

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

Vendor Name: Scientific Games
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	
A.1	The Proposer is financially viable and Office of the Controller has validated the financial status of the Proposer.	Pass/Fail
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 and selecting a Proposer whose solution provides the best value to the agency.

Round 2: Technical Scoring		RFP Reference	Maximum Available Points	Awarded Points	Evaluator Notes
2.1	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		
2.1.1	Contract performance issues, which include, but are not limited to: --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	4.2.5(a), (b), (c), (d), (e), (f), (g)	440		<p>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"> SGI notes that they have not had a contract terminated for default or cause in the last 5 years. <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"> Assessed sanctions and LDs listed beginning on p.48. CONFIDENTIALITY CLAIMED NOT RELEASED §552.110 <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"> SGI notes that they have not provided any goods or services in lieu of sanctions or liquidated damages. <p>(d) The Proposer has had any material or significant audit findings.</p> <ul style="list-style-type: none"> SGI does not. <p>(e) The Proposer was the subject of (i) any disciplinary action for substandard work and unethical</p>

			<p style="text-align: center; color: red;">CONFIDENTIALITY CLAIMED NOT RELEASED §552.110</p>	<p>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"> • SGI notes none. <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"> • <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"> • Applications/licenses in Manitoba and Ontario. SGI has not been denied or had a gaming license revoked, or had fines, penalties or sanctions or LDs assessed against a license in the last 5 years. <p>General—Proposer provided all required information in this section. No patterns of concern in the required information were noted. Proposer has extensive history of contracting experience in the lottery industry and has significant experience in providing many of the goods and services requested by TLC. Proposer has also had positive past performance as Texas Lottery's instant ticket manufacturer.</p>
2.1.2	Reference checks and site visits (to include site visits to other lotteries if applicable)	4.4 and 2.22	110	<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 services and there were no significant areas of concern identified. 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>

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Oral Presentations—Proposer presentations lead by top corporate staff and the proposed Account GM, Osenenko. Proposer highlighted conversion experience and conversion strategy. Also, covered the China effort, resources proposed related to the sales force (LSRs, LMRs), and licensed property support. Proposer provided an overview of its financial position, compliance practices and corporate ethics, product growth strategies, sales and marketing strategies.

Site Visit Notes—

Corporate Visit—

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PA Visit—

- —demonstrates forward thinking approach to providing services in the industry.
- Discussion with proposed Texas staff— Osenenko lead the discussion and introduced the team. Addressing questions about how the sales force transition from the current vendor would be conducted, the different nature of contracting and performing services in Texas. Limited explanation of plans for the allocated \$2.5 million. Christian Ross and Tony Molica limited response when asked how they would use this money to increase sales. Ross and Molica's responses on how the LSRs and LMRs would work to grow and enhance sales at retail were not in step.

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		CONFIDENTIALITY CLAIMED NOT RELEASED \$552.110		<ul style="list-style-type: none"> • Warehouse Tour- <p>Overall Site Visit—Proposer allowed for significant level of interaction with some members of the proposed Texas Lottery account staff, but many proposed account team members for Texas employed by proposer did not participate.</p>
Total Points				

2.2	Personnel. <i>The qualifications of the Proposer's personnel.</i>		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.	4.3.2(a) 160		CONFIDENTIALITY CLAIMED NOT RELEASED \$552.110	<p>SGI Highlights Provided—p. 27 and 39</p> <ul style="list-style-type: none"> • Leadership team with avg of 20 years of senior management exp. in vendor and state lottery roles • Service and Compliance team dedicated to continuously monitoring Service Level performance against contract terms with a reporting relationship to SGI senior management <hr/> <p>(a) Proposers must provide resumes for all key management staff.</p> <ul style="list-style-type: none"> • Texas Account Director, John Osenenko—19 years lottery exp.SGI 2002 to 2010, GT prior Previous SGI General Manager for Florida Lottery, worked for GT for 11 years managing teams, in Europe, South America, South Africa and the US. Created and operated lottery ventures on 4 continents. Experience in general management, business development, governmental affairs and program management. Primary contact for TLC on all aspects of contract compliance. • Deputy Director of Technology, Davis Douglas—23 years of lottery exp, 4 years with SGI and 18 with GT prior. Currently provides corporate oversight and direction for all online systems, retailer services operations, all online operations data centers and the NRC in Alpharetta. Former member of the “tiger team” that guided creation of the CDA in Austin for GTECH. Will serve on TLC account team directing service delivery. Will lead data center operations, call center and software delivery teams and direct the delivery of overall service.

			<ul style="list-style-type: none"> • <u>Deputy Director of Sales and Marketing, Tony Molica—25 years exp at both the CA and WA lotteries and his own consulting business. Not currently employed with SGI, private consulting to lotteries since 2004 and current Director of Sales for a lottery in Mexico. Extensive Lottery Sales background.</u> Started as district sales rep and rose through the ranks of the CA Lottery, 10 years as Chief of Key Accounts, responsible for recruiting and maximizing sales from 130 different retailer accounts, later advance to Director of Sales and served as CEO. Will be responsible for the oversight of all sales and marketing activities in Texas, including new business development and retail network performance. Coordinate annual budgets, quarterly forecasts and dashboard reports. Will directly manage the New Business Development Director, Marketing Director and Sales Director. • <u>Deputy Director of Instant Ticket Services (Warehouse and Distribution), Scott Ross—28 years of lottery exp., SGI since 1997, AZ Lottery for 15 years prior Experience in variety of instant ticket service management roles including FL, NM and AZ.</u> Currently leads the marketing activities for the AZ instant ticket services account. Will be responsible for overall management of central distribution warehouse and the inside sales department. • Director of Security, John Byers—2 years lottery exp. and 25 years leadership exp in information security and operations. <u>Not current SGI employee.</u> 2 years with GT as Director of Operations-Computer, Extensive industrial security background and has actively planned and managed the installation of various law enforcement networks associated with the FBI, DEA, Customs, DOD and Joint Chiefs of Staff. Current San Antonio Chief Information Security Officer. Will oversee the overall security of all facilities and systems. • Human Resources Manager, Curtis Charlesworth—13 years lottery exp, SGI since 2005, 13 years with GT prior and 25 years HR exp. former director of GT Corporate Human Resources <p>General—Most of the proposed individuals have significant industry experience and are currently employed by proposer. See also corporate personnel detailed under the structure identified in the transition section. Committee had opportunity to have significant exposure to Mr. Osenenko during sight visits and some exposure to Mr. Molica.</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.	4.3.2(b) 80	<p>Same as (a)</p> <ul style="list-style-type: none"> • Operations Manager, Mike Skibel—12 years lottery exp. all with SGI, current Operations Manager for the Maine account. Active participant in Aegis deployments in CT, MD, PA highly skilled in testing procedures and MUSL compliance. Will lead computer operations function including staff and service level management. • Communications Manager, Allen Ross—9 years of lottery exp with GT (<u>not current SGI employee</u>), and 17 of network deployment and leadership exp. Will oversee the monitoring and maintenance of the LAN/WAN network hardware and software systems. Will conduct system diagnostics training on telecom troubleshooting. • Software Development Manager, Jonathan Ng—15 years lottery exp, SGI since 2003, and 25 years tech exp. current Senior Software Development Manager leading a team of software

				<p>professionals maintaining lottery gaming systems for multiple lottery accounts. Will be responsible for the entire software application development process.</p> <p>General—Individuals noted appear to have solid background and depth of experience related to this operational area. Mr. Ross is not currently employed by the proposer.</p>
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.	4.3.2(c) 80		<p>Same as (a)</p> <ul style="list-style-type: none"> • Inside Sales Manager, BJ Nugent—5 years lottery exp with expertise in inside sales all at SGI. Leads inside sales team in PA where he oversees the day-to-day activities of the inside sales reps. Will be responsible for maintaining an agreed level of contact with retailers to maintain/increase the sales of instant tickets. • Call Center Manager, Donna Marshall—11 years call center exp with Texas DIR and Continental Airlines. (no past lottery and not current SGI employee) At Continental she oversaw 2400 agents running a 24/7 production environment. Will manage all Hotline and Dispatch staff in the Texas Regional Call Center, responsible for service level maintenance • Technical Services Manager, Dan Gholson—17 years lottery exp. with GT (not current SGI employee) 25 years of field service management, working in larger states in lottery such as CA, MI and IL. Most recently, Dan served as Senior Project Manager where he planned, directed the installation of various point of sales lottery devices, satellite dishes and modem interface equipment across multiple states. Will Manage the Texas Regional Call Center and the Field Services Teams. • Field Services Manager, Kyle Tolkacevic—22 years lottery exp. all with SGI Currently, serves as Field Services Manager leading implementation and conversion activities for domestic and international accounts. Kyle will manage all District Field Managers and be responsible for service levels, scheduling, tracking and oversight of the field, communication and PAT technicians and supervisors. <p>General—Proposer's team has solid experience in their specific assigned rolls. CCM and TSM are note current proposer employees and CCM has no industry experience. However, CCM has past complex industry experience with Continental.</p>
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	<p>CONFIDENTIALITY CLAIMED NOT RELEASED §552.110</p> <p>Information Redacted §552.101/466,022/552.139</p>	<p>Same as (a)</p> <p>SGI noted Highlights—</p> <ul style="list-style-type: none"> • <p>Staffing—</p>

			<p style="text-align: center; color: red;">Information Redacted §552.101/466.022/552.139</p>	<ul style="list-style-type: none"> • <u>New Business Development Director, Burbank Herndon—5 years lottery exp. with SGI from 2004 to 2008, currently works as consultant in areas of sales management, product marketing, and product management.</u> Previously served as SGI General Manager, Retailer Solutions over the Wave product management and overall business management of the PlayCentral and ConvenienceCentral products. Will serve as corporate sponsor for the Wave online terminal deployment and will assist the site team in retail recruitment and deployment of new lottery solutions for specified retailers. • <u>Marketing Director, Christian Ross—17 years lottery exp, last 14 with SGI and 3 with GT. Broad base of marketing expertise in areas of game development, enhancements, and promotions.</u> Current Senior Marketing Manager for the Maryland account. Significant monitor game exp. Will develop and execute marketing plans and programs, short and long range, will direct preparation of new marketing and sales support materials for the LSR and LMR teams. Will directly manage the Retail Execution Manager, Instant Product Specialist, Online Product Specialist and Research Associate. • <u>Sales Director, Kelly Douglas—11 years of lottery exp. including leadership roles in Missouri (89 to 94 Sales Rep and Sales Coordinator), FL (94 to 97 DSM) and with GT's GameScope (97 to 00, Marketing Director).</u> Not current SGI employee. Current owner/CMO of 3D Interactive Marketing 2005 to present. Provides innovative, state of the art full motion graphics and interactive advertising. Accomplished and experienced sales management professional with proven track record of generating new business through strategic negotiation. Will develop, manage and guide the outside sales activities of the organization. Will propose and execute policies to achieve maximum sales volume potential. Will directly manage the 10 DSMs • Promotions Manager, Ron Miguel—23 years of lottery exp., SGI regional director 05 to present, NM Lottery VP Sales/Marketing 01 to 05 and FL Lottery 87 to 00. Current regional director for a number of domestic and international accounts and provides support and guidance for game planning, sales tracking and marketing. Will work closely with TLC and SGI Sales and Marketing Team to identify, manage and appropriately staff lottery-sponsored and attended events throughout the year, will coordinate chain and independent store events and promotions, will provide regular activity reports and ROI analysis of all events attended to determine future promotion participation. <u>Will directly manage the Promotions Coordinators.</u> • Retail Execution Manager, Brooke Greene—2 years lottery exp as Retail Development Manager with SGI, guiding sales and merchandising programs, SalesMaker, aimed at optimizing lottery product sales and creating ideal consumer environments. Actively working with OH, WA and FL on this effort. Will oversee the provision of additional retail support and implementation of best retail execution practices for top performing store locations by directing and managing the team of Lottery Marketing Representatives (LMRs) • Corporate Chain Account Manager, Rich Fedyniak—23 years lottery exp with SGI (since 1990) and with AWI(during conversion to SGI). Current Online Product Manager in PA, also served as Marketing Manager in PA. Responsible for the management of existing corp chain and key accounts and the recruitment/integration of new chain accounts. Will work with trade associations and key account participation groups such as NACS and TPCA. • Instant Product Specialist, Jason Durbin—10 years lottery exp. with SGI in instant ticket market research, database development and analysis and marketing product analysis. Current Account Manager for the Florida Lottery instant ticket services account where he develops the
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				<p>instant launch strategy. Will provide instant product support for the TLC by assisting in annual planning, revenue projections, research and industry trend analysis, will plan and manage market research on current and new instant product concepts.</p> <ul style="list-style-type: none"> • Online Product Specialist, Liz Dimmick—21 years lottery exp, (89 to present first AWI and then SGI) current Regional Marketing Manager serving the Tri-State Lottery. Exp. encompassing game development and analysis, sales and revenue analysis and development and implementation of marketing and promotional plans. Will provide online game support by assisting in annual planning, revenue projections, research and industry trend analysis. • Research Associate, Cameron Garrett—2 years lottery exp. with SGI with expertise in an array of analytical support services. Advanced skills in Excel, SQL and experience in MEMRI and the Alteryx suite of analytical products. He was instrumental in developing a retail optimization program to help lotteries assess and improve their retail network in a standardized, efficient and actionable format. Will be responsible for identifying, selecting and procuring the appropriate research methodology and support techniques to meet a defined business objective. Will assist lottery in evaluating market reactions to advertising programs and develop formulations to ensure the timely adjustment of marketing strategies. <p>General—Proposer's team is experienced with the proposer and with the industry. Proposed Sales Director is not currently employed by proposer. In addition to those noted, proposer also identified all of its proposed DSMs in response. Committee had exposure to C. Ross and T. Molica during site visits. Other proposed staff did not participate in visits or oral presentations.</p>
2.2.5	Warehouse and Distribution – Warehouse Manager.	4.3.2(e)	80	<p>Information Redacted \$552.101/466.022/\$52.139</p> <p>Information Redacted \$552.101/466.022/\$52.139</p> <p>Same as (a)</p> <ul style="list-style-type: none"> • Deputy Director of Instant Ticket Services, Scott Ross—29 years of lottery exp. (SGI 97 to present and AZ Lottery 81 to 96) including management of the AZ warehouse and distribution center and startup support in Arkansas, he also participated in the China Sports Lottery startup. Will coordinate the operations of the warehousing and distribution functions. • Warehouse Manager, Jeremy Swanson—6 years lottery exp. current Georgia Warehouse Manager, generating \$50M in instant ticket distributions to 8,500 retailers weekly. Will plan, organize, direct and control the activities of the Warehouse Supervisors to ensure ticket orders and deliveries are completed on schedule, will coordinate ticket destruction activities and site security • Inside Sales Manager (Tel-Sell), BJ Nugent—5 years inside sales experience including management of the PA CSP Tel-Sell operation. BJ is highly knowledgeable with and SGIs <p>General—Proposer's team is experienced with proposer and within the industry in designated rolls. Committee had exposure to S. Ross during site visits.</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		<p>CONFIDENTIALITY CLAIMED NOT RELEASED \$552.110</p>

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TLC Global Management Team—

- Mike Chambrello, CEO—25 years executive leadership in lottery industry. SGI since 2005. Focus on improved efficiencies, enhanced customer satisfaction, and new product and global business development. Mike had a major leadership role in the initial TLC rollout in 1992 and has had strategic input on the creation and operation of many of the world's largest lotteries: UK, China, Italy and numerous US states
- Steve Beason—President Lottery Systems and CTO—25 years experience in the lottery industry. Determining the next generation of equipment and services offered to customers, key in equipment and services being proposed in Texas. SGI notes that he was VP of software at GTECH for the TLC startup in 1992. Received 2007 nomination of award for the Georgia CIO of the Year by the Georgia CIO Leadership Association. Steve will act as the TLC Executive Sponsor.
- Jim Kennedy, Senior VP Sales and Global Marketing—over 25 years in the industry. Providing corporate management support and direction of the Sales and Marketing Team assigned to serve TLC. Has developed 100's of annual marketing plans and managed instant/online sales and marketing in 39 domestic lottery jurisdictions
- Other executive management members detailed beginning on p.8
- Summarized Executive Lottery Experienced in table p.11
- TLC Project Steering Committee—
 1. Pat McHugh, VP North American Operations—18 years lottery exp. SGI since 2004, 7 years with GT and 2 with IGT. Worked on the launch of the TLC in 1992, managed the online retail network and terminal installs. In this role, he will reside in Austin and manage the online vendor's installation "war room" coordinating logistics for deploying the retailer network and terminals, working closely with the TLC retailer licensing group. Pat has established the PMO offices at three companies and has worked on some of the most complex lottery start-ups and conversions around the world. Pat's

organization is responsible for the SGI Network Rollout Office (NRO). Proposed Account Director, John Osenenko reports directly to Pat.

2. John Schulz, VP Instant Ticket Services—25 years lottery exp., all with SGI. Will provide daily corporate support to the TLC warehouse and distribution. Has conducted 34 different project startups installations, etc.
3. Pam Lee, Senior Regional Sales Director—17 years strategic marketing experience. 15 with SGI. Texas RSD since 2005.
4. Ajay Ghia—VP Engineer and Manufacturing—SGI hardware, 37 years relevant exp, last 2 with SGI
5. Todd Hopkins, VP Project Management—will provide executive oversight to the project and report directly to Steve Beason, Exec Sponsor, focused on overall project schedule and tracking progress—25 years in lottery industry, SGI since 2005 formerly Intralot and GT
6. Bill McArthur, VP Information Services and Tech—11 years lottery exp. with SGI since 2003, formerly with IGT and 10 implementations. Will provide exec. Oversight for management of technical infrastructure for central system installation and configuration, operational training and emergency escalation, leading the technical infrastructures group
7. John McCormack, VP System Development—corporate oversight of central system development to ensure certified industry standards are met. 18 years lottery industry SGI since 2003 formerly IGT
8. Jennifer Welshons, VP Global Marketing—VP Global Marketing—10 years lottery exp., all with SGI, corporate marketing research services support.
9. Janine Whiteman—Senior Director Retail Solutions—27 years lottery exp. all with SGI Will act as corporate sponsor of the Wave terminal deployment will assist on-site team with retailer recruitment and deployment of lottery solutions for retailers.
10. Note—Leslie Badger on org chart but not individually noted in this section.

- TLC Transition Team—

1. Functional Team Manager: Dan Grace, Project Director Affiliated Group: TLC Project—over 10 years of exp. with SGI since 2003 and IGT previously, implementing and managing broad-based lottery and IT programs. Dan is a Project Management Institute (PMI) certified Project Management Professional (PMP). Will oversee the system conversion and installation of terminals, peripherals and new telecom network. Will direct the PM and all project leads on all transition planning, requirements capture and development, product quality control, facilities build-out, systems, infrastructure and training.
2. Functional Team Manager,: Cory Bonogofsky, Senior Project Manager. SGI since 2004, including time as SGI consultant PMI certified PMP. 13 years project management experience.
3. Cherie Peyton, Senior Project Implementation Manager for Warehouse and Distribution: contract functions will include management of procurement and installation of all equipment related to Instant warehouse. 6 years lottery exp. all with SGI, PM for Florida conversion and startups of PR and Arkansas.
4. Adam Cormany, Gaming System Architect—8 years lottery exp. all with SGI, key role

				<p>in 5 lottery-specific deployments between 2003 and 2009. OK, MD, CT, PA and IN.</p> <ol style="list-style-type: none"> 5. Brad Bever, Production Systems Manager—8 years lottery exp. all with SGI, will receive, assemble and configure the production Text QA and development computer systems. Will build the TLC gaming systems 6. Steve O'Connell, Corp Ops Support Manager—9 years lottery exp. all with SGI will lead the Coporate Systems Support Team, install and configure the SGI proprietary software and supports gaming system operations. 7. Stan Doling, Telecom and Network Comm Manager—9 years lottery exp., all with SGI will lead network implementation team 8. Eric Deaton, System Project Manager—5 years lottery exp. all with SGI, point of contact for TLC regarding system implementation 9. Jessie Pack, Field Project Manager—25 years lottery exp, SGI 2005 to present, also SGI 1985 to 1998. Primary point of contact for lottery regarding conversion of retailers, including install and comm.. NRO will operate under his oversight. 10. Moe Corrette, Logistics and Planning Director—14 years lottery exp. all with SGI will lead facilities buildout. 11. Carla Merrell, Engineering Project Manager—7 years lottery exp. all with SGI, managing the product development activities within the Manufacturing and Hardware Engineering group. Will support throughout the life of the project. 12. Kris-Ann Hosonitz, Educational Services Manager—7 years lottery exp. all with SGI, primary point of contact for retailer and staff training prior to conversion 13. Leslie Badger, Senior Director Lottery Product Marketing—12 years lottery exp SGI since 2002 also Pollard 98 to 00, will provide strategic marketing and planning for online product line and facilitate development of new products and services for TLC <p>General—Proposer's Transition team includes 2 PMPs in support of conversion. Proposer identifies significant corporate support and structure related to transition activities. Proposer provided significant exposure to the transition team leads: Grace, Bonogofsky and Peyton during site visits.</p>
2.2.7 Orga	nizational 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	<p>4.3.1- Proposers must provide an organizational chart which identifies all staff that will support the Texas Lottery account. The organizational chart should include the position titles, number of positions, and where applicable names of personnel (e.g., key management staff). The organizational chart should include corporate directors and/or officers who will provide direction or oversight to the Texas Lottery account.</p> <ul style="list-style-type: none"> • Starting after p.40. • Call Center Call Center Manager, Call Center Supervisor, Call Center Leads, Call Center Operators and retailer Care specialists • FSTs— Field Service Manager, District Field Managers (with Field Service Techs, PAT Techs and Comm Techs, Depot Manager under FS Manager with a Depot Supervisor with Bench Repair Techs and Warehouse Supervisor with Couriers. <u>Note—p.62 identifies 55 field service techs, 10 Comm. techs (and PAT (PlayCentral) Techs</u> • Sales and Marketing—

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1. 1 Sales Director, w/ reporting DSMs and 140 LSRs
 2. 1 Marketing Director, with Instant Product Specialist, Online Product Specialist, Training Coordinator/Web Master, Research Associate and the positions listed in 3, 4 and 5 below
 3. Retail Execution: Retail Execution Manager and LMRs
 4. Promotions: Promotions Manager and Promotions Coordinators
 - 5.
 6. New Business Development and Corporate Chain— New Business Development Director, Independent Accounts Manager and Corporate Chain Accounts Manager w/5 Corporate Chain Account Liaisons
- Warehousing and Distribution Deputy Director, Systems Administrator, plus the areas below:
 1. Warehouse:: Warehouse Manager, Warehouse Supervisor, Warehouse Leads, Warehouse Clerks and Ticket Return Specialists
 2. Tel-Sell: Inside Sales Manager, Inside Sales Supervisors and Inside Sales Representatives

4.3.5- Proposers must provide a staffing schedule indicating the projected dates that each of the unfilled positions will be filled.

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4.3.6 - Proposers must indicate when key management employees will be available to commence providing services under any contract awarded hereunder.

- See table beginning on p.64

General—Proposal demonstrates a well thought out organizational structure and proposed new positions from current TLC structure that are supportive of sales growth (position dedicated to

				Independent Accounts in the New Business Development area, dedicated product specialists and LMR positions and Retail Execution Manager). Proposer has elected to propose a separated management reporting structure for its LSRs and LMRs.
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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.	6.2 through 6.5	46	<p>6.2 Account Management General Responses to Section 6—</p> <ul style="list-style-type: none"> • SGI highlights that they have had 20 successful buildouts in the past 5 years. • SGI notes that their educational services department has trained over 75,000 retailers since 2005. • SGI notes use of —a highly sophisticated proprietary operational service automation <p>6.2 Account Management DRs: 11-17 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements</p>
			CONFIDENTIALITY CLAIMED NOT RELEASED §552.110 Information Redacted §552.101/466.022/552.139	

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

- SGI acknowledges and accepts.
2. The Proposer must provide a description of its proposed account management process.
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- SGI notes that they exceed the requirements of the RFP with one of the components of their

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e is web-based and opens in Internet Explorer, supporting drag and drop, check boxes, drop-down lists, sizable windows, and mouse click access to functionality. Executive Dashboard, Retailer Dashboard, Reporting at your fingertips (RAFT), and System Status Dashboard. P.7 and 8

- SGI notes that they will report incidents/anomalies immediately to the ED or designee and will follow with a written report within one workday.
- SGI notes that they use proven incident and problem management processes that require an accurate and comprehensive recording of incidents to identify causes and trends.
- Incentive

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service to audit retail locations for properly placed product and POS material and overall retailer satisfaction levels. See also Section 8.4.5.3.

6.3 Service Level Monitoring

DRs: 6

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.]
 - SGI acknowledges and accepts.
2. The Proposer must provide a description of its proposed Service Level monitoring and reporting process.
 - SGI notes that they have integrated the ITIL and ITSM best practices and automation tools into their way of doing business. ITIL is a best practices framework and presents the consolidated learning and experience of worldwide organizations, providing insights into how to best manage IT services to meet business expectations. SGI notes that it is the most widely used standard for service management in the world. ITIL and ITSM are detailed further in Section 7.12.1.
 - SGI notes that they created a new service management group when they made the decision to use the ITIL methodology. Service Management Team core functions include establishment of performance standards, overseeing process and best practices and ensuring operational efficiencies for online data centers and retail operations.
 - Senior Director of Service Management, David Douglas leads two divisions responsible for coordinating the effort of the SGI Texas Support Team.
 - In response to comprehensive SLR requirements of TLC, SGI will use 3 positions: Service/Compliance Manager, Problem Manager and Change Manager to establish an overall Service Level Team dedicated to supporting the TLC contract. These positions will report to the account director on SLR compliance. Service/Compliance Manager will meet weekly with TLC and Problem and Change Manager will maintain daily focus on problem identification, resolution and change management, defining and implementing best practice criteria for incident and problem management. The Team will develop, document and maintain performance management procedures that meet all SLRs.
 - This Team will have a wide array of tools available to monitor and report on compliance with Service Levels: (beginning on p.6)

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- SGI Service/Compliance Manager will be the primary contact for TLC.
3. The Proposer must identify how SLRs as defined in Sections 3.60 and 3.61 of this RFP, will be measured and reported.
- SGI indicates that an SLA will be in place before the start of the contract providing clear descriptions of the service ownership, roles and responsibilities, service quality metrics and available support. A draft SLA is providing in the supplemental documentation at the end of Part 6.
 - Each SLR identified is detailed beginning on p.16 with information on how it will be measured and reported.
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.
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SGI notes that the monthly report will include a calculation of potential penalties and liquidated damages, if any.

