackpots, etc.
- Most brightly lit LED 4 X4 displays on the market
- Intralot notes that GTECH has copied their user-friendly “push a button, get a ticket” design with an PAT model called AUTO LOTTO
- Winstation monitors low bins (5 or less tickets, this can be modified) and notifies the retailer when inventory reports are generated. Also notification is sent to the central system and CSRs can contact and notify the retailer
- Currency Acceptor—JCM Global DBV-Bill Validator (DBV-300) bill validators. Specs p. 131 and 132. Note 2 bill magazines provided and exchangeable for retailer security support.
- Winstation supports up to a 12” ticket
- Bins can support pack thickness up to 3”
- Winstation dispensing technology, the Easy Five Perf-O-Cator, dispenses every ticket in the pack

loaded without causing any dispensing or bursting issues. Patent pending.

General—Proposer's offered MicroLot terminal has been extensively deployed and field tested. Photon terminal is new and is based on prior terminal (Coronis) technology. Photon has been recently deployed in Louisiana (survey yielded no significant issues with this terminal).

• Retailer Terminals—Photon and MicroLot+—Terminals offer expandability for peripheral support. Both terminals use resistive touch-screen technology. Proposer notes that screen designs are software driven. Proposer notes survey collection support. Proposer's Photon uses digital camera technology (eyeLot) to read tickets and play slips. MicroLot+ uses a separate peripheral reader. Proposer details the branding capabilities of its terminals in response to the clarification letter. Proposer notes that Horizon Content Management system downloads display messaging in the background without impacting terminal sales and validation functionality. Proposer's Ticket Repeat feature which allows the retailer to scan a valid online ticket in order to generate a new ticket with all of the same attributes and Multiple Pack Plays which is a bundled online game sales feature are both nice features. MicroLot+ is equipped with an 80GB HD and Photon with 160 GB HD. Terminals are offered with wired or wireless scanners. MicroLot+ is a small footprint terminal with attached peripherals for supported functions.

- Winstation—QP push buttons for online, no touch screen computer interface for players. Unit is configurable up to 30 bins. BetaBright ad messaging display at top of unit. Unit is well lit and ticket loading is based on bar code scanning for loading of ticket parameters. Unit is attractive and well lit.
- Self Services Validation Terminals (Ticket Checker)—Wired or wireless.
- Customer Display—17" flat panel display. Displays equipped with speakers.
- Mobile unit—IPT unit uses concurrent GSM/ GPRS wireless network support

Proposer response to clarification letter noted its intent to charge for smart card readers installed on its MicroLot+ and Photon terminals. It also noted its intent to charge additional fees for the deployment of Winstations in excess of the initial requested count of 3500. This clarification is in conflict with the following detail requirements of the RFP:

DR8 Must provide all sales terminals needed in the contract-Winstations over 3500 at additional cost
DR 16 Smart card readers required-smart card readers are an additional cost item

Specified and Invited Options –

- 3.—As a Specified Option, the Proposer must offer an automated in-counter ticket dispensing unit. The Proposer shall thoroughly describe the design, installation, maintenance and functionality of the unit. If the Texas Lottery exercises this option, the Proposer must install and maintain the units.
 - Section removed from the RFP
6. As a Specified Option, the Proposer must offer in-lane terminals solutions designed for use in multi-lane stores such as supermarkets. The Proposer shall thoroughly describe the design, installation, maintenance

and functionality of the ~~terminal~~ solution. If the Texas Lottery exercises this option, the Proposer must install and maintain the ~~terminals~~-solutions.

General—Proposer offers three potential solutions for in-lane sales. Proposer did not note any current deployments of these solutions. Proposer confirmed that StyLot solution is not currently deployed in

				<p>clarification letter. Catalina solution offers potential, based on Catalina's existing footprint at retail. MUSL roll stock requirements would need to be overcome.</p> <p>7. As an Invited Option, the Proposer may offer specialty terminals and equipment, to include new and emerging technology, for future deployment. Proposers shall not include terminals or equipment for video lottery, casino gaming, internet-based lottery sales, or other activities not authorized by law. (check to see if included in base price)</p>
<p>2.3.2 .19</p>	<p>Functionality or capability of all online devices to interact with the back office systems of Retailers.</p>	<p>7.12</p>	<p>19</p>	<p>Option #2—Coronis MP Self Service Online Terminal</p> <ul style="list-style-type: none"> Terminal supports online product sales only. Supporting online, monitor games and validates online, monitor and instant game tickets Incorporates a flat panel advertising display and touch screen functionality Noted as ideal for bar/restaurant environments Option #3—Monitor Game Equipment—monitors with wired or wireless connectivity and all needed mounting and installation support View Sonic 26-in LCD HDTVs View Sonic 37-in LCD HDTVs Commercial Grade Mounting Materials Horizon Video Controller (HVC)—one controller per monitor required. Terminal traffics all content <p>Sales Terminals and Related System Sales Equipment Response</p> <p>DRs: None</p> <p>3. The Proposer shall include information on the functionality or capability of all Terminal devices to interact with the back-office systems of Retailers.</p> <ul style="list-style-type: none"> Proposer mis-numbered response requirement. Shows as #2 in the proposal, but is responsive to requirement #3. LOTOS provides seamless integration of online and instant game data and accounting. No merge or data conversion required for retailers or the lottery Retailer account Reporting Web site--p.138 <p>General—Proposer's information here is same as provided in section 7.11. Proposer provides limited detail in response to this section. Proposer discusses XML reporting support and web access to reporting is covered, but integration solutions for back-office systems are not really addressed.</p>

<p>Note- intro to section 7.12 p. 1 indicates, "As a network device our terminals are fully capable of interfacing with retailer back end systems as are our LOTOS central systems." Proposer does not detail further how this will be accomplished, but the statement is relevant to this section.</p>	<p>Sales Terminals and Related System Sales Equipment Response DR: 25</p> <p>4. The Proposer must provide a sample of its Retailer Training Manual and explain other options for training Retailers such as including an online training manual within the Terminal.</p> <ul style="list-style-type: none"> • Mis-numbered response requirement. Shows as #3 in the proposal • Retailer Training Manual samples provided on the DVD, including South Carolina microlot manual and the Louisiana Photon manual • Training information is available on retail sales terminals and in hard copy for equipment where the functionality is unavailable. Retailer Training Manuals will be provided to the Texas Lottery in a format for posting to the retailer web site. Manual will be updated when new products are introduced or changes are made. Both proposed terminals have extensive online Help and training mode capabilities. Online Help can contain FAQs, Contact information or policies and procedures. Or other information that the lottery requires. P.139 • Help system also can offer optional video that may be stopped and restarted. • Quick Reference Cards for terminal operation will also be provided to retailers. Will also contain contact numbers and FAQs. Sample QRCs from Nebraska and Idaho provided beginning on p. 142 <p>General—Proposer provides a detailed response to section requirements.</p>
<p>Installation, Relocation and Removal Response DRs: 12-14</p> <p>1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.</p> <ul style="list-style-type: none"> • Intralot acknowledges and accepts. <p>2. The Proposer must describe how it will meet the equipment installation, relocation and/or removal requirements.</p> <ul style="list-style-type: none"> • Intralot affirms it will meet all requirements p.163 and 164 <p>General—Proposer provides commits to meet requirements but no detail with regard to how it will meet these equipment related requirements.</p> <p>Maintenance and Repair Response DRs: 6-9</p> <p>1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.]</p> <p>2. The Proposer must describe in detail the proposed plan and procedures for the maintenance and repair of</p>	

<p>2.3.2 .20</p> <p><i>Sample Retailer training manual and other options for training Retailers such as including training manual within the Retailer Terminal.</i></p>	<p>7.12</p> <p>14</p>
<p>Installation, Relocation and Removal and Maintenance and Repair</p> <p>2.3.2 .21</p> <p>Plan and procedures for handling equipment installation, relocation and/or removal requirements.</p>	<p>47</p> <p>7.12.1</p> <p>12</p>
<p>2.3.2 .22</p> <p>Plan and procedures for the maintenance and repair of all terminals and related Sales Equipment, which includes a preventative maintenance schedule and procedures for resolution of chronic problems.</p>	<p>7.12.2</p> <p>12</p>

- all Terminals and related sales equipment. The plan must include a preventative maintenance schedule.
- “retail terminal” refers to all attachments and related peripheral equipment provide including any network devices at the retail location serviced by Intralot
 - Intralot recognizes need to use parts approved by equipment suppliers
 - Proper maintenance achieved in 2 ways:
1. Monitor equipment performance by central collection and analysis of various terminal statistics. Terminals work in conjunction with Network Management system provide for collection of Management Information base variables to determine MTBF watching for signs of pending failures. Terminals and equipment have self diagnostic tools and alert the central system
 2. Preventative Maintenance—Intralot will proactively deploy FSTs to perform PMs.
 - Intralot maintenance plan features service to retailers 7 days per week, 365 days per year.
 - PMs will occur at least once every 120 days.
 - Full PMs will be completed on every service visit.
 - All problems defined as chronic in the contract will result in equipment replacement
 - LSRs will provide bi-weekly terminal and peripheral inspections, scheduled PM and cleaning
 - PMs will include diagnostic tests to identify possible future maintenance requirements
 - PM procedure outlined p. 168
 - PM program will be enabled by Siebel Service Request application a premiere CRM application. All PM activity is recorded on Siebel. Siebel schedules maintenance for those locations requiring it (120 days). 30 days in advance
 - Standard PM visits take 15 minutes to complete
 - System uses predictive ordering and supply monitoring to order suppliers to maintain adequate inventories at retailers on a store by store basis
 - Intralot maintains a 5% supply surplus for support of maintenance needs on hand. No third party equipment is used
 - Terminals are modular and repair/replacement times are minimal
 - Additional Siebel system discussion on p.171
 - Staffing and Hours (p. 172)—7 days a week, 365 days a year
 - Donlen Telematics GPS system will be used to track all FST vehicles for fleet management and efficiency of routing, maximizing retailer up time. OH monitoring examples p.173 and 174. LSRs are also tracked. Vehicle movements and route tracking for the day can be reviewed and monitored.
- General—Proposer provides a detailed response on their plan for maintenance and repair, including an aggressive preventative maintenance schedule. PM every 120 days and during FST visits. Predictive ordering plan for terminal parts and supplies appears well thought. GPS tracking and routing software appears robust.**
- 4.. The Proposer must describe in detail its proposed plan and procedures to address resolution of chronic equipment problems.
 - Network Management System is designed to prevent chronic failure situations by enabling proactive correction of hardware faults
 - If the NMS fails to eliminate a chronic situation, 3 incident reports in 90 days will cause the issue to be elevated to Intralot’s Problem Management Team to determine the root cause.
 - If a piece of equipment fails 4X in 90 days it will be replaced and refurbished
 - If issues persist after suspected hardware replacement, Intralot will continue problem management process until permanent solution is found. If not resolved, Intralot will completely install all new equipment for the retailer

2.3.2 .23	Staffing levels to cover repair functions and the planned location of staff.	7.12.2	12	<p>General—Proposer's response addresses the response requirement</p> <p>Maintenance and Repair Response DRs: None</p> <p>3. The Proposer must indicate its proposed staffing levels to cover repair functions and the planned location of staff.</p> <ul style="list-style-type: none"> Intralot will establish a Texas Service Organization of approximately 150 to 160 staff under a Customer Service Director, as identified on p. 175. This will include 110 to 130 field technicians and 8 to 10 field tech supervisors Central Repair depot will be established in Austin. All terminal and associated equipment repairs will take place here. Service Centers will be collocated with 10 district offices. Couriers/drivers will move terminals and equipment as needed to the central depot and return equipment to the field 16 service centers identified in chart on p.175 Proposer clarified the location of these offices related to the cities where district office will be located in clarification letter. <p>General—Proposer provides a significant number of FSTs in support of operations. Proposer response in this section seems to indicate that proposer will provide FST services. However, proposer has noted in other areas of the response and in oral presentations that Texas Vending Services will be contracted to perform these services. Proposer does not address how the two organizations will be integrated and which management positions in the structure will be occupied by third-party vendor staff or proposer staff.</p>
2.3.2 .24	Lottery Gaming System capability to remotely monitor all deployed equipment for proper operational functionality and identification of equipment malfunctions or failure.	7.12.2	11	<p>Maintenance and Repair Response DRs: None</p> <p>5.. The Proposer must describe its capabilities to remotely monitor all deployed equipment at the system level for proper operational functionality and identification of equipment malfunctions or failure.</p> <ul style="list-style-type: none"> Siebel System discussion p.177 (same as earlier in this section). Intralot uses additional monitoring tools to identify points of network failure Intralot uses an arsenal of network management, fault isolation and alerting tools list on p.179) including: <ol style="list-style-type: none"> NAGIOS—host and service monitoring designed to inform Intralot before the retailers do. (network monitoring tool) VSAT NMS—used to configure and monitor the Tropos Control and Motorola Mesh manager—Provides real time configuration and management control across every network performance optimization. These and other tools discussed beginning on p. 182 <p>General—Proposer appears to provide a robust set of system and equipment monitoring tools in support of equipment.</p>
Call Center Support		60		

2.3.2 .25	<p>Call Center staffing and management to support the Texas Lottery's diverse Retailer base; ensure timely, professional, courteous and accurate response to all calls; achieve required performance levels; and plan for handling chronic problems.</p>	7.13	60	<p>Call Center Response DRs: 10-19</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot acknowledges and accepts. The Proposer must describe its call center system including its capabilities. <ul style="list-style-type: none"> <u>Automated service desk is maintained based on Siebel software and Oracle dBase for call management, monitoring, tracking and reporting</u> Service desk available 24/7/365, to report stolen tickets, report technical issues and order instant tickets and suppliers Dedicated instant ticket inventory management customer service will be available 7 to 6 p.2. 7 to 5 M-F and 7 to 6 on Saturdays p.27 (conflicts in operating hours on p.22 7 a.m.to 10 p.m. M-F and 7 to 6 on Saturdays) <u>Proposer clarified in letter response that the planned operating hours will be 7 to 5 M-F.</u> <u>Warm transfer will be conducted to Lottery hotline as needed</u> <u>Service desk will resolve 85% of retailer issues by phone others will be handled by dispatch of FST</u> <u>Lottery will have access to the Siebel incident tracking system</u> All inbound and outbound calls from service desk, instant ticket desk, dispatch, network operations and data centers will be recorded and maintained for a period of not less than 6 months <u>Instant ticket and service desks will be staffed to support Spanish and English</u> Siebel is used by call center and all technical support staff, including FSTs, LSRs, control room, network operations, ticket ordering for retail issues an inventory All retail calls to the call center will be assigned a Service Request (SR) number Service Desk Call Recording System monitors several metrics related to SLAs and data can be reviewed in real time by Lottery personnel Intralot's Mitel 3300 telephone switch utilizes 6110 Contact Center Suite software and Prairie Frye for call monitoring and reporting. <u>Backup Call Center Services—</u> <u>center or to the call center in Strongsville, OH. All call center operators are cross trained on all equipment. Proposer responded to clarification letter request noting that</u> <u>and managers. Proposer did not provide plans for a call center facility in Dallas, BDC plans do not reflect designed or planned space for this facility. Proposer has indicated that Valbrea Technologies would provide call center staffing for its primary call center.</u> <u>Call monitoring and reporting/recording packages noted in last paragraph of p.4 and p.5 are different. Proposer responded to clarification letter and indicated that they use both packages in different jurisdictions, but were planning to use the</u> <u>Reports detailed on p.4 and p.9 are the same.</u> Dedicated toll free circuit equipped with ISDN-PRI line that will accommodate multiple lines in order to ensure a 99% call receipt rate. If all CSRs are busy, IVR answers and places call on hold. Calls will be answered in less than 45 seconds. <u>IVR will provide call status and marketing communications including estimated hold times.</u>
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- If all circuits are busy, a prerecorded message will play and the call will be queued.
 - IVR queue capacity of approximately 100 calls. Grid wide outages will have a message posted to the front of the IVR communicating the outage and asking the person to leave a message. Calls will be returned when volume slows.
 - Intralot ensures that any service request that is unfulfilled in 90 minutes of response time, a follow-up call will be placed to the retailer to update them on the new service call time
 - Intralot will utilize Cisco's CallRex for call monitoring and recording, Cisco CRS Historical Reports for reports and Cisco Desktop Manager to monitor employee performance.
 - CallREX overview beginning on p. 6 to 14—50,000 hours of recording storage
 - General—Proposer provides generally detailed discussion of the call center system including its capabilities. Proposer provides limited information with regard to its plans for a backup call center in Dallas and how it will be staffed or the capabilities of its OH operations to act as backup support. Proposer responded to clarification letter request noting that it would staff it's Dallas secondary Service Desk with 15 Intralot associates and managers. Proposer did not provide plans for a call center facility in Dallas, BDC plans do not reflect designed or planned space for this facility. Proposer has indicated that Valbrea Technologies would provide call center staffing for its primary call center, but proposer appears to be planning to staff its secondary call center with Intralot staff. Call monitoring and reporting/recording packages noted in last paragraph of p.4 and p. 5 are different. Proposer responded to clarification letter and indicated that they use both packages in different jurisdictions, but were planning to use the Mitel system instead of Cisco Call Rex in Texas. Proposer provided significant detail on the Cisco Call Rex system in the response to this section. It is not clear whether the Mitel system offers the same or similar features. The Ohio site visit demo of call monitoring software appeared robust including ability to visually see the screen walkthrough of call representatives during a call playback for training purposes.
3. The Proposer must describe how the call center will be staffed and managed to ensure timely, professional, courteous and accurate response to all calls.
- Call Center has 2 distinct groups:
 1. Service Desk—1 Retail Support Manager, 2 Supervisors and 15 to 19 associates
 2. Instant Ticket Desk—1 Telemarketing Manager, 2 Supervisors, 18 to 28 CSRs
 - Metrics will be closely monitoring to evaluate individual performance, including random call monitoring
 - Call center personnel will not have access to the gaming environment
 - Drug testing, background and reference checks will be used in staffing
 - Extensive in-house training is required. Summary of training topics on p. 16
 - CSRs will work closely with the LSRs to address stock issues, etc. (game inventory outage)
 - Intralot identifies 30 Instant Desk CSRs on p. 19 (Org chart showed a range from 18 to 28, plus 1 manager and 2 supervisors)
 - CSRs will support a variety of resources in support of instant product development, marketing and promotional efforts as well as retail network development efforts. Intralot notes that facilitated instant ticket order management on average out sells retailer managed instant inventory by 8%, largely based on sophisticated computer tools.
 - CSRs and LSRs will work together to optimize the retailers inventory and game mix
 - LSRS will make bi-weekly visits and the CSRs will conduct retailer calls and inventory management activities on the alternating weeks

