



# 6.4

Service Management

# 6.4

## Service Management

### 6.4.1

#### Incident and Problem Management

The operation of a Lottery Gaming System is a highly complex and intricate process, but to a lottery player or retailer, there are only two discernible conditions: available and unavailable. In fact, nothing is more visible to lottery players, retailers, beneficiaries, and stakeholders within the state of Texas than an interruption in service at retail.

Years of research and development, training and experience in ongoing operations, development of best practices, and investment in automation have all been designed into our proposed systems and service delivery to the TLC, with the goal of 100 percent system availability. But when incidents *do* occur, what's important is how they're handled. Your reputation and ability to support the Foundation School Fund are on the line, and we take this as seriously as you do. Simply put, when an abnormal condition occurs, our joint goal is to restore service to normal conditions in the shortest-possible time with minimal disruption to business. GTECH's world-class Data Center of the Americas (DCA) in Austin is responsible for implementing and managing incident and problem management processes within GTECH lotteries across the United States.

#### Table 9

#### Incident and Problem Management Response Requirements

### 9.1

#### Roles, Responsibilities and Detail Requirements

GTECH acknowledges and accepts the roles, responsibilities, and detail requirements indicated in this section.

## 9.2 Incident and Problem Management

### GTECH's Incident Management Process

Our dedicated incident management team is housed and managed at the DCA. And because the DCA is in Texas, the TLC can work closely with operations and network staff when working through incidents or process improvements. GTECH's incident management process is designed to reduce:

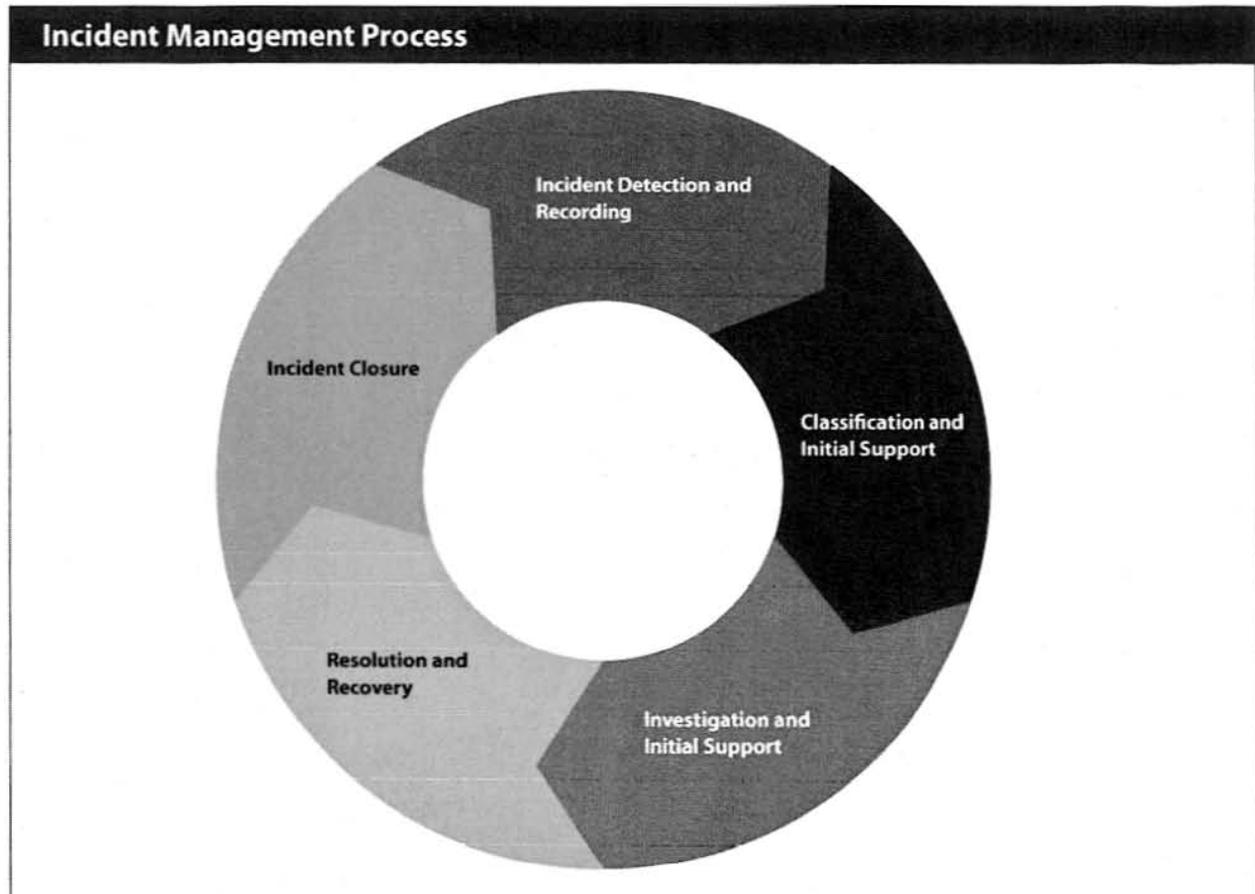
- The time required to detect an incident.
- The notification and response time of key personnel.
- The time required for business to return to normal.