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6.4 Service Management

6.4.1 Incident and Problem 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.]
 - SGI 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.
 - SGI uses a multi-tiered approach to incident and problem management. Handling retailer or terminal related trouble calls, supply calls and system incidents according to a specific defined process and ITIL. Seeking to ensure that incidents are quickly defined, managed, and resolved on the first call.

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- SGI notes that SGI uses BMC Remedy Database for incident tracking and sharepoint's SysCon Contact Management portal for tracking these events. Allows for broadcast e-mails and calls to the Triage Team. See p. 8
- TLC will have real time access to the Client Incidents portal for all current SysCon information. See p.9
- SGI notes that many SysCon's can be traced to changes made on the system. For this reason, in 2009, SGI adopted a Change Management Process that details the steps and notifications that must be made prior to making a change of any type on the online gaming system.
- For TLC, SGI has created a Change Manager position reporting to the Service/Compliance Manager. They will monitor the process for all Request for Change (RFC) forms submitted through _____ to ensure a well defined plan, schedule and back-out plan has been established. . SGI notes that by having a Change Manager assigned to TLC risk will be mitigated associated with system changes and SysCon probability will be reduced.

Problem Management—

- SGI has adopted a formal problem management process as defined by ITIL. SGI supports the process by defining problems as “an unknown underlying cause of one or more incidents...” SGI notes that problems can also be significant single incidents for which the cause is unknown.
- SGI notes that problem management has both reactive and proactive aspects.
- SGI provides a high-level flowchart of the incident/problem management process on p.11
- SGI notes having an internal Field Service Problem Management Team that will be available to

identify problems with terminals and field service, perform root cause analysis, and follow up with problems until they are resolved. It is comprised of key members of their Field Service Organization detailed on p.12 Responsibilities of the team are also detailed on p.12 SGI notes that the team meets weekly to review the status of problems and evaluate new problems.

- SGI notes that in support of the Problem Management Team mission, they have established the position of Problem Manager who will be specifically assigned to the TLC Account Team. Role detailed further on p. 13
- SGI notes that they will restore normal service operations as quickly as possible and minimize the adverse impacts. But, they note that their problem management process takes it one step further to identify and resolve problems before an incident can occur with a goal of 100% service, 100% of the time.

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.]
 - SGI 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.
 - SGI adheres to the capacity management process included in the ITIL. SGI notes it is the discipline of ensuring IT infrastructure is provided at "the right time in the right volume at the right price" matching the role and responsibility requirements of the RFP.
 - ITIL Capacity Management details p.15
 - SGI notes the Capacity Management process will be the task of the System Administrator under the direction of the Operations Manager. They will create and maintain a Central System Capacity Plan, act as expert advisor on capacity and performance issues, manage the environment to meet or exceed SLAs, act as problem manager related to capacity and performance issues, evaluate all changes as they related to performance and capacity and be proactive while being cost-aware
 - SGI notes three sub-processes of Capacity Management: Business, Service and Component Capacity Management p.16 and 17
 - SGI notes that the conduct proactive reviews of the system to evaluate current capacity usage and future needs.
 - SGI's system technology review process consists of three phases beginning prior to proposal submission:

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- SGI notes that they also perform real time monitoring and analysis of the gaming system and

network on an ongoing basis.

- SGI notes the benefits of ITIL best practice capacity management on p.18

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.]
 - SGI acknowledges and accepts
2. The Proposer must provide a description of its proposed performance management processes.
 - SGI performance management process includes the monitoring and measurement of metrics to assess the performance of the gaming system, network and IT Operations. As noted, performance management has direct input on Capacity management process
 - SGI IT Operations uses a subset of tools that collect, monitor and analyze metrics that indicate a component is available, or the metrics indicate abnormal behavior.
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.
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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.]
 - SGI acknowledges and agrees to the requirement to pay for a third party to monitor contract

performance selected by TLC.

- SGI acknowledges and accepts all roles and responsibilities.
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.
- SGI notes that they are the only US Lottery vendor that is public traded on the US stock exchange. They note that as a result, they are required to have a comprehensive compliance program in place.
 - SGI notes that their Board has designated a Compliance Committee, comprise of three independent Directors and that the committee has approved standards/requirements of the SGI Compliance Program in accordance with the law, our regulatory oversight and good governance.
 - SGI also notes that they have a state of the art code of conduct in place approved by their Board of Directors.
 - Compliance Program—program is overseen by Larry Potts, Chief Compliance Office and former Deputy Director of the FBI
SGI compliance review program evaluates its vendors, suppliers and consultants. The purpose is to ensure that vendors and customers that the company does business with are entities or individuals:
 1. Who will cooperate with appropriate regulatory authorities,
 2. Who are suitable or qualified as those terms relate to applicable gaming authorities
 3. Whose role with the company is not likely to result, in the judgment of the Board, in the failure of the company to obtain, maintain, renew or qualify for a license, contract, franchise or other regulatory approval.
 - Internal Audit Department—will ensure that proper resources are in place to meet TLC contract compliance objectives and will ensure the effectiveness of the Texas-based SGI Service and Compliance Team
 - Local Service Level Team—TLC Service and Compliance Team role discussed p.4 and 5 including continuous contract term performance monitoring, identification of process issues, improvements and tracking of implementation, tracking performance failures and calculating sanctions, escalation to SGI corporate IA and coordination of external audits.
 - Deliverables: Project launch and Ongoing Operations
 - Ongoing operations: discussion of the various system tools that were detailed earlier that will be used for performance monitoring
 - SGI notes being the first and only supplier in the Lottery industry to develop software change control processes that have been certified as compliant with NASPL requirements.
 - SGI will share the results of SAS70 audits in other jurisdictions with the Texas team to ensure immediate corrective action.
 - Project Launch Management—SGI notes that putting a third party terminal on another vendor's gaming system is not difficult for them, citing successful proof most applicably for the BCLC and OLGC, both of which were GT systems. Also, noting complete success with their last

				<p>three phased conversions in PA, CT and MD. Detailed p.7 to 9</p> <ul style="list-style-type: none"> • SGI also discusses current Hoosier Lottery conversion (ongoing) and China and Italian conversions previously discussed. <p>General—Proposer demonstrates knowledge and experience with each of the required response areas of this section. Proposer demonstrates corporate level commitment to compliance activities and commitment to implementation of industry best practices (ITIL) for system process and monitoring. Proposer details a number of what appeared to be robust tools for system performance and service level monitoring including field service tracking and management tool and others. Proposer demonstrates commitment to Service level reporting and contract compliance with dedicated staffing in Texas and Proposer has also created a dedicated Change Manager position dedicated to this function.</p>
2.3.1.2	Facilities support services, which includes all facilities and equipment to support the Texas Lottery account.	6.6 20		<p>Facilities Support DRs: 4-24</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"> • SGI notes having completed 20 successful build-outs performed in the last 5 years, SGIs Facilities Logistics Team has proven their ability to meet TLC facilities support service requirements. • SGI notes they will acquire state of the art facilities, including a business office, and district sales offices/depot supply to support business and operational requirements. 2. The Proposer must describe all recommended facilities, to include at a minimum, the locations and types of facilities, functions to be supported, accommodations for Texas Lottery and Proposer staff and warehousing capacity. <ul style="list-style-type: none"> • SGI notes their proven record of scouting, selecting and building secure, well-positioned facilities for gaming industry customers that consistently meet or exceed RFP requirements. Further noting that they have been building out data centers, warehouse, depots, hubs, racinos and other gaming-related facilities since the 80's. • SGI notes that their facilities are designed and constructed and maintained consistent with multi-jurisdictional associate standards. • SGI summarizes their global facilities holdings on p.6 also facility buildouts detailed p. 7 to 9 • Moe Corrette, Director of Logistics will provide the management for all contract facility needs

from design to final Certificate of Occupancy. He will oversee the facility logistics team.

- SGI notes that they have never missed a completion date and in fact have often completed buildouts ahead of schedule.

Proposed Facilities—

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2.3.1.3	Business continuity and disaster recovery capabilities which includes primary site system recovery.	6.7 32		<p>Business Continuity and Disaster Recovery DRs: 9-11</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">• SGI notes that they will develop and maintain a detailed plan for BC and DR requirements including but not limited to natural disasters in compliance with TAC 202. Included is
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Supplemental Documentation for Part 6 are several examples of existing plans and drafts of the proposed Texas Plan. It is also on CD.

- SGI acknowledges and accepts.
2. 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.
- SGI notes that they have designed a preliminary BC and DR plan for maintaining the successful and continuous operation of the TLC operations and services.
 - SGI notes the purpose of the plan is to clearly identify the steps and sequence of events that are to be followed in the event of a disaster, including the responsibilities and procedures that each functional department within SGI, and in conjunction with TLC, must follow
 - SGI notes that for system hardware, software or networking failures, they will maintain sufficient back-up systems to ensure functionality and continuity is maintained at retail, TLC and PDC and BDC. There will be no loss of functionality due to failure.
 - SGI notes they will submit their final plan as required and update it annually or as needed.
 - PDC—recovery to backup site is described on p.4.
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- Following an event, the PDC will be evaluated and either restored or a new site selected. SGI notes that they will bear all costs for a new site if needed.
 - SGI notes sample plan provided at end of section 6.

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- System Disaster Recovery Plan—SGI notes that they will ensure a full backup of all activity with virtually no lapse in service in case of emergency failover. Noting the failover process occurs in less than one minute.

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		<p style="color: red;">Information Redacted §552.101/466.022/552.139</p>		<ul style="list-style-type: none"> • SGI will train all employees on BC/DR plan and will refresh training annually at a minimum • SGI notes their Global Business Continuity Plan developed to ensure the continuity of revenue for all of their customers with plans for every facility. Described on P.12 and 13 • SGI corporate infrastructure protection plan detailed on p.14 and 15 <p>3. The Proposer must describe its data backup and restore process.</p> <ul style="list-style-type: none"> • SGI notes that their process entails backing up every database for each individual system daily at both the PDC and BDC. Backups are stored to tape and stored offsite in accordance with MUSL guidelines. • SGI notes that the restoration process can be performed by tape backup. • SGI also notes that their data centers are configured to run as hot backups and each data center can be failed over immediately. Tape backup serves as an additional layer of security. <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"> • SGI notes that they keep working agreements in place with additional national courier services who can delivery tickets, supplies and POS. • SGI notes adaptability and that they can accommodate various courier services, delivery methods, warehouses and methods of selecting and packing tickets. <p>General—Proposer's plan seems detailed and their corporate recover strategy is also supportive of local recovery efforts. Some alternate recovery strategies details such as shipping from other state warehouse are interesting. Plan for</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</p> <p>DRs: 7-21</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"> • SGI notes that their training sessions have the highest participation rate of any other lottery vendor-provided training. • SGI notes using a combination of classroom, in-store and chain HQ training.

				<ul style="list-style-type: none"> • SGI acknowledges and accepts <p>2. The Proposer must provide a description of its proposed training activities for each requirement.</p> <ul style="list-style-type: none"> • <u>SGI notes that they do not approach training like other vendors, noting that successful training does not happen in a box (classroom).</u> • <u>SGI Education Services (ES) Department focuses on the entire retailer exp. Full line facilitators focus on online and instant products, lottery terminal technology as well as Sales Maker Techniques.</u> • The ES Department has one major objective: to create a retailer experience. Beginning with a complete communication of what to expect, followed by a concise learning solution for the retailer at a time and place convenient for them, resulting in a well trained excited retailer. <p><u>Staff Qualifications—</u></p> <ul style="list-style-type: none"> • SGI notes that learning is not a one time event, pointing out that the more you expose a learner to something the more effective the learning will be. • <u>SGI training team has worked with Lotteries all over the world.</u> • <u>Education Services Manager, Kris-Ann Hosonitz—six years of lottery exp. including the PA and IN conversions.</u> Will work with Dan Grace (Project Director) to gather tools (software, terminals), manage the vendors and facilities, ensure implementation of learning solutions and evaluates training effectiveness and need for other learning solutions. • <u>Training Specialist, Jamie Collier—7 years lottery exp, will coordinate learning solutions for Corporate Accounts</u> • <u>Training Specialist, Rachael Stephens—9 years lottery exp. participated in system projects and conversions in PA, MD, CT, OK, IN, SD, AZ, Mexico, DE, Puerto Rico and Jamaica. She will conduct TLC employee training.</u> • <u>SGI notes this core team has trained over 75,000 retail employees, including 17,000 attendees in PA in 2009.</u> <p><u>Proposed Plan—Training Options</u></p> <p>1. Instructor Led Classes—</p> <ul style="list-style-type: none"> • <u>will occur simultaneously across 10 districts throughout the state.</u> • <u>SGI will provide 240 opportunities for retailers to attend training over 14 weeks.</u> • <u>ES Team will provide classes in full equipped locations</u> • <u>Training will be in English and Spanish</u> • <u>SGI notes training will occur at convenient locations and times throughout the state providing retailers more than one choice for a training session.</u> <p>2. In-Store Training—</p> <ul style="list-style-type: none"> • If retailers can't attend instructor classes, In-store training will be offered • LSRs will conduct the training and it will occur at the time of terminal installation • SGI notes that all LSRs are certified Retailer Care Specialist, they note this includes, their facilitators, LSRs and field service teams. Noting that every retailer interaction is a learning opportunity • SGI notes that in-store training will be for retailer to complete their Lottery UniverCity
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			<p style="text-align: center;">CONFIDENTIALITY CLAIMED NOT RELEASED \$552,110</p>	<p style="text-align: right;">detailed in Section 6.8.2.2</p> <p>3. <u>Corporate Account Training</u></p> <ul style="list-style-type: none"> • <u>Corporate Account Trainer, Jamie Collier will coordinate and manage all training solutions for corporate accounts. SGI notes that providing experienced, dedicated training resources to this important group is where they are different than other vendors. Focusing on individual attention to these accounts.</u> <p>Retailer Training--</p> <ul style="list-style-type: none"> • <u>SGI uses a Steps-to-Success program to effectively communicate retailer information including the use of Newsletters and call campaigns prior to the start of training.</u> • <u>SGI training philosophy, ADDIE (Analyze, Design, Development, Implementation and Evaluation) p.12 to 17</u> • SGI notes ability to provide TLC with reports showing call campaign results, scheduled participants, attendance reports, corporate training schedules, etc. • SGI will hire a HUB to do statewide facilitation and training. All facilitators must complete SGI train the trainer program and certified as Retailer Care Specialists. • <u>SGI will also train TLC staff that interact with retailers on the terminals along with their own FSTs and LSRs certifying all as Retailer Care Specialists</u> • SGI training will consist of Visual, Auditory and Kinesthetic training techniques as detailed p. 20 • Sample training session table of contents detailed on p.21. Training will include TLC licensing requirements • SGI notes their training will also include simple sales techniques • SGI uses a blended learning solution incorporating instructor led presentations and computer-mediated instruction • <u>SGI recommends a one-to-one terminal to user ratio and will have up to 35 terminals per class. No more than 2. P.22</u> • Retailers will each receive a retailer manual and retailer best practices containing in-depth instructions on how to use the terminal • SGI will employ a Training Specialist in Texas responsible for Retailer Documentation, TLC
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				<p>user documentation.</p> <p>Facilities—</p> <ul style="list-style-type: none">• SGI will provide training in a 55-mile radius to limit the driving distance for retailer training participation. Noting they have selected locations in major cities near major highways.• Will hold classes in each of the 10 districts with often more than one class occurring in major cities.• SGI has planned 62 training days (including 10 Make-Up days around the state) and 242 training classes as detailed on p.25• <u>SGI notes in the table that the classes are based on 70 attendees per class, but they note having up to 35 terminals per class, see best practice ratio on p.22</u>• SGI notes that their Texas Training Specialist will handle all new retailer training and documentation.• SGI will also conduct ongoing training as needed. <p>Corporate, Key and Chains—</p> <ul style="list-style-type: none">• SGI notes that the Senior Project Manager will be responsible for TLC corporate account training.• <u>Texas Training Specialist, after conversion, will work with Key Account Reps and major chains to develop and ongoing, integrated TLC training. Noting the high concentration of C-stores in Texas' base and the frequency of turnover as key reasons for the importance of this program.</u>•• Training Security—actions to protect terminals discussed on p.36• <u>Training Materials and User Documentation—will be made available electronically on terminals, lottery retailer web site and in hard copy. Will be updated every 2 years at a minimum. Materials will including retailer related policies and procedures, instructions on how to use the equipment, Quick Reference Cards and Retailer Best Practices for sales and increasing sales. Materials will be written at a 6th grade level and a high saturation of visuals.</u> <p><u>Terminal-based documentation and Training—Wave offers a fully interactive training mode with extensive help files and videos. Designed with intuitive operations and interactive training via training mode.</u></p>
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			<ul style="list-style-type: none"> • Terminal support features: <ol style="list-style-type: none"> 1. Help System—each screen has an interactive help function 2. Retailer Reference Guide—quick reference guide maintained electronically on the terminal 3. Training mode—allows simulation of a ll retailer activity w/o actually conducting transactions. Simulated transactions are processed and sample tickets printed (with no numbers printed on the tickets and “Void Training Mode” printed clearly on the ticket, allowing for trial of all features and functions prior to first sale. <u>(proposer clarified in letter response that they will configure the terminals to prevent the production of instant tickets)</u> 4. Instructional videos—display routine functions such as changing paper stock and using the bar code scanner <p><u>Lottery Staff Training—</u></p> <ul style="list-style-type: none"> • <u>SGI will assign a Deputy Project Manager to oversee the training of TLC team.</u> • <u>Training plan will include class durations, time and space availability, training locations, and final TLC approved curriculum</u> • <u>Training Methods and Tools—mix of instructor led presentations and discussions with interactive, hands-on computer based activities and workshops.</u> • <u>Topics will include: game concepts, game management application, administrative reports, SGI-offered packages, Security features and controls and Drawings and prize liability</u> • <u>SGI has provided lottery training to Spain, CT, MD, Mexico, OK, Puerto Rico and PA in the last 5 years.</u> • <u>Sample training curriculum provided on p.41 and 42. Noting that final will be approved in coordination with TLC</u> <p><u>LSR and Inside Sales Training—</u></p> <ul style="list-style-type: none"> • <u>LSRs will receive sales training twice annually</u> • <u>LSRS are all certified as trainers, they will be expert in terminals, peripherals and TLC policy, procedures, rules, regulations and best practice methods.</u> • <u>Details of LSR and Inside Sales training provided on p.43</u> <p><u>Marketing Staff Training—</u></p> <ul style="list-style-type: none"> • <u>Will train its dedicated Marketing Team in product knowledge, promotional and sales techniques and other required training to support marketing activities.</u> <p><u>General—Proposer demonstrated depth of experiencing and dedicated staffing in conducting training activities. Proposer provides a detailed plan for retailer training including a training process to certify FST's and LSR's as Retailer Care Specialists, for ongoing support, and detailed approach to retailer training scheduling through its NRO process. Proposer notes best practice 1 terminal to 1 retailer training ratios. but proposes 1 terminal for every 2 retailers in their proposed classroom scheduling design.</u></p> <p><u>Committee was given a presentation on proposer's training on site visits by Education Services Manager, Kris-Ann Hosonitz.</u></p>
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2.3.2	LOTTERY GAMING SYSTEM		780
	On-Line Games		47
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 21	

	<p>On-Line Game Response</p> <p>CONFIDENTIALITY CLAIMED NOT RELEASED §552.110</p> <p>Information Redacted §552.101/466.022/552.139</p>

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On-Line Game Response

DRs: 20-24

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.]

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- Once game is selected, SGI adheres to NASPL best practices for system and game development. All modified game specs are provided to TLC for approval prior to commencement of game development.

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- SGI will have a -member software development team
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.
- SGI provides a list of their new game and game launches since 2005 beginning on p.11. SGI Note—SGI does not provide specific game sales expectations versus actual performance in their response here.
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- Texas Sales Organization team for Online discussed—p. 17
 - Tony Molica, Deputy Director, Sales and Marketing
 - Christian Ross, Marketing Director—full time responsibility to help TLC identify new products and marketing strategies, including new product development process from ideation to research to game launch.
 - Jason Durbin, Instant Product Specialist
 - Liz Dimmick, Online Product Specialist—experience noted including migration of Megabucks to a \$2 price point and an instant win online category known as Fast Play and launch of the first multi-state raffle in the US
 - Cameron Garrett, Research Associate
 - Support from others identified on p.18 and 19 (both local and corporate)

Implementation Strategy—

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			CONFIDENTIALITY CLAIMED NOT RELEASED §552.110	<p>General—Proposer demonstrates corporate commitment to online game development. Proposer provides a thorough overview of their online game development and research approach. Proposer illustrates some examples of its products that have been introduced by both its customers and by non-customers. Proposer did not provide comparison of game sales expectations and actual performance for games. Proposer offers a diverse portfolio of game content included in its base proposal and identifies staff in its proposed Texas organization and how they will work with TLC and corporate resources on game development and research. Proposer also addressed implementation strategies when bringing a game to market to ensure successful launch and retailer support.</p>
2.3.2.2	On-Line game controls which includes development and monitoring of On-Line game control features.	7.2.2 12	Information Redacted §552.101/466.022/552.139	<p>On-Line Game Control Response DRs: 3-5</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"> • SGI acknowledges and accepts. 2. 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"> • <u>supports:</u> <ol style="list-style-type: none"> 1. Single and multiple advanced wagers 2. Skipped draws 3. Numbers (i.e. fixed odds) games 4. Matrix games 5. Multi-state wagers 6. Inclusion of day and night draws for a game 7. Exchange tickets 8. POS warnings for bets over TLC-assigned thresholds 9. System designed to allow an entire years worth of wagers on one ticket (or other TLC setting) • <u>provides wide range of parameterized online game controls, including support for advance wagers, fixed game liability administration and subscription wagering (see also section 7.6.3)</u> • <u>Advanced Draw Capabilities—</u> <ol style="list-style-type: none"> 1. Wager can be placed for any active online game for any date within the next 365 days 2. Single and Multi-panel plays (Multi-draw) are supported for advanced dates. 3. Advanced wager can be for one draw or a player requested count of consecutive draws, including and following the start date 4. 240 wagers can be included on one advanced draw ticket

		Information Redacted §552.101/466.022/552.139		<p>5. Multi-draw tickets presented for validation will automatically generate exchanges tickets as warranted</p> <ul style="list-style-type: none"> • <u>also supports skipping of draws within the requested draw date period.</u> • <u>can sell daily only, night only or both combination tickets</u> • <u>Advance draw parameters are game specific and can be modified.</u> • <u>Liability Limits—can track liability limits for certain number combinations on fixed odds games and issue warnings to ops staff and notify the SGI Security Director and TLC. Software can be configured to suspend sales of any number that reaches a preset liability limit. Suspensions can be manually implemented or suspended.</u> • <u>Game Control Parameters—detailed on p.55</u> <p>General—Proposer addresses required system functionality to meet online game control requirements.</p>
2.3.2.3	Drawings which includes the Lottery Gaming System's capability to meet the Texas Lottery's drawing requirements.	7.2.3 14	Information Redacted §552.101/466.022/552.139	<p>Drawings Response DRs: 6-10</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. [NOTE: Applies to all sections where applicable.] <ul style="list-style-type: none"> • SGI acknowledges and accepts, and will often exceed the requirements. • SGI notes having reviewed all TLC games and that the _____) has all of the draw features needed to support these games. 2. The Proposer must describe its proposed System's capability to meet the Texas Lottery's drawing requirements. <ul style="list-style-type: none"> • <u>supports games drawn once or twice a week or multiple times per day.</u> • <u>automatically closes online games without operator intervention, automatically generating the necessary reports for pool verification, including: (report samples p.59 to 62)</u> <ol style="list-style-type: none"> 1. Game Status Report 2. Draw Shutdown 3. Draw Scan Report 4. Report Draw Certification Report • SGI notes that their automated draw procedure and fast winning wager scan allows SGI to complete a draw quickly and efficiently. • <u>SGI notes that the system does allow manual override of key game close steps.</u> • <u>Game Closing Data—The</u> • <u>EF provides reliable secure entry of game close data (e.g. winning numbers) meeting states and multi-state jurisdictional requirements</u> • <u>EF will support configuration to satisfy requirement of independent data entry from two different management terminals by two different users. SGI Security Director will ensure appropriate system security privileges are in place.</u>

				<ul style="list-style-type: none"> • Game Close/Drawing/Cashing Time—EF has been designed to minimize this time to allow the TLC to resume sales and payment of winning tickets. minutes. Time for each step is detailed in table on p.66 • Game Close Verification Data---will be provided compliant with Requirement #8 • Game Closing Data—SGI confirms compliance with requirement #9 and #10
	Instant Ticket Game Management		47	General—Proposer demonstrates system functionality necessary to meet drawing requirements.
2.3.2.4	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.	7.3 47		<p>Instant Ticket Game Management Response 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"> • SGI notes that their experience in the development, printing and marketing of instant ticket games is unparalleled in the industry. • <u>SGI notes that they can offer Cooperative Services Programs (CSPs), a concept that they pioneered, management of all instant ticket sales operations. Noting their CSP contracts in Arkansas, DE, DC, FL GA, ME, OK, PA, Puerto Rico, SC, TN VA.</u> • SGI notes that 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"> • SGI notes their CSP experience and customers here. See notes above. • <p style="text-align: right;">process described is same as capabilities currently used by TLC including low-tier validations for settlements.</p> <ul style="list-style-type: none"> • Returns—SGI notes that if the pack being returned is settled, the warehouse scan of the return

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will automatically post an adjustment to the account.

- SGI notes
- For special circumstances.

. P.7

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- SGI notes that they will provide game sell through data related to requirement #7.k
- SGI notes that

during the contract.

- SGI notes that each pack status change can have an associated comment field and that the filed can be written into automatically, default text strings for certain transactions can be automatically inserted to better document the process.
- SGI notes that they can

support queries and reporting (p. 8 and 9)—see Detail

Requirement #11.

Supporting Texas Ticket Volume and Scope—

- SGI notes that their system is used in some of the largest lottery ticket operations in the world.
 1. China—50,000 terminals and in excess of 3B tickets sold per year (compared to 800M in Texas annually), 76,000 packs shipped daily
 2. Italy—47,000 retail terminals, 9.3B euros in annual instant sales, 11.5M prize validations per week, (proposer clarified this was 178.8M Euros weekly)
 3. Florida—14,000 retailer terminals, \$2B annual instant sales
 4. Pennsylvania—Nearly 10,000 sales points, \$1.74B in instant sales

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- instant ticket support capabilities are discussed beginning on p.11:
 1. Transactions
 2. Ticket Inventory—SGI notes that supports a 6 digit game number games are supported
 3. Pack-Status Ownership—discussed previously
 4. Pack Settlement—SGI notes that packs can settle SGI notes these are all configurable.
 5. Management Controls—Tracking pack status is a core function of . GMS provides a complete audit trail of each transaction that affects a game, pack or ticket. Individual ticket ranges can
 6. Pack Transition Control—Controls pack status movement by rule (security grid)
 7. Security Controls— System can lock a retailers validation privileges when bad vals exceed a threshold.
 8. Data Protection—
 9. Retailer Report Mirroring— has the ability to create and display reports identical to those displayed on the Wave terminal.
 10. Retailer Licensing-- offers a full licensing feature that can be customized to TLCs needs.
 11. Management Reports—detailed on p.16 to 19
 12. Ticket Validation—SGI notes that supporting more than low-, mid- and high-tier levels.
 13. Instant Ticket Game Creation readily accommodates large game volumes, up to 9,999 active games with each game
 14. Game Definition Files---
 15. Game Closing/Removal— supports game-end accounting for individual games upon request.