<ul style="list-style-type: none"> • LSRS and CSRs both use Siebel to manage ticket inventory and other supply inventory (online stock) General—Proposer addresses staffing and training associated with the requirements here. See notes on clarification letter response associated with Dallas backup call center staffing in section above. 4.. The Proposer must describe how the staffing and management of the call center will support the Texas Lottery's diverse Retailer licensee base. <ul style="list-style-type: none"> • Service level targets will be set for seven areas of retailer services: Information, merchandising, marketing and promotions, training, hardware support, instant ticket inventory management and consumable inventory management. • Service Level targets will be set to answer key questions in various retailer topical areas such as: what, when, who, how much, why and how. • All reference materials will be available in hard copy or on the retailer web site • Emphasis on reliability of Intralot's equipment and systems providing value to the retailers • Discussion of close coordination between FSTs, LSRs, and CSRs General—Proposer notes emphasis on close coordination of FST, LSR and CSR activities in support of retailers. Proposer does not address how they will provide support for the diverse licensee base under this response requirement. 4. The Proposer must indicate how it will achieve the required performance levels for the call center. <ul style="list-style-type: none"> • Instant ticket service desk will operate Monday through Friday 7 to 10 p.m. and Saturday 7 to 6 exceeding the RFP requirement. If call volume does not support this, Intralot will review and revise this coverage with the Lottery. p. 27 shows conflicting operational hours. Propose clarified by letter that hours will be 7 to 5 M-F. • Intralot will maintain 365 days of recorded calls in excess of the 6 month minimum RFP requirement. Table p.22. This was not discussed on page 2 of this same section. General—Proposer's table in this section compares the SLAs and the standard that Intralot proposes to meet. These either equal or exceed the RFP requirements. However, there is no discussion in the section on how Intralot plans to meet or exceed requirements. 5. The Proposer must document how chronic problems will be handled. <ul style="list-style-type: none"> • Network Management System is designed to prevent chronic failure situations by enabling proactive correction of hardware faults • If the NMS fails to eliminate a chronic situation, 3 incident reports in 90 days will cause the issue to be elevated to Intralot's Problem Management Team to determine the root cause. • If a piece of equipment fails 4X in 90 days it will be replaced and refurbished • If issues persist after suspected hardware replacement, Intralot will continue problem management process until permanent solution is found. If not resolved, Intralot will completely install all new equipment for the retailer • Chronic Equipment Failure Resolution Procedure detailed on p. 24 General—Proposer's response addresses the response requirement. 								

Ticket Inventory Supply and Management

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<p>2.3.2 .26</p>	<p>Innovative solutions to enhance inventory order and distribution beyond the noted requirements of the RFP.</p>	<p>7.13</p>	<p>12</p>	<p>Call Center Response DRs: None</p> <p>6. The Proposer must describe any innovative solutions it proposes to enhance inventory order and distribution beyond the noted requirements of this section.</p> <ul style="list-style-type: none"> Facilitated instant ticket management using computer tools and coordinated inventory efforts between LSRs and CSRs to optimize mix. LOTOS has efficient auto reorder capabilities for supply consumables. System tracks volume of sales and transactions at the terminal and calculates volume of playslip and stock usage. Demand is forecast by historical sales and reorder points set by the LSR for each retailer. System executes auto reorders virtually eliminating out of stock. LSR Vehicle (mini-warehouses)—trunk stock. LSRs carry a significant amount of trunk stock (instants and consumables). IPT enables the LSRs to access the LOTOS Games Management System optimizing and returning inventory for each retailer. Terminal actions also available. Intrasell system and Automatic Ticket Order Sorting (warehouse)—Intrasell is the instant ticket marketing application. Orders received at the warehouse before end of day will be packed and loaded for shipped the same day. Intralot's commitment for retailer service and order processing exceeds the requirements of the RFP. Lone Star Overnight is the carrier. CSR to retailer bi-weekly calls will average 3 minutes per call. CSR hours will be 7 to 5 central M-F and 7 to 6 on Sat (p.27). Is this different than stated on p.22 of this section. Proposer clarified by letter that the hours of operation will be 7 to 5 M-F. Orders are "normally 'picked' by an auto sorter that permits 100% order accuracy" illustration p.26 General—Proposer provides a detailed response to this section. LOTOS consumable auto reorder and automated ticket order sorting with same day packing, and IPT's return ticket functionality are beneficial features of proposer's approach to enhanced inventory ordering and distribution.
<p>2.3.2 .27</p>	<p>Staffing and management of the ticket inventory and supply management functions to support the Texas Lottery's diverse Retailer base. Procedures to process special, out of cycle, express, expedited or emergency orders.</p>	<p>7.13</p>	<p>43</p>	<p>Call Center Response DRs: 20 and 22-24</p> <p>7. The Proposer must describe how the staffing and management of the ticket inventory and supply management functions will support the Texas Lottery's diverse Retailer licensee base.</p> <ul style="list-style-type: none"> Intralot will recruit bi-lingual staff. Will also recruit staff to cover other major languages representative of the retailer community. Will employ extensive training, supervision and monitoring Supplies can be reordered form the multi-lingual retail terminal along with instant ticket orders Retailer manuals and QRGs will be provided in English, Spanish and other major languages <p>General—Proposer commits to recruiting bilingual staff (English and Spanish) and provides language support in retailer materials and via terminals. Proposer notes that they will recruit reps that speak other major language needs of the retailers.</p> <p>8. The Proposer must describe what procedures are included to process special, out of cycle, express, expedited, or emergency orders from Retailers.</p> <ul style="list-style-type: none"> When emergency supply or ticket orders come in, instant ticket orders will normally be processed for

2.3.2 .28	Ability to allow Retailers to order at anytime through an automated system, rather than ordering in response to a telemarketing call, which includes the ability to manage and place proper controls on this ordering process.	7.13	23	<p>next day courier delivery, but if LSRs are available, emergency orders will be delivered to high volume retailers</p> <ul style="list-style-type: none"> If online stock is out at retail and it is too late for overnight service at time of notification, emergency request is sent to dispatch and dispatch schedules an LSR or FST delivery. LSR is sent a message to evaluate why the retailer ran out of inventory. LSR will evaluate inventory levels and/or issue that caused the outage. Donlen Telematic GPS System allows for the efficient delivery of emergency orders. Inventory Management System allows the CSR desk to identify the LSR or FST with trunk stock that meets the emergency need. <p>General—Proposer demonstrates commitment to ensuring prompt fulfillment of emergency orders and including the incorporation of technology for efficiency. Dispatch messaging to LSRs for follow-up on low inventory situations and Donlen GPS routing for efficiency are positive features. Proposer did not address the following requirements as noted below:</p> <p>RR 4 Response does not address diverse retailer base DR 24 Not mentioned in 7.13, with the exception of general statement in RR 1</p> <p>Call Center Response DRs: 21</p> <p>9. The Proposer must describe its range of automated systems to allow Retailers to order at anytime, rather than only ordering in response to a telemarketing call. Additionally, the Proposer must describe its ability to manage and place proper controls on this ordering process.</p> <ul style="list-style-type: none"> Intralot will operate 4 automate approaches to allow anytime retailer orders <ol style="list-style-type: none"> Initial order—baseline ordering from previous vendor that will be optimized Auto reorder—predictive computer ordering. Can be set to auto reorder although Intralot prefers facilitated calls with the retailer Retailer web site—see below Retailer terminal—see below Web site and terminal orders can be placed by the retailers within their inventory parameters. These ad hoc orders are highlighted for the CSR and LSR to review. <p>General—Proposer offers a variety of inventory ordering options including terminal and web ordering for retailers noting controls over these orders via CSR and LSR review.</p>
	Communications Network		47	
2.3.2 .29	Communications network, which includes information and diagrams to support the performance capabilities of the Lottery Gaming System and the Texas Lottery.	7.14	47	<p>Communications Network Response Battelle Benchmark Report DRs: 16 DRs: 15-25</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot acknowledges and accepts. The Proposer shall provide detailed information and communications network diagrams to address the

- performance capabilities of the communications network based on the Proposer's System requirements and the Texas Lottery's system requirements.
- Intralot started as a communications company that deploys and manages networks around the globe. Performance second to none with hands-on experience in adverse conditions in many countries building resilient and reliable networks. Intralot has deployed telecommunications for gaming networks since 1988 first for the National Lottery of Greece. Operating gaming systems and networks in 50 countries today.
- Comparable networks: Greece 12,000 POS, Taiwan 8,000, South Africa 9,000 and Ohio 12,500
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- The new network will be installed in parallel to the existing retailer network and fully tested and proven prior to conversion
- Converted 10 GTECH and 4 SGI customers representing 65,000 retailers in the last three years (table p.5)
- 24 X 7 X365 network managed by state of the art Network Operations Center (NOC) staffed by certified network experts and fully trained field support staff
- Incidents and Problems will be communicated in accordance with Service Desk Incident and Report Management reporting procedures. Level 1 and Level 2 (critical and severe) incidents will be immediately report to the Intralot GM and the TLC
- All network connectivity and infrastructure at the Primary Data Center (PDC) is completely duplicated at the Backup Data Center (BDC).
- Network connectivity and bandwidth to and between lottery facilities will support normal networking, video security monitoring and video teleconferencing. (p.6)
- Intralot will procure and fund a 3rd party vendor to perform traffic studies and recommendations regarding network performance
- Intralot will implement industry standard network security measures that meet or exceed MUSL Rule 2 specs.
- Intralot network design is optimal solution eliminating single points of failure and bottlenecks that can affect multiple retailers.
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					<ul style="list-style-type: none"> General—Proposer demonstrates extensive experience in the deployment of communications networks in the lottery industry and significant communication conversion experience from other industry vendors. Proposer offers a primarily VSAT solution. 4 satellite support configuration. Proposer provides details of communication security and network monitoring and management tools in this section and in earlier section response to RFP.
2.3.3	SALES AND MARKETING		910		
	Sales Management and Business Development and Marketing		182		
2.3.3.1	Route sales component to support Retailer locations.	8.2	18		<p>8.1 Intralot introduction to this section of the RFP. Not a direct response to section 8.1 of the RFP which is not required, but a discussion of Intralot's efforts to be a leading innovator (trendsetter) in the gaming industry. Diagram of Intralot strategic visioning on p.2 strategic vision, based on our broad operational experience across all fields of the gaming industry coupled with our strong technological position, particularly with regard to pace-setting technologies, creates R&D programs enabling the development of next-generation reliable, secure and efficient applications. Intralot utilizes a two-pronged approach in its research methodology: in-house development programs in tandem with cooperative programs with other high-tech companies.</p> <p>Sales Management and Business Development Response DR: 13</p> <p>Section 8.2 Introduction—</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <p><u>TLC retailer to population ratio is 1 to 1,421 best practice is 1 to 1,123. Intralot would grow the retailer base by recruiting high potential retailers and develop retail sales improvement plans for every retailer. LSRs will be measured on their ability to grow sales of their retailers. Louisiana cited as an example of increased sales of \$5 million while stores were closing due to economy. (no details on how this was accomplished). Chart of Texas Lottery Retailer base over time inaccurately reflected p.5 Intralot would focus on high traffic venues and recruit national chains (CVS, Walgreens, Dollar General, Target and Walmart). Currently adding RiteAid in NH (69 stores). Adding CVS, Kmart and BJ's in OH.</u></p> <ul style="list-style-type: none"> Intralot acknowledges and accepts. IPT Terminals will provide LSRs with access to LOTOS gaming system, retailer web site and Oracle Siebel CRM system. Intralot will conduct joint bi-annual sales meetings with the lottery in Austin Intralot will conduct Quarterly joint teleconferences with the district offices and the lottery to discuss marketing, sales and products Intralot will provide recommendations to the lottery for minimum sales levels and other Key Performance Indicators (KPIs) for Key, Corporate and Chain Retailers. Will propose plans for

2.3.3 .2	Sales management staff responsible for identifying new selling and business development opportunities.	8.2	73	<p>underperforming accounts and implement them upon approval.</p> <ul style="list-style-type: none"> Meetings will be held with key accounts either face-to-face, video conference or webinar whichever the account prefers. <p>4.. The Proposer must describe how it would provide a route sales model to support Retailer locations</p> <ul style="list-style-type: none"> Intralot uses a state of the art service route optimizer application to schedule and route LSRs on a daily basis. Aggressive retailer recruitment strategy detailed in Part 8, Table 81 Intralot will provide full service lottery vending support for retailers that want a predominantly self-service solution. LSRs will stock and manage equipment for them. LOTOS will facilitate management of the retailers financial including amounts to deposit, commissions and bonuses. Intralot currently has a pilot working to sell lottery through credit/debit card terminal devices. Discussion of these types of purchases being dominant and self service movement and value in recruitment Recruitment marketing strategy 3 steps: 1. Entice permission and approval for placement, 2. Develop appropriate back-office solution and 3. Create the marketing collaterals that support sales, but fit nicely within the brand that we wish to sell-in with route model. What works for Home Depot and Lowes may not work for Starbucks. Route sales call for the Winstation and Coronis MP Intralot has met with Texas Merchandise Vending Association to map out one element of a strategy for bring a vending route operation to the lottery. The one element is not identified. After conversion, a pilot program for route sales will be initiated. <p>General—Proposer demonstrates an understanding of the need for route sales support for new retail trade styles and commits to provide these services. Proposer notes in response to the clarification letter that they intend to provide these services included in their base price.</p> <p>Sales Management and Business Development Response</p> <p>DRs: 4</p> <p>2. The Proposer must identify the sales management staff whose full-time responsibilities are to help the Texas Lottery identify new selling and business development opportunities. Proposers must also identify any staff who may assist with these activities, but will not be assigned to the Texas Lottery account on a full-time basis (e.g., corporate sales staff).</p> <ul style="list-style-type: none"> See also general information provided for this section above. Texas team will have resources of Intralot's worldwide sales, marketing business and technology development teams
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					<ul style="list-style-type: none">• CMO reports directly to Texas Account General Manager with dot line responsibilities to the Corporate Vice President of Marketing John Pittman and US President and CEO Tom Little "That's a powerful position"• Intralot is moving the majority of its US Corporate Marketing Division to Austin, Texas.• Top corporate marketers are locally committed to the Texas Lottery• Will also provide worldwide support that includes staff with specialized gaming knowledge including Duluth, GA headquarters and International HQ in Athens, Greece to provide leading edge innovation.• Example, Intralot Interactive (I2), internet experts are working with DC, NH and OH to design and develop a strategic internet and interactive set of offerings• Propose to weave TLC staff into Intralot's iterative process of goal alignment and measurement that occurs at each management level. Intralot Execs will develop a set of proposed goals as a part of their annual Texas Operating Plan. Quarterly measurement will be utilized to evaluate progress.• Intralot currently commits 12% of annual sales to Research and Development; 4% higher than the industry average. And 50% more than others in their industry segment. Including 116 staff dedicated to research.<ol style="list-style-type: none">1. Game Development including alternative channels—19 FTEs2. Application Development—37 FTEs <p>POS Solutions and Multimedia Content Delivery, as well as general R&D—60 FTEs</p>
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2.3.3.3	Marketing staff responsible for identifying new product and marketing strategies.	8.3	55	<ul style="list-style-type: none"> B-On platform emerged out of the “Enter Gaming” research segment featuring gaming and entertainment values powered by state of the art technology. B ON offers games any time anywhere with cell phones, PDAs, PCs and digital TVs. This was followed by Game Time featuring 3D games. LOTOS Game Library discussion and discussion of Intralot innovation and research p.11 <p>General—Proposer provides details of its sales organization structure, including a large LSR sales force in support of retailer sales, a dedicated recruitment team of 3 recruiters and 1 manager, a dedicated team for corporate/key accounts including 1 manager and 3 specialist and a Sales Director and 10 DSMs for each of the proposed districts. Proposer commits to provide corporate level support to TLC in this area, but does not identify the members of the sales management staff dedicated to Texas or specific information regarding the corporate level individuals and their backgrounds that will support Texas. See also notes regarding sales management staffing under 4.3.2(d).</p>
				<p>Marketing Response DRs: None</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot notes that instant sales velocity will influence recommendations related to the introduction schedule. Indicates that slower selling games may require additional promotions to increase sales momentum Intralot notes they will deliver superior marketing services by designing and implementing new games and promotions that drive measurable growth in TLC’s revenues. Intralot will provide a semi-annual (RFP requires annual) analysis that will include promotions and schedules for promotions with projected sales lift, merchandising and non-financial retailer incentive programs and advertising campaigns. Intralot will make recommendations regarding changes to retailer commissions to promote increase retailer involvement and sales. Intralot acknowledges and accepts. The Proposer must identify the marketing staff whose full-time responsibilities are to help the Texas Lottery identify new product and marketing strategies. Proposers must also identify any staff who may assist with these activities, but will not be assigned to the Texas Lottery account on a full-time basis (e.g., corporate marketing staff). <ul style="list-style-type: none">