Our incident management process also ensures that important operational services receive the attention and resources needed to resolve an incident as quickly as possible. This process is managed through an interactive tool, called *Incident Management Online*, which ensures all appropriate resources are engaged and proper notifications are made to appropriate resources.

### How GTECH's Incident Management Process Works

When an abnormal condition is detected, either at retail or by operations personnel, an incident is logged by the incident management desk into the incident management system. The incident management desk, physically located at the DCA, is staffed 24/7/365 by dedicated and trained incident management staff. Based on the nature and severity of the incident, the incident management desk immediately contacts the appropriate resources and management. Technology, operations, and management resources stay fully engaged until normal conditions are restored.

**Figure 6.4 – 1:**



The following figure demonstrates how our incident management process facilitated our effective response to one of the worst disasters in Texas history: Hurricane Ike.

**Figure 6.4 – 2:  
 Incident Management – Hurricane Ike**

GTECH Function	Incident Management Action(s) Taken
Account Management	<ul style="list-style-type: none"> <li>• Provided overall guidance in relief efforts</li> <li>• Facilitated continuous communication and planning with the Lottery</li> <li>• Facilitated additional support from GTECH Corporate and neighboring jurisdictions</li> </ul>
Sales and Marketing	<ul style="list-style-type: none"> <li>• Assisted retailers in restoring service, repairing damaged equipment, and replacing Instant Ticket inventory and consumables</li> <li>• Reallocated Lottery Sales Representatives (LSRs) from areas not impacted to assist with impacted areas</li> </ul>
Technology	Conducted impact analysis and worked with cross-functional teams
Operations	<ul style="list-style-type: none"> <li>• Monitored retailer field activity to provide impact analysis and retailer communications</li> <li>• Managed retailer privileges</li> </ul>
Field Service	Initiated prep work with respect to repositioning of staff and equipment, equipment recovery, and terminal and communications equipment repair/replacement
Warehouse	<ul style="list-style-type: none"> <li>• Processed damaged Instant Ticket returns from the field</li> <li>• Distributed undamaged Instant Tickets to retailers as they were returned to service</li> </ul>
Call Center	<ul style="list-style-type: none"> <li>• Provided first point of contact for retailer assistance</li> <li>• Dispatched Field Service Technicians (FSTs)</li> </ul>
Security and Audits	<ul style="list-style-type: none"> <li>• Audited all field activity to ensure no theft or fraud occurred</li> <li>• Audited recovery efforts and service restoration</li> </ul>
Human Resources	Provided assistance to employees affected by the natural disaster
Senior Management	Approved all necessary recovery efforts

## Major Incident Management Activities

By proactively monitoring and planning for possible incidents, our goal is to prevent problems at all levels throughout our organization. GTECH's incident management process is made up of a short-term series of activities focused on restoring service. It detects, records, and communicates information during an incident and distributes details via reports to GTECH and Texas Lottery management. The major activities of this process are repeated through all business units and include:

- Incident detection and recording.
- Classification and initial support.
- Investigation and diagnosis.
- Resolution and recovery.
- Closure.