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16. Inventory Ordering— supports inside sales orders, P.22 or initial game allocation processes.

17. Inventory Replenishment—Three basic Techniques:

o Pack Swapping—

o Warehouse Activities—

P.23

o

18. Accounting—EF will support all of the current business rules and procedures currently used by the TLC. Return Reversals—SGL notes that due to their WAVE terminals and GMS scanners ability to read very dense bar codes, SGL feels they could evolve the state's tickets beyond the current 20-digit bar code so that ticket numbers can be included in each scan.

Wave Instant Ticket functions—

- Reports— offers a complete suite of retailer terminal reports summarizing instant ticket status and transaction activity. See list of reporting capabilities p.26
- on p.27, functions as noted previously.
- Validating Tickets—
- also supports more than one instant ticket game vendor. Will accommodate multiple algorithms as needed.

General—Proposer's system seems to offer most required inventory management features detailed in the RFP. Proposer demonstrates experience in using its system in the management of complex instant ticket operations (e.g. China). Proposer's system offers complex pack management functionality and statuses. Proposer notes that pack statuses can be added in . Proposer notes ability to predicate financial transactions on pack status movements.

Proposer did not fully respond to or understand the requirements of DR#11 of the RFP. Proposer notes that they can

support queries and reporting (p. 8 and 9). However, these restorations are

			Information Redacted §552.101/466.022/552.139	typically conducted to allow for the completion of financial adjustments associated with games. It is not fully clear that proposer's system will support the required functionality based on the response.
	Claims and Validations		47	
2.3.2.6	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.	7.4 37		<p>Claims and Validation Response DRs: 5-7 and 9-35</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"> SGI 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. <ul style="list-style-type: none"> The <p style="text-align: right;">for</p> <p style="text-align: center;"><u>TLC.</u></p> <p>Check Printers—</p> <ul style="list-style-type: none"> SGI will provide hardware specs on p.7 <ul style="list-style-type: none"> <u>SGI will ensure that changes to check printers are also made to backups, Mike Skibel will oversee.</u> SGI notes that SGI notes that SGI notes that <ul style="list-style-type: none"> <u>SGI notes that they will provide call center support to the claim centers through the Texas Regional Call Center for incident resolution and field dispatch. Noting that call center and field support for claim centers is priority one.</u>

			<p>Information Redacted §552.101/466.022/552.139</p>		<ul style="list-style-type: none"> • will use NAICS codes to define retailer businesses • will support the eight retailer status codes and 41 listed reason codes noted in the RFP and SGI understands that these may be expanded in the future • • will support all lottery gaming data detailed in requirement #27 • When TLC requests, SGI will enable EF to accept online submissions of original and renewal retailer applications SGIs web-based retailer support site. (see description of the solution p.12) <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"> • SGI notes that they will satisfy this requirement by expanding their current web-based offering, Retailer Corner, to including retailer licensing support. • Retailers with a valid system account will be able to log in and select the renewal license functions and can update their data and submit the renewal request • New license requests will be through a click through feature, part of the process will involve setting up a temporary account including user id and password, allowing the user to sign-on and periodically review the status of the request. • SGI notes that they will link the system to a reliable third-party credit card processing service to accept payment types authorized by the lottery (credit, debit, PayPal, etc) • SGI will not maintain any of the information related to the financial transaction and will retain only the payment results. • During the business requirements collection phase, SGI will work with TLC to define the exact data required from applicants, fee amounts, acceptable payment types and requirements to transition each account to the next step in the process. <p>General--Proposer provides an overview of system functions meeting the requirements of the RFP. Proposer provided limited screen/interface detail or information regarding the system's ability to manage complex account relationships and structures (ER). Web services interface will need to be developed for application processing and payment.</p>
2.3.2.9	Lottery Gaming System's ability to provide online access to retailer management transactional data.	7.5 14	<p>Information Redacted §552.101/466.022/552.139</p> <p>CONFIDENTIALITY CLAIMED NOT RELEASED §552.110</p>		<p>Retailer Management DRs: 10 (partial)</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"> • SGI notes that their exciting new will satisfy this requirement by providing a transaction look-up capability that is unique in the gaming industry.

				General—Proposer's solution provides comprehensive support for this requirement.
	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 DRs: 5-6, 11-12, and 14-16 DRs: 5-20</p> <p>Battelle Benchmark Report Data—</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"> • SGI notes that they are leading the way in the gaming industry in enhanced central system hardware and infrastructure. SGI notes • SGI notes developing the industry's first back-office system for instant ticket accounting and validations in 1975. • SGI notes that they used only the latest hardware and software in designing their proposed system to ensure that TLC receives a proven state of the art system. • SGI notes that the proposed hardware is the very tech used in mission critical applications such as NASDAQ and the London Stock Exchange. • SGI notes that they selected a hardware vendor with whose products offer rock solid reliability and performance along with strong service and support. • SGI noting that they can boast uptime ratings for all of their data centers that exceed industry standards. • • SGI notes that they will not • SGI notes that is running in 13 domestic jurisdictions and is providing SGI clients

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- with the options, security and services needed to effectively run and grow their business.
 - is a configuration-based highly flexible system, noting that implementing lottery requirements will not require extensive coding reducing implementation times for new games and other TLC requests.
 - SGI notes that beyond the hardware and software an equally crucial part of the successful implementation are the personnel involved in the conversion from the old vendor and installation of the new hardware and software. The conversion team is detailed again here beginning on p.3
 - SGI acknowledges and accepts.
2. The Proposer must describe how its System will meet the configuration and capacity requirements.
- is designed as a near 24 hour processing system, reducing the nightly processing cycle to mere minutes allowing a quick restart of the transaction server. P.8 SGI notes that all systems provide near 24/7/365 availability and are field proven.
 - SGI notes that they have proven that they can

 - SGI notes that they have provided their new Executive Information System. to provide management users with an effective, user friendly interface into the TLCs data in their base cost of the system fully satisfying detail requirement #8. See section 7.9 response.

 - SGI will install a

 - SGI discusses the specs of the selected and the major companies that use them on P.11 and 12.

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 - SGI notes that will satisfy RFP table 56 response requirement #2 related to report production. Please see section 7.1 and Section 7.9 for details.

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3. The Proposer must demonstrate how its proposed System can meet or exceed the Texas Lottery's performance requirements.

4. The Proposer must describe its System's capability for detecting and reporting fraudulent transactions and activities.

- SGI notes that system security and integrity is their top priority and notes that they have worked with industry organizations MUSL, NASPL to ensure that they meet or exceed all guidelines in regard to detection and reporting of fraudulent transactions and activities.
-
- SGI commits that their security experts will work closely with TLC security staff to make sure provides the needed level of fraud detection
- SGI notes their implementation of a security governance framework that includes risk assessments and standards compliance.
- SGI notes their strategic goal of attaining ISO 27001 certification.
- SGI notes that their security procedures and physical safeguards are described in detail throughout their response.
- Their security safeguards and the afforded protection are detail in the table on p.43 to 45

7.6.2 Electronic Data Exchange Response

DRs: 10-11

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 style="color: red;">Information Redacted §552.101/466.022/552.139</p>			<ul style="list-style-type: none"> • SGI acknowledges and accepts. <p>2. The Proposer must describe how it will meet the data exchange requirements outlined in this section and the Data Exchange Report.</p> <ul style="list-style-type: none"> • <u>SGI notes conducting a detailed review of the TLC Data Exchange Report provided at the pre-proposal conference and confirms understanding the file transfer to/from various state agency and the TLC that must be protect from interception and corruption.</u> • SGI confirms that they will complete these transfers and ensure data is accurate and secure from unauthorized capture. • For infrequent transfers. <ul style="list-style-type: none"> • <u>Architecture—SGI highlights _____ which supports software and services from different companies, data exchange between disparate systems, use of industry standard techniques which ensures that each company or agency will have the required in-house expertise to effect the tech.</u> • <u>For regularly scheduled or streaming data exchanges, SGI typically uses standard web service Application Program Interface (API) relvinq HTTP, WML.</u> <ul style="list-style-type: none"> • <u>The same interface technology</u> <p><u>General—Propose provides an overview of the configuration and capacity of the proposed system and how it meets or exceeds the standards detailed in the RFP. _____ is detailed here in response to requirement #8 of the section and it is discussed further in Section 7.9 of proposer’s response.</u></p> <p><u>Proposer notes working with MUSL and NASPL on system security requirements and details a range of tracking tools in place on its systems to identify potentially fraudulent activities. Proposer provides a detailed response to the data exchange requirements and how they will be accomplished.</u></p>
2.3.2.1 1	Lottery Gaming System's capability for configuring and executing player and retailer promotions.	7.6.3 19	<p style="color: red;">CONFIDENTIALITY CLAIMED NOT RELEASED §552.110</p>	<p style="color: red;">CONFIDENTIALITY CLAIMED NOT RELEASED §552.110</p>	<p>Sales and Marketing System General Response DRs: 3-6</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"> • SGI acknowledges and accepts. 2. The Proposer must describe its System’s capabilities for providing player and retailer promotions. <ul style="list-style-type: none"> • <u>SGI notes a vast promotional library, that is easily implemented on the _____ system. SGI is well positioned to provide a broad range of promotions.</u>

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General—Proposer's promotions management tool offers a comprehensive promotions management tool offering a wide range of promotions. Proposer confirmed in response and clarification letter that multiple promotions can be conducted simultaneously for the same game.

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2.3.2.1 2	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.	7.6.3 33		<p>Sales and Marketing System General Response DRs: 7-8</p> <ol style="list-style-type: none"> 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 <ul style="list-style-type: none"> • SGI offers Properties Plus. See response to response requirement #4 for details below. 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.
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	System Management, System Security and ICS System and Vendor Requirements		78	
2.3.2.1 3	Change and release management process, and test environment and access for conducting user acceptance testing.	7.7 8		<p>System Management Response DRs: 21-23</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"> SGI acknowledges and accepts. 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"> SGI recognizes the importance of having disciplined and well defined software engineering processes to ensure quality software delivery that meets the needs of customers. Noting this

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as the reason they were the first in the industry to have software development personnel committed to using the best practices described in the NASPL certification as the basis for all process development.

- SGI Software Development and Maintenance Team with tech center support will review all deliverables for software and systems projects with the goal to ensure that all processes are followed and that all deliverables are built to the TLCs standards and requirements.
- NASPL Certification—NSI QA Requirements Definition for Vendors 1.0—confirms that a process is in place to ensure that system requirements and components are defined, documented, agreed upon and approved by the lottery customer for implementation. NSI QA Development Process 1.0—confirms SGI employs a development process that covers, design, implementation, testing, problem tracking and resolution, change control management, release, installation and all appropriate approval phases. SGI notes that NASPL standards consist of practices that are similarly address by the other industry best practices such as CMMI, IEEE, ISO and ITIL. However, the NASPL best practices are specifically developed by the lotteries and their vendors to address the unique lottery industry
- Request for Change—SGI staff will develop and provide change documentation including release notes. SGI change management process mandates that a detailed release note must accompany every software modification released to QA testing and UAT testing. All changes are integrated into a single software release.
- Request For Action (RFA) is the first step in defining a needed change. SGI analysts then create a business requirements spec and document. A repository is maintained of all documents—RFA, requirements, design and programmer comments and are summarized in the release notes. A release version number is also assigned.
- SGI notes that if end user procedures are changed dramatically, updated user documents will accompany the release.
- Release notes are then used to create a test task list. QA and TLC test scripts may be modified to incorporate evaluations of new features and functions.
- SGI will ensure the test environment is available and mirrors the live environment.
- Backout Plans—SGI will ensure these are in place in the event of a system failure as a result of a change.
- Software development methodology---adheres to NASPL standards, rigorous requirements definition, disciplined methodology, tracking of all requests, quality control and management sponsorship and oversight

		<p>CONFIDENTIALITY CLAIMED NOT RELEASED §552.110</p>	<p>Information Redacted §552.101/466.022/552.139</p>	<ul style="list-style-type: none"> Configuration Management—purpose is to establish and maintain the integrity of the software product deliverables throughout the project's life cycle. SGI uses the following tools to support Config Management: <ul style="list-style-type: none"> Configuration Management scope is detailed on p.12 and 13.SGI indicates that ClearCase is capable of producing reports describing the status and history of changes to the product that can be provided to TLC. SGI notes that change management is a shared effort between SGI and TLC. SGI will make change records available to both organizations through change tracking system. <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>SGI notes that strict adherence to QA testing is critical to delivering quality software.</u> <u>SGI commits to 24/7/365 access to the TLC UAT environment and it will duplicate the production LGS functionality. It will allow testing of various types of gaming terminals and protocols. Hardware will be sized to support load and transaction responsiveness testing of software releases using attached retailer terminals and a software simulator.</u> <u>SGI staff will perform a full range of internal software QA test prior to delivery to TLC for testing.</u> SGI again notes that their testing process complies with NASPL Best Practices and includes the following scalable options detailed on p.16 and 17: <ol style="list-style-type: none"> Planning Acceptance Testing Acceptance Testing Cases/Scripts Acceptance Testing Environment Acceptance Testing Support SGI notes that they will maintain their own test environment for use by the local test team. <p>General—Proposer provides a detailed overview of its development, change and release management processes. Proposer notes its certifications related to NASPL Best Practices for requirements definition and QA development processes. Proposer's testing environment and support meet RFP requirements.</p>
<p>2.3.2.1 4</p>	<p>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.</p>	<p>7.8 35</p>	<p>Information Redacted §552.101/466.022/552.139</p>	<p>System Security Response DRs: 8-10</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"> <u>SGI notes that this encompasses activities associated with maintaining physical and logical security of all gaming system components including but not limited to</u>

- SGL confirms that at a minimum they will meet TAC202 requirements in this area.
 - SGL notes that they use best practices from both the lottery and computer industry
 - SGL notes that they will participate in the WLA Security Certification reviews and recertification process and address any findings.
 - SGL confirms submission of the security plan 90 days after contract award and will update it annually including penetration testing at a minimum.
 - SGL notes their executive team here including their corporate security and compliance head who is a former deputy director of the FBI. Entire team detailed p.1 to 3.
 - SGL notes that the security management team administers comprehensive processes related to physical security, awareness management and risk mitigation.
 - SGL notes only hiring staff that clear comprehensive background processes
 - SGL uses recognized practices for security management implementation and execution.
 - SGL facility design is to create a contractually compliant and security environment for our work processes and products and to deter, detect, delay, deny, defeat and document likely threats against SGLs business operations.
 - SGL introduces Security Director John Byer who will be the security lead . P.4
 - SGL acknowledges and accepts.
2. The Proposer must provide an overview of its System security plan
- See also information provided above.
 - The key layer of network and svstem security is the creation and constant review of the
-
- evolves from gathering of business requirements, and it includes customer staff observations and concerns. The plan will include Texas-specific content.
 - SGL will use a continuous cycle of plan reassessment and updating.
 - SGL notes their strategic goal of attaining ISO 17799/27001 certification which includes multiple quality and security standards
- Security Plan Safeguards—
- Telecom Access—works with comm. suppliers to continually assure protection against security breaches. SGL uses extensive
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- - Application Code Security—

 - Secure Game Data—
 -
 -
 - Application Software
 - Protection
 - Personnel Security Practices
3. The Proposer must describe the physical and logical security components of the Lottery Gaming System. At a minimum, this must include an overview of the policies and practices to prevent, detect, and resolve security incidents. In addition, the Proposer must demonstrate experience, ability, and intent to meet security requirements.
- SGI provides an overview of their security components and practices, noting that they view system access security as a series of safeguards; maintained through constant vigilance including regularly scheduled risk assessments. Inadequacies are brought to the attention of the SGI Security Steering Committee for remediation guidance.
 - System Security Components and their afforded protection are detailed p.12 to 15
 - Access Control—SGI uses

 - Principles of Least Privileges—users only provided access to required work functions.
 - Separation of Duties—
Important in managing powerful command controls available to systems administrators.
 - Protection Against Attacks—

 - Safeguarding Data—SGI uses a multi-layer approach to guard against data tampering. Key file integrity tools and procedures:
 - 1.
 - 2.
 - 3.
 - 4.
 -

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				<ul style="list-style-type: none">•• <u>Operations Security Plan</u>—SGI has submitted a draft Operations Security Plan in the supplemental documentation at the end of part 7. Summary of sections is detailed on p.22 and 23 <p>General—Proposer provides a comprehensive overview of its approach to system security, noting that it will undergo WLA security reviews and commitment to meet TAC202 requirements. Proposer details both corporate and Texas-based personnel focused on security efforts.</p>
2.3.2.1 5	Processing transactions from the Lottery Gaming System to the internal control system, which includes handling out-of-balance incidents and accomplishing electronic funds transfers. Information Redacted §552.101/466.022/552.139	7.10 35		<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. [NOTE: Applies to all sections where applicable.]<ul style="list-style-type: none">• SGI 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">• SGI confirms that it will pay for the costs of a third party ICS vendor hired by the TLC.• <u>SGI notes maintaining excellent working relationships with all major gaming industry ICS providers</u>• SGI will provide all resources to maintain • SGI notes that with most • • • SGI confirms it will work with• SGI will include3. The Proposer must describe how out-of-balance incidents are handled and electronic funds transfers are accomplished.<ul style="list-style-type: none">• • <p>General— Proposer demonstrates experience in this area and provided a comprehensive response to</p>

RFP requirements. Proposer discusses continual balancing between its system and the ICS throughout the day. Proposer does not specifically describe the process for handling of EFTs (response requirement #3).

Reporting

47

2.3.2.1 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.

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Reporting Response

DRs: 6-12

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.]
 - SGI acknowledges and accepts.
 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.
 - SGI notes the various reports provided during the pre-proposal conference and that their provides most of these reports. SGI commits during the requirements collection phase of the implementation project to detail all staff reporting needs at TLC and at a minimum provide those reports in the Reports List.
 - SGI will create new reports within 30 days
 - SGI confirms that the system will track access to reports to all elimination of unused reports.
 - Sales and Transaction Reporting will provide both daily and weekly sales information and will be available to TLC and retailers by terminal. The reports will be filterable/sortable by a wide range of criteria.
 - Daily sales reports will be available and sortable by game at least years of sales data will reside on the system.
 - SGI notes that they will install the sales reporting tool. Set with the latest version of and reporting services environment. SGI notes that recent data will be available in
 -
 - SGI has integrated a comprehensive reporting feature driven through GMS management terminals. Using a web interface, TLC will have immediate access to a library of standard reports, including sales records, retailer data, terminal maintenance data, and daily transactions.
 - SGI notes that their will work with TLC to create and output specialized ad hoc reports that TLC needs to run its business.
- System Reports--
- Management Reports— features extensive data management and reporting capabilities.
 - Retailer Reports—see section 7.5 for more details on retailer terminal reports
 - Security Related Reports

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- Terminal Repair and Maintenance Reports
- Report Formats—
- User Friendly Interface to Lottery Data—SGI believes that all authorized lottery employees should have simple, user friendly access to all of the jurisdictions data. Users should have the tools to efficiently generate a report they need without the need to wait for programming an development. SGI proposers as this end user reporting tool (discussed in Section 7.1 overview)

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General—Proposer commits to meet all baseline report requirements presented by TLC. Proposer notes dedicated staffing in support of reporting needs.

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	System Supported Terminal Functions		47	
2.3.2.1 7	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.	7.11 47	Information Redacted §552.101/466.022/§52.139	<p>System Supported Terminal Functions Response <u>Battelle Benchmark Report DRs: 22</u> 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"> SGI 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"> <u>SGI notes that the Wave will handle pack confirmations, activations, settlements and returns of instant tickets.</u> Wave and are designed to handle a wide range of media forms, sizes, objects and optical mark codes as detailed in item #5. <u>Training Mode--Wave has a training mode that is controlled by the LGS. SGI notes that they will configure the system to prevent the production of any physical tickets while in training mode sending the ticket to the display as a virtual ticket. SGI notes the screen is boldly tracked to identify that it is in training mode. P.8 SGI notes that when a retailer enters or exits training mode a specials transaction is created and sent to the host to log the events. SGI notes that training transactions can also be logged to the central system as "training mode" entries.</u> Detail Requirement #7—SGI indicates that for multi-draw tickets the system must provide the ability to request and present multi-draw results for online games to determine the prize amounts, if any, for each draw that has been completed prior to validation. SGI confirms this functionality will appear on the terminal display. <u>Terminals can be configured to confirmation mode only such as in TLC claim centers and terminals are parameters are easily changed.</u> <u>Alerts regarding higher prize validations are available to allow clerks with insufficient funds to reject the transaction. The same is true for large online transactions. Asking for clerk acknowledgement prior to proceeding. See figure on p.9</u> Bar Codes—Wave can read and interpret ISO/IEC industry standard bar codes, such as 2D bar codes (e.g. PDF417) to support keyless inquiry/validation Central System and Wave can produce various graphics (symbols and pictures) and ISO/IEC industry standard bar codes and output them to a high resolution printer. <u>SGI will obtain the necessary rights from third parties to allow bar codes to be printed on online tickets and under the latex of instant tickets, allow players to use the bar code tech to confirm on their own the status of tickets and winning amounts</u> SGI confirms that LGS will

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Sgi notes the system will

- track survey data in the same way. p.11
- Wave will
- and Wave support on terminal orders for instant tickets. SGI notes that this feature is meant to supplement telemarketing orders, if 2 orders are placed, the system will prevent both orders from being added—the final count of packs will always make sense and be within the designated “maximum pack count” for each game for each retailer. On the other hand, if the retailer’s order is placed prior to the telemarketing call, the telemarketer will see the counts ordered at the terminal and the system will adjust his/her suggested order counts accordingly. p.11
- Sgi notes that the LGS provides an inventory system, accessed through the Wave, to track and maintain inventory of all signage and related lottery equipment (e.g. playstations, neon signs, etc.) (limited discussion of this topic and process of recording and reporting)

Messaging—

- Wave supports a TLC-approved programmable message screen saver when terminal is not in use for “n” minutes.
- Sgi confirms they will configure the terminals to ensure they support the sending of network messages (which may include streaming video) or video file downloads to in-terminal permanent storage. Which can be displayed on the player viewable screens or on the clerk’s screen. P.11
- Messages can be sent by characteristic filters: zip code, business type, chain affiliation, sales level, county, games sold, equipment type, etc. This can also be done by user-built retailer groups including a single retailer.
- SGI will support Amber, Silver and Blue alert messaging support which can be displayed on the terminals. SGI notes that they will size the terminal’s persistent storage appropriately to guard against message deletion caused by reception of subsequent messages.
- SGI notes that a terminal will receive all outstanding messages when powered on and logged in to the host.

Content Management System—

- SGI proposes their exciting and versatile digital content management solution called Lottery INMotion.
- SGI notes that Lotteries are quickly learning that while this technology is exciting, it is what marketers do with the technology that truly makes the difference. Noting that in the end, it provides the TLC with a direct voice to the retailer.
- SGIs InMotion allows message content to be sent to and displayed on high resolution LCDs connected through the Wave terminal to specific, or defined groups of retailers allowing custom messages to cities, regions or even chains
- SGI notes their solutions includes rapid distribution of content to the retailer terminals and the driving of high resolution displays noting that the TLC will be able to implement new marketing and sales strategies within minutes of making a corporate decision.
- Sgi notes content can included: TLC branded products, latest weekly promotions, photos of

latest high profile winners, latest jackpot roll, instant games that are about to sell out, most exciting instant top prizes still available, broadcast of Amber-Silver-Blue alert data

- SGI notes that due to the high bandwidth required to dissemination of streaming video, SGI will work with the TLC to precisely define the requirements for the display of content such as news, sports and weather broadcasts.

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Reporting—

- provides a complete suite of retailer reports summarizing online and instant game activity, financial position and general information content. SGI notes that many reports allow users to set data ranges allowing, daily, weekly and monthly reports at the terminal. Shift reports are also available detailing history of activity performed by a user during a period of time. See detailed report list p.20 and 21
- Wave also provides a report of adjustment history
- SGI confirms compliance with requirements #28 to 32
-
- Wave will display and print weekly sales reports.
- SGI notes that also exceeds RFP requirements by offering an itemized financial report at any time during the accounting week to allow cash drawer balancing.
- SGI notes that they will provide LSRs with reporting capabilities on the Wave during store visits.

Retailer Corner Website—

- SGI will make reports and statements available to retailers, keys, corps and chains via their website, Retailer Corner.
- Chains can view individual store data or combined store data.
- SGI can arrange to e-mail statements to specific addresses in appropriate formats for accounts.
- SGI will also provide printed statements to accounts as needed.
- Retailer Corner provides more than statement access. It also provides report access. (example of instant ticket inventory report provided p.24)
- SGI notes that these reports can be exported to the retailers desktop with a few clicks of the mouse.

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.
 - SGI will meet this requirement by providing a standard protocol link between and the retailers back office system. SGI notes that they will work with TLC to define the interface noting that it will be similar to the web services connection between
 - Alternatively, SGI also notes that they can work with major accounts to interconnect the Wave terminal with the store's cash register system. Noting that they have interconnected the Wave with major retail organizations in other jurisdictions.
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.
 - SGI confirms that the 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"> • <u>SGI confirms the systems capability to perform these functions.</u> <p>General—Proposer provides an overview of terminal functions meeting the RFP requirements in this section. Proposer gives limited detail regarding terminal functionality relating to the ability to support inventory tracking. Content Management System offers superior functionality, including playlists and multiple simultaneous messaging. Response shows proposer has robust system and has thoroughly thought through the operational details of the system and brings expertise and opinions to the operation of the equipment. Proposer has also committed to providing needed staffing to support the system. Terminal reporting is solid. Proposer response to responses requirements 3 through 5 meet RFP requirements.</p>
Sales Terminals and Related System Sales Equipment			94	
2.3.2.1 8	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</p> <p><u>Battelle Benchmark Report DRs: 4, 7, 11, 14, 18, and 19</u></p> <p>DRs: 3-24</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>SGI notes that their flagship wave terminal debuted at the 2008 World Meet and 34,000 units have since been deployed in PA, CT, IN, DE and Italy with orders for 4,000 others being worked on.</u> • SGI notes the enhanced speed of use and ease of operations. <p>SGI notes 30 years of terminal manufacturing and engineering experience including deployment of over 100,000 lottery and pari-mutuel wagering devices worldwide</p> <p>Wave benefits:</p> <ul style="list-style-type: none"> • SGI notes that the Wave is the fastest and most exciting sales terminal in the industry. • Fastest document scanner and printer available (point of comparison), noting over 40 playslips can be processed in one minute • Smallest countertop footprint of any full-function terminal available • <u>Fully customizable keyboard with choice of touch screen technologies</u> • Wireless 2D bar code reader. (point of comparison) • Open standard-based XML protocol, offers ease of integration and customization unparalleled by any other terminal • Broad security features, including enhanced tracking of online roll stock • SGI acknowledges and accepts. <p>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</p>

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.