2.3.3.4	Sales and marketing organization structure to support and optimize Lottery sales.	8.2 and 8.3	36	<p>General—Proposer provides details of its marketing organization structure, including a dedicated promotions team noting 2 Promotions Coordinators and 3 Promotions Assistants. This staffing conflicts with other information provided by proposer in its response to the RFP. Proposer’s inclusion of Interactive and Social Media Coordinator positions are positive and necessary for support of Horizon content management and advertising display terminal content support efforts. There are significant organizational structure and title reference conflicts in this section as they related to the top positions in the marketing organization. See notes above including further changes to the structure noted in proposer’s response to the clarification letter. Additionally, proposer identifies an Advertising Manager position on its org chart in the prior section, but it is not referenced in the org chart or position discussions in this section (p.24). Proposer notes that Karen Porter will coordinate the activities of MOSAK, the external marketing company that proposer plans to hire. It is noted that Proposer commits to provide corporate level support through various teams at its corporate level, but does not identify the members of these teams or specific information regarding these corporate level individuals and their backgrounds that will support Texas. See also notes regarding sales management staffing under 4.3.2(d).</p> <p>8.2 Table 79 DRs: 5-12 and 14</p> <p>3. The Proposer must describe its sales organization structure and how it will support and optimize Texas Lottery sales.</p> <ul style="list-style-type: none"> • Led by Phil Sherwood, seasoned sales director with Texas roots. Discussion of Phil’s qualifications in the section. • (This is inconsistent with reporting structure detailed in the prior Intralot org chart detailed on p.9 of section 8.2) • • Indication that Sales Force will be supported by other marketing positions detailed in the marketing organizational structure (see list p. 12 and 13) • Will have consultative services of two Austin based companies, MOSAK Advertising + Insights along with NuStats Inc., a market research firm <p>General—Proposer describes its sales organization, but does not detail “how” it will support and optimize Texas Lottery Sales. Proposer did not address the following requirements as noted below:</p> <p>RR 3 Partial-did not address optimizing sales DR 14 Not mentioned in 8.2, with the exception of general statement in RR 1</p> <p>4. The Proposer must describe how it would coordinate face-to-face meetings among the Texas Lottery, Successful Proposer and Retailers to facilitate communications. The Proposer must describe its plans for conducting meetings to reach Retailers across the State of Texas to include proposed frequency of meetings and the strategy for engaging the Texas Lottery’s diverse Retailer licensee base.</p> <ul style="list-style-type: none"> • Intralot is planning a host of meetings detailed in Part 8, Table 81 Response Requirement #3 (mostly the same meetings are listed in response to this section) • List of Meetings provided
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1. Semi-Annual State Sales Meetings (Intralot and Lottery). Intralot notes plans to invite retailers to attend and participate in these meetings.
2. Annual State of the Industry Meeting (Intralot and Lottery)
3. Quarterly Sales and Marketing Strategy Meetings-SWOT analysis (Intralot and Lottery)
4. Quarterly Retailer Reviews (Intralot and Retailer)
5. Semi-Annual Retailer Town Hall Meetings (Lottery, Intralot and Retailers)
6. Quarterly Promotional Reviews (Intralot and Lottery reviewing successful promotions form industry)
7. Semi-Annual Game Performance Indexing (Intralot and Lottery)—compare Texas to other industry performance and make recommendations to Lottery
8. Bi-weekly Corporate and Key Account Meetings—Intralot meetings with invitation to industry groups—Texas Petroleum, Texas Grocers, etc.—evaluate effectiveness of corp/key account strategy
9. Weekly Instant Ticket Production and Delivery Meetings—(Intralot and Lottery) to set and stage Instant ticket strategy
10. Weekly Online Product and Instant Ticket Product Meetings (Intralot and Lottery)—product specialists get together to discuss, design and execute strategies
11. Intralot GM and CMO will design these meetings and lottery is invited to attend all of these meetings. Transparency will be key. There can be no secrets.

General—Proposer’s list of meetings detailed here and in the referenced section of 8.3 involve some retailer-focused meetings that would involve TLC, the proposer and retailers consistent with the requirement. I have attempted to detail in my notes the likely participants in each of the meetings described. Several identified meetings do not involve retailer interaction.

8.3 Table 81

DRs: 10-14

- 3.. The Proposer must describe its marketing organization structure and how it will support and optimize Texas Lottery sales.
 - Different org chart appears on P.24 from the one on p. 9
 - Intralot advantages noted p.25. Superior technology providing state of the art systems leveraging cutting edge marketing and promotional campaigns, Worldwide and Texas based marketing, promotions and research teams focused on new promotions, games and marketing for lotteries in America and the world
 - Charts of Intralot US customer per caps, all showed growth over contract, except NM which had Ad budget cut and mandatory return % implemented p.26 on
 - Discussion of the use of meetings to support the lotteries marketing efforts, including the Quarterly Sales and Marketing Strategy Meetings also referenced earlier and topics p.30
 - P.31 other support meetings. Corporate and Key Account Meetings are listed as monthly here and bi-weekly on p.16
 - Bi-Weekly District Sales Meetings are noted here in addition to meetings list provided on p.16 of the response. A key manager will attend the District meetings from Austin at least once a month to give field staff chance to interact with the corporate team
 - Weekly Intralot Management Meetings—GM meets with managers for department updates and discuss state of business on a Texas and corporate level

General—Propose provides summary details of past performance success in other jurisdictions.

Organizational chart conflicts appear in this response section. Proposer provides some detail on how the

<p>structure will support the lottery by providing corporate support resources and conducting strategic meetings and planning. Limited information about how the Intralot proposed positions in the proposer's marketing organization will interact with existing marketing-related positions at the TLC.</p>		<p>LSR Services Response DRs: 28 and 30</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot will use state of the art territory route planning software to plan routes. LSRs will be trained and certified as proficient in the policies, procedures, products technology and code of conduct before they are allowed to manage their own retailers. LSRs will recruit new retailers on an ongoing basis. LSR will coordinate scheduling of terminal installation with the retailer. LSR will recommend equipment to be installed at the retailer LSR staffing will grow with expansion of the retailer base Intralot acknowledges and accepts The Proposer must describe its LSR organization structure and how it will support Lottery Retailers across the entire geographic and population diversity of the State of Texas. Proposers must identify the Proposer's staff to Retailer ratio for the provision of Lottery Sales Representative activities. <ul style="list-style-type: none"> <u>Staffing Ratios—current industry best practices are 1 to 116. Intralot will provide a ratio of 1 to 99. Chart on p. 35 notes 160 to 178 LSRs</u> <u>Phil Sherwood will be Director of Sales</u> <u>LSR Training Manager—is responsible for providing satisfactory education and instructional information for LSRs, Retailers, Lottery staff and all certification programs for retailers and LSRs</u> <u>DSMs-10</u> <u>Sales Supervisors (4)—2 Dallas and 2 Houston. these positions will also serve in certain key account roles along with LSR oversight</u> <u>LSRs—160 to 178</u> <u>Retailer Recruitment Manager and 3 Recruiters</u> LSRs—routes based on a two week cycle, will support all retailers while applying Pareto Principle 80/20 rule. Top 20% of retailers in the district will receive weekly visits. LSRs will make an average of 12 visits per day. (p.37) <u>LSRS will be in field 9 of 10 work days in a two week cycle with the 10th spent at the district office for District Meetings. Route coverage plans will take into account sick, vacation, training schedules, etc.</u> LSRs will visit lottery claim centers weekly <p>General— Proposer provides details of its sales organization structure, including a large LSR sales force in support of retailer sales, an LSR training manager, a dedicated recruitment team of 3 recruiters and 1 manager, and a Sales Director and 10 DSMs for each of the proposed districts. 4 Sales Supervisors; 2 each for Dallas and Houston Districts. Dedicated training manager position demonstrates commitment to effective training for LSRs and Retailers. Proposer notes that LSRs will visit top 20 percent of retailer's weekly. See proposer's</p>
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	<p>Lottery Sales Representatives</p>	<p>136</p>
<p>2.3.3 .5</p>	<p>LSR organization structure and how it will support Lottery Retailers across the entire geographic and population diversity of the State of Texas, which includes the proposed staff to Retailer ratio for the provision of Lottery Sales Representative activities.</p>	<p>8.4</p> <p>82</p>

2.3.3 .6	Incentive plan for LSRs.	8.4	27	<p>response to clarification letter.</p> <p>LSR Services Response DRs: 29</p> <p>3. The Proposer must provide an overview of its incentive plan for LSRs.</p> <ul style="list-style-type: none"> • <u>Incentives will be dependent on sales growth, service level achievement and retailer satisfaction</u> • <u>Incentive plans that accomplish short and long term goals is a catalyst for growth</u> • <u>Part of compensation package will be a performance based incentive program based on sales goals, promotion effectiveness, customer service levels, retailer satisfaction surveys and retailer training and recruiting</u> • <u>Holiday Incentive—LSRs will be eligible during the course of the year to Holiday Incentive time awarded for performance during identified incentive based periods and contests</u> • <u>Recruitment Incentives—fixed dollar bonuses for each retailer recruited, licensed and selling, required minimum amounts over time</u> • <u>Promotions Target Incentives—Based on the LSRs schedule for conducting promotions, product trials and customer and public education programs. Measured against successful promotions conducted over a defined period</u> • <u>Sales Target Incentives—Fixed dollar bonus amounts for same store sales increase targets overall or by product</u> <p>General—Proposer's incentive plan addresses both sales (same store sales growth and seasonal contests) performance, promotional goal target achievement and recruitment incentives for new retailers. Proposer's plan appears well rounded related to incentives. Proposer does not provide specific details with regard to base salary and the ratio of incentive bonus potential.</p> <p>LSR Services Response DRs: 27 and 31</p> <p>4. The Proposer must describe how sales services will be customized to strategically optimize sales performance.</p> <ul style="list-style-type: none"> • <u>Motivating retailers, conducting proper training and education and products to drive and promote sales.</u> • <u>Performance improvement programs will be developed for the bottom 60% of retailers including motivation, education and hands on training</u> • <u>Best practice techniques will be shared among LSRs in the sales organization</u> • <u>Intralot notes the use of handmade POS to drive sales.</u> • <u>LSRs will properly stock and support the retailers</u> •
2.3.3 .7	Sales services customized to strategically optimize sales performance.	8.4	27	<p>LSR Services Response DRs: 27 and 31</p> <p>4. The Proposer must describe how sales services will be customized to strategically optimize sales performance.</p> <ul style="list-style-type: none"> • <u>Motivating retailers, conducting proper training and education and products to drive and promote sales.</u> • <u>Performance improvement programs will be developed for the bottom 60% of retailers including motivation, education and hands on training</u> • <u>Best practice techniques will be shared among LSRs in the sales organization</u> • <u>Intralot notes the use of handmade POS to drive sales.</u> • <u>LSRs will properly stock and support the retailers</u> •

			<p>DSMs and Supervisor will evaluate LSR performance through store visits. Sometimes as follow-up and some as ride alongs</p> <ul style="list-style-type: none"> Performance Evaluation Reports, period research through their Mystery Shopper Program, sales versus quota analysis, and monthly sales call summary reports detailing retail visits will be used to evaluate LSR effectiveness. <p>General—Proposer provides details of its strategy to optimize sales performance including sales support through its Competitive Edge Program. Proposer's program includes advising the retailer on whether their location is inviting and welcoming. Proposer describes a strategy of attempting to motivate all retailers including a focus on the bottom 60% of retailers. Proposer notes that handmade POS can be successful in increasing sales. This has been a brand image challenge in Texas.</p>
2.3.3.8	Retailer Visit	91	<p>Retailer Visit Response DRs: 11 -12, 14-17 and 19-21</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot will use state of the art territory route planning software applications and adjust routes as retailers are added and removed Intralot will provide automated tracking and reporting system (Siebel CRM) to track LSR visits to retailers. Accepts all roles and responsibilities. The Proposer must describe its overall approach to Retailer visits and support. The Proposer must describe its plan for enhanced visits to Retailers that exceeds the minimum required visits for general support and sales activity and that emphasizes sales optimization among the Retailer base. The Proposer must provide an overview of the methodology and strategy that will be used to enhance sales. <ul style="list-style-type: none"> <u>Intralot will open new channels of communication and relationship opportunities between the lottery retailers and players. New communication channels = new channels of distribution. No further elaboration on this statement.</u> <u>Intralot has identified 5 service delivery categories for LSRs</u> <ol style="list-style-type: none"> <u>Retailer Recruiting-LSRs will recruit retailers in their territories. LSR will train new retailers that are brought on.</u> <u>Supply and Inventory Management—LSRs will work closely with the assigned CSR to optimize retailer inventory. LSRs will set price point and game style product lines for retailers. Supply and stock all pos, marketing materials and general supply materials, including trunk stock as needed. Baseline maintenance and cleaning of terminals.</u> <u>Sales, Marketing and Merchandising—LSRs will recommend POS and advertising placements to retailers. Emphasize retailer relationship building. LSRs will have the ability to negotiate for additional shelf, wall and footprint space within the store to expand lottery exposure. Will work with retailers on placements of play stations and Winstations. Updating marketing signage at</u>