Throughout the incident management process, a dedicated Incident Manager takes ownership of the situation until final reconciliation.

## Resolving System Incidents

The following table provides a description and criteria samples of the severity levels assigned to incidents.

**Figure 6.4 – 3:**

<b>Managing Incidents According to Severity</b>				
	<b>Severity 1 Incident Report Required</b>	<b>Severity 2 Incident Report Required</b>	<b>Severity 3 Incident Report Required</b>	<b>Severity 4</b>
<b>Customer Impact</b>	Critical	Urgent	Important	Non Critical/ Service Request
<b>Definition</b>	System, network, or facility down	System, network, or facility performance degraded	Important functions or products not operating properly	Minor issue which does not present a risk to our customer
<b>Category</b>	<b>System</b>  <b>Criteria Example:</b>  Production system down  On-Line product down during large jackpot  Instant product down	<b>System</b>  <b>Criteria Example:</b>  On-Line or Instant product down  Loss of administrative functions and/or ICS system does not balance  System in simplex	<b>System</b>  <b>Criteria Example:</b>  Retailer reporting functions not available or incorrect  Late report or file distribution  System in duplex or tertiary down	<b>System</b>  <b>Criteria Example:</b>  Loss of a system monitoring tool
<b>Category</b>	<b>Network</b>  <b>Criteria Example:</b>  Entire network down  Greater than 25% of terminals down	<b>Network</b>  <b>Criteria Example:</b>  Significant network congestion  Greater than 15% but less than 25% of terminals down  Loss of connectivity to Lottery HQ	<b>Network</b>  <b>Criteria Example:</b>  Switch over to backup earth station facility  Less than 15% but greater than 2% of terminals down  Redundant/spare equipment down	<b>Network</b>  <b>Criteria Example:</b>  Loss of a network monitoring tool  Due to a single issue affecting less than 2% or greater than 1% of terminals down
<b>Category</b>	<b>Security/Facility</b>  <b>Criteria Example:</b>  No Power  Facility on backup power  Fire/flood	<b>Security/Facility</b>  <b>Criteria Example:</b>  No backup facility  Security system down  Network or personnel security breach	<b>Security/Facility</b>  <b>Criteria Example:</b>  Noncritical environmental alarms/phone outage  Loss of building monitoring system	<b>Security/Facility</b>  <b>Criteria Example:</b>  Failed plan maintenance

The following table provides response timelines for our resources by severity level.

**Figure 6.4 – 4:**

<b>Software Hotline Technical and Hierarchical-Escalation Process Flow</b>				
	<b>Severity 1 Incident Report Required</b>	<b>Severity 2 Incident Report Required</b>	<b>Severity 3 Incident Report Required</b>	<b>Severity 4</b>
<b>GTECH Software Hotline</b>	Immediate	Immediate	Immediate	Immediate
<b>SSM/ Incident Manager</b>	Immediate upon ticket creation	Immediate upon ticket creation	Immediate	Immediate
<b>On-Call Technical Support</b>	Immediate upon ticket creation - if no response from primary page, page secondary then tertiary in 5 minute increments	Immediate upon ticket creation - if no response from primary page, page secondary then tertiary in 5 minute increments	Immediate	Immediate
<b>Subject Matter Expert</b>	Immediate upon ticket creation	Immediate upon ticket creation	Contacted	Contacted
<b>Delivery Team Lead</b>	Immediate upon ticket creation	Immediate upon ticket creation	Notified via email. Contacted if no response from technical resources	Made aware via standard reporting
<b>Regional Delivery Leader</b>	Immediate upon ticket creation	Immediate upon ticket creation	If no response from DTL	Made aware via standard reporting
<b>Software Sr. Director</b>	Immediate upon ticket creation	If no response from DTL/RDL	If no response from DTL/RDL	Made aware via standard reporting

## Getting the Right Information to the Right People at the Right Time

We have dedicated, expert resources for all incidents that occur in the U.S. Our incident management team comprises highly experienced individuals who understand the business needs of our customers and have the technical expertise necessary to ensure all key issues are addressed effectively. Our incident management process provides metrics to our business units and management teams so they can make strategic decisions and determine the appropriate attention and resources required for continual process improvement. In other words, if service is restored during an incident and resolved without identifying the root cause or long-term solution, the incident will initiate the problem management process.