- SGI notes that they will work jointly with TLC to develop criteria and requirements for retailer sales terminals and related system sales equipment. SGI commits to provide new terminals and related system sales equipment to new retailers for the term of the contract in accordance with TLC-approved deployment requirements.
- SGI commits to provide the following under the TLC requirements of #7—all depicted on p.9
 1. Retailer Sales Terminal (standard)—17,000 Wave
 2. Retailer Sales Terminal (mid-range)—500 Wave
 3. Player Activated Sales Terminals—3,500 PlayCentral Terminals
 4. Player Activated Self Check Terminals—17,000 Ticket Checkers
 5. Handheld Terminals—40 Handheld Terminals

- SGI notes that the Wave, PlayCentral, ticket checkers and handheld terminals are currently deployed in other jurisdictions.
- SGI notes that the terminals require minimal training for effective use.
- SGI notes that the terminals are all capable of reading various media forms.
- SGI notes that all terminals but the handheld terminal can read playslips and survey tools.

Wave Retailer Terminal--

- SGI notes that the Wave terminal is full-function and will print and validate online tickets, validate instant tickets, perform instant ticket pack management, perform accounting and reporting functions.
- SGI will provide an initial deployment of 17,500 terminals (standard and mid-range) and will supply additional terminals for training, testing and spares and additional units as needed by TLC.
- SGI notes that the Wave's remarkable speed, compact size, peripherals and hyper functionality, retailers will notice the enhanced ergonomic design and expanded functionality. SGI notes that it is the fastest, smallest, and easiest to use full-function lottery terminal on the market

Wave Overview---

- Retailer Wave testimonials provided on p.13

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Wave Features and Functions (starting on p.20)—

- 17.40" H X 11.23" wide X 14.85" deep, 27 pounds
- Printer 8.85" high X 6.0" wide X 14.45" deep , 6.25 pounds
- Terminal and printer foot print 253 SQ Inches
- See comparison diagram of Wave versus competitor units p.21

- Offered Option at no additional cost--Wave can be offered with a printer integration plate that attaches the printer to the terminal. (left side placement).
- 12.1" LCD touchscreen display accommodates text, graphics and video.
- GUI is designed with minimized keystrokes and efficiency in coordination with NCR
- Touchscreen Options—
 1. Fire-Wire Resistive Touch uses a simple plastic on glass construction with a durable polyester cover that is responsive to touch and resistant to scratching. Durability rating 35M touches. They respond to the widest range of touches (fingernail, pen or pencil, gloved hand, key and stylus. Widely used in restaurant, c-store, kiosk and medical device terminals
 2. Surface Acoustic Wave—clear glass panel with no coating over the touchscreen, typically not affected by scratches on the screen. SAW operates drift free and does not require calibration and offer excellent bright images. Durability 50M touches. Respond well to finger or gloved hands but not other forms of touch.
Note-CT first opted for SAW and later changed to Resistive after usability tests. PA, DE and IN have all made the same choice.
- Offered Option at an additional price—the TLC can choose a 15" Acoustic Pulse Recognition (APR) wide screen display. APR technology offers glass overlay with recognition of sound created when glass is touched. It offers optical qualities and durability of SAW with the touch responsiveness and flexibility of resistive.
- Wave defaults to the sales screen for speed. Tabbed menuing offers ease of movement around terminal functions.
- Wave Touchscreen is completely flexible of display characteristics including colors, layout, graphic elements, text and buttons. Screen content is software controlled and can be modified over time.
- Greyed out logo example on p.25 to help get word out about game launch.
- The terminal! games per screen. Retailer has to select the second page to get the second set of games. See p.25 This was discussed during site visits and Steve Beason responded that terminal screen could be easily redesigned

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- SGI notes that help pop-ups are available for each screen.
- Screen Readability—adjustable screen can address various heights, light glare and other environmental. Viewing angle is enhanced with active display technology p.26
- Multiple Language Capability—Offered Option in base price, retailer terminals can support multiple languages, noting that SGI has provided Spanish and Korean to other US Lotteries. The terminal can be toggled from one language to the other. Language applies to the terminal display, help screens and possible to certain retailer reports, as determined by TLC, but not to tickets. English and one additional option offered at no cost. Other languages are additional.
- Terminal Printer—shelf sharpening paper cutter, 8" per second printing, 7" paper roll, sensors including low paper, paper out and lid open, High Resolution 200 DPI images, full graphic capability, jam free paper path and paper loading, grade A bar code quality
- Variety of Fonts—printer can support crisp looking tickets and reports including promotional advertising, standardized on open source TrueType font offering wide range of text styles. Example p.30
- All bar codes have a first read rate of at least 98%.
- Supports UPC, PDF417 and DataMatrix codes see more p.30
- Printer Ticket Stacker holds at least 100 tickets, tickets stacked sequentially as printed, stacker prevents tickets from falling to the ground.
- Playslip and Document Reader/Scanner—SGI notes that their contactless image sensor document scanner offer the highest speed of service and ease of use playslip reader of all terminals in the industry. Noting that it processes playslips faster and uses intelligent stacking.
- SGI notes their scanner uses true OCR technology and immediately recognizes a playslip or ticket.
- Playslip Stack tray consistently stacks 30+playslips with ease in the same order that the tickets are printed.
- Online ticket validation and online ticket cancellations are also supported by the Wave document reader.
- Wave supports scanning of various sizes of playslips or other documents up to an A4 size.
- Reader Flexibility—can read various colors, and graphics on playslips. One limitation is they cannot read red or yellow marks, SGI notes this is typical of most scanners.
- SGI notes that playslips can be dropped horizontally or vertically at any angle and be read. If a slip cannot be read it will be ejected for reinsertion. A popup message is also displayed.
- Scanner is jam resistant and scanner is easy to open if jam occurs.
- Bar Code Reader—Wave terminal supports all standard one and two Dimensional bar code symbologies by using a true 2D reader. They support I2of5, UPC, PDF417, DataMatrix and the world Standard EAN-13 product bar code.
- Supports keyless validation bar code scanning.
- Provides a first read rate of 98%
- Bar code reader supports administrative functions including instant ticket inventory control and reading age verification or ID cards
- The SGI Engine Card serves as the peripheral control board offers

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- slots for current needs and open ports for future expansion. Detailed on p.35
 - Sound Generator—Wave uses _____ producing software controlled audible tones and alarms (e.g. human voice, musical tones or simple tones), sounds can be triggered by lottery selected events including errors. Sound never delays transaction processing.
 - Speakers—Wave features two internal speakers, but can also support external speakers as a peripheral device. This is a separately priced offered option.
 - Volume level can be adjusted by the retailer or restricted to volume ranges or no access at all.
 - SGI note the aural notifications required are supported.
 - Environmental Fitness—described p.36 and 37
 - Memory and storage—Waves standard _____ as an Offered Option included in the base price. The lottery can choose to have the Wave terminal configured with a _____
 - Offered Option at additional cost —
 - Wave Casework—constructed with polycarbonate plastic, one of the toughest and most color resilient commercial plastics available. Color is infused with the plastic and will not face. Base case work is dark grey. Custom color accent kits are available for TLC choice in the Pantone Matching System. See depiction on p.38.
 - Smart Card Readers—Smart Card readers is integrated on the right side of the terminal display allowing prepaid gift cards and VIP cards, and ID cards to be read.
 - Offered Option Additional Cost—SGI can also add a magnetic strip reader to the right side of the terminal screen. See p.39
 - Ticket Branding—Wave supports this on the front side of the ticket for validations and cancellations. This is accomplished by the thermal branding head in the document scanner and can displayed programmed messages, "Paid" or "Cancelled"
 - Wave is designed to provide pop-up messages to the retailer when errors and anomalies occur. P.40 and 41
 - Help button is available on every screen and gives the retailer detailed instructions for the active screen
 - Wave supports training videos such as paper changing p.42
 - Messaging Downloads—SGI Virtual Download System (VDS) in conjunction with Lottery InMotion, is used to deliver retailer messaging, graphic rich media files, retailer/player training content, play lists and applicable updates. VDS is used to broadcast or "push" data to the terminals in lieu of the traditional process where the terminal request data using a messaging protocol. See section 7.11.2.5 for a detailed overview of the Lottery InMotion (LIM) content management system. SGI notes that content files are stored on the terminals storage media {
 - Wave is also capable of communicating with 3rd party devices such as Jackpot and LED signs. These signs use a transceiver on the Wave to provide a secure connection.
- Mid-Range Terminal—SGI notes that they are offering the Wave terminal, as the mid range terminal, and note that it is designed to provide full functionality in a compact foot print. P.44

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Player Activated Sales Terminal—

- PlayCentral player activated sales terminal that sells both instant and online tickets is proposed by SGI.
- SGI notes that they worked with PA in 2004 to place 1000 PlayCentral (PC) units to recruit retailers that passed on lottery before. They recruited 90% new retailers with the equipment. SGI notes that Sales since inception exceed \$175 M and weekly avg sales continue to increase.
- Play Central offers a second advertising display/keno monitor built in.
- SGI model supports multiple functions with one interface.
- SGI notes that PC offers a field proven patented dispensing technology that cleanly separates and dispenses instant scratch off tickets.
- SGI notes unit is ergonomically designed with a touch screen, no more bending down to select tickets.
- Uses an interactive LCD display touchscreen. Incorporates animated graphics and audio enhancements.
- PC is connected to the EF host system the same as the Wave terminal.
- Offers up to 24 games, popular games can be loaded into multiple dispensers.
- 2D bar code reader for instant and online ticket prize inquiry, age verification and pack inventory management
- 1000 note bill acceptor, also allows for US currency downloads of software update capability
- Use a high res, full color, 19" flat-panel touchscreen display providing easy to use player

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- interface.
 - Remote shut off
 - SGI notes the custom graphic wrap will be designed in conjunction with the TLC
 - Dispensers are typically expanded in increments of 4 games per drawer. Games operate independently and don't rely on the other game bins to work. SGI notes to provide additional flexibility, they will provide an average of 20 bins (5 drawers) per machine. Additional four dispenser (bin) drawers can be purchased as a separately priced option. P.49
 - SGI notes that PC complies with ISO 9241-20 requirements which are more stringent than ADA requirements.
 - PC comes equipped with a large back-lit, easily changed advertising panel at the top of the device as shown in Figure 7.12-39 (note—this figure is the sales display screen and not the advertising panel)
 - Connectivity— and all activities and events are communicated to the central system, including sales of online and scratch tickets, empty bins, full cash boxes, jammed tickets, and error message such as low paper stock.
 - Offered Option enhanced monitor at an additional cost—SGI can add an additional 22" high res, LCD monitor in place of the back lit panel. The monitor can display initiated by PlayCentral or can be used in conjunction with LIM, content management system.
 - Age Verification—SGI currently provides this via 2D bar code reader in CT and PA
 - Magnetic Stripe/Smart Card Reader is provided for reading VIP cards, ID cards or debit cards.
 - Play Central has an integrated PCI compliant PIN pad for debit card transactions. SGI notes that convenience fees can be collected from the players to cover the cost of transactions.
 - SGI notes that 40% of grocery transactions are debit and growing.
 - PC offers ticket checking and validation which applies credits to the terminal. Player can spend the credits or request a voucher for redemption by store personnel. The voucher can be reinserted into PC later or validated and paid by the retailer.
 - Sample player game selection main menu screens provided p. 52 and 53. Lottery controls the appearance of where the games appear regardless of the where the retailer loads the game. Four games can be displayed as new or feature games.
 - When a game logo is selected players then go to the game logo screen with game information and ticket purchase options. SGI highlights the additional information that can be provided to players on this screen.
 -
 - Online Game Purchase—Players can enter a bet slip or select the game icon. Play your way allows player selection of numbers on screen. P.58
- Player Activated Self Check Terminals—
- SGI proposers their Ticket Checker device.
 - Allows inquiry on online and instants
 - Provides win, no-win and prize amount information.
 - Unit includes a 2D bar code reader and a 4" X 20" display at the top of the unit.

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- Read rate is greater than 98%
- Unit is equipped with a detachable stand for counter top placement or a detachable wall mount bracket for wall placement.
- Standard cable length is 30"
- Offered Option included in the base price—Wireless capability will be provided for ticket checkers. Providing ease of retailer placement.
- ommunicate with the Wave terminal. This tech provides reliability and security in retail environments.
- Each Wave terminal can support up to 8 wireless ticket checkers.
- Offered Option in base price—500 additional ticket checker units for high traffic and high volume retailers.
- Offered Option for additional cost—additional ticket checkers above the 17,500 offered.

Handheld Terminal—

- SGI will provide handheld terminals and printers. The touch screen terminal can communicate see picture p. 61
- SGI has provided over 90,000 similar units in China
- Printer holds a 2.65" roll of 3.24" width paper
- Printer is equipped with a belt clip, case and shoulder strap.

Thermal Paper—

- SGI notes relationships with several major thermal paper vendors: allowing them to offer the new generation—top coated lottery grade thermal papers on the market.
- SGI requires all vendors top-coated lottery grade papers

- SGI indicates that the tickets

- SGI will provide their to verify high-tier tickets (described previously)

- Terminals contain a
- Terminals feature a lottery signage/marketing area p.64

Customer Oriented Display—SGI confirms compliance with RFP requirements p.65

- SGI proposes 19" class flat panel widescreen LCD monitors for each retail location. Noting that widescreen conveys the image of new, fresh technology, indicating that 17" displays are

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already beginning to look dated.

- SG I notes that a 19" display offers 10% more screen display space than a conventional 17" monitor. SGI further notes that all broadcast advertising, including the TLCs, will migrate to 16:9 aspect ratio over the life of the contract
- SGI notes that monitor can also be positioned in a portrait mode (vertical arrangement) adding flexibility for retail space.
- Monitors can be installed with either an adjustable stand or a wall mount bracket. Placement will be decided by the TLC with the retailer.
- SGI notes that Wave has internal sound through speakers and will accept external speakers for an additional cost.
- Offered Option included in the base price SGI will provide a 22" widescreen flat panel display (featuring landscape or portrait mode). The larger screens are ideal for larger venues such as grocery stores.
- Player Transaction Display(PTD)—This will be offered to retailers that cannot accept the 19" or 22" display.
- PTD is a backlit, monochrome LCD with full graphics capability 240 X 64 pixels. The display pitch angle can be modified and the pole height can be adjusted. P.68
- PTD can communicate the amount of the current transaction and notify the player if they have a winning ticket.
- Offered Option for additional cost—PDTs for locations that also have a flat panel display monitor.
- Offered Option included in base price—an integration plate can be provided that permanently affixes the PTD to the Wave Terminal.

General—Proposer's terminal offerings have been deployed and field tested in other jurisdictions.

- Retailer Terminal—Proposer offers its Wave terminal for both the standard and mid-range (small footprint) terminal requirement. This is a significant concern in locations that cannot accommodate a full size terminal.

- PAT—PlayCentral—P roposer's self-service device features a touch screen player interface for sales as opposed to button purchase selection. The touch screen interface involves multiple screen interfaces to complete purchases. This is an area of concern based on TLCs in-market experience with player touch screen interfaces. These concerns notwithstanding, the display offers nice informational data related to games and the ability to organize the games displayed regardless of how they are loaded in the unit. It also allows for out of stocks to be hidden from the customer. Proposer indicates that it will provide an average of 20 bins in its offered PlayCentral terminals, noting that additional banks of bins can be purchases at an additional

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price. The RFP required that units be configurable up to 24 bins included in the base RFP request. Advertising Display Monitor is an additionally priced option. Unit features ticket validation capabilities including on unit credit or voucher that can be redeemed at the sales terminal.

- Handheld Sales Terminal—Proposer will provide touchscreen sales terminals that Proposer notes extensive experience deploying over 90,000 similar units in China. Problems noted with tearing tickets from the printer during site visits.
- Player Activated Self Check Terminals—Proposer offers wired or wireless ticket checkers and an additional 500 units over the RFP requirement. Battelle noted difficulty in conducting ticket inquiries with certain instant tickets during benchmark testing.
- Customer Displays—Proposer offers 19 or 22" widescreen monitors that are capable of deployment in landscape and portrait format either via wall or counter mounting.

DR 7 Proposer does not currently have a Mid-range terminal offering.

Specified and Invited Options –

5. 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.
 - This requirement was deleted 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.

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General—Proposer's solution offers a creative approach to the challenge of in-lane sales deployments featuring

Proposer notes proof of concept in response, but does not appear to have significant experience with field deployment of the concept.

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.**
- Separately Priced Option--SGI offers their C-Central solution noted in the section above—Integrated online terminal and instant ticket dispensing unit that generates tickets based on complete transactions communicated from the retailers POP. Works in the same fashion as the InPlay feature detailed above for both instant and online.
 - Separately Priced Option--BetJet—online self service terminal.
 - SGI notes that over the term of the contract new and emerging equipment and tech may become available, SGI offers deployment of such equipment and technologies.

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2.3.2.1 9	Functionality or capability of all online devices to interact with the back office systems of Retailers.	7.12 19	CONFIDENTIALITY CLAIMED NOT RELEASED §552.110	<p>Sales Terminals and Related System Sales Equipment Response 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"> • <u>SGI notes that there have been various failed attempts to accomplish this within the industry over the years.</u> • <u>SGI notes that their terminal can print a UPC bar code that contains a product code and price on each online ticket (see p.68) which can be scanned on the POS terminal. The product codes would need to be loaded in the store POS terminals or back office system to allow them to handled like any other store product.</u> • See also 7.12.0. 6 and 7.12.0.7 for information on SGIs and ConvenienceCentral products. <p>General—Proposer's solution represents a workaround approach to interfacing with a retailer's backoffice systems by creating product bar coding that can be scanned on retailer POS.</p>
2.3.2.2 0	Sample Retailer training manual and other options for training Retailers such as including training manual within the Retailer Terminal.	7.12 14		<p>Sales Terminals and Related System Sales Equipment Response DRs: 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"> • <u>SGI confirms that this information will be provided on the terminal and for posting to the TLC web site and will be provided in hard copy where unavailable on the terminal.</u> • <u>See sample SGI retailer manual at the end of section 7.</u> • <u>SGI commits to providing manuals in English and Spanish and updated them as needed and will contain the information detailed in requirement 25</u> • <u>Wave Terminal Retailer Training Mode—SGI notes that a fully interactive retailer training mode is available on the Wave terminal, including simulation of all activity without actually producing live tickets. P.69</u> • <u>Detailed discussion of terminal training mode through p.73</u> <p>General—Proposer provides a detailed response to the requirements of this section.</p>

	Installation, Relocation and Removal and Maintenance and Repair		47	
2.3.2.2 1	Plan and procedures for handling equipment installation, relocation and/or removal requirements.	7.12.1 12	<p style="color: red; text-align: center;">Information Redacted §552.101/466.022/552.139</p>	<p>Installation, Relocation and Removal Response DRs: 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"> • SGI discusses their strategy for new retailer recruitment at the opening to this section on p.90 • SGI acknowledges and accepts. 2. The Proposer must describe how it will meet the equipment installation, relocation and/or removal requirements. <ul style="list-style-type: none"> • <u>SGI will provide a dedicated Retailer Care Center (RCC) staffed with local Retailer Care Specialists, who will work directly with local retailers and TLC personnel as an interface between SGI in-state teams the National Rollout Office (NRO), Texas Regional Call Center and the National Response Center (NRC).</u> • The RCC will be the go to point of contact for TLC inquires and needs. Involving retailer activity. • <u>RCC will use technology, a suite of tools to address all retailer and TLC reported issues. See also section 7.12.2</u> • <u>RCC will be the primary contact for all new retailer, COO, and equipment moves and removals including ITVMs, ordering telecom and circuits.</u> • <u>Installation—SGI will perform an onsite survey and work with retailer to determine optimal equipment placement. After survey, install schedule is set. A letter will be sent to the retailer outlining the install process and date and TRCC will follow-up with a phone reminder the day prior. Install will include, at a minimum, sales terminal, comm. access, playstations and instant ticket bins.</u> • <u>SGI will secure a dated authorized signature from the retailer on a form approved by TLC</u> • <u>Relocation and Removal—SGI notes this will be conducted through their Technical Service Manager in conjunction with the Field Service Manager. SGI notes that they will coordinate with the retailer to schedule relocation or removal with the retailer. If retailers schedule does not allow within the TLCs timeframes they will notify in writing of the reason for delay.</u> • <u>Equipment Storage—SGI notes that they will store equipment in event of store remodels or ownership changes until equipment can be installed.</u> <p>General—Proposer's response to this section begins with a discussion of recruitment efforts. When addressing the installation, removal and relocation requirements proposer indicates the RCC will be the primary contact for all of these activities. Later, proposer indicates that the Technical Service Manager and Field Service Manager will handle relocations and removals upon notification from TLC and will interact with retailers on these activities. Handoff or roles between the two areas of the organization in interacting with the retailer is unclear.</p>

2.3.2.2 2	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.	7.12.2 12			<p>Maintenance and Repair Response DRs: 6-9</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"> SGI accepts responsibility for maintaining all TLC equipment to ensure maximum uptime. Maintenance will include ongoing support, maintenance, and repair of all terminals and related sales equipment including hardware, software and network connectivity <u>SGI notes they only use replacement parts and services approved, recommended or recognized by the original equipment supplier.</u> SGI acknowledges and accepts. The Proposer must describe in detail the proposed plan and procedures for the maintenance and repair of all Terminals and related sales equipment. The plan must include a preventative maintenance schedule. <ul style="list-style-type: none"> <u>SGIs Field Service organization uses Information Technology Infrastructure Library (ITIL) and Information Technology Service Management (ITSM best practices as the foundation from which to provide best-in-class customer service.</u> SGI notes that ITIL is the most widely used standard for service management in the world, much like ISO 9001:2000 for manufacturing businesses. The concept of ITSM is at the heart of ITIL and SGI has used this guide to develop an infrastructure that streamlines IT services. <u>SGIs Corporate Center for Excellence and NDC (described in Section 6.6) have adapted ITIL framework to SGIs service delivery methodology and support planning processes which contributed greatly to SGIs NASPL QA best practices certification awards</u> SGI service management team's core functions include the establishment of performance standards, overseeing processes and best practices and ensuring operational efficiencies for online data centers and retailer operations. Service Support generally concentrates on day-to-day operation and support for IT services while Service Delivery looks after the long-term planning and improvement of IT service provisioning. Diagram p.99 Benefit—allows SGI and TLC to become more efficient while improving service levels to TLC, staff and retailers, through process automation and service delivery-level speed. <u>2 Divisions of the Service Management Group: Field Operations and the TRCC.</u>
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- Retailer Equipment Maintenance—FSTs are well trained and courteous and are located throughout the state of Texas to respond quickly to service calls.
- visits.
- SGI notes that using visits., they will track
- All FSTs will complete comprehensive training called Service Max. Program detailed p.105 to 107
- Corrective Maintenance Steps for Routine Service Calls detailed on p.108
- PM Service—SGI notes that they perform PMs on all terminals and peripherals on a rotating basis based on quantity of transactions. SGI is proposing at least every days.
- Offered Option included in base price--PM approach—a PM approach based on sales rather than calendar days. SGI would use a tiered PM schedule detailed below:
 1. Platinum Service—Top 20% of retailers (47.25% of sales) day interval
 2. Gold Service—Middle 40% of retailers (40.07% of sales) day interval
 3. Bronze Service—Lower 40% of retailers (12.68% of sales) -day interval

SGI notes that this options on a time basis means that a retailer averaging \$6,000 a week in sales is maintenance serviced the same as a retailer avg. \$100/week. SGI notes that they will work with TLC to determine actual levels and benefits for the service levels proposed.

Terminal Parts Supply—

- Terminals, parts and supplies will be supplied through SGIs to all field district office locations.
 - Initial spare levels will be maintained at 4% and will be monitored and adjusted weekly as needed.
 - Terminal Repair and Maintenance Reports—will be available to TLC via the Internet through the
4. The Proposer must describe in detail its proposed plan and procedures to address resolution of chronic equipment problems.
- SGI notes that they understand that if a chronic problem arises, TLC may request that SGI monitor the retailer location closely and keep in contact with the retailer for a specified period of time to assure that the problem is corrected.
 - Should a chronic problem arise, TRCC Customer Care Representatives will monitor the situation by contacting the retailer on a weekly basis. SGI notes that once a retailer is placed on their “chronic” list SGI will assign the case to their “task force” that will take ownership of the situation until resolution.
 - SGI commits to provide detailed weekly reports to TLC until it is appropriate/agreed to remove the retailer from the list.