<p>2.3.3.9</p>	<p>Monitor and manage LSR performance to ensure that all LSR visit standards are being met.</p>	<p>8.4.1</p>	<p>27</p>	<p>key points of sale and play stations. LSRs will optimize the instant product mix and ensure retailers have clean orderly attractive merchandising in displays and dispensers. Intralot will provide and LSRs will use best practice plan-o-grams. LSRs will develop in-store promotions to provide unique player experiences and trial in the retailer environment. LSRs will be charged with identifying lottery specific promotions on a store-by-store basis and cross promo opportunities with other products</p> <p>4. Terminal and Equipment Training—LSRs will provide training during conversion, during the installation of new equipment and ongoing training to new employees. Continual education on terminal functions reports and processes. This in addition to statewide retailer conversion training that will be provided.</p> <p>5. New Game, Procedure and Regulation Training—LSRs will educate retailers on new games. 2 weeks prior to game launches the LSR will train retailers on how to play, how to merchandise and promotions associated with new games. Will train retailers on procedures and regulation. Examples on p. 48</p> <p>General—Proposer emphasizes a standardized approach to retailer visits and service needs including focus on five key areas: recruiting, supply and inventory management, sales-merchandising and marketing, terminal and equipment training and new game procedure and regulation training. Proposer details a 2 week approach to sell-in for new game launches.</p> <p>Retailer Visit Response DRs: 18 and 22</p> <p>3. The Proposer must describe how it will monitor and manage LSR performance to ensure that all LSR visit standards are being met.</p> <ul style="list-style-type: none"> • <u>Daily maintenance of schedules and retailer visits will be managed by DSMs.</u> • <u>Intralot will use state of the art tech to schedule, route optimize, pass and collect information to and from retailers, including use of Donlen Telematics GSP systems on all LSR and FST vehicles, allowing real time route adjustments</u> • <u>LSRs will carry IPT units that connect to LOTOS and Siebel in real time. LSR visit data will be recorded in Siebel. IPT features printer, display, bar code—magnetic and smart card. Buttons and keys are minimized, the screen is touchscreen and operating concepts are software driven</u> • <u>All data inputted is time stamped. With GPS and Siebel system tracking Intralot can gauge length of visits and other critical information about LSR service. All visits will include supply inventory and ticket inventory verification</u> • <u>Intralot will exceed the lottery’s previously solid retailer satisfaction levels of the past. Surveys will be a key performance indicator.</u> • <u>Intralot will incentivize their leaders and retrain their laggards.</u> • <u>Continuing education will be provided to LSRs for new marketing ideas, sales and customer service, combined with product information</u> <p>General—Proposer highlights use of technology in its efforts to monitor and manage LSR performance. Tools mentioned were Donlen Telematics GPS tracking tool, IPT terminal allowing real time access to LOTOS and ability to record retailer visit data and state of the art schedule and route optimization tools. Proposer emphasizes surveys as a key tool in monitoring and assessing performance and indicates that it will reward top performers and train lagging performers.</p>
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2.3.3 .10	Enhanced schedule for Retailer visits that exceeds the minimum required visits for general support and sales activity that emphasizes sales optimization. Overview of the methodology and strategy that will be used to enhance sales.	8.4.1	37	<p>Retailer Visit Response DR: 13</p> <p>2. The Proposer must describe its overall approach to Retailer visits and support. The Proposer must describe its plan for enhanced visits to Retailers that exceeds the minimum required visits for general support and sales activity and that emphasizes sales optimization among the Retailer base. The Proposer must provide an overview of the methodology and strategy that will be used to enhance sales.</p> <ul style="list-style-type: none"> • <u>Enhanced Sales through Sales Strategies</u>—Intralot will increase revenue and profits through various sales strategies using its team of LSRs <ol style="list-style-type: none"> 1. New Game Activation Program—Stocking and displaying new games will be a top priority 2. Bins Filled Program—Ensuring right mix of games at right price points. LSRs will provide retailers with a top selling game analysis. Will discuss sales analysis and trends across the product line including peer area retailer analysis 3. Jackpot Alert Initiatives—Jackpot signs and materials will be kept in sync with proper jackpot amounts. Will stock needed supplies 4. <u>Top Selling Retailer Program</u>—Will visit top selling retailers on a weekly basis. <u>Pareto Principle (80/20 Rule).</u> (previous section noted that top 20 percent of retailers would receive these visits) 5. <u>Incremental Sales Initiative</u>—Linking the research team with the LSRs and District Offices. Will set quarterly targets for bottom 60% of retailer base. These locations would receive additional training, educational efforts, and staff and clerk development programs. Program results to be shared with the Lottery. 6. <u>Retailer Advertising Program</u>—Cross promotional opportunity effort. LSRs will seek to leverage retailer ad expenditures to include lottery mentions, etc. at no cost to the lottery. Also will seek product promotions for other products that could have lottery tie-ins. <p>General—Proposer emphasizes enhanced sales efforts in this section and will focus on fundamental areas such as keeping dispensers full, making new games available and jackpot alert messaging with some non-traditional strategies such as LSR efforts to negotiate lottery mentions in retailer paid advertising and focus on sales performance of bottom 60% of retailers. With regard to enhanced retailer visits, proposer commits to provide weekly visits to top 20% of the retail base.</p>
2.3.3 .11	LSR Ticket Retrieval, Transfers and Returns	8.4.2	73 36	<p>LSR Ticket Retrieval, Transfers and Returns Response DRs: 7-8</p> <p>1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.]</p> <ul style="list-style-type: none"> • Intralot acknowledges and accepts. • Intralot will manage the price points and games offered at each retailer to maximize sales • <u>LSRs/CSRs will coordinate to optimize initial distribution levels for each retailer ensuring proper stock until the next regularly scheduled daily order arrives</u>

			<ul style="list-style-type: none"> Overstocks will be recovered and transferred by LSR to other retailers IF IPT and Terminal are unavailable for return processing, LSR will perform manual return in accordance with Lottery procedures. Intralot will credit retailers for full activated books recovered and recover partial books of slower selling games to replace with faster selling games. Ticket returns will be shipped weekly using LoneStar Overnight to the warehouse. Intralot offers 988 ticket statuses for tracking purposes in other jurisdictions and can expand these as needed. (e.g. status for each rep sales vehicle), ensuring highly secure chain of custody <p>2. The Proposer shall describe how it will perform ticket retrieval, transfers and returns to optimize the inventory mix at retail locations in coordination with Retailer.</p> <ul style="list-style-type: none"> Three types of ticket returns that occur from retail (procedures detailed): <ol style="list-style-type: none"> Partial Pack Returns Full non-activated Pack Returns Full Activated Pack Returns— Intralot will fully document all procedural process related to return receipt of instant tickets and gaming supplies and place them under configuration control and store them in the CMDB. A list of processes to be documented is provided. <p>General—Proposer focuses here on procedures and control processes associated with pack returns. Some discussion is provided in the opening section that addresses how the proposer will move inventory between retailers to resolve overstocks and notes retrieval of slow moving games. Proposer also notes coordination of efforts between LSRs/CSRs to optimize inventory between scheduled deliveries.</p>
2.3.3.12	Retailer-to-Retailer pack transfers utilized to optimize inventory availability, which includes the methods for carrying out these transfers and the security and control measures that will be put in place and how system records will be maintained.	8.4.2	<p>LSR Ticket Retrieval, Transfers and Returns Response DRs: 9</p> <p>3. The Proposer must describe how Retailer-to-Retailer pack transfers will be utilized to optimize inventory availability. Proposers must describe the methods for carrying out these transfers and the security and control measures that will be put in place and how system records will be maintained.</p> <ul style="list-style-type: none"> Only full books of instant tickets will be transferred between retailers. LSRs using the IPT units will coordinate with CSRs to manage inventory levels at retail. Retail to retailer pack transfers will be used to manage under and over stock situations. IPT entry of transfers will occur in IGMS and will maintain all pack history data in real time. Discrepancy reports will be used and discrepancies resolved. These will be provided to the lottery. Instant ticket orders and shipment tracking will be provided to the lottery. Shipment information will also be available to retailers on the retailer web site <p>General—Proposer’s response meets the requirements of this section.</p>
2.3.3.12	Instant Ticket Game Close Process for handling Instant Ticket game close.	8.4.3	<p>Instant Ticket Game Close Response DRs: 4-5</p> <p>1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.]</p> <ul style="list-style-type: none"> Intralot indicates that, “LSR will pick up inventory from Retailers within 2 weeks after the closing date,

				<p>i.e. during their next scheduled visit or as required to ensure games are removed from retailer locations per Texas Lottery Procedures.” Note—this is inconsistent with the 45 day time frame related to the call (different from close date) date outlined in the RFP.</p> <p>2. The Proposer must describe its process for handling Instant Ticket Game close. Intralot’s notes that their game closure procedures exceed requirements outlined in Rider 14 of the GAA and the TLC Strategic Plan (2009 to 2013)</p> <ul style="list-style-type: none"> • <u>Communication strategies for game closures for retailers proposed:</u> <ol style="list-style-type: none"> 1. Publish Game Closing Schedules in the Retailer Guide on the TLC Web site 2. Notify retailers at Links Meetings 3. Publish closing dates in Retailer RoundUp 4. Use Terminal Messages 5. LSRs and CSRs will also address during their weekly calls/visits 6. Post information on retailer web site • Instant ticket return process— <ol style="list-style-type: none"> 1. <u>If not immediate closing, Intralot will move books to top selling retail locations 90 days prior to closing.</u> 2. <u>Within 2 weeks of closing will begin retrieval of full and partial packs of game</u> 3. Discussion of LSR transfer to district office 4. Discussion of special circumstances (manual returns and damaged tickets) 5. <u>District Office Processing—Note—Response notes, “games that need to be returned to the Central Warehouse for destruction will be separated from books that can be issued to retailers”</u> <p>General—Proposer details procedures for the game closure process. Proposer indicates that it will begin retrieving instant tickets within 2 weeks of game close date. RFP notes the 45 day timeline for ticket retrieval (call process). Proposer appears to not fully understand the call process and need to begin retrieval of tickets early in the retrieval period.</p>
2.3.3 .13	Retailer Contests and Retailer-based Player Promotions	8.5	91	<p>Retailer Contests and Retailer-based Player Promotions Response DRs: 19-21</p> <ol style="list-style-type: none"> 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> • Intralot did not acknowledge or accept the noted roles and responsibilities for this section of the RFP. The entire response was misnumbered in this section related to the response requirements. Number 1 is not noted or responded to, number 2 is listed as number 1 and number 3 is listed as number 2 2. The Proposer must describe how it will utilize Retailer and player contests and promotions to increase Instant and On-Line ticket sales. <ul style="list-style-type: none"> • Intralot will provide a broad range of promotional features and promotional opportunities. • Unique to Intralot is OnQ technology providing an exhaustive range of game configuration parameters and supports numerous promotional games. No software development is required. • Intralot believes that carefully crafted promotions particularly those done in conjunction with other sponsors could enhance revenue and create more winners • Could reach new or under-served markets (e.g. younger adults with hot new tech prizes: iPhones, BluRays, concert tickets, etc.

- Considerations and Goals for promotions are detailed on p. 62
- Two types of promotions: those based on a purchase and coupon promotions, those triggered by a coupon
- Several OnQ screens provided for reference related to functionality (similar information, but more detailed than earlier in the response-see other OnQ discussion notes also). Detailed demonstration of functionality.
- OnQ also offers promotion tracking and performance data, summary reports and information

Note—Bordered entries below are duplicated from the response provided related to OnQ from section 7.6.3 above. The information provided in this section covered the same information in these areas.

- Specific promotions offered on the system: Free Play (serialized coupon example), Cross Promotion (buy x get y), vouchers for drawing coupons, system supports bonus draw where the lottery draws more than one set of numbers for a single drawing, bonus payoff (red ball, green ball) payout level support, drawing events (vary the number of draws per game and/or the days of the drawings
- Selective Marketing—system can divide retailers into any groupings or categories that the lottery wishes for promotion selection. Promos can be run simultaneously in different portions of the state, including flexibility to support regional events (fairs, festivals, etc)
- Sampler tickets—multigame quick pick generation feature, with or without a premium
- System can also vary the commission rate by game
- Voucher promotions—generation of redeemable certificates with certain dollar values for merchandise, etc. Can be bar coded and tracked for total liability.
- Retailer clerk incentive promotion vouchers—drawings or vouchers. Retailer points can be accumulated and viewed at the retail location by the retailer
- Also offer Nth ticket promotions, raffle promotions, 2nd chanced drawings, promotional online games (predetermined start and end dates requiring no programming), gift certificate generation for players to give as gifts, multi-draw discount promotions

- Additional promotions are detailed on p. 85 and 86
- Pooling Plus product overview provided beginning on p.86. See earlier notes **offered option**
- Player Loyalty/Player Registration Program—Intralot will provide and support this web based system. This is part of Intralot's web based subscription system. Intralot will provide iPhone and smartphone applications to provide easy access to the player loyalty program. These apps will push winning numbers and subscription play results. Subscription system and player system are modules of LOTOS that can be "turned on" when the Lottery is ready.
- Intralot notes that any web-based system must include features capable of verifying that the player is over the age of 18 and that the computer transaction originated in Texas. P.90 Intralot also notes that PAM provides verification features such as: player's registration verification of residency, age or duplicate accounts, etc. on p. 104.
- Intralot Subscription Player Program will increase online sales, and do so at lower jackpot levels decreasing the "rollercoaster revenue effect". Additional relationship management features could be turned on after a big jackpot is won tactically.
- The subscription system is an added value add-on module to the LOTOS platform.
- LOTOS Club—enables the lottery to support and manage registered players and provide a number of services and privileges. Players can be issued member cards.
- Players can register their lucky numbers or quick picks, opt in for personalized messages, such as

<p>special offers and games, collect winnings from their electronic wallet</p> <ul style="list-style-type: none"> • System allows the lottery to evaluate player usage and reports to analyze several types of data • Players can use game calendar that shows the range of their subscription, how they will be paid options, etc. • Registration could be web based, call center assisted • Payment can be e-wallet money, bonus credits and free tickets, credit/debit card money and ETF transfer • Marketing Promotions that can be offered through the subscription system detailed on p. 92 along with reporting features for lottery use. Subscription features also listed • Sample system screens on p.94 and 95 • <u>Players can register at retail or over the internet, such as the lottery web site. Retail registration would be supported by Intralot through a Players Club Ambassador Program. Recommending promotions and merchandise to generate interest at high volume locations</u> • Paper forms can be scanned by the retailer on the <u>terminal.</u> • Internet registration can be done directly on the web site or by player request to an e-mail address that will send the form to be completed • Subscription system allows for exclusive games to be offered to subscription players only as a benefit. This is added value of the LOTOS system. • Player eWallet can hold money credits and bonus credits, etc. to be used by players. Wallet may be jointly owned by more than one player. • Players may also visit POS (retail) with the winning ticket and the registration card in order to transfer winnings from the ticket to his/her eWallet. This can also be done at the self service equipment. • Players can also directly deposit money to their account via a retailer, receipts are generated. Internet deposits via card transaction companies and is supported to enable money transfers from a bank account, prepaid card or credit card • Withdrawals can also be conducted from the eWallet at retail, by internet for deposit to their account • Message can be sent about winnings, results, bonus points earned and other information • Reminders will be sent to notify players that subscriptions are about to expire. This can be addresses by bank debit, credit card or at the retailer to fund subscription <p><u>Intralot Player Account Management System (PAM)</u></p> <ul style="list-style-type: none"> • Incorporates player eWallet management, payment provider management and interfaces to payment aggregators (bank, debit, credit). • <u>Players are assigned an eWallet upon registration</u> • PAM can define business rules, examples p.102 • System logs all actions by players or system operators p.103 • Discussion of PAM System Monitoring and Control (SMC) p.104 • Duplicate account handling p.105 • Games played over the Internet—Intralot notes that they are currently in the process of implementing Internet based entertainment games for New Hampshire and Idaho. Internet play game tickets are purchased at retailers and a receipt will print with a valid form of a web code. The player goes home and plays. • Same Scenario can be used with bonus points in a players club. Players can receive bonus points for
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<p>2.3.3 .14</p>	<p>Incentive programs for Retailers, which includes when such programs should be initiated and the benefits of such programs in maximizing revenue to the State from the sale of Texas Lottery Products.</p>	<p>8.5</p>	<p>45</p>	<p>purchases and play these on the internet to win or lose points which can be used for prizes at retail. Getting players to go to retail.</p> <ul style="list-style-type: none"> • <u>Overview of the Idaho VIP Club Initiative—Intralot and Idaho launched a VIP club with North American industry first player club points program. \$1 spent on certain games creates points on the club card that can be redeemed for prizes, such as iPods, watches, digital photo frames, etc. Idaho has also offered raffles and other promo rewards that allow points to be used for entries for trips, event tickets and other lottery products. Add costs are reduced through the use of e-mail blasts, RSS Feeds and Text messages to members. Members also get special offers, coupons, promotions and other benefits. Members also participate in market research projects. Currently, 65,000 members. Nearly 10,000 have used points to redeem for merchandise. Next step of the program is to create promotional tie-ins with retailers</u> • <u>Intralot has extensive experience in creating these types of systems for their customers worldwide.</u> • <u>Intralot creates effective and measurable retailer and player promotion programs for online and instant every day with great measurable results.</u> • <u>Will have a team that includes an instant and online product manager, promotions manager and five additional promotional staff</u> <p><u>General—Proposer did not respond to response requirement #1 of this section. Proposer’s OnQ promotion management application offers a simple easy to use interface for promotion building. System offers a wide range of promotions, including coupon/voucher features and variability of commission function. Proposer confirms the system’s ability to manage multiple promotions associated with one purchase. Proposer emphasizes its experience in operating player registration programs providing overview of the Idaho players club that it operates. Proposer’s web-based player registration and subscription offering presents robust features in support of the program. Proposer’s solution for mail order subscription submission can be supported at retail. Proposer provides little information related to the player-facing interface that would be used.</u></p> <p><u>Proposer did not specifically respond to the following detail requirements:</u></p> <p>RR 1 <u>Proposer did not respond to this response requirement</u></p> <p>DR 20 <u>Not mentioned in 8.5</u></p> <p>DRs: 17-18</p> <p>3. The Proposer must describe its incentive programs for Retailers, including when such programs should be initiated and the benefits of such programs in maximizing revenue to the State from sales of Texas Lottery Products.</p> <p><u>“The Texas Lottery’s retailer commission and cashing bonus program rewards retailers for selling and cashing lottery products.” This is not accurate, as Texas does not offer cashing bonuses.</u></p> <ul style="list-style-type: none"> • <u>LOTOS offers fully automated support for all financial transactions and reporting, including billing, EFT sweeps, commission and bonuses.</u> • <u>Intralot has worked with lotteries worldwide to build effective retailer sales growth incentive programs</u> • <u>LOTOS system is embedded with the Premium Points Program for retailers. System can generate form for clerks/retailers to enter special drawings or participate in other programs or promotions. The system is configurable for the sales time period. System design is similar to parameters for the OnQ promotion system. See p. 108 on</u> • <u>The system can also track and report accumulated rewards in points programs at store level, chain</u>
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					<p>level, etc</p> <ul style="list-style-type: none"> Promotion type examples are detailed on p.110 Intralot will provide an annual incentive program for retailers Intralot commits to deliver all retailer prizes associated with contest within 30 days and will have winner lists to the lottery in 5 working days. RMS Retailer Marketplace—allows retailers to market their products to lottery players (and non-players). The lottery adds a link to their existing web site connecting players to the marketplace. Retailers in the player's area will appear on login and they can click on the retailer's page that may feature special offers or printable coupons that players can redeem at the store. To help retailers with their web pages, RMS has developed a web-based software called AdBuilder. All content would be approved by the lottery and reviewed by Intralot. Intralot would create web pages for retailers that don't want to create their own. Noted as addressing retailer concerns that lottery might move away from them to pursue other distribution channels. P.114—Intralot notes that they will download retailer specific and lottery advertising to the terminals to display on store monitors at no additional cost. Intralot indicates that the content will be downloaded at low-volume periods and will not affect system performance. <p>General—Proposer provides detail on system functionality that supports the parameters of incentives for retailers. The system features the ability to track and awards points at the store and chain level or issue entry forms. Proposer notes that the system operates similar to the OnQ promotions system. Proposer notes they will provide an annual incentive program for retailers, but provides little detail in this section regarding its proposed programs and when they should be initiated or their benefits in maximizing revenue. RMS Retailer Marketplace, while representing value for retailers, is not an incentive related to sales and does not address the response requirement.</p> <p>Proposer did not specifically respond to the following detail requirements:</p> <p>RR 1 No response DR 18 Response does not include May 31 date</p>
	<p>Promotional Events and Retailer Promotions</p> <p>Promotional equipment and capabilities to support the Promotions Plan, which also includes approach to promotions and how the plan is developed.</p>	8.6	91		<p>Promotional Events Response DRs: 25 and 28-36</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot acknowledges accepts and will deliver on the roles and responsibilities and detail requirements. Intralot in responding to requirement #1, listed the current example promotional equipment items list outlined in detail requirement #34 and indicated that they will provide all ancillary promotional equipment including these items. The Proposer must provide a description of the promotional equipment and capabilities to support the