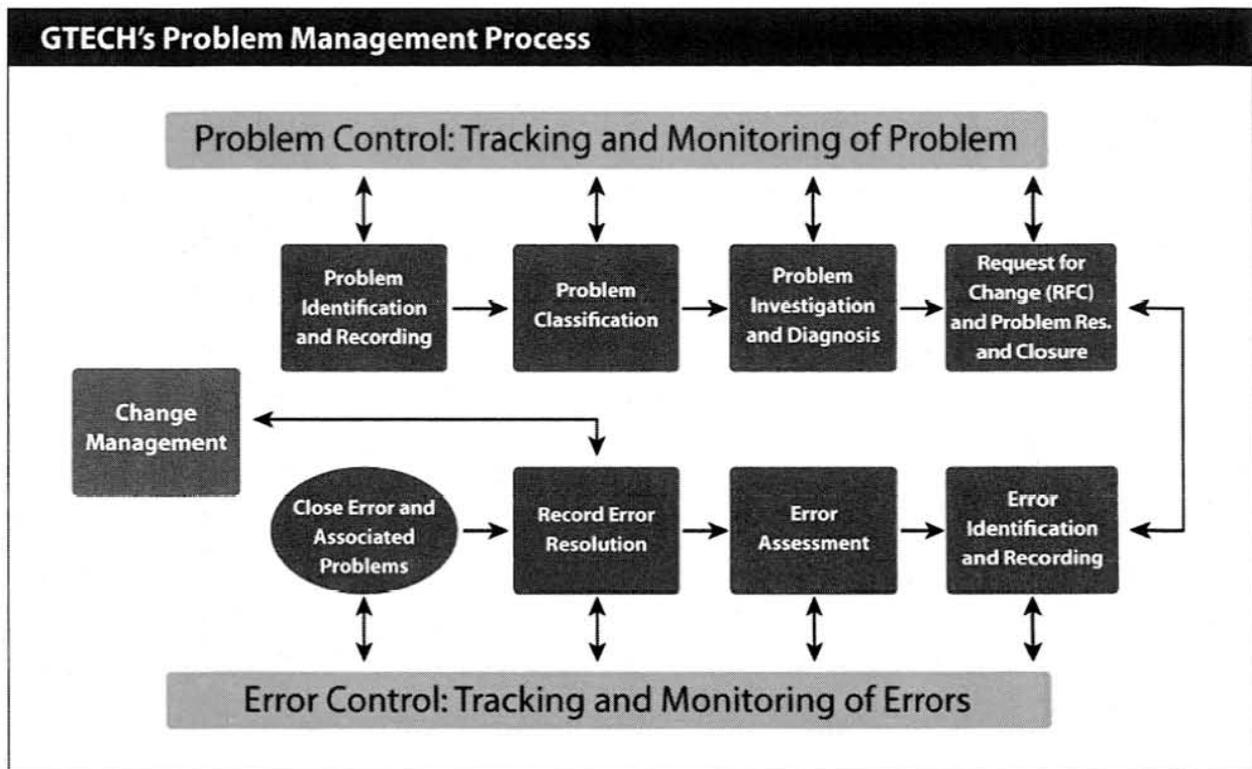
### **GTECH's Problem Management Process**

We implemented our problem management process to resolve the root cause of an incident and minimize its adverse impact on a customer. A problem, by definition, is a condition that is often identified as a result of multiple incidents that exhibit common symptoms. However, a problem can also be identified from a single, significant incident indicative of a single error of which the cause is unknown but the impact is significant. By identifying the underlying cause of one or more incidents, our problem management process removes the problem from the environment by working with resources and management to ensure the successful implementation of a resolution or appropriate workaround. The goal is twofold:

1. Reduce the number and severity of business incidents and problems.
2. Provide reports to our business units and management teams for process-improvement purposes.

The following illustration demonstrates our problem management process.

**Figure 6.4 – 5:**



**Identification, Resolution, and Prevention:** Our problem management process is designed to find and resolve the root cause of a problem and prevent it from recurring.