		Information Redacted \$552.101/466.022/\$52.139		<ul style="list-style-type: none"> • supports automated alerts to be sent to field managers, techs and sales staff as a reminder of predetermined schedules. Noting that the system can send reminders to make follow-up calls twice weekly to inquire on equipment's operations. • SGI notes that will allow data center system operations to monitor individual terminal activity and functionality <p>General— Proposer details their adherence to ITIL, ITSM and NASPL QA Best Practices standards. Proposer provides a thorough response to preventative maintenance support offering a couple options for field services PMs. Proposer uses tool for management tracking and reporting of field service activities. also offers optimized call routing for efficiency. The unique roll of the different service organization units is not clear related to chronic problem handling here. Proposer details their task force approach to chronic problem follow-up and reporting to TLC including their Field Services Management Team, Sales Force and a Representative from their Customer Care Center. Representatives from the Texas Regional Call Center are referred to as Customer Care Representatives here. However, the role of Retailer Care Specialists, as noted previously is unclear in this section. See also question #22 responses related to title clarification associated with the Call Center Operations.</p>
2.3.2.2 3	Staffing levels to cover repair functions and the planned location of staff.	7.12.2 12 Information Redacted \$552.101/466.022/552.139		<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"> • SGI will ensure there is a sufficient number of FSTs strategically positioned throughout Texas to respond to service calls as they arise. Tentative staffing locations are depicted on the map on p.111 <p><u>Staffing:</u></p> <ul style="list-style-type: none"> • Field Services Manager • Field Operations Manager • District Field Managers • Field Service Technicians • PAT Technicians • Communications Technicians • Bench Repair Manager • Bench Repair Supervisor • Bench Technicians • Depot Manager • Warehouse Supervisor • Depot Supervisor • Retailer Care Specialists

		Information Redacted §552.101/466.022/552.139		<ul style="list-style-type: none"> • Couriers <p>See also section 4.3</p> <ul style="list-style-type: none"> • SGI notes that David Douglas and his field ops team have drafted a complete FST schedule for Texas field operations. The draft FST schedule contains 12 zones and will be subject to TLC approval. <p>General—Proposer details their staffing plan and the zoned (12) approach to service in Texas. FSTs are specialized and perform different types of services. Proposer has allocated communications technicians and PAT techs for the service statewide.</p>
2.3.2.2 4	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	Information Redacted §552.101/466.022/552.139	<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"> • SGI notes that they provide TLC with the tools to continuously monitor all deployed elements of the system and network and proactively alert the operators of service conditions and performance metrics, including transmission failures and outage events. • Monitoring Tools—SGI notes monitoring tools have been discussed previously in section 7.6.1. • General—Proposer notes system level support for equipment performance monitoring. Proposer's reference to section 7.6.1 seems to be an incorrect citation. Proposer describes the use of for the type of monitoring addressed in this section in 7.13.6.
Call Center Support			60	
2.3.2.2 5	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.	7.13 60		<p>Call Center Response DRs: 10-19</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"> • SGI acknowledges and accepts. <p>2. The Proposer must describe its call center system including its capabilities.</p> <ul style="list-style-type: none"> • SGI uses a two-pronged approach to call center operations, providing separate distinct call center organizations: <ol style="list-style-type: none"> 1. Incident Resolution and Field Dispatch Services—Field Service Response Center 2. Ticket Inventory and Supply Management—Inside Sales Center • Texas Regional Call Center (TRCC) will be located in Austin and operate 24/7 and • TRCC will be divided into two distinct call center operations: Field Service Response Center and Inside Sales Center. <p>Incident Resolution and Field Dispatch Services—</p> <ul style="list-style-type: none"> • SGI notes proposed staffing levels are detailed in response to Section 4.3(org chart shows

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call center manager, call center supervisor, Retailer Care Specialists and Call Center Operators help desk and dispatch operators—letter clarification) reporting up through Call Center leads.

- SGI further notes that they will adjust the staffing levels as necessary to ensure that all inbound calls are answered quickly and efficiently, noting that 95% of all calls will be answered within 2 minutes unless call volume is affected by a force majeure event.
- TRCC will be fully staffed with Technical Support Representatives (TSRs) including technical support operators and dispatch operators. (proposer clarified that these are the same as positions identified in section 4.3 as Call Center Operators. The correct count is with help desk staff and dispatch operators.) This does not include the positions identified in the org chart in section #4.
- Staff will have functional samples of all Texas terminals and equipment.
- System will record all calls and capture the screens on during the calls. Information will be stored for or as required by TLC.
- Call Center System and Toll Free Circuits—Single toll free number supported by significant pool of inbound lines to ensure that 99% of callers get through without a busy signal. Calls will be queued and a pre-recorded message will be played while waiting for a TSR.
- SGI notes that the allows notification of estimated hold times based on the number of calls in the queue.
- Call Center Reporting—TLC will be able to monitor calls, click access to recorded or active calls. Calls are active on the system for 6 months. Archived older calls can be retrieved on request.
- Call System Reporting—system provides various statistical reports that are available online by hour, day, month or year. Sample list of reports on p.8
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- SGI uses Help Desk Institute (HDI) best practices for NRC operations. HDI is the world's largest technical service and support membership association. NDI provides surveys and training tools for improvement of call center performance used by SGI detailed on p. 9
- discussion of the dispatch systems tracking and reporting capabilities for SGI and TLC

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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.
 - TRCC Manager will be Donna Marshall
 - SGI notes that the TRCC will have more than Technical Support Representatives on staff comprised of help desk and dispatch operators ((see clarifications notes related to Response Requirement #2 above)
 - SGI notes that during conversion NRC will support call volume of TRCC and will reassign or take on temp staffing to handle the increased call volume.
 - Field dispatch will be primarily handled by with monitoring and exception management provided by Texas Operations staff.

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- Staff will be trained by a corporate Training Specialist.
- SG I notes that approximately 20% of the staff will speak Spanish. SGI also notes that multi-lingual support is available through
- Escalation Procedures including Severity level categorization- detailed on p. 24 to 26
- HDI best practice based interview, testing and screening process for candidate review detailed on p.26 and 27.
- New Employee Orientation and Training—training program and testing are detailed p. 27 and 28

Inside Sales Staff Plan—

- Inside Sales Manager, BJ Nugent, inside sales supervisors and Inside Sales Representatives
- Staff is trained to maintain positive relationships with all retail partners and maintain a constant level of exceptional customer service.
- ISRs take what the retailer thinks they need and turn the information into a formula by retrieving from STU a weekly sales avg. on given games minus what is in-transit and received. Formula predicts how many packs the retailer needs to be properly stocked, which is typically a 10 to 14 day supply.
- SG I notes that all ISRs are trained on Inside Sales best practices. P.29 and 30
- SG I notes that they will work closely with retailers and DSMs and Corporate Account Managers to ensure they eliminate out-of-stock situations during the holidays. ISRs are aware of holidays and how they may affect delivery schedules. If requested SGI will insert flyers in orders to notify retailers of the holiday order and delivery schedule.
- Call schedules are usually agreed upon by SGI and the retailer. ISRs can also place call backs when retailers are busy. ISRs also help retailers with technical questions. Typically calls do not exceed 2.5 minutes
- LSR Chat Program—ISRs call LSRs the day they will place calls for their route as a courtesy and to determine any special needs. SGI has also introduced the low inventory alert call. ISRs call LSRs at the end of the day and identify any retailers that did not place orders that appear to be low on inventory
- Customer Feedback Program—If TLC chooses, SGI will implement their Ride-Along Program at no additional cost to TLC. ISRs ride with the LSR each year for the locations that they call. Meeting the retailer and receiving suggestions from the retailer or the LSR on improvement that may be needed.
- SG I notes that Emergency Orders can be processed for next day delivery.
- SG I uses a tiered call frequency approach :
 1. Retailers to be called weekly
 2. Bi-weekly
 3. Monthly
 4. Retailer to call-in for orders only

SGI notes that all retailers are called during a special promotion
- ISRs will also contact retailers with packs in in-transit status after from days from the date the

order was placed to verify arrival. Reminding the retailer to "receive" the tickets.

General—Proposer makes solid staffing commitment to its Field Service Response Center and Inside Sales group. Proposer's system tools appear robust.

Proposer commitment to HDI best practices including testing and screening processes is a positive. Proposer's backup DR plan involves use of its corporate NRC which will be moved to Texas based on their clarification letter response meaning that it cannot serve as a backup to proposer's Texas call center. Position confusion and head count issues related to the Field Service Response Center and its structure continue in this section. Proposer clarified the head count as 24. However, proposer does not address the [redacted] in this section or in the clarification which would bring the head count minus call center leads to [redacted] including call center leads). Proposer notes commitment to approximately 20% Spanish-speaking staffing and 3rd party language support through a partner company. The LSR Chat and Customer Feedback programs are also positive for building retailer relationships for Inside Sales.

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4. The Proposer must describe how the staffing and management of the call center will support the Texas Lottery's diverse Retailer licensee base.
 - Spanish and English operators will be available to take calls at all times. SGI will also provide multiple language services through their [redacted]. SGI notes that they will record language requirements for locations and send language-matched service technicians.
5. The Proposer must indicate how it will achieve the required performance levels for the call center.
 - Monitoring reports are generated and evaluated daily by management. If trends are determined, staffing is adjusted.
 - SGI uses a call broadcasting service capable of proactively contacting the entire retailer base or a subset to alert them of an incident that may impact them. As system incidents, can overload any call center, SGI can reach out to these potentially affected customers to alert them of an issue before they may even be aware of a problem.
6. The Proposer must document how chronic problems will be handled.
 - TRCC Retailer Care Specialist staff will monitor chronic problem retailers calling on a weekly basis, as needed.
 - SGI notes that the call will be assigned to their "Task Force" that will take ownership of the situation until resolution. The Task Force is made up of the most senior members of the Field Services management team, Sales Team and a Specialist from the RCC. (see section above 7.12.2 RR#4). Smart Services will send auto alerts to a predetermined schedule on any issues or reminders to the Task Force team. Example—after the second occurrence of the problem, the system can schedule a follow-up call twice weekly to inquire about an issue. SGI will provide detailed weekly sales reports to TLC until a retailers is agreed to be removed from the chronic problem list.
 - SGI also notes again here the [redacted] system allowing data center operators to monitor individual terminal activity and functionality.

				<p>General—Proposer addresses its planned language support for diversity of Texas' retail base. Proposer notes that it will use system reporting information to meet required performance levels. Proposer's proactive system calling feature to alert retailers of outage issues is a nice feature. Proposer's response in this section refers to Retailer Care Specialists as the lead on chronic problem issues along with their task force approach. Information provided here expands on information provided in section 7.12.2 RR#4.</p>
	Ticket Inventory Supply and Management		78	
2.3.2.2 6	Innovative solutions to enhance inventory order and distribution beyond the noted requirements of the RFP.	7.13 12		<p>Call Center Response DRs: none</p> <p>7. 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"> • <u>SGI notes their proposed plan exceeds the RFP requirements. SGI notes their centralized inside sales program enhances the service levels for the retailer network by strengthening teamwork and enhancing the partnership between ISRs, LSRs and retailers.</u> • SGI notes that STU is the industry's first inside sales system that allows ISRs to shape orders and work collaboratively with retailers, noting that over the years many enhancements have been incorporated. • SGI notes that STU features the SGI Predictive Ordering System. <p>Short Term Forecasting—by game and by retailer, a 30-week sales cycle that can be</p>

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2.3.2.2 7	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.	7.13 43		<p>Call Center Response DRs: 20 and 22-24</p> <p>8. 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"> • <u>SGI notes they typically maintain about 20% of staff as bilingual.</u> • <u>SGI notes the ability to request technicians that speak the retailers noted language recorded in the system. This is managed in the _____ system.</u> • <p>9. 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"> • <u>These orders are processed in STU like other orders, but are given a priority status.</u> • <u>SGI notes that STU can identify retailers that are selling at a rate that is faster than inventory will support.</u> • <u>SGI notes they will work with their _____ and should deliver to all retail locations within 24 to 36 hours.</u> <p>General—Proposer notes 20% bilingual language support by phone and noted that _____ Proposer commits to delivery of orders within 24 to 36 hours to address expedited orders. Noting that orders can be processed in _____ on an expedited basis.</p>
2.3.2.2 8	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>Call Center Response DRs: 21</p> <p>10. 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"> • STU allows retailers to place orders at any time via an IVR system, using a touchtone key pad. The IVR directs the retailer through a series of simple audio ordering instructions and menu options. A trained ISR reviews and confirms the order prior to fulfillment. • SGI notes that while they can develop multiple processes to submit orders, all of the inputs will go into the same order processing queue and orders placed through one method

				<p>(terminal, system) will not inadvertently interfere with those placed through another. The system has game order caps and will not allow the order to exceed the maximums for a game for that retailer.</p> <ul style="list-style-type: none"> • SGI notes that a trained ISR will review and confirm the order prior to fulfillment. P.39 • Texas National Service Center presented on p.40 and 41 <p>General—Proposer offers phone based and terminal based orders. Proposer notes that they system will not allow multiple orders to exceed maximum number of packs allowed for a retailer. Proposer notes orders are reviewed by ISR prior to fulfillment.</p>
	Communications Network		47	
2.3.2.2 9	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 <u>Battelle Benchmark Report DRs: 16</u> DRs: 15-25</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"> • SGI notes <p style="text-align: right;">SGI notes extensively researching Texas to determine the most effective retailer communication solution. SGI is proposing a</p> • supports all methods used to communicate with lottery retailers. SGI notes • SGI discusses their experience on p.2 • Network implementation team and credentials detailed on p.3 and 4 • SGI notes that they have a network engineering organization comprised of over 20 qualified network professionals with certifications and professional affiliations. • SGI acknowledges and accepts. 2. 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. <p style="text-align: center;">CONFIDENTIALITY CLAIMED NOT RELEASED §552.110</p> <p style="text-align: center;">Information Redacted §552.101/466.022/552.139</p>

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- Network Management—SGI notes that fault management consists of actions toward detection, isolation, and correction of faults in the network.

response. Discussed on p. 27 and previously in the

- Resolution Coordination—SGI notes that they were the first to develop and bring to the lottery industry a network management system that extends across multiple environments to deliver an integrated view of the gaming system and services environment. SysCon handling detailed p.36 and 37 (discussed previously)
- Network Problems—SGI notes that the procedures that they will use to address these issues are detailed in section 7.13. General discussion here p.37

General—Proposer demonstrates significant experience in deploying proposed communications solutions.

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.	8.8	18	<p>8.1</p> <ul style="list-style-type: none"> • SGI notes that they believe that it is their approach to sales and marketing that differentiates us from the other vendors in our industry. • SGI further notes that their technology is somewhat of a commodity, both SGIs and their competitors terminals and back-off systems can adequately meet the TLCs technical needs. • SGI notes that other jurisdictions have come to SGI to buy their online game content even when they weren't the lottery operator. MegaMatch 6 and Palmetto Cash (SC), 3-Line Lotto (Kentucky), Megabucks Doubler (MA), Bucko, Twist and Game Day (ALC) and Triplex (Loto Quebec) • SGI also notes that their online customers group online sales 9.3% versus 5.1% for the industry between 2002 and 2009 <p>Sales Management and Business Development Response DRs: 13</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"> • SGI acknowledges and accepts. 4. The Proposer must describe how it would provide a route sales model to support Retailer locations. <ul style="list-style-type: none"> • <u>SGI notes that they recommend LSRs (approx.) with visits occurring once every weeks (approximately visits per day)</u> • SGI details typical LSR responsibilities here. • SGI notes they will provide LSRs with • SGI also discusses route efficiency optimization and the use of their geo-demographic software detailed in section 8.8.2 <p>Notes from Proposer's clarification letter response related to Route Sales:</p> <ul style="list-style-type: none"> • Proposer commits to continue TLC's 5 store pilot for route sales noted in the TLC Strategic Plan • Proposer notes its dedicated in-state New Business Development org and Corporate Chain Account org proposed for Texas along with its involvement with NACS as proof that it will remain at the forefront of securing this type of non-traditional retailer relationship and effectively piloting updated sales models. • Proposer commits to review the challenges of this unique sales model and closely monitor this program to determine the feasibility of expansion in this area. <p>General—Proposer confirmed its improved understanding of this requirement in its response to the clarification letter. Proposer commits continue the existing TLC 5 store pilot and to review the feasibility of expansion of existing route sales with TLC. Proposer does not describe how it would support such a model.</p>

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2.3.3.2	Sales management staff responsible for identifying new selling and business development opportunities.	8.2 73	Information Redacted \$552.101/466.022/552.139	<p>Sales Management and Business Development Response 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"> • Sales and Marketing Deputy Director, Anthony Molica—reports to Texas Account Director John Osenenko. 25 years executive management and sales exp. in lottery industry • New Business Development— (FTES) identifying new selling and business development of the Wave terminal in 12 months. • Corporate/Chain Accounts Manager • Corporate Chain Account Liaisons • Independent Accounts Manager <p>Corporate/Chain/Key Account Retailer Division—SGI notes that Texas has over 6,800 of these locations statewide. SGI will provide a division to support their needs.</p> <p><u>Corporate Business Development Organization (Non-Dedicated)—</u></p> <ul style="list-style-type: none"> • Jeff Sinacori, VP of Retailer Development—with assistance of the Retailer Development Manager will also support new business development activities. Sinacori former top performing NY lottery retailer for 20 years. • Sean Flanagan, VP Government Relations will continue to work at the state and regional level to identify and help overcome any legislative and regulatory barriers that may exist. <p>Sales Organization Structure—</p> <ul style="list-style-type: none"> • Director of Sales, Kelly Douglas—reporting to Molica. • <u>DSMs and 10 Sales Districts will be used (bios on all DSMs provided—Note all but one have SGI experience typically 5 years or more, and lottery industry exp. that does not, Guy Reeves has 40 years of retail sales and marketing exp. including Division Sales Manager for Albertson and Department Manager for HEB)</u> • SGI recommends LSRs with approximately reporting to each DSM <p>General—Proposer provides a team of industry experienced personnel to oversee the management of the sales organization in Texas with sound corporate level support. Molica, Douglas and Herndon are not current SGI employees. Proposer details all of its proposed DSMs, each has significant relevant experience and most are currently employed by proposer. Molica participated in site visit conference call. Personnel to staff the corporate and independent account support positions in New Business Development area are to be hired.</p>
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2.3.3.3	Marketing staff responsible for identifying new product and marketing strategies.	8.3 55	Information Redacted §552.101/466.022/552.139	<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"> SGI 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 that 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"> Sales and Marketing Deputy Director, Tony Molica Marketing Director, Christian Ross, 17 years working with 4 different online systems vendors Instant Product Specialist, Jason Durbin 10 years direct lottery exp. Online Product Specialist, Liz Dimmick 23 years lottery exp Research Associate, Cameron Garrett Retail Execution Manager, Brooke Greene—provision of retail support and best retailer execution practices LMRs will report to Retail Execution Manager. LMRs will provide enhanced merchandising and sales support services to the top performing retailer deciles working with new and existing retailers Promotions Manager, Ron Miquel, will work with TLC/SGI to identify, manage and staff lottery-sponsored events, including chain and independent store events and promotions working with the Corporate Chain Account Manager and the Independent Accounts Manager and sales and marketing staff. Will perform ROI analysis <p>Corporate Marketing Support—</p> <ul style="list-style-type: none"> Pam Lee, Senior Regional Sales Director, working under Keith Cash, VP of Sales will continue to serve as the key Corporate Marketing contact for TLC. Leslie Badger, Lottery Product Marketing Senior Director along with the Corporate Game Design Team will assist with product development initiatives Charles Boykin, SGI Game Designer will be assigned to the Texas account, PHD mathematics Jennifer Welshon, Global Marketing VP, Ambika Jack, Global Research Director and Eric Mitchell MIS Senior Director will assist with account initiatives. See section 8.8.4 Jim Kennedy, Sales and Global Marketing Vice President—corporate sponsor and customer advocate for TLC within the executive ranks of SGI. See prior notes on organizational structure <p>General—Proposer’s marketing staff features a team of dedicated LMRs reporting to the Retail Execution Manager and up to the Marketing Director. Proposer’s team is experienced and most are currently working for the proposer. Proposer’s commitment of dedicated LMRs and Instant and Online Ticket Specialists is a highlight of the structure. Corporate support team for marketing initiatives is solid. Committee interacted with Ross and Molica on site visits.</p>
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2.3.3.4	Sales and marketing organization structure to support and optimize Lottery sales.	8.2 and 8.3	36	<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> <p>Sales Organization Structure—</p> <ul style="list-style-type: none"> • Director of Sales, Kelly Douglas—reporting to Molica. • <u>DSMs and Sales Districts will be used (bios on all DSMs provided—Note all but one have SGI experience typically 5 years or more, and lottery industry exp. that does not, Guy Reeves has 40 years of retail sales and marketing exp. including Division Sales Manager for Albertson and Department Manager for HEB)</u> • <u>SGI recommends LSRs with approximately reporting to each DSM</u> • See also notes in personnel section earlier. <p>LSRs—</p> <ul style="list-style-type: none"> • <u>SGI recommends that LSR to Retailer ratios be maintained at a ratio of based on close study of the top performing lotteries.</u> • <u>SGI notes that Texas falls just outside of this range with reported in 2009 ratio of</u> • <u>SGI proposes LSRs improving the ratio to</u> • <u>SGI notes that retailer satisfaction in Texas in 2008 was an impressive 93%</u> • <u>SGI notes that they first look to the current LSR staff to continue their role and offer positions to those individuals.</u> • <u>SGI notes that in order to better familiarize themselves with the TLC retailer environment and the better understand the issues and opportunities that TLC retailers face every day, SGI proactively and independently conducted several field research initiatives including a TLC retailer phone survey, a mystery shopper-style audit to determine how stores are currently merchandised and an in-person survey of retailer clerks and managers. SGI indicates that this research was invaluable in the development of their response to the RFP and the recommendations made in this section.</u> • SGI sums up by noting that retailers are generally very happy with the service and performance of their LSR and with TLC overall, but they still believe there are areas where SGI can help the TLC become and even more valuable partner to its retailer base and vice versa. Noting the following: <ul style="list-style-type: none"> ○ Retailer Training ○ Hispanic language-based programs and services ○ More marketing-centric approach to sales ○ others <p>Corporate/Chain/Key account Retailers—</p> <ul style="list-style-type: none"> ○ SGI will make recommendations to TLC for minimum sales levels for each of these retailers and develop a program to administer these minimum sales and performance levels. ○ SGI further agrees to implement an improvement plan who fail to meet these minimum sales/performance levels as required by the RFP
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- Corporate accounts division with full time FTEs will facilitate and implement this program. The division will perform the following functions:
 - Marketing and Promotion—SGL notes that effective store level marketing requires store managers that have lottery-specific direction from their corporate management. CA team will fill this need through account interaction. They will also develop chain-specific promotions that might be facilitated through the Wave and Flair terminals with ability to print unique graphics (corporate logos) and chain specific coupons. LIM, content management, will support promotions
 - Training—CA team will support unique training needs of these accounts
 - Communications—SGL will create a monthly electronic newsletter for these accounts that will highlight upcoming promotions, explain new games, provide sales and marketing tips, describe any new administrative processes. Will send to accounts allowing them to disseminate the information using their existing communication infrastructure to the stores.
 - Analysis and Reports—will provide these accounts reports that give them an accurate picture of their lottery sales performance and provide reports by store and chain on the web site. Will provide analysis that shows trends that might provide opportunities to increase sales. SGL will conduct annual reviews. Will meet all TLC meeting requirements detailed in the RFP.

New Retailer Recruitment—

- SGL commits that as the retailer network grows they will grow the LSR count to maintain LSR ratio between
- SGL will conduct a retailer optimization analysis to determine the optimal mix of retailers by trade style and the best fit for the market, will include the optimum number of retailers by zip code, a ranking of retail business types for the household segmentation and a list of potential locations for new TLC retailers.
- SGL notes that retailer optimization is a multi-level process that starts with the evaluation of low-sales retailers for discontinuation retention, including improvement plan.
- SGL notes that the analysis should be used to target not only “traditional” retail locations, but also to determine potential lottery locations where self-service terminals can be deployed. SGL suggests that these are ideal for businesses with limited customer service staff (big box retailers, mass merchandisers) or in high traffic locations (welcome centers, airports)
- SGL notes potential Texas Retailers and locations in Texas:
 - WalMart 298
 - Target 148
 - Lowe's 140
 - Sam's Club 72
 - Home Depot 43
 - Costco 17
 - Inter-State Welcome Centers 12

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hold them

- Retailer Advisory Council---To provide a forum for more long term and strategic thinking, SGI recommends this group comprised of retailers representing various trade styles, geographic regions and various operational sizes that would meet quarterly. Providing ongoing guidance and recommendations to TLC. Members would be elected to serve one or two year terms.
- SGI will provide multiple contact options to retailers, LSR #, LSR DSM #, retailer hotline # and any web enabled support services (TLC retailer web site)

General—Proposer demonstrates significant commitment to staffing of the sales organization with dedicated LSRs and commitment to maintain an LSR to Retailer ratio of no greater than . Proposer has structured a corporate accounts support team within its sales organization. Proposer describes a research-based strategic approach to its recruitment activities. Proposer commits to invest up to \$2.5 million annually on research and development initiatives in support of sales. Proposer notes coordination of regular meeting of its LMR's and LSRs. Proposer will also create improvement plans for low performing retailers. Proposer addresses leveraging the content management system for approved content related to corporate accounts. Proposer acknowledges and will participate in TLC's retailer links meetings and proposes other meeting strategies to enhance TLC, proposer and 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.
 - SGI notes that their marketing team's extensive marketing and lottery exp. is evident, but it is the approach to the structure of the marketing organization that makes SGI unique and is the foundation of the success they have achieved from supporting their customer networks.
 - SGI notes that with both the marketing and sales departments placed within the same organization, they are able to ensure that they provide their customers with a coordinated approach.
 - SGI is proud of the fact that this unified marketing support is one of the primary benefits that their customers cite as an advantage of having SGI as a vendor partner.
 - SGI will provide an annual detailed analysis of TLC instant and online games and will actively participate and contribute in instant ticket game planning /review meetings.
 - SGI will provide weekly sales reports and other sales data as required by TLC and will meet other RFP requirements for the section.