promotions plan and describe the Proposer's approach to promotions and how the plan will be developed.

- Intralot notes that retailers need to be proactive not reactive to be successful in this difficult economic environment.
- Intralot details the promotions teams pre and post event checklist including ROI analysis on p. 118
- Intralot notes that the same limited promotions (spin and win, nth ticket, 2nd chance, etc.) are always run and this is due to a lack of creative energy to design a promotions calendar. Intralot will change this by:
 1. Intralot indicates on p. 119 that they will have a 6 person in-state promotions dedicated solely to promo efforts of the TLC. (
 2. Forming a strategic partnership with MOSAK Advertising + Insights (demonstrated keen eye on promotional ROI)
 3. Third, MOSAK has created highly successful promotional campaigns for gaming companies across the country.
 4. The Intralot promotions staff along with Intralot marketing Professionals and joined by MOSAK to create, develop, implement and Measure the promotions that Intralot proposes.
- The days of a handful of LSR promotional events per district are gone. Selling the lottery is a full time "promotional operation".
- Confirm (p.119) commitment to provide all ancillary items necessary to conduct promotions
- Recommended promotional events calendar will be part of the annual plan. Plan will be detailed and specific emphasizing creating awareness and product trials
- Specific details of approach to building promotions detailed start at end of p. 119 continuing with plan details on p. 120
- Intralot will create additional promotions beyond the 70 to 80 that the lottery performs to include Spin and Win events, Ambassador promotions, 2nd Chance Drawings, Ask for the Sale, Customer Appreciation Events, that feature Lottery Cube (money machine concept) and Match and Win Game Board.

General—Proposer demonstrates solid commitment to promotional staffing. Proposer plans to bring in MOSAK to support the development of promotions. Proposer comments about approach to promotions and the type of analysis that will be brought to bear is particularly impressive. Some concern that creativity is emphasized, but no "new" creative examples were provided. Proposer notes that the same limited promotions (spin and win, nth ticket, 2nd chance, etc.) are always run and this is due to a lack of creative energy to design a promotions calendar. Would have liked for proposer to illustrate some examples of new thinking and creative ideas in this area.

4. The Proposer may offer an alternative approach and equipment for conducting promotional events and Retailer promotions in support of Lottery Products. The Texas Lottery reserves the sole right to select the

					<p>approach and equipment to be used for all promotional events.</p> <ul style="list-style-type: none"> • <u>Intralot discusses that the Player Advertising Displays (PADs) that will be deployed at retail would also be used for lottery promotion and contest messaging. They indicate that MOSAK would be responsible for developing this messaging for the PADs.</u> • <u>Intralot notes two other positions: Social Media and Interactive Media Coordinator as new important positions that will work with promotions team to develop promotions for these two mediums. Intralot believes this is an important approach for lotteries to manage their brand.</u> • <u>Intralot also notes the importance of engaging players using mobile technology. Intralot will create retailer tie-ins and corporate sponsorships of winning numbers.</u> • <u>Intralot goes on to state "we will present the Lottery with State-of-the art alternative approaches and equipment for conducting promotional events and Retailer promotions."</u> <p><u>General—Proposer's emphasis on social media/mobile technology emphasis is a solid concept and involves new promotional channels. Would have liked to have seen something specific highlighted as a new and innovative approach to physical events and/or retailer promotions. Proposer commitment of coordinator resources to support this area is a plus. Proposer did not respond to the following requirements as noted below:</u></p> <p>DR 29 <u>Not mentioned in 8.6, with the exception of general statement in RR 1</u> DR 36 <u>Not mentioned in 8.6, with the exception of general statement in RR 1</u></p>
<p>2.3.3 .16</p>	<p>Promotions program team to run the statewide Promotions Plan, which includes how the team will be coordinated and trained to maximize the benefits of the program.</p>	<p>8.6</p>	<p>32</p>		<p>Promotional Events Response DRs: 26-27</p> <p>3. The Proposer must identify the entire promotions program team whose full-time responsibility will be to develop and run the statewide promotions plan. Proposers must provide detailed resumes job descriptions for all the promotions team members outlining their experience conducting promotional activities. The Proposer must describe its use of full-time dedicated team members working on the program and must also identify any other staff who will assist with the promotions plan, describing how the team will be coordinated and trained to maximize the benefits of the program.</p> <ul style="list-style-type: none"> • • <p><u>Conflicts with the Sales and Marketing Org Chart illustrated on this page and throughout the response. There is no "Marketing Manager position listed on the org chart.</u></p> <p style="text-align: right;"><u>Note—Proposer sent a</u></p>

					<ul style="list-style-type: none"> revised organizational chart that removes the director of marketing position. Intralot will prepare a custom training and certification program for all promotions, marketing and sales staff members to support promotions including: customer service skills, OnQ system set-up and operation and TLC requirements and procedures. Promotions department employees will also receive quarterly enhanced training Intralot may also use "street teams" made up of other Intralot Texas employees, used as needed to supplement event staffing. All will be thoroughly trained and have to pass a proficiency test. Intralot will hire qualified staff giving first opportunity to existing promotions support staff of the current vendor Job Descriptions for the 3 positions detailed on p. 124 and 125 <p>General—As noted in the section above, proposer makes a solid commitment to promotions staffing with 6 full time staff members in support of the promotions program. Proposer's training plan description appears sound and demonstrates program commitment. Proposer intends to support promotions team with work of MOSAK. Job descriptions are acceptable, no noted concerns. Continuing disconnect throughout proposer's response regarding job titles, lack of clarity regarding the reporting structure of the Sales and Marketing organization both in the written responses and provided org charts. Proposer submitted a new organizational structure in response to the clarification letter.</p>
	<p>Marketing Materials and Related Equipment</p> <p>Marketing materials and related equipment used to support sales and marketing activities for all Lottery Products.</p>	8.7	91		<p>Marketing Materials and Related Equipment Response DRs: 4 5-8</p> <p>4. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.]</p> <ul style="list-style-type: none"> Intralot acknowledges, accepts and will provide. Intralot's Marketing Manager, working with the Director of Sales will be responsible for conducting a quarterly inventory and condition summary of all marketing materials and related equipment. Note—Marketing Manager position does not appear on all provided org charts. Proposer sent revised org chart in response to clarification letter presenting a new organizational structure without a Marketing Manager/Director. <p>5. The Proposer must provide an overview of the marketing materials and related equipment that will be used to support sales and marketing activities for all Lottery Products.</p> <ul style="list-style-type: none"> Playstations—Four playstations offered: Tradition current model, news stand version, Arkansas model

2.3.3 .18	Remote wired and wireless signage that is connected to the Retailer Terminals.	8.7	32	<p>(with vertical or horizontal playslip positioning, or a new version that allows side mounting of ticket checker and an LCD monitor built in.</p> <ul style="list-style-type: none"> Instant Ticket Dispensers—Intralot believes in 1:1 ratio of games to dispenser slots. Intralot recommends Schafer Systems ticket dispensers, consistent with current dispensers in Texas. Dispenser choices will be submitted for approval to TLC during conversion. Recommend the Schafer 6" Modular Minis due to their flexibility and snap together features, security, excellent product exposure and small footprint. Intralot notes that all retailers are different and as with playstations, retailers have different requirements. Intralot will recommend other types of dispensers units that might make better sense. Intralot has found that on-counter placement of dispensers is most effective to generating sales. Intralot will also provide unique dispensers that are used to market and sell specialized lottery products such as a spotlight game, suite of games, etc. Intralot will supply a neon lottery sign with attached LED starlight for each retailer during the contract. Scrolling message is programmable and can be updated via wire/wireless communication from the terminal/gaming system. Intralot also proposes jackpot signage made by Carmanah. Split Powerball/MegaMillions sign is depicted. Intralot strongly suggests investing for the future through signage. The signs are warranted for a period of three years, parts and labor. Proposer clarified that Carmanah signs are included in the base price in letter response P. 132 Player Advertising Display (PAD) units—This section notes that they will be powered by content on the hard drive of the two offered terminals, microlot (40GB) and Photon (160GB). This conflicts with section 7.12 (also conflict on p. 136) where it is indicated that the microlot terminals has an 80GB hard drive. Proposer clarified that the MicroLot+ has an 80GB hard drive in response to clarification letter. Units will be 17" LCD flat panel displays. Information on PAD provided here is same as in the earlier section p.133 and 134. Example of partitioned monitor messaging provided on p.134 and 135. <p>General—Proposer offers a wide selection of playstation types and demonstrates willingness to meet retailer needs in offering different instant ticket dispensers than the primary model proposed. PAD displays are 17". In addition to required signage, proposer has included Carmanah jackpot signage in its base offering.</p> <p>Marketing Materials and Related Equipment Response</p> <p>DR: 4</p> <p>3. The Proposer must describe its capability to update signage within the Retailer environment via wired/wireless communication with the Retailer Sales Terminal/Lottery Gaming System.</p> <p><u>Intralot notes that they have provided a detailed response related to their terminal messaging capabilities in section 7.11 including streaming video and downloaded content transmitted to PADs.</u></p> <ul style="list-style-type: none"> Intralot notes that similarly the terminal can receive, store and transmit messaging communications to other device such as the signage noted in the section to update messaging and that this can be conducted either wired or wirelessly. In this section, the microlot terminal is said to have 80GB hard drive. Proposer confirmed this in response to clarification letter. Content can also be loaded at the retail location using memory sticks. Signage provided by Intralot will be configured with a wireless receiver that accepts messages from the online terminal. Communications between the terminal transmitter and the signage receiver are encrypted. The transmitter can update multiple signage units in a location also. <p>General—Proposer acknowledges ability to conduct wired or wireless messaging transmission to signage via</p>
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				<p>the retail sales terminal. Proposer notes that it will use wireless solutions that use encrypted communications. Proposer also notes that multiple signage units can be updated by the terminal.</p>
	<p>Research and Lottery Product Development</p>	<p>109</p>		
<p>2.3.3 .19</p>	<p>Research and development process for new games and new game introductions, which includes the research methods utilized to develop, gather, analyze and report data.</p>	<p>8.8</p>	<p>43</p>	<p>Research and Game Development Response DRs: 7-8, 10-12, 14</p> <ol style="list-style-type: none"> 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> • Intralot acknowledges accepts and will delivery. • Intralot lists all roles, responsibilities and detail requirements from this section on p.137 and 138, including those that are the TLCs responsibility and indicates that they will perform these functions. 2. The Proposer must provide an overview of its research and development process for new games and new game introductions. This must include an overview of all the variety of research methods utilized to develop, gather, analyze and report data. <ul style="list-style-type: none"> • Intralot will quickly gain extensive knowledge of Texas lottery retailers, players and potential players. Players buy what they want and retailers don't sell things they don't understand or that complicate their job. • <u>Intralot will find and provide the best available concepts from around the nation and the world.</u> • <u>Intralot has an extensive on-line game library.</u> • <u>Intralot's Game Development Group is composed of developers, marketing staff, operations managers, ex-Lottery Directors, retired lottery marketing executives and several former lottery products managers. The Texas Lottery would add to this group.</u> • <u>Intralot will develop products and promotions that fit with existing product mix, grow sales and do not cannibalize existing products.</u> • <u>Intralot has recently begun testing several potential new game concepts with players in several jurisdictions through web based surveys (3000 players in last few months)</u> • <u>Game Development process detailed in chart on p.139</u> • <u>Intralot's Spectrum Game Library features more than 400 games, making it the most modern and extensive library in the market.</u> • <u>OnQ offers an exhaustive range of available game configuration parameters and the simplicity of online, real time parameterization.</u> • <u>Intralot's game library can be subdivided into game types and categories with various functionality detailed on p.140-142</u> • <u>Intralot acknowledges importance of market research and game development to TLC and the agency's contract with Ipsos-Reid.</u> • <u>One research methodology that Intralot will employ is Game Optimizer. A program developed by ILR and provided by Leo Shapiro and Associates (LSJ), one of the nation's premier marketing research companies.</u> • <u>Game Optimizer goes beyond traditional qualitative focus group research. It provides quantifiable estimates of which games are most likely to be successful with which segments of consumers and how they will actually perform with other games.</u> • <u>Intralot recommends conducting a study with robust quantitative sample of adults via online</u>

2.3.3 .20	Methods utilized to obtain and use geographic and psychographic information for making business recommendation to the Texas Lottery.	8.8	22		<p>research techniques like <u>Game Optimizer</u>.</p> <ul style="list-style-type: none"> • Discussion of the benefits of online survey process on p.143. Also an example of a research design is provided including discussion of discrete choice analysis using MaxDiff. • Intralot will also employ the PreVu research testing methodology employed by Crestwood Associates. Background on Crestwood provided. • PreVu is designed to capture the real world experience of game buying decisions that reliably capture the reaction and ascertain the reasons why. Further discussion on p.144 and 145 <p>General—Proposer notes its spectrum game library of over 400 games related to this requirement. Proposer acknowledges the importance of market research and notes that it partners with ILR to apply its Game Optimizer research technique detailed above and Crestwood Associates research tool, PreVu. Proposer discussion of research and development process was straightforward. Proposer provided limited information regarding its internal game development process in response to this requirement.</p> <p>Research and Game Development Response DRs: 9</p> <p>3. The Proposer must describe the methods that will be utilized to obtain and use geographic and psychographic information for making business recommendations to the Texas Lottery.</p> <ul style="list-style-type: none"> • <u>Intralot is offering geo-demographic/psychographic application provided by Nielsen Claritas (NC). NC is the nation's leading provider of syndicated surveys and databases of consumer behavior.</u> • <u>Intralot and NC will work with the lottery and provide a range of core geographic and psychographic research initiatives (more on p.146):</u> <ol style="list-style-type: none"> 1. <u>Segmentation and targeting</u> 2. <u>Media Mix</u> 3. <u>Distribution Strategy and Execution</u> 4. <u>Building Retailer Relationships</u> • Intralot will provide the lottery with the latest version of a graphics program that can provide sales analysis, etc. • <u>NC solution for Understanding Your Customers delivers a holistic picture that leads to new players and solid loyalty.</u> <ol style="list-style-type: none"> 1. <u>A Demographic Analysis Suite (p.147)</u> 2. <u>Consumer Point (p.148)</u> 3. <u>Distribution Strategy and Execution—Prime Location (p.148)</u> 4. <u>Sales Territory Realignment (p. 149)</u> • <u>Intralot proposes to conduct NC Primary Research on all TLC games existing and proposed.</u> <p>General—Proposer will provide geo-demographic and psychographic data through the services of NielsenClaritas. Proposer provides an overview of a range of tools through NC's Understanding Your Customer tool in support of this requirement.</p> <p>Research and Game Development Response DRs: None</p> <p>4. The Proposer must identify the research and development staff whose full-time responsibilities are to</p>
2.3.3 .21	Research and development staff to conduct research on new selling opportunities and new marketing strategies.	8.8	22		

conduct research on new selling opportunities and new marketing strategies. Proposers must also identify any staff who may assist with these activities, but will not be assigned to the Texas Lottery account on a full-time basis.