GTECH's Problem and Incident Management teams, by process design, are in constant communication to guarantee that appropriate attention is placed on the critical needs of our customers. Their focus is on:

- Improving quality of service to users.
- Improving user satisfaction.
- Reducing the number of incidents.
- Improving their ability to manage changes and enhancements to the Information Technology (IT) infrastructure.

The following figure describes problem management responsibilities by function.

**Figure 6.4 – 6:  
Problem Management – Security Monitoring and Reporting**

GTECH Function	Responsibility
Account Management	<ul style="list-style-type: none"> <li>• Coordinate with the Lottery to understand needs and requirements</li> <li>• Communicate updates and findings, as appropriate</li> </ul>
Sales and Marketing	Provide insight into any anomalous behavior findings and act as “eyes” in the field
Technology	Design and develop player protection tools and reports per requirements
Operations	Assist in generating security reports and additional data mining when necessary
Field Service	Facilitate immediate equipment recovery when terminal-specific issues arise
Warehouse	Provide assistance when necessary, though not typically involved with security monitoring and reporting
Call Center	Provide assistance when necessary, though not typically involved with security monitoring and reporting
Security and Audits	Generate and analyze security reports, including investigation activities, presenting findings and making recommendations
Human Resources	Provide assistance when necessary, though not typically involved with security monitoring and reporting
Senior Management	Approve all necessary security monitoring and reporting tools

## Major Activities of Problem Management

The major activities of problem management include the following:

- **Problem Control:** Identifies the underlying cause of an incident in order to prevent future recurrences. Problem control includes analysis, problem identification, and recording; classification and prioritization; allocation; investigation; and diagnosis.
- **Error Control:** Monitors and provides solutions for known errors until they are resolved. Error control includes identification and recording, solution investigation, definition of a solution, problem evaluation and review, and closure.
- **Proactive Prevention of Problems:** Focuses on preventing an incident from occurring via trend analysis on incident and problem records to determine if an investigation should be conducted.
- **Provision of Additional Support to Incident Management:** Assists with major system incidents that may have an extreme impact on one or more customers. This usually occurs when incident management support teams are unable to resolve issues and restore service.
- **Management Information Gleaned from Problem Management Data:** Produces reports from which management can make decisions and measure performance based on agreed-upon service levels and deliverables.
- **Test Incident Report (TIR) Backlog Maintenance of GTECH**  
: Manages the Request for  
process for the , reducing the  
number of bugs released into the production environment.
- **Global RFSS Process:** Corrects a software design flaw or system defect that has the potential to impact multiple jurisdictions.
- **Knowledge Database Maintenance:** Maintains the information stored in a knowledge database, which includes resolutions, methods, and recommendations to address incidents, and minimizes the time required to resolve a reported incident.

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Finding a solution to any issue is only the beginning. Once the issue is resolved, our next step is to get to the root cause of the issue and ensure it doesn't recur. The final step in the problem management process is to present our findings to the TLC and gain its approval for any changes.