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2.3.3.6	Incentive plan for LSRs.	8.4	27	<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"> • SGI confirms that they will provide their incentive plan to TLC in accordance with requirement #29 <p>CONFIDENTIALITY CLAIMED NOT RELEASED §552.110</p>

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2.3.3.7	Sales services customized to strategically optimize sales performance.	8.4 27	<p>Information Redacted §552.101/466.022/552.139</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"> • SGI notes that there are a number of ways large and small that they would customize sales service to optimize sales performance. • <u>SGI notes that the most important of these is their Lottery Marketing Representative Program referenced in Section 8.3.2 and described in detail in Section 8.4.1.2. LMRs will offer supplemental marketing support to the TLCs top performing retailers in addition to the bi-weekly LSR visits.</u> • <u>Bi-Lingual LMRs—minimum of _____ team members will be bilingual. SGI also notes that they would better serve the Hispanic player base with Spanish-language POS, How to Play and other colloratorals. SGI notes their research study with TLC retailers as indicating that only about half of those polled had received any sort of Spanish-language material.</u> • <u>Sales Support—will equip LSRs with _____ enabling LSRs to spend their time where they can make a difference—in the store. SGI notes that OrderPad leverages the benefits of _____ making them far more effective and better informed for on the spot decision making. SGI notes that it will allow LSRs to place _____</u> <p><u>SGI also notes that _____ comparing retailer sales to others in the region, trade style, etc. to determine trends.</u></p> <ul style="list-style-type: none"> • <u>Geo-demographic Software—would help ascertain where certain retailers or retail types might</u>

		Information Redacted §552.101/466.022/552.139		<p>improve sales of their lottery products enabling the development of customized improvement plans for underperforming retailers.</p> <ul style="list-style-type: none"> High Volume Retailers—SGI notes that these retailers may require visits more frequently than every 2 weeks. LSRs and DSMs will work to identify these retailers <p>General—Proposer highlights its LMR program in its efforts to optimize sales noting they will pay particular attention to the needs of Spanish players. Proposer also notes that it will</p> <p>Proposer demonstrates a strategic approach to retailer sales growth through the use of geo-demographic software tools. Proposer notes that high volume retailers may require additional visits. Proposer does not address how these additional visits will be accomplished.</p>
	Retailer Visit		91	
2.3.3.8	Retailer visits and support.	8.4.1	27	<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"> SGI acknowledges and accepts. 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"> SGI will visit each retailer within the two-week sales cycle and will expand staffing as the retailer base grows to maintain the visitation and support responsibility requirements. Will submit the sales cycle schedule annually as required SGI notes that they will also provide a plan, for approval by TLC, to supplement the staffing, visitation and support requirements outlined in requirement 12 to drive enhanced retailer sales levels, thereby satisfying requirement #13. SGI notes that each LSR will <p>SGI notes that LSRs will also check in and out via the Wave terminal.</p> <p>LSR task tracking can allow sales management to track progress of task completion for different tasks like new game launch efforts by territory, region, state. P.12</p> <p>SGI details that visits will include items detailed in the requirements section of the RFP. See list p.12</p> <p>General—Proposer commits to meet section requirements and notes the use of to allow</p>

	2.3.3.9 Monitor and manage LSR performance to ensure that all LSR visit standards are being met.	8.4.1 27	Information Redacted §552.101/466.022/§52.139	<p>checklist creation and visits recaps by LSRs in the performance of tasks. Proposer notes that this information will be available to TLC and proposer.</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"> • SGI will provide an annual sales cycle visit schedule. • SGI notes that LSRs will visit stores and top-sellers may be visited more frequently. • SGI details that the visits will cover the areas previously outlined consistent with RFP requirements. • <u>SGI notes that their goal is for LSRs to maintain and hopefully exceed the current high satisfaction marks that the TLC currently enjoys with retailers.</u> • <u>SGI indicates that they will monitor and manage LSR performance to ensure that all retailer visit standards are being met and to provide the TLC with corrective actions plans to address any missed retailer satisfaction targets in accordance with the RFP.</u> • <u>SGI notes that each LSR will be , that checklists of duties can be completed and the retailers signature confirming that they completed. Sample checklist of items that might appear on the checklist is provided on p.28</u> • <u>Offered Option Separately priced—</u>SGI would engage the services of a third party mystery shopper to audit retail locations for properly placed POS and product. These audits could be incorporated in the LSR incentive plan. • <u>SGI highlights that having LMRs and LSRs in top performing locations creates a system of checks and balances between the two branches.</u> • <u>Supervisor and Manager level staff will also conduct ride-arounds with the LSRs to ensure that all duties and responsibilities are being performed at the highest level possible.</u> • <u>SGI notes that ensuring high visit standards comes from ongoing LSR training and communications to ensure that the LSRs are working with all of the latest information, materials and resources necessary to ensure retailer success.</u> <p><u>General—Proposer notes goal for LSRs to maintain their current high satisfaction marks. Proposer notes that LMRs can serve as a check and balance on LSR performance. Proposer notes management will conduct ride-arounds to ensure standards are being met. Proposer notes that used for performance monitoring by collecting completed duty checklists with retailer signature confirmations.</u></p>
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 DRs: 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</p>

that will be used to enhance sales.

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	<i>LSR Ticket Retrieval, Transfers and Returns</i>		73	

2.3.3.1 1	Perform ticket retrieval, transfers and returns to optimize the inventory mix at retail locations in coordination with Retailers.	8.4.2 36 Information Redacted §552.101/466.022/552.139		<p>LSR Ticket Retrieval, Transfers and Returns Response DRs: 7-8</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"> SGI acknowledges and accepts. 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. <ul style="list-style-type: none"> SGI notes that they are experienced in these processes SGI notes that each LSR is <ul style="list-style-type: none"> SGI confirms compliance with detail requirement 7 <u>SGI confirms that their return process accommodates returns via the terminal as well as manual returns when the terminal is unavailable.</u> SGI confirms they will comply with all items detailed in requirement #8 <p>General—Proposer indicates that the ticket retrieval, transfer and return process is Proposer notes that inventory will b</p>
2.3.3.1 2	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 37 Information Redacted §552.101/466.022/552.139		<p>LSR Ticket Retrieval, Transfers and Returns Response DRs: 9</p> <ol style="list-style-type: none"> 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. <ul style="list-style-type: none"> <u>SGI notes the same process detailed in the response to item #2 above.</u> <u>Note the LSR screen used for transfers is not accessible to the retailer.</u> <ul style="list-style-type: none"> LSRs Online ticket stock returned by retailers shall LSRs or FSTs receiving the ticket stock from a retailer <p>General—Proposer notes its transfer processes detailed in the prior section. Proposer provides limited discussion of security and control measures associated with these inventory movement processes and the maintenance of system records.</p>

	Instant Ticket Game Close		46		
2.3.3.1 2	Process for handling Instant Ticket game close.	8.4.3	46		<p>Instant Ticket Game Close Response DRs: 4-5</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"> SGI acknowledges and accepts. The Proposer must describe its process for handling Instant Ticket Game close. <ul style="list-style-type: none"> <u>SGI notes their extensive experience managing instant tickets as a printed product, as a warehouse distribution commodity and as a resource to be monitored/managed through the LGS. SGI notes that they SGI staff have designed and implemented game management procedures including game closing procedures in dozens of jurisdictions.</u> SGI notes understanding of the 4 presented reasons for game closings SGI will enter end of game information within 4 hours of notification. SGI will close games in 45 days and assist in reconciliation activities. EF will perform game-end accounting for closed games. SGI will provide the appropriate game end accounting and detail inventory reports for this process as detailed on p.35 and 36 <u>SGI details their general game closing process steps on p.36 and 37</u> <ul style="list-style-type: none"> o o Information Redacted §552.101/466.022/552.139 o o o o Game Close Transition status—SGI details all of the pack statuses detailed in section 7.3 and the process that each pack in that status would follow for game closure on p.37 and 38 <p>General—Proposer provides a comprehensive response to the requirements of this section.</p>
	Retailer Contests and Retailer-based Player Promotions		91		
2.3.3.1 3	Retailer contests and promotions to increase Instant and On-Line Ticket Sales.	8.5	46		<p>Retailer Contests and Retailer-based Player Promotions Response DRs: 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"> SGI acknowledges and accepts. The Proposer must describe how it will utilize Retailer and player contests and promotions to

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increase Instant and On-Line ticket sales.

- SGL notes that they understand the importance of a strong promotional schedule related to sales and worked in partnership with their instant and online customers to build a robust promotional portfolio.
- SGL notes that their portfolio includes retailer incentive programs, retailer and player contests and promotions and even web-enabled games and promotions capable of extending the TLC brand and providing additional opportunities to drive sales.
- SGL notes that the system has the capability to provide a broad range of promotional features for TLC
- SGL is pleased to offer web-based Player Registration and Second Chance drawing modules through their platform. See detailed description in section 7.6.3.4

Promotions Engine Capabilities—

- includes a robust promotions management module, noting legacy lottery systems build promotions into the transaction processing engine, resulting in development time for new promotions. With module, promotions are independent of the transaction engine, and are highly flexible, easy to customize and quick to launch (many can be launched and implemented overnight)
- SGL notes their vast promotional library in described in detail in section 7.6.3.2
- SGL notes their module allows different types of promotions to be concurrently in different parts of the state and with different levels of intensity
- SGL notes that lead time for promotions launches will fit well within TLCs planning calendar
- SGL notes that bitmaps tailored with marketing messages, game logos, promotional teasers or partner brands can be easily downloaded to turn an online ticket into a sales piece. See sample p.4
- SGL notes that the goal of promotions is player trial and/or generate additional revenue
- sGL notes that promotions are most effective when retailers promote them to their players.

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2.3.3.1 4	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.	8.5 45		<p>Retailer Contests and Retailer-based Player Promotions Response 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> <ul style="list-style-type: none"> • SGI commits to providing an annual incentive plan as required in the RFP • <u>SGI notes that a strong incentive program includes incentives for all types of retailers, from chains to mom and pops to groceries, and for all levels of the network including clerks, managers, owners and corporate level</u> • SGI believes there should always be retailer incentives in the market, noting that they recommend a variety of programs to generate interest and excitement to facilitate participation among retailers. <p>• SGI agrees to comply with other detail requirements.</p> <p>General—</p> <p>Proposer provides limited detail with regard to when such programs should be initiated.</p>
			CONFIDENTIALITY CLAIMED NOT RELEASED §552.110	
	Promotional Events and Retailer Promotions		91	
2.3.3.1 5	Promotional equipment and capabilities to support the Promotions Plan, which also includes approach to promotions and how the plan is developed.	8.6 59		<p>Promotional Events Response DRs: 25 and 28-36</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"> • SGI acknowledges and accepts.

2. 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.
 - SGI notes they will submit the event plan meeting RFP requirements
 - SGI notes that too often these plans are driven by the calendar and events that populate the calendar. SGI doesn't start with the calendar they start with the product. Looking for an event that supports a product.
 - SGI will work with the TLC to identify the specific games or game features to promote in the coming year will then look for events or venues to showcase these games or begin to develop their own events to support the promotional objectives. SGI notes that some events, State Fair, etc. that are obvious opportunities to showcase the TLC and its portfolio of games.
 - SGI notes their plan will include recommendations for promotions supporting new product launches, customer appreciation, product trial events and annual events such as State Fair of Texas.
 - SGI will provide a promo recap containing an evaluation and recommendations for future participation, including a sales summary, promotional item usage as well as all other relevant data.
 - SGI will provide a dedicated promotions staff including a Promotions Manager who will be responsible for managing and administering the plan. SGI notes that other specifically trained staff will be provided when an on-site presence is required. SGI notes that bilingual promo staff members are important.
 - SGI will thoroughly review past year plans for opportunities and improvements. Regional sales staff input will be sought. Will also foster support and coordination with state and local governments to create awareness of coming events.
 - SGI confirms that they will be able to conduct multiple promotions simultaneously consistent with requirement 31 and 27.
 - SGI agrees to provide staffing and meet all other detail requirements including the promotional equipment detailed in accordance with the RFP.

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 approach and equipment to be used for all promotional events.

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General—Proposer emphasized that promotional calendar design should start with the product and

			Information Redacted §552.101/466.022/552.139	move to the identification of events that fit with the product being supported. Proposer noted that some events such as State Fair are consistently important showcase events. Proposer makes a solid commitment to staffing for the promotions area. Proposer's response to Response Requirement #4 was limited on alternative approaches and the concepts were primarily
2.3.3.1 6	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.	8.6 32	CONFIDENTIALITY CLAIMED NOT RELEASED §552.110	<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 job descriptions for all the promotions team members. 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> <p>General--Proposer seems to make a solid staffing commitment here with They did not identify any other staff that will assist with promotions.</p>
	Marketing Materials and Related Equipment		91	
2.3.3.1 7	Marketing materials and related equipment used to support sales and marketing activities for all Lottery Products.	8.7 59		<p>Marketing Materials and Related Equipment Response DRs: 4-8</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"> • SGI acknowledges and accepts <p>2. 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"> • <u>Ticket Dispensers</u>—SGI offers the Dual Bingo ticket dispensers (picture p.3). SGI notes that

				<p>these dispensers will accommodate all TLC tickets and feature a curved front panel providing more display space without the need for more counter space.</p> <ul style="list-style-type: none"> • SGI notes that if they TLC wants another dispenser they will provide the acquisition cost of the proposed dispenser to the cost. • SGI notes that they will provide unique dispensers that can be used to sell special products from time to time. • Neon Lottery Sign with attached LED/Starlight Signs—SGI notes that they will provide. Noting that they provide these in ME, OK, Puerto Rico. No pictures or detail here. • Playstation—will meet lottery requirements and be subject to TLC approval. Sample OK lottery playstation provided. • SGI notes that they will provide 19" flat panel monitors to every retailer. • SGI notes their top 20% LMR program and the additional support pieces they will provide to these retailers <ul style="list-style-type: none"> ○ 4' x 6' mats with TLC logo ○ Top 100 retailers will receive Counter Wraps • SGI commits to meet return to service requirements in this area. • SGI will provide customized vehicle magnets for their fleet to meet requirement #7. • SGI will provide quarterly inventory of all marketing materials <p>General—Proposer provided limited, detail and options in response to the requirements of this section. Proposer provided no LED signage sample. Proposer's advertising display monitors are 19". Proposer's mats and counter wraps are a nice features for retailers impacted.</p>
2.3.3.1 8	Remote wired and wireless signage that is connected to the Retailer Terminals.	8.7 32	Information Redacted \$552.101/466.022/\$52.139	<p>Marketing Materials and Related Equipment Response DRs: 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> <ul style="list-style-type: none"> • Jackpot values are sent from A communications protocol allows the devices to communicate and the signage is updated. • SGI notes that their transmitter software allows the TLC to display jackpots for multiple games on any number of signs in the store. • without interference from other devices. <p>General—Proposer provides a comprehensive response to the requirements of this section.</p>
Research and Lottery Product Development			109	
2.3.3.1 9	Research and development process for new games and new game introductions, which includes the research methods utilized to develop, gather, analyze and report data.	8.8 43		<p>Research and Game Development Response DRs: 7,8,10-12 and 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"> • SGI acknowledges and accepts.

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.

- SGI notes that they understand that new games are the lifeblood of lottery sales. SGI notes that they are an industry leader in both instant and online game development.
- SGI notes that their Research Associate, Cameron Garrett whose extensive experience and impressive skill set detailed more in sections 8.8.4 and 8.8.5. He will assist TLC with of its research and product development efforts. He will work closely with the instant and online specialists bring his strong analytical and strategic skills to bear.
- SGI notes that their product research and development process for new game development is fairly straight forward in execution, but is based on a step-by-step, gated process which guides the flow and progression of a new game through a series of tasks.
- SGI uses four key stages or activities: evaluation, creation, research and recommendation. See diagram p.5

Evaluation

- SGI begins by looking at sales by game in the US Market

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Market Research—

- SGI notes TLCs existing relationship with a research vendor, noting that they stand ready to assist and support TLC in its research efforts and can provide Market Research planning and management services as well as study procurement. (Separately Priced Offered Option)
- SGI notes that market research is greatly debated and the negative effects of over evaluation (paralysis by analysis). They also note that lotteries tend to prefer to focus on ROI only research. They note that another way to view market research expenditures is a means of avoiding costly mistakes. Research can control the costs of spending on products and services by cutting down on problems.
- SGI notes that as lotteries shrink budgets that research is an area often cut and is the very reason why SGIs research department exists. Noting that while lottery staff focus on myriad things, their department is focused on research. Focus of the department is to provide actionable information.
- SGI notes their commitment reviewing case studies (in and out of the industry), discovering new research techniques, ensuring proper use of all research methodologies, and drilling down into data and trends.
- SGIs research team has done over 1000 research projects since being established within SGI over 10 years ago.

- SGI has identified four research groupings or areas:
 - Secondary Research (data collection for a purpose other than the one at hand) SGI cites a number of their developed resources in this area (e.g. State of the State Analysis, Prize Structure Analysis, etc.) p.36 and 37
 - Primary Research Analysis—Pages 37 to 48 (custom information developed for a specific purpose). SGI notes the need to carefully consider the study's research objectives, including how the study will be conducted and by whom the results will be used. SGI notes that procuring the "right" research vendor for the project is critical, noting that they have breadth and depth of experience to help in this area. Questions to ask are detailed. SGI notes that they could procure various types of research studies for TLC in this area (e.g. Segmentation, Tracking, Focus Group, conjoint analysis, Perceptual Mapping and Invoke, etc.)

Invoke—Invoke Solutions is a global market research firm that develops proprietary research technologies to provide innovative solutions. SGI notes their credentials (p.40) and notes having worked with them over the last 5 years to meet objectives for many projects, including online and instant game concept testing. SGI believes Invoke's suite of products offer the most efficient and cost-effective ways to gather lottery player insights. SGI notes that they have trained a lottery moderator in the methodology to work exclusively with SGI and Invoke to provide a cohesive and direct approach to research removing complexity and driving decision making. Overview of Invoke Engage process on p.41 to 43.

Focus Groups—SGI notes the important role that focus groups play in product development describing their approach to instant and online focus including the inclusion of spend exercises. SGI notes that focus groups should not be limited to player reactions to new game concepts they are also helpful in exploring other topics: General Player topics, developing higher price points, Infrequent, Lapsed and Non-Player focus, Increasing Lottery ticket purchases, winner awareness and retailer issues. SGI notes that primary research often requires the resources and expertise of outside research firms. SGI notes their working relationship with top research organizations: TNS, Ipsos, Trig, BJ Marketing Lottery Marketing Consulting, Seaver Creative, Candler Communications, etc.
 - Geo-Demographic Analysis-p.48 to 49—(marriage of geography and demographics represents an indispensable tool for market analysis and segmentation.) SGI notes that they partner with _____ features a powerful cluster system which enables SGI to analyze TLCs vast amounts of instant and online game sales data gathered daily. Sample analysis that could be created for TLC are detailed on p.49 (e.g. Market/Player Analysis, Retailer Optimization, etc)
 - Marketing Information Systems—SGI notes that lottery vendors and lotteries are often data rich and analysis-poor, due to a lack of infrastructure in place to use the data. This is where MIS comes in. SGI is committed to organizing and making accessible to their customers this data. Pointing to _____ as an example of that commitment. SGI notes their commitment to provide research assistance in whatever capacity the _____

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				<p style="text-align: center;"><u>TLC wishes as a part of the partnership.</u></p> <p>General—Proposer demonstrated an organizational commitment to its research and development process for new games. Regarding the specifics of the product research and development process (instant and online), proposer's response stood somewhat in contrast by product category. Proposer's response regarding the instant process showed a depth of knowledge and experience in this area and the approach utilized for instant game research and development was clear. This was less apparent in the online game R&D response. While emphasis on research was noted, proposer never brought this to life in their response in this area. There was more emphasis here on the variety of products they offer and have available in their online portfolio. While these offerings are impressive, there was no demonstration that their development was grounded in research. Many games presented in the list were</p> <p>Proposer did not provide any specific examples of unique online games introduced and how they were researched and brought to market. Market Research overview was thorough and detailed. Proposer did not fully respond to the following Detail Requirement:</p>
2.3.3.2 0	Methods utilized to obtain and use geographic and psychographic information for making business recommendation to the Texas Lottery.	8.8 22	Information Redacted §552.101/466.022/552.139	<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"> • SGI notes that they will use Alteryx (formerly SRC) to obtain and provide geographic and psychographic information to make recommendations to TLC. • SGI notes that Alteryx that optimal Geo Business Intelligence is about accessing, integrating, and analyzing a wide variety of data sources (including spatial data) to combine multiple technologies and provide reports and maps for fact based decision making. They use a single tool designed from the ground up to integrate, analyze, and report spatial and non-spatial data to rapidly deliver actionable insight for geo-oriented business decisions. Software functionality is covered in detail on p.50 to 53 • Other Tools and capabilities that will be used are detailed on p. 53 to 55 <p>General—Proposer provided a comprehensive response to the requirements of this section. tool seems comprehensive and other tools seem supportive.</p>
2.3.3.2 1	Research and development staff to conduct research on new selling opportunities and new marketing strategies.	8.8 22		<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 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.</p> <ul style="list-style-type: none"> • Research Associate Cameron Garrett—SGI notes that he has the unique ability to build infrastructure to create actionable information and the ability to interpret that information into

				<p>strategy and product. He has a Bachelor's in International Business from Rollins College and is the recipient of the 2009 Global Excellence Award in Marketing, an elite SGI employee award. Member of the SGI Emerging Market Council. His strong analytical skills will allow him to work closely with the instant and online product specialists.</p> <ul style="list-style-type: none"> • Instant Product Specialist, Jason Durbin, 10 years direct exp. and current Instant Account Manager for SGI in Florida • Online Product Specialist, Liz Dimmick, current Regional Marketing Manager for sGI for Tri-state lotteries, ME, NH and VT. 23 year lottery veteran worked with NY, MN and DE. Instrumental in the launch of many new game launches and enhancements, including Megabucks move to \$2 pricepoint and Fast Play the first multi-state raffle. <p>Corporate (Non-dedicated)</p> <ul style="list-style-type: none"> • SGI notes that in addition to local staff the corporate marketing and research group will work with TLC • Jennifer Welshon, VP Global Marketing—11 years involved with lottery research on hundreds of projects on a variety of industry topics. Expertise in quant and qual methodologies, and secondary data analysis and strategic marketing. Master in Communications degree. With SGI since 2000. • SGI notes that there is a number of other talent individuals that make up the research support team including: • Director of Global Research, Ambika Jack, Chair of the AMA's Market Research Group in Atlanta. • Leslie Badger, Lottery Product Marketing Senior Director and the Corporate Game Design Team • Pam Lee, Senior Regional Sales Director • Rhonda Gillen, Director of Creative Services • Jeff Martineck, Instant Product Development VP • Bev Opie, Licensed Property Sales VP • Kyle Rogers, VP and GM of MDI <p>General—Proposer provides one specifically dedicated research position (Research Associate) in response to this section. Proposer supplements this with instant and online product specialist positions focused on new game development. Proposer identifies a number of corporate level staff to provide support in this area.</p>
2.3.3.2 2	Research and/or data analyst staff to respond to special reporting requests, develop / respond to requests for specialized sales analysis, etc.	8.8 22		<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"> • <u>Cameron Garrett, Research Associate—SGI notes that he has advanced skills with various research tools and analytical products necessary for the position.</u>

				<p>Corporate Support—</p> <ul style="list-style-type: none"> • SGI notes that without a doubt they have the most robust research capabilities in the industry. SGI notes that their corporate team supports the local associate and ensures data integrity among all of our internal reporting systems as well as assembly of information into actionable reports. Examples State of the State Analysis, Sales Index Analysis, etc. • Chris Allen, Director of Performance Marketing • Jennifer Hunter, Marketing Specialist Supervisor • Amanda Saferin, Sales and Marketing Analyst • Eric Mitchell, Marketing Information Systems Senior Director • SGI emphasizes the importance of research and product development as inter-related disciplines and highlight their commitment here by noting that they have established entire departments related to these activities. • SGI also notes that they equip their staff with the most powerful tools and respected suppliers to assist them in driving sales. <p>General—Proposer notes that Mr. Garrett's database skills that will assist him in providing these services. Mr. Garrett is also the primary research person identified by proposer to perform services under requirement #4 above. Proposer has noted a list of corporate support resources in this area.</p>
2.3.4	WAREHOUSE AND DISTRIBUTION SERVICES		520	
	<i>New Instant Ticket Delivery and Storage</i>		114	
2.3.4.1	Automation for managing, fulfilling, and storing instant ticket orders.	9.2	46	<p>9.1</p> <ul style="list-style-type: none"> • SGI notes that they pioneered the concept of providing lotteries with customized partnership programs and is the industry leader in the delivery and operation of complex instant ticket-management programs. Noting their flagship, Cooperative Services Program (CSP), a practiced approach to reducing operating costs while increasing lottery retail sales. • <u>SGI notes their experience in converting large scale, mature lotteries like TLC. Noting their CSP plan has been deployed in FL, PA, Italy, and China.</u> • <u>SGI notes domestic CSP implementation in the last five years for Arkansas, Puerto Rico, FL, PA, OK, DC and OH and internationally in Germany, Ukraine, Italy and China.</u> • SGI notes that they provide customized services tailored to customer needs including warehousing, distribution, tel-sell and field support. • SGI notes that they were the first lottery vendor to realize the importance of a dedicated instant ticket services division. The CSP division is focused on improving the efficiency and profitability of SGI CSP customers and has over 200 employees. • CSP operations are summarized in the table on p. 3 • Warehouse and distribution operations by customer and number of retailers summarized on p.4 and 5 and also Chinese operations support table. • SGI notes they have identified a prospective warehouse facility in _____ as detailed in section 6.6 where they will perform • SGI notes their exp. converting or starting up 27 secure warehouse and distribution operations. • SGI has design, implemented and operated lottery instant warehouse since 1985

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- ISO 9000:2001 certified warehousing and distribution procedures ensure highest quality standards
- Warehouse will incorporate numerous new technologies and workflow improvements.
- Additional built in security systems and reduced physical handling of packs and simplified tracking controls

New Instant Ticket Delivery and Storage Response

DRs: none

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.
 - SGI acknowledges and accepts
2. The Proposer must describe the level of automation to be used in managing, fulfilling, and storing Instant Ticket orders.
 - SGI notes that over the past several years they have embraced technology and looked for new ways to operate and maintain warehouse and distribution facilities more efficiently through automation.
 - SGI notes that their proposed warehousing, pick and pack process exemplifies their goal to produce more productive solutions using automated technology.

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General—

2.3.4.2 Staging and distribution plan for simultaneous Instant Ticket game sales launches.

9.2

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New Instant Ticket Delivery and Storage Response

DRs: 11 and 12

3. The Proposer must describe the proposed staging and distribution plan for simultaneous Instant Ticket game sales launches.

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General

2.3.4.3 Warehousing and distribution methodology and staffing plan, which includes any automated functions.

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New Instant Ticket Delivery and Storage Response

DRs: 10-11 and 13-16

4. The Proposer must describe in detail its warehousing and distribution methodology and staffing plan, including any automated functions.

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Texas staffing—(experience of management team summarized on p.25) Texas staffing org chart p.27

- Instant Ticket Services Deputy Director Scott Ross (p.23)—SGI notes that he will be the primary point of contact for the lottery on warehouse and distribution operational matters, coordinating the efforts of the local team and ensuring the appropriate corporate resources are made available as TLC business needs dictate. Has managed the AZ warehouse and distribution center provided recent startup support for Arkansas and participated in the China Sports Lottery start-up, 29 years of lottery exp.
- System Administrator
- Admin Assistant
- Warehouse Manager Jeremy Swanson (p.23)—14 years of warehouse operations knowledge, 6 with SGI, currently serves as SGI distribution supervisor for the SGI Georgia facility. Jeremy will be the TLCs day-to-day contact and has total responsibility for day-to-day operations of the warehousing and distribution. He will:

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- Oversee warehousing and distribution operations
- Monitor inventory control
- Oversee instant ticket return operations
- Oversee the promotional merchandise inventory
- Serve as an additional TLC point of contact
- Warehouse Supervisor
- Warehouse Leads
- Ticket Return Specialists
- Warehouse Clerks (packing auditors, forklift operators, etc.)

- Inside Sales Manager (Tel-Sell) BJ Nugent—(p.24) 5 years of hands on inside sales experience has overseen Pas CSP Tel-Sell Operation. He is highly knowledgeable on STU. He will:
 - Oversee ticket inventory/telemarketing operations
 - Plan, organize and direct the activities of all inside sales reps
 - Train assigned personnel in effective ticket ordering concepts
 - Serve as an additional TLC point of contact
- Inside Sales Supervisors (Tel-Sell)
- Inside Sales Reps (Tel-Sell)

Executive Management Team—(exp and details p.22)

- Jim Trask, Printed Products Worldwide Senior VP
- Jim Kennedy, Sales and Global Marketing VP
- Pam Lee, Senior Regional Director Sales

Warehouse Implementation and Conversion Team—(exp. and role summary p.30 and 31. Transition Team org chart p.33)

- John Schultz, Instant Ticket Services VP—25 years with SGI has overseen the conversion/implementations of 26 lotteries as well as 7 new start-up projects. Will supervise the project management team assigned to direct the TLC warehouse implementation plan
- Cherie Peyton, Senior Project Warehouse Implementation Manager—SGI since 2004 has performed full time project management for SGI since 2005. Involved in Iowa, OK, PA, FL Puerto Rico and Arkansas start ups and conversions. She will be on the ground during the project phase and through start of sales. She will manage day-to-day facility build-out and procurement of all equipment.
- Brad Bever, Production Systems Manager—Systems development
- Moe Corrette—Logistics and Planning Director—leads the facilities logistics team. They are responsible for overall building design, construction and infrastructure equipment to be provided as a part of implementation.