- Intralot notes that it will use the same marketing and research staff as described in section 8.3. They note that the information is repeated in this section. **same notes from section 8.3 are replicated below for convenience of review. Note the page references below will not properly matched to this section.

Note—The text in the CMO section in 8.8 is slightly different in the CMO paragraph. It indicates that the CMO will report to the Texas GM and the Corporate Vice President of Marketing. Proposer clarified in letter response that the CMO would be fully dedicated to Texas.

- Position confusion. Bottom of p. 19 indicates. “

Proposer provided a different organizational structure chart in response to the clarification letter. However, it does not detail the reporting structure for many of the noted positions.
Other Key Positions Identified:

			<p>next 5 to 10 years</p> <ul style="list-style-type: none"> • <p>General—Proposer notes Chitra Thanksawamy, Research Director in the org chart on p. 150 with NuStat, Crestwood Associates and Independent Lottery Research as reporting research firms. This relationship and details of Ms. Thanksawamy's role are not discussed further in the section (NuStat is referenced later). Proposer duplicated the marketing organization overview response in the remainder of the section. The response lacks sufficient detail to build a picture of the core research team and the other marketing positions that support them in this area of the response.</p>
<p>2.3.3 .22</p>	<p>Research and/or data analyst staff to respond to special reporting requests, develop / respond to requests for specialized sales analysis, etc.</p>	<p>8.8</p>	<p>Research and Game Development Response DRs: 13</p> <p>5. The Proposer must identify the research and/or data analyst staff whose full-time responsibilities are to respond to special reporting requests, develop / respond to requests for specialized sales analysis, etc. Proposers must also identify any staff who may assist with these requirements, but will not be assigned to the Texas Lottery account on a full-time basis.</p> <ul style="list-style-type: none"> • 4 staff will be dedicated to research. <u>Chitra Thanksawamy, Research Director, Research Analyst I, RA II and a Geo-Demographic Analyst (GIS)</u> • Research Director reports directly to the CMO supporting the entire sales and marketing team • <u>Research Director is the liaison to all outside research groups used by Intralot. Crestwood, ILR, Nielsen Claritas, NuStats and PivotPoint Strategies.. This person also supports the Intralot Texas finance team.</u> • <u>Ms. Thanksawamy previously worked for Oberthur and is a Senior Research Analyst for Dell currently. UT graduate with masters in Advertising.</u> • Research analysts are responsible for designing and administering various market research functions that support sales, product development as well as strategic planning. Responsible for

			<p>creating and monitoring sales optimization and incentive plans to be used by the Sales Director and the LSRs</p> <ul style="list-style-type: none"> • Geo-Demographic Analyst—responsible for coordinating and executing research efforts as detailed through Intralot's partnership with Nielsen Claritas. • Intralot will also provide corporate support to the TLC through corporate HQ in Georgia and world HQ in Greece. It is expected that these individuals will be called in to consult with the lottery on a host of marketing/marketing research issues. • Intralot notes (p.158) that additional support has been identified in Table 101, response requirement #2 under our research and development process. Including the expertise of [REDACTED] discussed in the response to requirement #4 of this section. • Table p.159 details the Intralot departments and groups positioned to assist TLC and Intralot Texas in all facets of marketing and market research. <p>General—Proposer's response here clearly defined the structure and roles of the proposed staff. Proposer's response was specific to the role of the Texas research department, the functions that would be performed and how it would be supported by external vendor services. General response was provided with regard to corporate support staff, no specific corporate staff members were identified.</p>
<p>2.3.4</p>	<p>WAREHOUSE AND DISTRIBUTION SERVICES</p>	<p>520</p>	
		<p>114</p>	
<p>2.3.4.1</p>	<p>Automation for managing, fulfilling, and storing instant ticket orders.</p>	<p>9.2</p>	<p>Overview 9.1—Intralot understands, acknowledges and agrees to comply</p> <p>9.2 New Instant Ticket Delivery and Storage Response</p> <p>Introduction--- DRs: None</p> <p>4. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.</p> <ul style="list-style-type: none"> • Intralot will utilize automated IntraSell Ticket Order Sorting System and their Lonestar and UPS distribution partner's GPS based package tracking system to their LSR Siebel Customer Relationship Management System (CRM) and logistical best practices to enable delivery of warehouse and distribution service levels never seen before by TLC. • Ever increasing service levels will be provided via the technical magic of the vast information reserves of the LOTOS systems Instant Game Management System (IGMS) oracle database. • Intralot's technical solution is the most secure in the industry using bar coding for everything including rack positions for instant ticket pallets. • LOTOS Security features has never been breached. • Texas will be Intralot's flagship project and they are totally committed to driving tremendous annual growth in Instant and Online ticket sales. • Intralot's proposed General Manager and Warehouse and Distribution Manager have extensive knowledge of best practice warehouse and distribution operations. • Intralot indicates that they have retained 150,000 SQFT of warehouse space in Austin at 201 W Howard Lane. Located minutes away from major overnight courier hubs in Austin.

2.3.4 .2	Staging and distribution plan for simultaneous Instant Ticket game sales launches.	9.2	34	<ul style="list-style-type: none"> • <u>Intralot has the capacity, approach, methods, and specific processes in place and will exceed the requirements of table 102 Roles and Responsibilities.</u> • <u>The Proposer must describe the level of automation to be used in managing, fulfilling, and storing Instant Ticket orders.</u> • <u>This is a highly automated process with IGMS IntraSell, the instant ticket telemarketing application including provisions for auto order, reorder, and telemarketing predictive order all combined with automatic order sorting machinery.</u> • <u>Lone Star Overnight of Austin will be the carrier.</u> • <u>CSRs will be primary method of ticket order placement contacting retailers every 2 weeks.</u> • <u>Working closely with LSRs to shape ordering for each retailer.</u> • <u>CSRs and LSRs will have an array of tools at their fingertips—instant/online 2 week sales avg, predictive ordering algorithm, average weekly packs sold, inventory on hand, inventory in transit, inventory returned and more.</u> • <u>CSR calls will average 3 minutes</u> • <u>Note—this is in conflict with other hours/commitments noted in the response. Proposer clarified that these were the correct hours in response letter.</u> • • • <u>P.8 Intralot distribution experts use hand held wireless scanners to inventory new shipments, inventory the warehouse, assign pallets to a bar coded grid, pull pallets for pick and pack, receive and change status of partial and full pack returns.</u> <p>General—Proposer uses significant automation across many areas of its instant ticket order management process beginning with its IGMS IntraSell predictive order system. Proposer uses an automated sorter for order picking noting that all orders for tickets received will be packed and shipped the same day for delivery the following day. Proposer notes that automated conveyors carry picked orders to packers who identify the order by scanning one pack from the order. All packaging materials are system generated.</p> <p>New Instant Ticket Delivery and Storage Response</p> <p>DRs: 11-12</p> <ul style="list-style-type: none"> • <u>The Proposer must describe the proposed staging and distribution plan for simultaneous Instant Ticket game sales launches.</u> • <u>Game load files are received from the Instant Ticket Manufacturers and loaded in IGMS. This can be for one or multiple games. There is no limit on the number of games that can be loaded for an instant ticket initial launch event.</u> • <u>These orders are packed and staged separately in the warehouse from the daily orders until it is time to ship. Intralot uses distinctive colored packaging bags and packing decals for boxes to</u>
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2.3.4 .3	Warehousing and distribution methodology and staffing plan, which includes any automated functions.	9.2	34	<p>identify new shipments.</p> <p>General—Proposer notes the efficiency and processing speed of its autosorter and notes ability of the system to handle packing of multiple instant games. Proposer addresses segregating and colored packaging for initial order staging.</p> <p>New Instant Ticket Delivery and Storage Response DRs: 10-11 and 13-16</p> <p>7. The Proposer must describe in detail its warehousing and distribution methodology and staffing plan, including any automated functions.</p> <ul style="list-style-type: none"> • <u>Intralot will use multi-tiered pallet racking. Each pallet position will be assigned a unique bar code. Pallets are stored by game number. Full pallets will be moved from the racking to staging in serial number sequential order from low to high. Racks will be filled in the same order.</u> • <u>Each delivery will be inventoried upon receipt and prior to placement in racking.</u> • <u>Warehouse will have the following features:</u> • Separate storage for consumables and packing supplies. Safe spacing between racks for material handling equipment. Climate controls to accommodate industry specs for thermal paper and instant tickets. Numerous loading docks to accommodate the volume of the warehouse. • Uninterruptible Power System (UPS) and automated fuel power generator for mission critical essential equipment with sufficient fuel to last 48 hours...Sentence stops here and is not completed. Also, a graphic foldout of the warehouse is referenced as being at the end of the section, but one is not included. (p.10) • A large MUSL compliant caged area will be located in the central warehouse to store six month supply of roll stock with a separate adjoined return ticket processing and staging area. Another caged area will be provided for discontinued games or other material pending destruction. • Warehouse will feature state of the art surveillance. Live views will be streamed to security staff and Intralot operations 24/7. Security plan and design will be present to lottery for approval. • New ticket arrival process detailed on p.13 and 14. • <u>Staffing plan—Org Chart for Distribution Services (Total FTEs 49 to 73)</u> <ol style="list-style-type: none"> 1. Telemarketing Services—1 Manager, 2 Supervisors, 18 to 28 Sales Reps. Manager direct reports to Distribution Services Director (21 to 31 FTEs) 2. Distribution Operations (Warehouse)-1 Distribution Operations Manager reports to Distribution Services Director--3 Departments (27 to 41 FTEs) <ul style="list-style-type: none"> • Supply Inventory—1 Supervisor, 2 to 3 inventory clerks (3 to 4 FTEs) • Packing and Shipping—1 Supervisor, 1 Sorter Operations Lead, 12 to 20 Packing assistants, 1 Conventional Pick and Pack lead, 5 to 10 Packing Assistants (20 to 33 FTEs) • Receiving—1 Supervisor, 1 Receiving Clerk, 1 Returns Clerk and 1 Package Tracking Clerk (4 FTEs)
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	<p>Instant Ticket Delivery</p> <p>2.3.4.4 Plan for processing and shipping all ticket orders, including on weekends, holidays, and other times based on ticket ordering activity, delivery to Retailers in geographically remote areas, and under special circumstances as required by the Texas Lottery.</p>	<p>104</p> <p>36</p> <p>9.3</p>	<p>Instant Ticket Delivery Response— DRs: 6-8</p> <p>They are discussed on P.16 to 20. LSO has damage rates of about 1/30 of the industry average. References provided.</p> <p>1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.]</p> <ul style="list-style-type: none"> <u>Intralot notes that they will exceed the requirements of the RFP for Instant Ticket Delivery. Specifically, Intralot processes all orders received by 4:30 p.m. for shipment the next day.</u> <u>Intralot confirms that sans state holidays, they will meet 36 hour delivery on M-Th orders and 72 hours for Friday orders as required in the RFP.</u> <p>2. The Proposer must describe its plan for processing and shipping ticket orders on weekends, holidays, and other times based on ticket ordering activity and under special circumstances as required by the Texas Lottery.</p> <ul style="list-style-type: none"> <u>Intralot will set their holidays around the holidays observed by the TLC.</u> <u>Intralot will “work ahead” in advance of holidays. CSRs will place retailer instant ticket orders to maintain inventory during holidays.</u> <u>Intralot is prepared to ship orders on weekends and holidays, should the requirement arise.</u> <u>Deliveries will be accomplished by: Contract carrier, FSTs and LSR network, hybrid courier/Intralot network distribution, or other means (other carriers, UPS, FedEx)</u> <p>4.. The Proposer must describe its proposed ticket order delivery plan for Retailers in geographically remote areas.</p> <ul style="list-style-type: none"> <u>Intralot notes that with the exception of a few holidays taken by their contracted carrier they will be able to meet the weekday 36 hour and weekend 72 hour delivery requirement.</u> <u>If Intralot’s courier cannot meet these time frames alternative delivery means noted earlier (Intralot staff or other carriers will be used)</u> <p>General—Propose will provide warehouse shipping support as needed noting that they will work ahead in</p>

2.3.4.5	Process (including security features) to be used to document the delivery of tickets and obtaining proof of signed delivery receipts from individual Retailers.	9.3	22	<p>preparation for holidays with CSR support to place appropriate orders in anticipation of holidays. Proposer will work weekends and holidays as needed. Proposer's qualifies their ability to meet delivery requirements based on their carrier's holiday schedule in response to the geographically remote area delivery requirement noting that they would pursue the use of FSTs, LSRs, other shippers or a combination to meet requirements.</p> <p>Instant Ticket Delivery Response DRs: 10-11</p> <p>3. The Proposer must describe the process (including security features) to be used to document the delivery of tickets and obtain proof of signed delivery receipts from individual Retailers.</p> <ul style="list-style-type: none"> Intralot uses LSOs and UPSs package tracking and delivery technology to document signed confirmation of order delivery. Confirmations are loaded by drivers from handheld receivers upon return to their HUB. Information is available to Lottery and Intralot via internet. Tickets delivered by Intralot personnel will be recorded in IGMS with a signed receipt by the recipient. <p>General—Proposer relies primarily on shipper's delivery tracking system for verification of deliveries. Proposer will obtain signed documentation recorded in its IGMS system to record its own deliveries.</p>
2.3.4.6	Procedures and materials used to package Instant Tickets for delivery to Retailers, which includes the process used to prevent Instant Ticket Manufacturer omitted packs or other defective packs from being shipped to Retailers.	9.3	10	<p>Instant Ticket Delivery Response DRs: 9 and 12</p> <p>4. The Proposer must describe the procedures and materials that will be used to package Instant Tickets for delivery to Retailers.</p> <ul style="list-style-type: none"> Intralot uses rugged tamperproof Tyvek envelopes and corrugated boxes for shipping. Tyvek envelopes used are custom designed for lottery products and used in over 20 states. Intralot will use boxes for heavier order. They also note that they will split orders to ensure that packaging is not too heavy. Attempts to open sealed packaging are evident to retailer, shipper and Intralot staff Labels will conform to shipper requirements Pack process from autosorter allows one book to be scanned to create shipping label and manifest for <p>6.. The Proposer must describe the process that will be used to prevent Instant Ticket Manufacturer omitted packs or other defective packs from being shipped to Retailers.</p> <ul style="list-style-type: none"> Training and quality checks will be used to ensure quality of orders packed including quality checks through order inspection Staff are trained to look for inappropriately wrapped tickets, miscuts and other visible flaws <p>General—Proposer describes the materials process for packing orders. Proposer notes the automated system generation of packing/shipping labels. Proposer details how its processing system will not allow vendor omit packs to be added to orders and that staff are trained to visually inspecting packs for flaws. Proposer did not specifically address the following requirement:</p>

2.3.4.7	Methods, procedures, hardware and software used to monitor inventory and ensure optimum inventory levels are maintained at each Retailer location.	9.3	36	<p>DR 12 Not mentioned in 9.3, with the exception of general statement in RR 1</p> <p>Instant Ticket Delivery Response DRs: None</p> <p>7. The Proposer must describe the methods, procedures, hardware and software to be used to monitor Instant Ticket inventory and ensure that optimum inventory levels are maintained at each Retailer location.</p> <ul style="list-style-type: none"> • <u>IntraSell application predicts retailer inventory needs, tracks warehouse inventory and provides reports to optimize inventory.</u> • <u>IntraSell establish and controls optimum high/low inventory levels for each retailer.</u> • <u>CSRs and LSRs will fine tune inventory biweekly or other frequencies set by the lottery.</u> • <u>IGMS automatically calculates an optimum instant ticket order quantity for each game price point based on inventory information</u> • <u>CSRs will have an array of tools in evaluating retailer inventory. Online/instant 2 week sales avg, predictive ordering algorithms, avg weekly packs sold, inventory on hand, in transit, returned and more</u> • <u>AD Hoc Call List—IGMS can generate a list of best selling games, particular level of retailer sales and low inventory retailers to stock retailers before peak sales weekends, holidays. Minimizing out of stock</u> • <u>Intralot's proactive approach in this area separates them from competitors in ability to grow sales. Ohio set single highest sales day ever and highest monthly sales in March and April ever during Intralot's transition year.</u> • <p>General—Proposer will use an array of tools to create optimum inventory levels, including its IntraSell (demo at OH site visit) predictive ordering application, several calculation tools available to CSRs in support of ordering activities and IPT units for LSRs to allow for ticket ordering, inventory adjustments and returns.</p>
2.3.4.8	Warehouse Instant Ticket Return Verification	9.3.1	52	<p>Warehouse Instant Ticket Return Verification Response DRs: 7, 9 -11 and 16</p> <ol style="list-style-type: none"> 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> • Intralot indicates that they will meet and in many cases exceed the requirements 2. The Proposer must describe the process and procedure (including security features) that will be used to document and store partial packs of Instant Tickets returned from Retailers and the tracking system that will be used to follow the packs returned to the warehouse. <ul style="list-style-type: none"> • Intralot will periodically pick up partial packs of stagnant and unsold tickets from retailers, issue credits and order new better selling games. • Intralot will also pick them up during COOs, sales of business and other circumstances. • <u>These transactions can be completed by IPT or the retailer terminal</u>

				<ul style="list-style-type: none"> All transactions are processed in IGMS. LSR then transfers partials to the regional warehouse where they are tracked in a new status indicating location. Packs are consolidated and shipped weekly to the Austin warehouse. Packs are verified and scanned and changed status to returned at warehouse Credits are issued to retailers after confirmation of receipt by LSR in accordance with lottery direction. <p>General—Proposer provides an overview of the procedural process for collection and return of partial packs of instant tickets returned from retailers and the tracking system used to monitor their return. Proposer does not address documentation and storage of partial pack inventory in this section. Proposer does not segregate storage of partial packs in its destruction response on p.31 of section 9.4. Proposer did not specifically respond to the following detail requirements:</p> <p>DR 9 Not mentioned in 9.3.1, with the exception of general statement in RR 1 DR 10 Not mentioned in 9.3.1, with the exception of general statement in RR 1 DR 11 Not mentioned in 9.3.1, with the exception of general statement in RR 1 DR 16 Not mentioned in 9.3.1, with the exception of general statement in RR 1</p> <p>Warehouse Instant Ticket Return Verification Response DRs: 8 and 12 -15</p> <p>3. The Proposer must describe the procedures for locating Instant Tickets that are in a "Hold," "Lost Warehouse," "Lost Retailer," or "In Transit" status longer than the permitted time limit.</p> <ul style="list-style-type: none"> No tickets have been unaccounted for or LOST in the performance of Intralot's Ohio Distribution Services Contract IGMS will provide reports showing packs in these statuses for more than 60 days to the lottery and Intralot. Practically, Intralot would begin investigating in transit packs not confirmed as received within 5 days and immediately investigate any ticket that implies that its location is unknown. Lottery will be immediately notified of missing ticket incidents should they occur. Description provided of search process for lost, missing statuses detailed on p. 27 and 28 <p>General—Proposer notes that they have no packs unaccounted for or lost in the performance of warehouse distribution services in OH. Proposer provides an overview of the search procedures that they would utilize for missing packs. Proposer notes that they would proactively address any packs in a status for more than 5 days that indicate that the status is "unknown." Proposer did not specifically respond to the following detail requirements: DR 12 Not mentioned in 9.3.1, with the exception of general statement in RR 1 DR 13 Not mentioned in 9.3.1, with the exception of general statement in RR 1 DR 14 Not mentioned in 9.3.1, with the exception of general statement in RR 1 DR 15 Not mentioned in 9.3.1, with the exception of general statement in RR 1</p>
2.3.4.10	Stolen and Damaged Instant Ticket Reporting	52		
	Damaged or stolen tickets processing.	9.3.2	52	Stolen and Damaged Instant Ticket Reporting Response DRs: 5-6

			<p>1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.]</p> <ul style="list-style-type: none"> • Intralot acknowledges accepts and will deliver <p>2. The Proposer must describe how damaged and stolen tickets will be processed.</p> <ul style="list-style-type: none"> • Intralot will take reports 24 X 7 X 365. • Damaged tickets will be reported to lottery security • Courier damage will be reported to Intralot and the damaged tickets returned to the warehouse. • Courier will electronically report damaged orders on a daily basis. Returns clerk will notify retailer and place a replacement order. • Damaged tickets that reach retail or are damaged at retail are returned using the same process noted above for partial pack returns. Damaged tickets will be provided to lottery warehouse staff for evaluation and secured for destruction • Pack status options (988) in IGMS allows for comprehensive chain of custody • Lottery security will be notified of stolen ticket reports • Call center staff take in stolen ticket reports and mark packs and ranges of tickets as stolen. CSR review the stolen ticket reports the following day and make determinations about immediate replenishment of stolen inventory. Reports are also provided to the lottery. <p>General—Proposer notes damaged packs returned from retail will follow its partial pack return process addressed in another section. This process included processing of tickets via the LSRs IPT units for inventory tracking. Proposer notes that damaged tickets will be provided to Lottery warehouse staff for evaluation. Proposer details the stolen ticket reporting process via call center staff, available 24X7. Proposer notes that CSRs will be informed of all damaged and stolen ticket inventory reports to ensure that proper inventory orders are placed for retailers.</p>
	<p>Ticket and On-Line Ticket Stock Destruction</p>	<p>42</p>	<p>Instant Ticket and On-Line Ticket Stock Destruction Response</p> <p>DRs: 5-7</p> <ol style="list-style-type: none"> 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] • Intralot acknowledges accepts and will deliver 2. The Proposer must describe the process and/or procedures to ensure the destruction of Instant Tickets, On-Line Ticket stock and other materials will be performed only with permission of the Texas Lottery and under the direct supervision of Texas Lottery personnel. • Instant tickets designated for destruction will be staged in a secure area until scheduled destruction. Pallets will be clearly marked and have copies of required document with pallet contents and reports from IGMS. • These reports will be presented to the Lottery for approval • Upon approval, Intralot will shred either using an in house industrial shredder or a commercial off site shredding service. Intralot will implement the method preferred by the lottery. • Offsite shredding will only occur after signoff on destruction documentation by Intralot Warehouse manager and authorized lottery personnel 3. The Proposer must describe its process for the destruction of Instant Tickets, On-Line Ticket stock and/or other materials.
<p>2.3.4 .11</p>	<p>Security process and/or procedures for the destruction of tickets, On-Line Ticket stock and other materials.</p>	<p>9.4</p>	

					<p><u>promotional item inventories and locations can be verified in real time in the IGMS premium inventory system.</u></p> <p>General—Proposer notes they will apply the same inventory tracking processes for POS and promotional item inventory applied to instant tickets. Proposer notes the ability to track these items in real time via IGMS application.</p>
					<p>Promotional Merchandise Inventory</p> <p>52</p> <p>Process for handling an ongoing inventory of Texas Lottery promotional merchandise.</p> <p>9.6</p> <p>Promotional Merchandise Inventory Response</p> <p>DRs: 3-5</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot will meet and in many cases exceed the requirements The Proposer must describe the process for handling incoming and ongoing inventory of all Texas Lottery promotional merchandise. <ul style="list-style-type: none"> Inventory will be inspected upon receipt and the lottery will be notified of any abnormalities. Inventory will be entered in the Premium Inventory System and stored under video surveillance (recorded) Lottery will direct these items to be shipped to district offices for use as approved. All inventory movements will be tracked by the inventory system including return of unused merchandise. Intralot will produce a monthly physical inventory report for promo merchandise inventory in Intralot's custody Intralot's Premium Inventory System will easily interface with the Lottery's inventory/financial management system. Intralot understands safeguarding merchandise and will ensure 100% is used for intended purpose. <p>General—Proposer notes that all inventory will be tracked and managed in its Premium Inventory System and will be supported by a monthly physical inventory report. Proposer notes inspection of all received items.</p>
					<p>Warehouse and Distribution General Response</p> <p>DRs: 6-10</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot will meet or exceed requirements. The Proposer must describe the processes that will be utilized to accomplish Instant Ticket order processing and packing at the central distribution warehouse. <ul style="list-style-type: none"> Intralot conducts regular physical inventory annually. Standard reconciliation approach reconciles 100% of all ticket pallet, carton, pack and individual tickets. Same with roll stock. 100% inventory control is maintained of all instant tickets, ticket stock and promotion materials whether in Austin Warehouse, district offices for LSR/FST vehicles Intralot commits to provide all required annual reports Summary of ticket ordering methods and entry into IGMS detailed p.35
					<p>Warehouse and Distribution General Requirements</p> <p>52</p> <p>Process utilized to accomplish ticket order processing and packing at the Central Distribution Warehouse.</p> <p>9.7</p> <p>26</p>
2.3.4 .16					

				<ul style="list-style-type: none"> • 	<p>General—Proposer details its autosorter process and capabilities for pick (ordering) activities. Automated pack conveyor process and the automated pack scanning process (requires that one book be scanned to generate the delivery label and inventory list for final packing). Proposer did not specifically respond to the Detail Requirements as noted below:</p> <p>DR 9 Partial-states report will be provided but does not address due date requirement of 2 days after 8/31</p> <p>DR 10 Not mentioned in 9.7, with the exception of general statement in RR 1</p>
2.3.4.17	Process utilized to prevent the theft of returned Instant Tickets and rolls of On-Line Ticket stock being returned to and stored at the Central Distribution Warehouse.	9.7	26	<p>DRs: None</p> <p>3. The Proposer must describe the process that will be utilized to prevent the theft of Instant Tickets and rolls of On-Line Ticket stock being returned to and stored at the central distribution warehouse.</p> <ul style="list-style-type: none"> • Chain of custody inventory tracking will be used from retailer pickup (IPT or Terminal processing) to district office and to the central warehouse. Inventory updates occur along the way. • Consolidated and labeled in boxes of partial instant ticket book, ended games, reissue games or Online ticket stock and securely stored until destruction is authorized. • Partial and closeouts will be staged in a secure caged area to await shredding. • Intralot notes partial roll stock will be staged in accordance with TLC security directives. <p>General—Proposer details the relevant inventory return processes noting that the inventory will be tracked at each stage off the return process. Propose also notes secure storage for partials and closeouts and complying with TLC requirements for online storage. Propose does not address physical warehouse security, MUSL online roll stock requirement compliance or other security measures employed at the central warehouse to prevent external theft and/or internal shrinkage.</p>	
2.3.5	CONVERSION		260		
	Integration and Testing		52		
2.3.5.4	Integration and testing process, which includes the test plan and acceptance criteria.	10.2	26	<p>Integration and Testing Response</p> <p>DRs: 28-37</p> <ol style="list-style-type: none"> 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> • Intralot acknowledges, accepts and will delivery 2. The Proposer must provide an overview of its proposed integration and testing process. 	

				<ul style="list-style-type: none"> • <u>Intralot will design and build integration and testing environment meeting lottery approval. Will be used to conduct integration, security, network, software, terminal, vending machine and system regression testing.</u> • <u>Software release matrices will be maintained across development, QA and production environments and networks.</u> • <u>Intralot will provide UAT test facility at Lottery HQ and at Intralot Primary Site with complete testing facility.</u> • Intralot project plan incorporates steps to prepare the testing facility as detailed in the list on p. 29 and 30 • <u>Intralot will provide on-site technical resources to full support modification, QA and UAT.</u> • <u>Lottery acceptance testing will follow Intralot integration testing process.</u> • <u>Intralot project plan contains entry to reiterate key deliverables prior to Lottery UAT.</u> • <u>Will provide comprehensive release notes related to all software releases</u> • <u>Intralot notes that it will rely on the lottery to identify issues and apply adequate retesting resources in an effective and timely manner related to UAT. P.31</u> <p>3. The Proposer must provide its proposed acceptance testing process and provide its standard acceptance testing criteria.</p> <ul style="list-style-type: none"> • <u>Intralot has provided these. Detailed information can be found in the</u> • <u>Intralot adheres to strict quality criteria and continues to evolve its acceptance testing process based on many years of experience</u> • <u>Intralot Application Experts cooperate with project and quality managers to create test scenarios corresponding to all stages of product development.</u> • <u>Test Procedures—Unsuccessful tests are coded Critical-L1, Important-L2 and Minor-L3</u> • <u>Acceptance Testing Diagram on p.33</u> <p>4. The Proposer must provide its proposed integration and test Plan.</p> <ul style="list-style-type: none"> • <u>Provided.</u> <p>General—Proposer illustrates emphasis on documentation related to the development, integration and testing process including the maintenance of software release matrices across development, QA and production environments and networks. Proposer also indicates that it will provide comprehensive release notes related to all software releases. Proposer will provide a UAT environment to TLC. Proposer did not respond specifically to the following detail requirements:</p> <p>DR 36 Not mentioned in 10.2, with the exception of general statement in RR 1</p> <p>DR 37 Partial-only addresses ICS interface; does not address other interfaces</p> <p>Integration and Testing Response DR: 38</p> <p>5. The Proposer must describe its Lottery Gaming System backup, recovery, failover process and test plan.</p>
2.3.5.7	Lottery Gaming System backup, recovery, failover process and test Plan.	10.2	26	

				<ul style="list-style-type: none"> This can be found in the <u>Integration and Test Plan provided.</u> Intralot's gaming systems are fully redundant with redundant WAN linked to primary and backup gaming system locations. The system can operate in the event of multiple failures. Same procedures proven for day-to-day operations backups are used for testing. Tapes are filed and stored and can be used for restoration as needed. Intralot notes that as part of the normal failover and recovery process, tapes and files are not needed as the system replicates data across systems intrinsically and in real-time. Established procedures are run to ensure the system has recorded all transactions and the systems have remained in balance throughout the process. <p>General—Proposer notes inclusion of this information in their test plan. Committee members (TE and MF) noted identification of limited detail provided in the integration and test plan related to backup or failover as referenced by proposer. Proposer notes that typical failover situations do not require tape and file restores and data is replicated across systems in real time. Proposer notes that tapes and files are stored should they be required for restoration as a part of daily operational processes.</p>
	Implementation and Migration	52		
2.3.5.8	Implementation and migration strategy and processes.	10.3	52	<p>Implementation and Migration Response</p> <p>DRs: 12-14</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. <ul style="list-style-type: none"> Intralot acknowledges, accepts and will deliver The Proposer must provide a description of its proposed implementation and migration strategy and processes. <ul style="list-style-type: none"> Intralot is proposing its proven Perfect Switch conversion strategy. Intralot commits to presenting an honest assessment of the pros and cons of this approach to minimize conversion risk. Intralot notes that conversions tend to favor incumbents due to phased conversion. Intralot indicates that this presents less obvious risks. New equipment being connected to the existing installation, often executed with minimal planning and formal testing. Intralot has performed 13 SGI/GTECH Perfect Switch conversions in the last four years. Intralot will use a complete end to end parallel system installation separate from the GTECH system, will allow comprehensive testing prior to go live without impacting the existing system. Intralot believes this approach is superior to a phase approach. Intralot has used this approach with their six US lotteries with little or no disruption to retailer Pros of Perfect Switch detailed on p.37 and 38 Cons begin on p.38. Primary criticism is the installation of the new terminal next to the old equipment at retail. Intralot points out that this allows retailers plenty of time for onsite training and experimentation with the equipment following group training. Other concern is the “big bang” approach to turning on the communications network. As the network is up in testing prior to launch, Intralot believes this is eliminated as an issue. Intralot has never incurred start-up day system failures or outages Intralot will develop and maintain and installation tracking system and reporting for the lottery, including training completion, terminal installation and operational status

					<p>General—Proposer notes that conversions tend to favor incumbents due to phased conversion, noting potential risks of new equipment connected to existing systems often executed with minimal planning and testing. Proposer recommends its Perfect Switch approach also referred to as “big bang”. Proposer notes primary concern with this approach is 2 terminals at retail during transition and the launch of the communications network and new terminals simultaneously. Proposer notes they will address this by installing a completely separate system from the incumbent and conduct comprehensive testing prior to go live. Proposer notes on p.44 of section 10.4 that they will replace instant ticket vending machines immediately upon go-live as they are removed by the incumbent. Proposer notes demonstrated experience in conducting these types of conversions.</p>
	<p>Conversion Plan and General Requirements</p>		<p>104</p>		
<p>2.3.5.9</p>	<p>High level conversion plan, which includes the project management process, the structure and content of process documentation, an information sharing and communication plan, expected participation from Texas Lottery and the level and duration of involvement from the current vendor.</p>	<p>10.1 and 10.4</p>	<p>62</p>		<p>Conversion Plan Response 10.1—Intralot has been trusted with more recent conversions from GTECH and SGI systems than any other vendor. Conversions since 2003 listed on p.1</p> <p>10.1 Table 123 DRs: 3 and 11-18</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot acknowledges, accepts and will deliver. Intralot has created a <u>detailed conversion plan that will be updated upon completion of contract negotiations.</u> Will provide project management process within 15 days of contract award. Intralot will use their formal risk management process from the initiation phase of the conversion. The Proposer must provide an overview of its proposed Conversion Plan and process. <ul style="list-style-type: none"> Intralot applies learning from other implementations/conversion

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<ul style="list-style-type: none">•	<ul style="list-style-type: none">• <p>General—Proposer demonstrates extensive experience in conducting vendor-to-vendor conversion including several conversions from the incumbent vendors systems. Proposer notes application of ITIL and Project Management Institute best practice standards for its project management conversion efforts. Conversion team is made up mostly of Intralot current employees (exception Bruce Anderson, PMP) with experience in this area. Mr. Anderson is not currently an Intralot employee. Committee concern noted above regarding Mr. Fotopolous' assigned role based on experience. See also notes in section 6.2 related to ITIL staffing certifications proposed in the response. Proposer also details an extensive list of corporate level personnel and the role that they will play in supporting the conversion process.</p>
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10.4 Table 130

DRs: 2-11

2.. The Proposer must provide a proposed high-level Conversion Plan that would be appropriate for the size and complexity of the Texas Lottery's needs as described in this RFP. The Conversion Plan must include an information sharing and communication plan and expected participation from the Texas Lottery and the level and duration of involvement from the current vendor.