				<p>Training Plan—</p> <ul style="list-style-type: none"> • <u>SGI will conduct initial and ongoing training for warehouse employees on STU. Initial training will occur 2 weeks before “go live”. SGI will train them on the process for receiving tel-sell orders at the warehouse, sorting the orders with STU and the proper quality control checks and balances to fill orders. Training will be hands on. Training is anticipated to take no more than a few days. Each day focused on answering questions and achieving higher levels of quality and efficiency. Training topics are detailed on p.35.</u> • <u>SGI will provide ongoing training courses for employees that will include all proper procedures for working within the warehouse, the automated packing system and returns processes. Will conduct tel-sell training for the sales staff in the use of STU to reinforce the need for security, safety and the importance of personal integrity. All training procedures will be document and assessed during SGIs next ISO certification audit.</u> <p>Hours of Operation—</p> <ul style="list-style-type: none"> • 7 to 6 Monday-Friday • Will work as needed to shipment and delivery needs <p>General—Proposer details an experienced team of warehouse personnel. Proposer address both warehouse staff and Inside Sales staff in this section.</p> <p>Proposer details warehousing methodology including order receiving and storage processes in response. Proposer provides a depth of corporate resources in support of warehouse operations including the transition activities that would be required.</p>
	Instant Ticket Delivery		104	
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.	9.3	36	<p>Instant Ticket Delivery Response DRs: 6-8</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"> • SGI acknowledges and accepts 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. <ul style="list-style-type: none"> • SGI acknowledges that they will comply with this requirement (#7) • <u>SGI notes that one of the advantages of their proposed solution is that the need for after hours processing is minimized by our predictive ordering tool. As Inside Sales Reps use STU to safeguard against low inventory levels at the retailer locations. Stu is discussed in detail in section 9.3.7.</u> 4.The Proposer must describe its proposed ticket order delivery plan for Retailers in geographically

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				<p>remote areas.</p> <ul style="list-style-type: none"> • <u>SGI notes that using UPS, HUB couriers and other local couriers, SGI satisfies requirement #6 related to delivery time frames.</u> <p>General— Propose commits to providing warehouse shipping support as needed by TLC while emphasizing that its ISRs use _____ ordering system to safeguard against low inventory levels. Proposer notes it will work with its shippers/couriers to meet delivery requirements for geographically remote retailers.</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>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"> • <u>STU provides an integrated Tel-Sell module which interfaces with 3rd party tracking systems for package delivery status after packages are shipped to the retailer.</u> • <u>SGI notes in other states they team with UPS and their “Quantum View” tracking system to accurately confirm shipment deliveries. STU sample screenshot from Florida provided on p.4</u> • <u>SGI notes that TLC will have delivery information access via the password protected UPS web site.</u> • <u>Lottery retailers can also receive a proactive email notification that a shipment is in route along with tracking number.</u> • SGI notes that UPS has a 99.8% rate of on time delivery and that they receive a signature for every package delivered and they provide real time tracking throughout the day. • The tracking information is available via the UPS web site including the signature of the receiver. • Proof of delivery—SGI maintains written proof of delivery of all tickets and will provide in accordance with RFP. Document will include signature of the receiving party. <p>General—Proposer provides a complete response to the requirements of this section. Proposer's delivery information integration into its _____ system is a very nice feature. Also shipment alerts to retailers are a nice customer service feature.</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>5. 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"> • SGI notes that <p>-</p> <ul style="list-style-type: none"> • <u>SGI explains the whole packing process here (previously discussed).</u> • <u>Ticket</u>

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				<p>made of polymer resin or corrugated cardboard boxes sealed with industrial grade tape.</p> <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"> • SGI notes that omits are identified during the printing process and marked as such in the inventory file. • EF will never allow omitted packs to be invoiced in any inventory transaction. Pack security rules will not allow movement of an omit pack to an intransit status. • SGI notes that during order filling packs are physically inspected to prevent open, mis-wrapped damaged packages from being shipped to a retailer. <p>General—Proposer describes the materials and process where the system assigns the appropriate packing materials for the order. Proposer notes that their will not allow for the and further describes the process for physically inspecting packs for damage prior to shipment.</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>Information Redacted §552.101/466.022/§52.139</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"> • SGI notes their in-depth knowledge of lottery inside sales programs as the basis for our proposed approach to inventory management. • <u>SGI also notes that actual hands-on experience and communication from ISRs to retailers as a primary link the retailer network.</u> • <u>SGI notes their experience operating similar inside sales, warehousing and distribution programs for some of the industry's leading lotteries including FL, DE, DC, PA, OK, Arkansas and Puerto Rico.</u> • <u>Inside Sales Program Features and Benefits highlighted on p. 8 and 9. Features below:</u> <ul style="list-style-type: none"> ○ Predictive Ordering ○ Phone Monitoring System—ISR supervisors ○ Remote Monitoring—TLC ○ Phone Tracking System—all calls, length, # of calls, etc ○ Auto-dial—click button on retailer information screen ○ Pack Status—for all packs for ISRs ○ Sales Information—sales prediction formula is based on redemptions by game not by distribution numbers ○ Order History ○ Call Reports— ○ Courier Tracking—can track all order in real time. • Sales processing functionality—ISRs have quick and easy access to a variety of retailer information during the course of a call. Summary of inside sales information maintained on STU detailed on p.10

- TLC can receive real time reporting updates
- SGI discusses Daily Call Report capabilities and ability to handle call cycle schedules from
- Order Entry—SGI notes that they don't want LSRs to be surprised by a retailer with low inventory so their LSRs will proactively contact LSRs to advise them of low inventory situations. The system allows either the sales rep or the retailer to initiate and ISR call in this situation. When the call is received (in coming) the system pulls up the retailers data when called.
- System provide several pieces of information regarding the retailers account including the
- ISR order system allows a number of functions detailed on p.13 including making changes to the retailers information.

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- Shipping Process—at order placement, system verifies existing inventory levels to ensure inventory for shipment. If inadequate inventory the game is removed from the order. Inventory balance is adjusted with the placement of each order.
- Ticket Orders—Order processing generates a single shipping manifest for the retailer.
- SGI will digitally record all telemarketing calls and will be retained as directly by TLC
- SGI notes that they maintain close control over the warehouse inventory with the most advanced technology in the industry today. As described throughout section 9, inventory control and instant game lifecycle management is a core function of the STU and at the heart of SGIs offerings to TLC

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				General—Proposer notes depth of experience in running other warehousing and distribution operations. Proposer provides a detailed response to the section requirements.
			CONFIDENTIALITY CLAIMED NOT RELEASED \$552.110	
	Warehouse Instant Ticket Return Verification		52	
2.3.4.8	Process and procedure (including security features) used to document and store partial packs of Instant Tickets returned from Retailers, which includes the tracking system that will be used to follow the packs returned to the warehouse.	9.3.1	26	<p>Warehouse Instant Ticket Return Verification Response DRs: 7, 9-11 and 16</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"> SGI notes their understanding that there are three types of ticket returns: full pack, partial pack and manual returns. SGI notes that LSRs will be responsible for the ticket return process at the retailer level. SGI acknowledges and accepts. 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"> SGI notes that SGI notes that SGI notes that <u>SGI notes that the warehouse scan will issue an appropriate credit to the retailer's account.</u> SGI notes that <p>General—Proposer demonstrates knowledge of and ability to meet the standards and requirements</p>

involved with the return and secure storage of partial packs.

2.3.4.9	Procedures for locating Instant Tickets that are in a "Hold," "Lost Warehouse," "Lost Retailer," or "In Transit" status longer than the permitted time limit.	9.3.1	26		Warehouse Instant Ticket Return Verification Response DRs: 8, 12-15
				Information Redacted §552.101/466.022/552.139	
					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. <ul style="list-style-type: none">• <u>provides a number of inventory reports for instants, including packs that have languished in certain statuses longer than a specified number of days allowing instant ticket management staff to identify tickets that have remained in the noted statuses more than 60 days.</u>• In Transit • SGI notes that they will• • SGI notes that LSRs have a special inventory management screen on the Wave terminal and details the return process via the terminal on different types of tickets on p.24• Manual Returns: • SGI notes that LSRs have the option to• <u>SGI notes that when the warehouse scans and returns the tickets financial adjustments are made.</u>• SGI commits to meeting all requirements detailed in the section.
	Stolen and Damaged Instant Ticket Reporting		52		
2.3.4.10	Damaged or stolen tickets processing.	9.3.2	52	Information Redacted §552.101/466.022/552.139	Stolen and Damaged Instant Ticket Reporting Response DRs: 5-6
					1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section <ul style="list-style-type: none">•

		Information Redacted §552.101/466.022/552.139		<ul style="list-style-type: none"> system. SGI notes that the SGI also notes the process detailed in the RFP for damaged ticket reporting by retailers. SGI notes that they will be available 24/7/365 to receive these reports from retailers. SGI acknowledges and accepts <p>2. The Proposer must describe how damaged and stolen tickets will be processed.</p> <ul style="list-style-type: none"> SGI notes that they have outlined their procedures for processing damaged and stolen tickets. SGI notes that damaged and stolen tickets Damaged ticket return to warehouse process is detailed on p. 27 SGI notes that EF will support all 23 ticket statuses detailed in the RFP plus others and that transfers between statuses are controlled by security parameters. <p>General—Proposer's response in this section is contradictory. Proposer notes that they will have call center staff available to take stolen/damaged ticket reports as required in the RFP. However, in the response to requirement #2, proposer does not note call center involvement in the reporting process particularly for stolen tickets. Proposer indicates that</p> <p style="text-align: right;">which is not contemplated in the RFP.</p>
	Ticket and On-Line Ticket Stock Destruction		42	
2.3.4.1 1	Security process and/or procedures for the destruction of tickets, On-Line Ticket stock and other materials.	9.4	42	<p>Instant Ticket and On-Line Ticket Stock Destruction Response DRs: 5-7</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"> SGI understands that it will contract with a TLC-approved document destruction vendor to destroy instant tickets and online ticket stock. SGI notes that TLC approves and witnesses all destructions. SGI acknowledges and accepts <p>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.</p> <ul style="list-style-type: none"> SGI notes that after the completion of all audit and reconciliation procedures. SGI notes they will ensure that no tickets are destroyed without TLC approval SGI notes that during the implementation phase they will collaborate with TLC to confirm that SGIs warehouse and stock destruction processes are acceptable. <p>3. The Proposer must describe its process for the destruction of Instant Tickets, On-Line Ticket stock and/or other materials.</p>

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- SGI notes that their ISO-certified procedures and systems provide full control and audit ability of tickets under their control.
- SGI will
- SGI will physically inventory tickets to be destroyed
- TLC will audit the closed game.
- Tickets are prepared for destruction shipment
-
-
-
-
-
- Upon TLC authorization, returned tickets are logged in on an ISO procedure form and shredded.
- SGI notes that
- SGI will provide a letter to TLC confirming that all inventory was properly shredded.
- SGI notes that
- SGI uses a
- SGI notes
- Destruction

General—Proposer's response focuses primarily on conducting the shredding activities at [redacted] Proposer does note other possible options briefly in their response, but they do not identify a vendor or how this would change the detailed procedural process outlined for shipment to their facility. Proposer's response runs counter to the role and responsibility requirements outlined about TLC and vendor staff jointly traveling to the site to witness the destruction. Proposer could have

				provided the process proposed as an alternative option. Proposer also does not address the destruction of online roll stock and how this inventory will be managed prior to destruction in the response to this section.
	Promotional Item and Point of Sale (POS) Verification and Receiving		52	
2.3.4.1 3	Receipt of promotional items and POS, which includes how and where the items will be received, stored and distributed to meet Texas Lottery requirements.	9.5	26	<p>Promotional Item and POS Verification and Receiving Response DRs: 7 and 9</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"> SGI acknowledges and accepts The Proposer must describe how and where promotional items and POS will be received, stored and distributed to meet Texas Lottery requirements. <ul style="list-style-type: none"> SGI notes that they will Upon receipt. <p>General—Proposer describes the receiving and controlled storage process for these items. Proposer does not provide detail with regard to inventory control tracking efforts for these items following their release from the</p>
2.3.4.1 4	Process for the verification, receiving and ongoing inventory of promotional items and POS materials.	9.5	26	<p>Promotional Item and POS Verification and Receiving Response DRs: 8</p> <ol style="list-style-type: none"> The Proposer must describe the process for the verification, receiving, and ongoing inventory of promotional items. <ul style="list-style-type: none"> Sample promo inventory report section 9.6.2 <p>General—Proposer notes monthly inventory reporting from its warehouse management at the. Proposer does not address inventory control practices at and how this inventory will be managed. Proposer's sample report and response in section 9.6 indicates regional tracking and possibly individual level tracking (see report sample section 9.6) of assigned inventory. Proposer does not detail how warehouse management or regional</p>

				staff will accomplish this reporting.
	Promotional Merchandise Inventory		52	
2.3.4.1 5	Process for handling an ongoing inventory of Texas Lottery promotional merchandise.	9.6 Information Redacted §552.101/466.022/552.139	52	<p>Promotional Merchandise Inventory 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. <ul style="list-style-type: none"> SGI acknowledges and accepts The Proposer must describe the process for handling incoming and ongoing inventory of all Texas Lottery promotional merchandise. <ul style="list-style-type: none"> SGI notes they will provide TLC with a comprehensive inventory system capable of tracking incoming and outgoing inventory by storage/distribution facility and the system will be capable of interfacing with TLCs system. SGI notes the central warehouse receiving process and recording of the items in the system. SGI notes SGI notes that SGI notes that they will SGI notes that they currently provide their customers with reports showing incoming and outgoing inventory by location see examples from Puerto Rico on p. 3 and 5 <p>General—Proposer commits to provide comprehensive inventory tracking down to the storage facility level in the response to this section. Proposer notes that all distributions will be updated to TLC's systems. Proposer does not detail the process or the individuals responsible for tracking and assignment at the field distribution level.</p>
	Warehouse and Distribution General Requirements		52	
2.3.4.1 6	Process utilized to accomplish ticket order processing and packing at the Central Distribution Warehouse.	9.7 Information Redacted §552.101/466.022/552.139	26	<p>Warehouse and Distribution General 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. <ul style="list-style-type: none"> SGI confirms that they will SGI acknowledges and accepts. 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"> SGI notes that they will provide TLC with the most advance, efficient and accurate pick-pack

		<p>Information Redacted \$552.101/466.022/552.139</p>		<p><u>operation available in the marketplace today.</u></p> <ul style="list-style-type: none"> • <u>SGI notes that the automatic sorting system represents a major advancement in their instant game supply chain solution. Noting that it is designed and scaled specifically for the TLC warehouse operation.</u> • SGI notes that they worked with automation experts to design and develop the solution that will improve order accuracy, efficiency, integrity and security of pick-pack operations. • <u>SGI notes that the system has been operating in the PA warehouse since 2007 and in Florida since 2009</u> • <u>SGI notes that the autosort system reduces pack handling and scanning time to fulfill orders significantly. Noting that it decreased Florida's new game allocation order fulfillment time by 30%</u> • SGI notes that its proposed system is the most efficient and accurate process ever implemented in the industry and the best suited to achieve TLCs aggressive time schedule. • SGI provides additional information on their autosorter beginning on p.7 and 8(info previously provided) • SGI confirms they will meet requirements 8 through 10 by generating Inventory Detail reports for each game having physical packs within the jurisdiction. The reports will support the annual audit and inventories. Noting they will provide the reports timely related to RFP requirements. <p>General—Proposer highlights it's combined predictive ordering system with its autosorter-based pick-pack process. Proposer notes significant efficiencies achieved in operations in its Florida operations from this system.</p>
2.3.4.1 7	<p>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.</p>	9.7	26	<p>Warehouse and Distribution General Response 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"> • <u>SGI is responsible for the return of undeliverable, refused or unsold tickets in all of their CSP contracts, noting that they use secure handling procedures to account for the stock to preserve game integrity.</u> • <u>SGI notes that their system maintains constant status of pack locations for audit purposes.</u> • <u>return functions ensure that instant tickets and rolls of online stock are returned under the strictest of security and accountability details.</u> • SGI discusses the <ul style="list-style-type: none"> • SGI notes that • SGI indicates that

				<ul style="list-style-type: none"> • SGI notes that • SGI provides a report on the sales growth experienced by their customers who converted to full-line CSP services at the end of this section. <p>General— Proposer provides a detailed response to the requirements of this section including the tracking process for these items being returned and their secure storage Proposer uses _____ as a control measure.</p>
2.3.5	CONVERSION		260	
	<i>Integration and Testing</i>		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 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. <ul style="list-style-type: none"> • SGI acknowledges and accepts. 2. The Proposer must provide an overview of its proposed integration and testing process. <p><u>Internal Integration Testing Overview—Prior to customer acceptance testing, SGI will apply a repeatable, deterministic, traceable, controlled and documented test methodology in order to perform a full range of Internal Software Quality Control (QC) testing. Their testing process will:</u></p> <ul style="list-style-type: none"> ○ Verify compliance of Texas information system with System Requirements Specifications (SRS) ○ Develop specific test conditions and procedures to be used in testing the software, with the expected results of each test case being documented in test scripts and/or test matrices ○ Manage all software anomalies, from identification through resolution, through an automated problem-tracking system (○ Report on the testing performed and the results of testing at software deliverable milestones in the projects lifecycle <ul style="list-style-type: none"> • SGI notes that they will maintain a controlled test environment. • <u>For each new version installed and deployed to the test environment, there will be detailed release notes describing changes added.</u> • Test process serves to verify and validate that the software is production quality. <p><u>Acceptance Testing Overview—</u></p> <ul style="list-style-type: none"> • SGI notes that acceptance testing will begin no later than June 1, 2011. • <u>SGI notes that all software provided to TLC for acceptance testing will be fully operational and</u>

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- ready for production use.
 - No software will be released to production prior to acceptance.
 - SGI will provide testing facility and remote testing from TLC in accordance with RFP.
 - SGI will provide dedicated support to TLC for testing. SGI will assign QC staff to assist, advise and consult on-site during the entire testing period. They will be the same QC team that performed the internal verification of requirements
 - QC will execute test system operations, answer end user functionality questions, document and track enhancement requests and coordinate possible problem resolution
 - SGI notes that to ensure accurate acceptance testing

 - SGI notes that the

 - n.
 - Prior to acceptance testing the entire gaming infrastructure undergoes a detailed vetting process to ensure that the entire environment will have been fully audited and vetted for readiness.
3. The Proposer must provide its proposed acceptance testing process and provide its standard acceptance testing criteria.
- SGI notes the importance of the process and that their experience shows that the level of expertise and professionalism of their Testing Support Team directly correlates with the timely completion of acceptance testing noting that their Acceptance Testing Support Team is fully trained and follows NASPL's quality process.
 - SGI notes that their testing process complies with NASPL's best practices and includes scalable options detailed in the chart on p. 8 and 9
 - Wave Terminal Lottery Acceptance Testing—SGI will have a QA Engineer located at the TLCs facility throughout the acceptance testing process to support this process similar to the QC support process highlighted in the section above.

SGI Acceptance Testing Criteria—SGI will work with TLC to develop and agree upon detailed criteria to be met prior to being accepted and put into production. SGI supports formalization of the testing process.

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			CONFIDENTIALITY CLAIMED NOT RELEASED §552.110	<ul style="list-style-type: none"> • Conditions for Passing Acceptance Testing—SGI understands that TLC will take a comprehensive approach to testing and that joint criteria for testing will be developed noting that their joint Acceptance Testing Readiness Review will comply with this requirement • Release and Configuration Control—Each release of software for testing will be accompanied by release notes and will evidence good configuration management practices. <ul style="list-style-type: none"> • SGI notes that all security controls and encryption schedule will be fully enabled during testing. • SGI again notes that they will have support staff in place (QC) for all TLC testing <p>4. The Proposer must provide its proposed integration and test Plan.</p> <ul style="list-style-type: none"> • SGI notes that a significant amount of artifacts must be produced before commencing the acceptance testing process establishing the blue print for successfully meeting our goal of accepting the system in a timely and efficient manner. SGI details the integration and testing requirements that they are responsible for on p.15 and 16
			CONFIDENTIALITY CLAIMED NOT RELEASED §552.110	<p>General—Proposer illustrates usage of industry best practices including NASPL NSI standards for system development and quality testing processes. Proposer details a well documented quality control process for development and software release to testing. Proposer provides a detailed integration and testing plan.</p>
2.3.5.7	Lottery Gaming System backup, recovery, failover process and test Plan.	10.2	26	<p>Integration and Testing Response DRs: 38</p> <p>5. The Proposer must describe its Lottery Gaming System backup, recovery, failover process and test plan.</p> <ul style="list-style-type: none"> • SGI notes that

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- SGI notes this configuration is standard in their current 13 domestic lottery jurisdictions, where they have an uptime rat that exceeds lottery jurisdiction requirements.
- SGI confirms that the

- SGI notes that they employ

- SGI will provide an annually updated BC and DR Plan. They will also put in place a Corporate Infrastructure Protection Plan that guides local site personnel and corporate support staff should a disaster affect the corporate infrastructure.

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General—Proposer notes it experience in operatind in 13 domestic jurisdictions. Proposer will run processinga occurring between PDC and BDC at all times.

	Implementation and Migration		52	
2.3.5.8	Implementation and migration strategy and processes.	10.3	52	Implementation and Migration Response DRs: 12-14 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section. <ul style="list-style-type: none">• SGI acknowledges and accepts 2. The Proposer must provide a description of its proposed implementation and migration strategy and processes. <ul style="list-style-type: none">• <u>SGI points to their Two Phased Migration process detailed in Section 10.1 related to this section.</u>• <u>Migration Plans and Procedures—the Project Director, Senior Project Manager and the entire</u>

		Information Redacted §552.101/466.022/552.139		<p>transition team will work closely to develop migration requirements and a detailed plan to implement our proposed Two Phase Migration approach, noting that the entire conversion process will be managed using industry leading communications, configuration control, and change management processes and procedures.</p> <ul style="list-style-type: none"> Release Management—SGI points to their response on this topic in 10.2.3.5
		CONFIDENTIALITY CLAIMED NOT RELEASED §552.110		<ul style="list-style-type: none"> Subject to TLC approval, SGI will select an independent CPA with systems experience to design and approve the accounting reports provided by SGI will ensure their services are avail through and after implementation for six months. SGI will also make available, as needed throughout the contract, equivalent accounting and systems expertise. <p>General—Proposer indicates that it will conduct a two-phased implementation strategy</p>
		CONFIDENTIALITY CLAIMED NOT RELEASED §552.110		<p>Proposer confirms that it will acquire third-party CPA support for development of system accounting reports.</p>
	Conversion Plan and General Requirements		104	
2.3.5.9	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.	10.1 and 10.4	62	<p>Conversion Plan Response 10.1 Table 123 DRs: 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. <ul style="list-style-type: none"> SGI acknowledges and accepts

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2. The Proposer must provide an overview of its proposed Conversion Plan and process.
- SGI commits to complete the conversion of the legacy system to by August 31, 2011
 - SGI will provide a detailed conversion plan within 45 days of contract execution, noting that the final plan will be based on the draft plan submitted with this proposal and after collaboration with the TLC will be submitted to the TLC before finalization.
 - SGI notes the final plan will be constructed in _____ and all supporting documentation will be constructed using _____
 - SGI notes that they have converted more GTECH legacy systems than any other lottery systems vendor
 - SGI notes that the transitioning of TLC operations and services is a complex process involving many issues. SGI strives to minimize these issues by using our highly qualified transition professionals.
 - For a successful outcome, SGIs approach to the TLC Conversion Plan is to:
 1. Commence Planning as soon as possible
 2. Use a Two Phased approach to minimize risk
 3. Carry out SGIs comprehensive testing prior to handover
 4. Break the project down to logical sub-projects to maintain control and manage risk
 - SGI is confident the establishment of a Transition Management Office will improve the transition to the new lottery gaming system and provide a valuable communication link
- Transition Governance—A critical success factor for transition is a well-defined governance model that provides the TLC with the appropriate level of control during the transition period. Through this model the TLC and SGI jointly establish clear guidance for the migration of work and the control of critical issues.
- TLC Project Steering Committee—The first level of the governance structure is the TLC Project Steering Committee, which is made up of executives and senior managers from SGI. Sets strategy, program objectives and determines the business priorities. Its purpose is to oversee the transition at an executive level. Responsibilities:
 1. Contribute to overall transition planning
 2. Monitor/track progress of the transition
 3. Ensure adequate resource allocation
 4. Address escalated issues and drive dependencies

TLC Project Steering Committee will be lead by Steve Beason, Executive Sponsor
 - TLC Transition Team—Second level of governance structure is the TLC Transition Team, which includes program management representatives from SGI and has responsibility for the overall management of the transition. This team works under the direction of the TLC Project Steering Committee. Role is to execute the delivery of contracted products and services to the TLC by reviewing transition plans, monitoring progress, resolving issues, managing escalation, assessing quality, status reporting and project change control.

SGI notes the extensive skills necessary (p.7) to lead this team and proposed Dan Grace as Project Director. Dan will be supported by Cory Bonogofsky, Senior Project Manager, and Cherie Peyton, Senior Project Warehouse Implementation Manager.

SGI notes that as a commitment to the success of the Texas transition project, SGI assigned John Osenenko, the proposed TLC Account Director and Dan Grace, the proposed TLC Project Director to lead the development of the technical, marketing and operations solutions presented in this proposal. They will meet daily with engineering, quality assurance, marketing, training, operations and other key contributing organizations to develop and plan the transition plan. SGI notes there is no learning curve with this team they created the plan.

- Risk Management—SGIs approach is to assess risks with the TLC establish appropriate mitigation plans and proactively manage the identified risks to closure. The plans are assessed and tracked by the TLC Project Director and become an ongoing focus for the TLC Project Steering Committee.
- Seamless Transition—TLC will cooperate with the current lottery operator in order to seamlessly transition all services to SGIs system and operations (requirement #13). SGI notes that they provide a dependable conversion approach based on their extensive exp. gained from converting and migrating their competitor's legacy systems to the EF platform. SGI reports that their implementation methodologies are well tested, resulting in lowest possible risk to TLC and the least possible impact to retailers.

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- SGI sights their conversions of systems in PA, CT, MD and currently IN since 2006 to illustrate their experience in converting legacy systems. See P.13 to 16
- SGI notes the PA conversion was completed in six months, CT and MD conversions were completed in 8 months, IN is scheduled as an 11 month conversion that will launch in August 2010
- SGI notes their international experience:
 1. China Sports Lottery (CSL)—31 provinces, 400 cities, 55,000 retail terminals, training of 17,000 LSRs. Contracted 01/08 with aggressive deployment schedule in advance of Beijing Olympics. Implementation plan scheduled the rollout of the main system infrastructure in Beijing (data center, system hardware/software, call center, provincial warehouse, and distribution infrastructure) in no more than 60 days from contract execution. Followed by the implementation of the retailer infrastructure, training, data communication network, provincial warehouse and distribution infrastructure, and distribution of inventory on a rolling schedule throughout the 31 provinces and initially focused on the 400 key population centers across the country. A state of the art manufacturing facility was scheduled to launch 12 months after the contract execution, in late 2008. In late March 08, SGI successfully launched Olympic themed lottery tickets in China. Debuting on the 23rd in Shandong Province with over 1,500 retail locations. Just two years after the initial launch there are 55,000 terminals deployed across the entire country supported by 17,000 sales representatives and nearly 500

warehouses. SGI points out that China is 6M square miles (compared to Texas at 269,000), has a complex topography and significantly more high population centers with nearly 60 cities with over 1M citizens. SGI notes that nearly all of the proposed TLC Global Management Team for Lottery System Services provided executive leadership on the business effort in China.

2. Italy Consorzio Lotterie Nazionali—launched rebranded lottery program, design and supply of systems and tech infrastructure to support instant validations, warehouse and distribution for 50,000 retailers, call center management tools, marketing services and game best practices. SGI notes a technical error in 1996, causing many winning tickets to be generated and later declined for payment by the Italian Lottery which led to a significant loss of confidence by Italian citizens and declining revenue until SGI arrived in 2005. SGI implemented a proactive distribution strategy and improved customer service generating 2M outbound calls per year, 8,000 deliveries per day and 48 hour delivery to anywhere in Italy. At re-launch, there were more than 24,000 retailers and 58M citizens. In six years, SGI has grown the retail base more than 100%, average selling price by more than 100%, and sales by average of 98% annually from 486M Euros at launch to 9.4B Euros in 2009. Many of the same team are proposed for Texas effort.

- SGI notes these large international initiatives in China and Italy of testaments to their ability to delivery in Texas.
 - SGI notes that an incumbent vendor should never perceive or maintain that it is the only viable option for its customer. SGI points out that the notion that changing vendors must necessarily be a process embroiled with risk is outdated and has been prove to be unfounded, not only by SGI but also by other lottery vendors. SGI notes that the “mystery” behind the technology has diminished allowing a more level playing field among vendors. SGI will expect the cooperation of the current online system vendor to make their Two Phase migration successful. We will cooperate fully with GTECH and we expect the same cooperation in return. The TLC and its stakeholders deserve no less. P.24
 - Working with 3rd parties—SGI understand that they must work with any third parties that the TLC designates to assist in the oversight of the conversion project. Noting that is has worked with the following in the past: Battelle Memorial Institute, White Sands Consulting, NASPL and MUSL. SGI will include TLC and 3rd parties in project status meetings, working meetings, walk-throughs, risk reviews and other milestones activities.
3. The Proposer must provide its proposed Conversion Plan project management process. Project Management Process—SGI notes a more detailed overview of this in section 10.4.
 - SGI notes that TLC will review and approve both the project plan and the oversight structure to be used by SGI.

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4. The Proposer must identify, including names and resumes, the conversion staff whose full-time responsibilities are to convert the Texas Lottery to the Proposer's System. 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 technical staff).
 - SGI proposes establishing a Transition Management Office (TMO) upon contract award, who will ensure clear and consistent enterprise communication and verify knowledge penetration within the entire TLC organization.
 - SGI notes that it is incumbent on the TLC Transition Team to effectively identify the critical business process improvements and work with the TLC on appropriate communication methods to all levels of TLC. SGI proposes joint SGI and TLC roles and responsibilities on p.32 for this process.
 - SGI recommends that Senior Project Manager Cory Bonogofsky lead the TMO with assigned resources from the TLC to provide oversight in all TMO activities.
 - As TLC Senior Project Manager, Cory will ensure the identification of enterprise-wide business process involvements and develop appropriate communications tools to disseminate information and review training needs as appropriate.

- SGI indicates that TLCs adoption of a TMO will improve the transition to the new lottery gaming system and provide a valuable communication link between the TLC Transition Team's activities and the entire TLC organization.
SGI details their four-tiered management model (p.33 and 34) noting that it is not to be misinterpreted as layers of management, instead these groups have clear and complimentary roles, all designed to ensure project success. They include:
 1. Global Management Team
 2. TLC Project Steering Committee—Executive Sponsorship
 3. TLC Transition Team (fully dedicated)
 4. Texas Account Team (fully dedicated)
- Due to the magnitude of the conversion effort, SGI has chosen to assign three Project Managers to lead the TLC Transition Team.
 1. Dan Grace, Project Director, overall project responsibility, noted as seasoned engineer and project director. SGI notes that the Project Director will be the primary focal point for TLC and SGI
 2. Cory Bonogosky, Senior Project Manager will act in a Deputy capacity reporting to the project director.
 3. Cherie Peyton, Senior Project Warehouse Implementation Manager, will oversee the procurement and installation of all equipment related to the instant ticket warehouse.
- Dan Grace, Project Director, 10 years of lottery specific experience, 8 with SGI. Dan has headed completed projects for AWI, IGT-OES, and SGI. Has played a key role in conversions, system implementations and terminal deployments in Asia, Europe and US. He was the Senior Project Manager for the conversion in PA. Dan is a member of the Project Management Institute and is a certified Project Management Professional (PMP). He will ensure that NASPL and PMI best practices are followed and will oversee the requirements gathering process to ensure a clear understanding of all TLC requirements are accurately captured.
- Cory Bongofsky, Senior Project Manager—13 years project management exp., 6 years in the lottery industry. Cory is PMP-certified and is a Certified Purchasing Manager (CPM). Cory will manage the technical infrastructure issues for pricing scheduling and status. Will be involved in the internal customer status meetings throughout the conversion project.
 SGI notes that both of these PMs will be engaged throughout conversion. SGI notes their draft project plan at the end of section 10.
- Cherie Peyton, Senior Project Implementation Manager, will be in Texas during the implementation phase through start of instant ticket distribution for the new warehouse facility. 6 years lottery exp, most recently Project Manager for the FL conversion and Puerto Rico and Arkansas start-ups. Also a PMI member.
- Project Lead reports to Todd Hopkins, VP of SGI Worldwide Projects. Todd will ensure that project standards are in compliance with NASPL and PMI best practices.
- SGI has identified functional deliverables of the implementation and identified Team Managers for each. All will have access directly to the Project Director and a direct line of communication with the SGI executive who has corporate oversight for their functional area of project

responsibility. Diagram on p.37

- Functional Team Managers are detailed on p.38 to 41. SGI notes that the managers avg. nearly 10 years of lottery-specific experience. (these individuals were also covered earlier in the proposal)
- Executive Steering Committee (Key Corporate Oversight)—SGI has identified executive sponsorship for each of the project functional disciplines to provide high visibility with the corporate environment and quick resolution to any risks identified. These individuals are summarized in the table on p.42 and 43
- TLC Transition Team and TLC Project Steering Committee org charts provided at the end of the section.

General—Proposer provides a comprehensive overview of its conversion process and plan for conversion activities.

Proposer presents an experienced team to conduct the conversion process including two dedicated PMPs for the project. Proposer details a coordinated structure including significant support through corporate personnel.

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.
 - SGI will meet the RFP requirements for submission of the plan noting that they notify TLC of any changes and obtain approval and they will provide TLC with software to track and monitor the project.
 - SGI notes that they have provided a proposed high level conversion plan in the form of a Gantt chart that is appropriate for the size and complexity of TLCs conversion requirements, including an information sharing and communications plan. The Gantt chart also includes major milestones including but not limited to business requirements definition, construction, equipment delivery, software programming, installation, testing and file migration. The chart can be found at the end of section 10.

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		<p>CONFIDENTIALITY CLAIMED NOT RELEASED §552.110</p>		<ul style="list-style-type: none"> • <u>SGI notes they will meet requirement to convert 36 months of data and will work with TLC to develop a conversion process for historical Texas Lottery data that is older than 36 months exceeding RFP requirements. P.9</u>
		<p>CONFIDENTIALITY CLAIMED NOT RELEASED §552.110</p>		<ul style="list-style-type: none"> • SGI notes that timely training with various start times throughout the day and will work with key accounts to meet their special training needs. • SGI notes that during the conversion that the TRCC will be focused on maintaining positive retailer relations. <p>3. The Proposer must describe the structure and content of its process documentation and explain how the documentation will be customized to fit Texas Lottery needs.</p> <ul style="list-style-type: none"> • <u>SGI notes being a firm believer in standards-based process documentation and notes their two NASPL NSI certifications.</u> • <u>SGI summarizes their process in the table on p. 17 and 18</u> <p>General—Proposer provides a high level conversion plan overview including major conversion tasks, milestones and responsibilities of project participants.</p> <p>Proposer notes its standards based process documentation highlighting its NASPL NSI certifications.</p>
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1a11aZ	<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		<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> <ul style="list-style-type: none"> a) Project Management; b) Business Change Management; c) Issue Management; d) Communication Strategy e) Knowledge Transfer; f) Relationship Management; g) Risk Management and Mitigation; and h) Transition Reporting (Type and Frequency). <ul style="list-style-type: none"> • <u>SGI notes that in order to avoid repetition, please see section 10.1.4 related to the proposed Team Structure.</u> • <u>SGI also notes that in Section 10.1.3 they provided an overview of their Project Management Process. In this section, they note that they will provide a more detailed description of their methodology.</u> • <u>SGI notes that they exceed the requirements in this area by addressing the 8 items in the response requirement plus several additional components.</u>
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					<p>6. Quality Management—involves defining quality goals for hardware and software and establishing and monitoring plans to achieve customer needs. SGI also discusses their Internal and acceptance testing process here (detailed fully in section 10.2)</p> <p>8. Knowledge Management and Transfer—p. 41</p> <ul style="list-style-type: none"> • SGI notes that they will provide their process guides to TLC for review and approval (requirement #13) p. 42 <p>General—Proposer provides a comprehensive response to the requirements of this section. Proposer references prior section responses related to project management process and project management team structure.</p>
2.3.5.1 2	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.	10.4	16		<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>

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2.3.5.1 3	Validation of winning tickets sold prior to the conversion.	10.4	16		<p>10.4 Table 130 DRs: 12</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"> • SGI acknowledges and accepts. <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> <ul style="list-style-type: none"> • SGI asserts that their system will be able to handle instant validations and online wagers validations for tickets generated by the former operators systems p.11 and 12 See also clarification letter response.
	Conversion Milestones		26		
2.3.5.1 4	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.	10.5	26		<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"> As described in section 10.4, SGI provides a proposed high-level conversion plan and schedule in the form of a Gantt chart at the end of section 10. SGI notes that their plan includes working closely with the incumbent vendor for establishing terminal connectivity, verification of accuracy of data received during conversion, and data conversion processing activities. SGI notes that their project responsibilities and deliverables will depend primarily upon their data, their people, their technology suppliers, and their schedules, and establishing a professional relationship with the incumbent vendor to ensure a successful system conversion.
	Conversion Plan		26	General—Proposer provided a conversion plan meeting the requirements of this section.
2.3.5.1 5	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.	10.6	26	<p>End of Contract Conversion Plan Response DRs: 12-13</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"> SGI notes that they will be responsible for managing the implementation of the end of contract conversion plan while the TLC and/or any designated entity, such as replacement provider, will be responsible for managing the implementation of the business cutover plan to new services. <u>Starting approximately 9 months before the end of contract, SGI will work with TLC or designee to formalize dependencies and the business cutover plan. SGI notes that the contract conversion plan should be completed and finalized no later than six months before the end of the contract.</u> SGI summaries areas to be covered on p.1 and 2. SGI acknowledges and accepts. The Proposer shall describe the following processes and factors related to End of Contract Conversion with the Texas Lottery: <ul style="list-style-type: none"> <u>SGI will fully cooperate professionally and in good faith in such conversion, which may involve other contractors.</u> <u>SGI commits to providing a detailed end of contract conversion plan that covers at a minimum the RFP requirements.</u> <u>SGI notes that they will promptly remove all equipment and materials for each retailer location and form TLC property after final conversion within a reasonable period as set by TLC.</u> <ol style="list-style-type: none"> People Processes: <ol style="list-style-type: none"> Knowledge transfer to the Texas Lottery or replacement provider—SGI commits to working with the lottery to identify key SGI staff members with (SME experience) that should be transitioned into the new contract, including a clear transition plan for these staff. Management Processes: (detailed on p.6) <ol style="list-style-type: none"> Issue Management Risk Management and Mitigation Exit Reporting (Type and Frequency) Technology <ol style="list-style-type: none"> Handover Procedures—SGI notes that co-developed procedures will be handed over

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Total Points

	<p>during the transition period. If the TLC wants SGI procedures that are a part of their gaming environment, they will discuss a commercial arrangement for these materials.</p> <p>2. Tools, Software, Network Connections and Data Transfer—data transfer of information that is needed for business continuity will be conducted. Tools, software and network connections may be obtained by TLC by agreeing to a negotiated commercial agreement with SGI.</p> <p>d) <u>License Transfer (Indicate Where This Would Be Required)—SGI will transfer any third party software where it is allowable. SGI owned licensing and intellectual property will require a commercial agreement that will define the terms and conditions for the use of those items.</u></p>
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General—Proposer's response meets the requirements of this section.

2.4	Experience. <i>The experience of the Proposer in providing the requested goods or services.</i>		550
2.4.1	Past 10 years of experience providing the services as specified in the RFP for engagements of comparable complexity and scale.	4.2.1 and 4.2.4	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"> • SGI believes it differentiates itself through their entertainment and content portfolio, the security of their offerings, their knowledge of retail, and their proven ability to deliver world-class tech and network solutions through their products and unparalleled services to their customers. • Founded in 1973, HQ in NY • 4200 employees who serve lottery and gaming customers in more than 50 countries on six continents, 150 customers worldwide • Noting achievement of ISO 27001 security certification in 2009. • SGI notes serving all 44 government-authorized lottery jurisdictions in the US, as well as lottery organizations in more than 50 countries. Summary of US services depicted on p. 3. Full line services in PA, Puerto Rico and OK. • SGI notes creating the industries first back-office system for instant game accounting and validation in 1975. • <u>SGI notes they are the world's largest instant ticket lottery company, one of the largest online companies, a global leader in sports wagering solutions, one of fastest growing in fixed odds betting and video lottery solutions and a leader in the market of interactive products as a result of their partnership agreement with Playtech.</u> • <u>Online Lottery Systems Group—represents 28% of company revenue, contracts with 13 of the 45 US jurisdictions for online services. 2nd largest online provider in Europe. International</u>

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customers detailed on p.4

- SGIs Lottery Gaming System (LGS) operating in 32 customer jurisdictions worldwide.
- Printed products provide services to 43 of the 44 lottery jurisdictions, sell tickets or related services in 50 countries operating 6 printing facilities across 5 continents.
- Cooperative Services Programs (CSPs)—includes instant tickets, systems, facilities management and or other services (including telemarketing, field sales, sales agent hotline services, etc.) Customers of CSP are Arkansas, DE, DC, FL, GA, ME, OK, PA, Puerto Rico, SC, TN and VA. SGI is paid a % of instant sales for these services.
- Diversified Gaming Group includes server based gaming machines, VLTs, monitor games, pari-mutuel racing, and sports betting.
- —SGI launched a launching
a division dedicated to delivering interactive content to the regulated gaming industry, will provide lottery players with secure access to an exciting portfolio of new games on the internet, where permitted by law.
- Interactive Gaming Choices for Lottery Players—SGI notes that they have launched web services for 28 US lotteries and supported 200 US based internet second chance and promotional programs, since 2001.
- SGI notes that there is no standard lottery business model. Each and every lottery has a unique business structure and seeks vendor solutions across very diverse business areas.
- SGI cites examples of four lottery contracts to showcase their proven experience providing operations management services in large, complex environments.
 1. China Sports Lottery (CSL)—31 provinces, 400 cities, 55,000 retail terminals, training of 17,000 LSRs. Contracted 01/08 with aggressive deployment schedule in advance of Beijing Olympics. Implementation plan scheduled the rollout of the main system infrastructure in Beijing (data center, system hardware/software, call center, provincial warehouse, and distribution infrastructure) in no more than 60 days from contract execution. Followed by the implementation of the retailer infrastructure, training, data communication network, provincial warehouse and distribution infrastructure, and distribution of inventory on a rolling schedule throughout the 31 provinces and initially focused on the 400 key population centers across the country. A state of the art manufacturing facility was scheduled to launch 12 months after the contract execution, in late 2008. In late March 08, SGI successfully launched Olympic themed lottery tickets in China. Debuting on the 23rd in Shandong Province with over 1,500 retail locations. Just two years after the initial launch there are 55,000 terminals deployed across the entire country supported by 17,000 sales representatives and nearly 500 warehouses. SGI points out that China is 6M square miles (compared to Texas at 269,000), has a complex topography and significantly more high population centers

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2. Italy Consorzio Lotterie Nazionali—launched rebranded lottery program, design and supply of systems and tech infrastructure to support instant validations, warehouse and distribution for 50,000 retailers, call center management tools, marketing services and game best practices. SGI notes a technical error in 1996, causing many winning tickets to be generated and later declined for payment by the Italian Lottery which led to a significant loss of confidence by Italian citizens and declining revenue until SGI arrived in 2005. SGI implemented a proactive distribution strategy and improved customer service generating 2M outbound calls per year, 8,000 deliveries per day and 48 hour delivery to anywhere in Italy. At re-launch, there were more than 24,000 retailers and 58M citizens. In six years, SGI has grown the retail base more than 100%, average selling price by more than 100%, and sales by avg of 98% annually form 486M Euros at launch to 9.4B Euros in 2009. Many of the same team are proposed for Texas effort.
3. Pennsylvania—phased migration from AWI legacy system to SGI system; deployment of 8,700 Wave terminals avg over 100 installs per day.
build out and configuration of data centers,
delivery of retailer sales training to over 17,000 retailers. SGI notes completing a 2-phase migration from a legacy AWI system to in six months, including 9,000 retailers and wave terminals (8700) and peripherals (67,000 pieces of electronic equipment). Terminals and comm. were deployed and operational on the legacy system prior to the go live date. Designed training to precede terminal and peripheral installs by 1 week or less. At launch 8,700 Wave terminals were operational with a flat panel display unit and wireless ticket checker. See DVD of SGI conversion including testimonials from many of the team proposed for the Texas conversion.
4. Florida Lottery—2008 Instant Tickets and Services contract, completed implementation in less than four months after contract signing; provided approximately 13,500 retailers with instant tickets ahead of schedule start date with no business disruptions, ticket sales have tripled since inception with Florida legacy system. SGI notes launching CSP system and services in 1998. Instant sales have grown from 300M to 2.1B in 2009. SGI notes that their system supports well over 13,000 retailers with efficient ticket delivery, system sales support and Tel-Sell operation. SGI completes more than 660,000 calls annually to retailers. Shipping over 614,000 packages per year. SGI notes introduction of the autosorter in Florida that SGI notes pioneering. Noting that the autosorter allows dailys to be broken into waves each containing 138 orders. On average 5 to 6 waves can be completed every hour (assuming a three game launch). Compares to approx. 300 orders per hour that were packed under the previous

				<p>pick/pack method. Services include game plan development, strategic elements of game design, prize structure creation and focused input on launch of key games during the year. Noting that they have designed and supported instant game promotional campaigns to reach FLs instant game players.</p> <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> <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. <ul style="list-style-type: none"> • <u>See contract charts detailed in Section 4 after p. 35</u> <p><u>General—Significant US and international lottery systems experience including lottery gaming system operations in 32 jurisdictions. Proposer demonstrated the ability to conduct large scale projects with significant complexity (China) and scale. Proposer noted sales force management experience in OK, DE and Puerto Rico in response to the clarification letter that was not clearly noted or discussed in its initial response to the RFP. Clarification response demonstrates some experience in the area of sales force operations and management related to this particular area of requirements of the RFP. Proposer also notes experience training a large external sales force in China. Proposer noted substantial experience launching web based services for customers.</u></p>
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 Information Redacted §552.101/466.021/552.139	<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> <p>SGI notes their proven experience in providing transition management, implementations, and operations management services in large, complex environments</p> <p><u>SGI will highlight 4 recent domestic LGS implementation projects, a 5-year summary of games implemented for domestic customers, a description of key experience on a number of acquisition and integration efforts and an outlined of the SGI national service center.</u></p> <p>SGI notes that their Texas National Service Center in _____ components of their national service infrastructure and resources including:</p> <p><u>Maryland Conversion—in July 2006. SGI successfully completed an 8-month migration of Maryland's legacy MasterLink system to _____ including 35,000 pieces of equipment, 4,200 terminals and</u></p>

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3,800 retailers. Conversion followed a 2-phase approach. Terminals and comm. were deployed and first connected to the legacy system. Go live data of the system was transparent to retailers. Highlights: 3 month definition phase, 5 month installation phase, eight month conversion to SGI also notes completing 2 coupon promotions on the legacy system at the six month mark during the conversion. SGI also launched Keno promotions 3 weeks after launch and launched a monitor game 60 days after launch.

Connecticut Conversion Success—SGI completed an 8-month migration to including 3,000 wave terminals. Conversion included terminals, ticket checkers, and unspecified number of point of sale content management systems, k including various types of comm. Total 12,000 pieces of equipment and training of nearly 9,000 retailers.

Hoosier Lottery—Currently converting the Hoosier Lottery using a 2-phase approach from legacy system to an integrated LGS, included are 4,000 wave terminals and peripherals conversion is scheduled for late August 2010. Terminal install rate of 350 per week. Terminals are currently operating with the legacy system

Arkansas Lottery—Instant ticket services program in 2009. First packs of tickets were activated just 45 days after contract execution. Launched with 4 instant games at various price levels, young, eager Tel-Sell staff analyzing sales data resulted in exceeding sales projections by 11% in the first quarter.

New Game Implementation Success—SGI details examples (p.21 to 25) over the last six years where they have helped customers increase revenue by developing and implementing new games and existing game enhancements. SGI notes that their customers have grown online game sales 9.3% versus 5.1% for the rest of the industry. These games include also: short-term promotional games (raffles and instant win). SGI also notes games provided to customers with other system providers in the tables (highlighted in yellow).

Acquisition Integration Success—SGI notes that they have expanded their portfolio of gaming products and services through organic growth initiatives and successful acquisition activities separating SGI from the competition. SGI notes this is important to TLC as these activities often mirror those activities associated with a large-scale contract transition from an incumbent to a new vendor.

4 major acquisition integration projects are noted over the last 7 years.

1. IGT Online Entertainment Systems, Inc. (IGT subsidiary) 2003—project duration 8 months. SGI's operation of online lottery systems grew to 15 states in the US and Caribbean as well as Korea, Norway, Switzerland and Shanghai.
2. ESSNet, AB 2006—project duration 6 months. SGI added several states in Germany and other national lotteries added to portfolio. SGI noted that the integration was complex as it spanned the globe. Implemented a communications plan to make the transition effective.
3. Global Draw Limited 2006—duration of project 4 months. Leading supplier of fixed odds betting terminals and systems

4. OGT 2007—project duration 7 months. Expanded printing capabilities, important printing related IP including core competencies in bingo, cashword play styles.

Texas National Service Center—benefits detailed on p.28 and 29

NRC—SGI will relocation their national Resource Center NRC currently operates 24/7/365 supporting 40,000 retailers in 15 states will grow to 57,000 in first year.

Terminal Maintenance Center—state of the art electronics and hardware repair facility will perform maintenance and repair of all terminals and associated peripherals for TLC and other online partners throughout the US. Supporting 40,000 Wave and associated terminals

System Delivery Center (SDC)—will house key skill technology resources for dedicated TLC systems development and testing activities as well as infrastructure for the potential operation of multi-jurisdictional system operations.

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:

- (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 contract charts detailed in Section 4 after p. 35

General—Proposer highlights some recent conversions of its customers from legacy gaming systems that it operated to its current lottery gaming system. Proposer highlights its success in helping its customers achieve a higher level of online game sales success that the industry average. Proposer provides a list of online game changes that they have implemented for their customers beginning on p.21 of the section (including numerous Mega Millions, Powerball and Raffle introductions or matrix changes). Proposer also notes their efforts to expand their gaming products through organic growth and acquisitions. Proposer noted sales force management experience in OK, DE and Puerto Rico in response to the clarification letter that was not clearly noted or discussed in its initial response to the RFP. Clarification response demonstrates some experience in the area of sales force operations and management related to this particular area of requirements of the RFP.

Information Redacted
§552.101/466.022/552.139

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	<p>- 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.</p> <p><u>See figure 4.2-6 detailing previous experience in transition activities between vendors (another vendor to SGI). SGI notes there were no significant service disruptions during these transitions. P.31</u></p> <p>SGI notes that their LGS strategy for the last five years has been to focus on current customers and only bid on contracts that meet the following parameters:</p> <ol style="list-style-type: none"> 1. SGI is totally confident that their products and services will be recognized as creating value 2. SGI is certain that the prospective lottery organization embraces a partner-relationship with their vendor 3. Prospective lottery is focused on growing their retail sales, which will enable increased returns to good causes <p>SGI notes they have not pursued several contracts and that the recent trend toward low cost bids is not healthy for long term industry growth.</p> <p><u>Noting their four most recently added customers as PA, Maryland, CT and IN. SGI note that these four conversions do not meet the criteria outlined in the section and are therefore not listed as they were SGI customers at the time of conversion, noting three of the systems were conversions from legacy IGT systems and were converted the same as is proposed by SGI for Texas.</u></p> <p>See also table 4.2-8 detailing SGI successfully completed lottery-specific tech deployments globally in nearly 70 lottery jurisdictions since 2003.</p> <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 charts after p.35</u></p> <p><u>General—Proposer demonstrated experience in conducting vendor to vendor conversions (chart p.31). Spain, Iceland and Puerto Rico represented more recent vendor-to-vendor conversions on this list.</u></p>
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The size of these conversions was not of the size and scope of the required transition in Texas. Proposer notes limited recent bids and therefore vendor-to-vendor conversions, based on strategic company choices. The majority of proposer's recent conversion experience was focused on converting legacy systems that it operated in jurisdictions where it was the vendor. Proposer did not demonstrate that it had experience in conducting its proposed 2-Phased migration in a true vendor-to-vendor conversion situation during in of its recent conversions.

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

TOTAL POINTS AWARDED

Total Possible Points