2.3.5 .11	<p>Project Management methodology for the transition, which includes at a minimum:</p> <ul style="list-style-type: none"> a) Project Management; b) Business Change Management; c) Issue Management; d) Risk Management and Mitigation; and e) Transition Reporting (Type and Frequency). 		10.4		10		<ul style="list-style-type: none"> • General—Proposer provides a high level conversion plan overview and highlights of each of the major project phases. The plan details communication strategies and required participation requirements for involved parties. Proposer details its control process and tools used for ensuring proper documentation related to software system development/change efforts. <p>10.4 Table 130 DRs: 13</p> <p>4. The Proposer must describe the project management methodology that will be employed during the transition, which will address the following at a minimum:</p>
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<p>2.3.5 .12</p>	<p>Initial distribution plan for Instant Tickets, On-Line Ticket stock, Retailer Terminals and associated system sales equipment, Point-of-Sale materials, On-Line play slips, promotional merchandise, playstations, signage and other materials, as required. Quality control procedures included in the plan.</p>	<p>10.4</p>	<p>16</p>	<p>f) Relationship Management;</p> <ul style="list-style-type: none"> • Open transparent professional approach • IT information transmitted between parties will be managed in accordance with Change Management, Issue Management, and Communications Management <p>g) Risk Management and Mitigation; and</p> <ul style="list-style-type: none"> • Identification of potential problems that can impact the project can be avoided/minimized through mitigation actions • These will be defined in the risk management plan (RMP) • Risks will be prioritized in this process • Intralot approach detailed on p. 51 and 52 <p>h) Transition Reporting (Type and Frequency)</p> <ul style="list-style-type: none"> • Four main transitions: Kick-off, Project Planning, Project Execution and Transition to Operations • Kickoff Meeting-communicating project scope, identifying major players, roles and responsibilities (within 2 weeks of contract signing) • Project Planning begins immediately after kick-off and continues until schedule, budget, scope and initial plans are completed. Intralot will provide an Execution Transition Report at the end of this process. • Project Execution—collection of functional requirements, proceeding through development and testing. • Transition to Operations—occurs with formal lottery acceptance and “Go-Live”. Post project review and lessons learned are provided in a Transition to Operations Report • All stages must be formally approved before proceeding, steps don’t occur automatically without ensuring stage objectives are met <p>General—Proposers provides a detailed response to the requirements of this section noting its application of PMI best practice standards in its project management methodology. Proposer notes that each stage of the process must go through a formal approval process to proceed ensuring objectives are met.</p> <p>10.4 Table 130</p> <p>DRs: 3</p> <p>5. The Proposer shall provide a detailed initial distribution plan for Instant Tickets, On-Line Ticket stock, Retailer Sales Terminals and associated System sales equipment, Point-of-Sale materials, On-Line play slips, promotional merchandise, playstations, signage and other materials, as required. Quality control procedures should be included in this plan.</p> <ul style="list-style-type: none"> • Intralot will warehouse all tickets POS and retail supplies in Austin Warehouse. Terminals and other sales equipment will be warehoused in numerous facilities across the state • Installation steps at retail in chronological order: <ol style="list-style-type: none"> 1. New communication system is installed (VSAT equipment inventory control will be used). Shipped to retailer and installer arrives to install. Installers recorded by location to determine installation issues. 2. Retailer terminals delivered in the months just prior to conversion. Stores with space for current and new terminals to be installed side-by-side will be installed first. Retailers with limited space will be scheduled for the last installations prior to go live. 3. One month supply of playslips, roll stock and signage will be included in the retailer’s bill of
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			<p>materials. All items accept playslips are bar coded and tracked.</p> <p><u>2 Categories of instant tickets to manage. 1) Those that will initial distribute after "go live" and 2) those already in distribution. Group 1 games will be delivered directly to Intralot warehouse. Group 2 games will need a quantity of 1 month's supply of active games transferred from the GTECH warehouse to the Intralot warehouse.</u></p> <p><u>Intralot will begin retailer visits two weeks before go live to conduct retraining and ensure that all retailers have appropriate supplies.</u></p> <p><u>All quality issues discovered by warehouse, LSRs, Installers or retailers will be immediately dealt with.</u></p> <p><u>All equipment (terminals, Winstations, etc.) will undergo out of box testing prior to retail shipment</u></p> <p><u>Strict inventory management and chain of custody will be maintained at all times</u></p> <p><u>Initial distributions in the first three weeks of transition will be in quantities to ensure no retailer sell out in the first three weeks</u></p> <p>10. LSRs and CSRs will work closely to optimize retailer inventory by game/price point</p> <p>General—Proposer provides a detailed response to the requirements of this section. Proposer notes that all equipment will undergo "out of box" testing prior to shipment to retail to ensure that it is in working condition upon delivery. Proposer also notes that playslips, roll stock and supplies will be delivered with the terminals to ensure availability of the needed supplies. Proposer details their plan for transition of instant ticket inventory from current operator warehouse to ensure proper inventory levels at go live. Proposer also notes that retailer visits will begin two weeks prior to transition to ensure all retailers have appropriate supplies.</p>
<p>2.3.5 .13</p>	<p>Validation of winning tickets sold prior to the conversion.</p>	<p>10.4</p> <p>16</p>	<p>10.4 Table 130 DR: 12</p> <ol style="list-style-type: none"> The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> Intralot acknowledges, accepts and will deliver. Intralot will minimize risk and establish and maintain excellent retailer relations throughout conversion. <p>Detail Requirements #12 <i>The Successful Proposer must accommodate and provide validation of winning tickets that have been sold prior to the conversion, either by reading the bar code or by accepting manual entry of the "old" winning ticket's serial number into the new system. The goal, during conversion and after, is to minimize confusion and effort for the players and Retailers.</i></p> <p>General—Proposer notes that, "winning tickets that were sold prior to conversion will be validated on our systems in the same manner as winning tickets sold after conversion, either by scanning the barcode or manual entry of the winning ticket's serial number into the terminal." Proposer notes in response to clarification letter question #16 that they can conduct bar code validations using the GTECH proprietary Z barcode encryption, but it would require that GTECH provide the encryption algorithms or a compiled program (that protects GTECH trade secrets).</p>

	<p>Conversion Milestones Response DRs: None</p> <p>1. The Proposer must provide a Conversion Plan and time chart (Gantt, PERT, or similar format) identifying the major milestones to be accomplished for the construction, equipment delivery, software programming, installation, testing, user training, data conversion, and documentation of the proposed System. The Proposer must also provide the dates (expressed as the number of Days from Contract Award) for the described milestones in the Conversion Milestone table above (Table 131) as part of the Proposal. The detailed Conversion Plan must include acceptance testing and security plan milestones.</p> <ul style="list-style-type: none"> • <u>Intralot notes to refer to their submitted detailed project conversion timeline included at the end of Part 10 Conversion.</u> • <u>Milestone Table completed and provided on p.55</u> • <u>High Level Implementation Summary provided beginning on p.56. Highlights a number of important deadlines for the project.</u> <p>General—Proposer provided a conversion plan including all of the requirements of this section.</p>
<p>End of Contract Conversion Plan Response DRs: 12-13</p> <p>1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. [NOTE: Applies to all sections where applicable.]</p> <ul style="list-style-type: none"> • <u>Intralot acknowledges, accepts and will deliver.</u> • <u>Intralot will schedule meetings to begin planning the transition and develop a Contract Conversion Plan, detailing activities required of Intralot to support successful transition.</u> • <u>Intralot will participate in detailed planning activities, including timetables, milestones and process with critical controls in coordination with the Business Cutover Plan.</u> • <u>Within 10 working days of commencement of the end of contract transfer period, Intralot will provide details of personnel and resources to be provide End of Contract Services.</u> • <u>Will provide copies of process and procedure manuals to the lottery within 10 days of end of contract commencement period.</u> • <u>Details of end of contract conversion plan on p. 61</u> <p>2. The Proposer shall describe the following processes and factors related to End of Contract Conversion with the Texas Lottery:</p> <ol style="list-style-type: none"> People Processes: <ol style="list-style-type: none"> Knowledge transfer to the Texas Lottery or replacement provider Management Processes: <ol style="list-style-type: none"> Issue Management 	

<p>26</p>	<p>26</p>	<p>26</p>
<p>Conversion Milestones</p>	<p>10.5</p> <p>Conversion plan and time chart identifying the major milestones to be accomplished for the construction, equipment delivery, software programming, installation, testing, user training, data conversion, and documentation of the proposed System.</p>	<p>26</p> <p>10.6</p> <p>Processes and factors related to End of Contract Conversion, which includes knowledge transfer to the Texas Lottery or Replacement Provider, risk management and mitigation, exit reporting, handover procedures, license transfers, etc.</p>
<p>2.3.5 .14</p>		<p>2.3.5 .15</p>

				<p>2. Risk Management and Mitigation</p> <p>3. Exit Reporting (Type and Frequency)</p> <p>c) Technology</p> <ol style="list-style-type: none"> 1. Handover Procedures 2. Tools, Software, Network Connections and Data Transfer <p>d) License Transfer (Indicate Where This Would Be Required)</p> <ul style="list-style-type: none"> • Intralot will provide additional detail to the TLCs satisfaction, in the time frame leading up to this point in the operational lifecycle encompassing current personnel and full operation and will assign a skilled project manager to support the process. • People Processes—Intralot will fully support the personnel knowledge transfer to the Texas lottery or replacement provider. This will be done through training and day to day operation over the contract term and any needed refresher training related to end of contract. Will work closely to facilitate the transfer of personnel to new operators employ where desired. Timing of transfer will be coordinated with the lottery to maintain service requirements. • Management Process—Issue Management, Risk Management and Mitigation and Exit Reporting • Technology—Handover procedures for all technology that will remain post contract. Tools, Software, Network Connections and Data Transfer—will fully support tech transfer or data transfer that will remain post contract. • License Transfer—Will transfer any licenses required that will continue post contract. License transfers may be required for tech, software, processes, games or any other Intralot-owned property as a right to use, if not covered by any other existing agreement. <p>General—Proposer's response addresses the requirements of this section.</p>
Total Points				

2.4	Experience. The experience of the Proposer in providing the requested goods or services.	550	
2.4.1	Past 10 years of experience providing the services as specified in the RFP for engagements of comparable complexity and scale.	275	<p>4.2.1 - Years of Experience. The Proposer must indicate the number of years' experience the Proposer has in providing the services as specified in this RFP and shall include detailed descriptions documenting its experience for all engagements of comparable complexity and scale for the past ten (10) years.</p> <ul style="list-style-type: none"> • <u>19 years global experience</u> • 5,000 gaming staff • Revenue \$1.3 billion in 2009 • Operate in 50 countries • Intralot has never been late on any project or conversion and never failed to receive a contract renewal when one was available • <u>Terminal deployments of similar size or larger (2)—2008 Ohio 14,700 and Greece 29,000. Note—Chart on p. 9 shows Ohio with 14,700 terminals deployed, but p. 21 shows OH with 12,500. There are numerous conflicts in the terminal count tables between p.21 and the charts on p. 7, 8 and 9. Proposer</u>

2.4.2	Previous lottery experience or other relevant experience providing similar services as specified in the RFP to governmental or private entities.	4.2.2 and 4.2.4	165	<p><u>provides new table with detailed counts in response to clarification letter.</u></p> <ul style="list-style-type: none"> • Game library of 400 games • <u>4 US Jurisdictions currently in conversion (Vermont, NH, LA and DC)</u> • \$300M in cash on balance sheet • Online sales up in all US jurisdictions in 2009 (chart on p. 14)—Montana up 11% and Ohio up 10.7%. • New Mexico converted in one year (5 days ahead of schedule) conducting SC conversion at same time and beginning work with OH Page 15 • ID robust promo database, launched creative new games and thriving VIP club 60,000 members • Intralot cites its technology as major contributor to increased lottery sales. Terminals and wifi/wimax network system p.15 • MyDaY game cited as contributor to online sales success in Nebraska FY09. P.16 No game sales data provided here. • Intralot emphasis on technology p. 17 • B-On platform—combined internet, mobile gaming platform featuring responsible gaming structure p. 17 • Social responsibility, Awards and press releases p.18 and 19 <p>4.2.4 - The description of experience shall be detailed and cover all contracts the Proposer and any subcontractors have or have had that provided experience similar to this Contract which qualifies the Proposer to meet the requirements of this Contract, including but not limited to:</p> <ol style="list-style-type: none"> (a) Size of contract. (b) Reason for contract termination/expiration, if contract is no longer in effect. (c) Types of services directly provided by the Proposer and whether the Proposer was the proposer or subcontractor. (d) Term and type of contract, including effective dates. (e) Any problems encountered. <p><u>See Intralot contracts chart provided. Terminal counts do not match the tables on p.21 and p.9. See Montana or Russia by way of example. See also clarification table provided in response to letter.</u></p> <p>General—Significant US and international lottery systems experience including recent conversions. Proposer did not demonstrate that the other contracts serviced involved the degree of complexity required in the Texas RFP, including sales force management activities, or deployments involving the scale/complexity and geographic diversity of operations similar to Texas.</p> <p>4.2.2 - Proposers must indicate any previous lottery experience or other relevant experience providing similar services, as noted in Section 1.1.4, to governmental or private entities, including name of the entity, type of work performed, and duration of project.</p>
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2.4.3	Previous experience in transition activities between vendors when providing similar services, in scope and size, as specified in the RFP.	4.2.3 and 4.2.4	110	<ul style="list-style-type: none"> See Intralot contracts chart. 4.2.4 - The description of experience shall be detailed and cover all contracts the Proposer and any subcontractors have or have had that provided experience similar to this Contract which qualifies the Proposer to meet the requirements of this Contract, including but not limited to: <ul style="list-style-type: none"> (a) Size of contract. (b) Reason for contract termination/expiration, if contract is no longer in effect. (c) Types of services directly provided by the Proposer and whether the Proposer was the proposer or subcontractor. (d) Term and type of contract, including effective dates. (e) Any problems encountered. See Intralot contracts chart. Intralot notes no significant problems encountered with their contracts. <p>General—Intralot notes significant experience in providing systems and equipment called for in the RFP. Intralot did not demonstrate significant experience in the area of sales force management and marketing support services in its past operations related to the requirements of the Texas RFP.</p> <ul style="list-style-type: none"> 4.2.3 -Proposers must indicate any previous experience in transition activities between vendors when providing similar services, in scope and size, as noted in Section 1.1.4. Proposers must include the name of the entity, type of transition/conversion work performed, duration of the project and any service interruptions encountered. See information on p.21 4.2.4 - The description of experience shall be detailed and cover all contracts the Proposer and any subcontractors have or have had that provided experience similar to this Contract which qualifies the Proposer to meet the requirements of this Contract, including but not limited to: <ul style="list-style-type: none"> (a) Size of contract. (b) Reason for contract termination/expiration, if contract is no longer in effect. (c) Types of services directly provided by the Proposer and whether the Proposer was the proposer or subcontractor. (d) Term and type of contract, including effective dates. (e) Any problems encountered. See Intralot contract chart. <p>General-- Intralot demonstrates substantial experience conducting vendor to vendor conversions during the last 7 years.</p>
Total Points				

TECHNICAL SCORING SUMMARY

Past Performance. <i>The quality of the Proposer's past performance in contracting with the agency, with other state entities, or with private sector entities.</i>	550
Personnel. <i>The qualifications of the Proposer's personnel.</i>	800
Quality. <i>The probable quality of the offered goods or services.</i>	2,600
Experience. <i>The experience of the Proposer in providing the requested goods or services.</i>	550
Total Possible Points	4,500

COST SCORING SUMMARY

The following formula will be used in scoring cost proposals:
 Lowest Cost Proposal Amount / Other Cost Proposal Amount = % of total points available for the Cost Proposal.

Total Possible Points **500**

TOTAL POINTS AWARDED

Total Possible Points **5,000**