## **6.4.2 Capacity Management**

### **Table 11 Capacity Management Response Requirements**

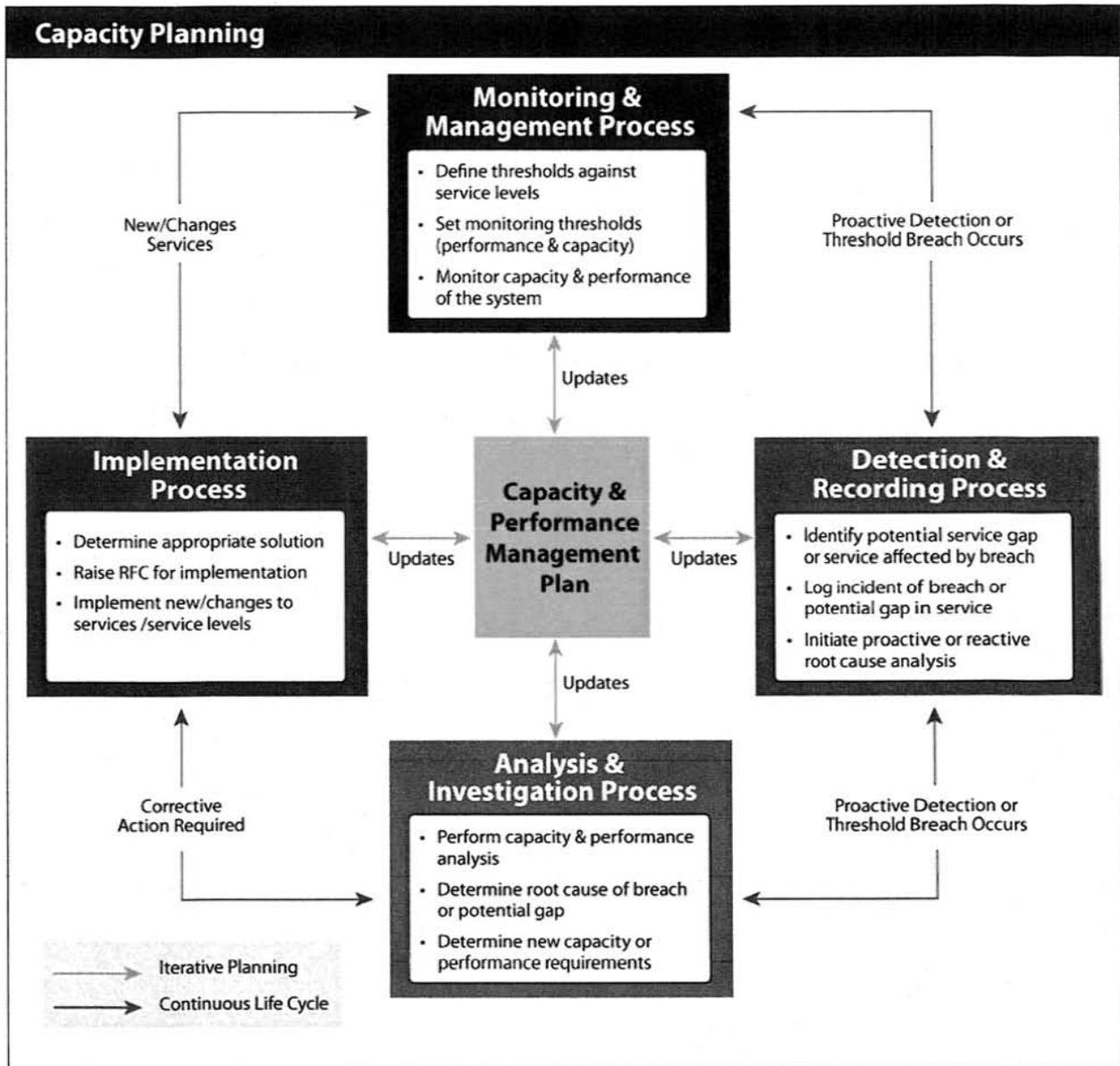
#### **11.1 Roles, Responsibilities and Detail Requirements**

GTECH acknowledges and accepts the roles, responsibilities, and detail requirements indicated in this section.

#### **11.2 Capacity Planning**

As the TLC grows, it cannot outgrow its Lottery Gaming System. Your system has been scaled to support and exceed current levels of performance, and to far exceed your expected future growth. While system size is important, it is also vital that you are provided the proper level of service to handle planned growth. From operations and human resources to senior management, our organizations will manage all levels of capacity to support your future expansion.

Figure 6.4 – 7:



### Capacity Planning Process

GTECH continually evaluates existing services to ensure our solutions have the capacity to support your ongoing needs. This process incorporates multiple functions and depends on other processes to ensure success. The capacity planning process utilizes groups such as engineering, operations, security, facilities, human resources, information security, and internal audit to meet your capacity needs today and throughout the life of the contract. Capacity planning is an ongoing activity that ensures the TLC system is ready for any and all expansions.

For example, if the Lottery were to request a new service, the GTECH team would evaluate that request to determine the capacity impact to systems, networks, facilities, security, auditing, staffing, etc. Through this process, the team will clearly define capacity requirements and impact on any new service. As a part of the ongoing process, reports generated from a tool utilized to monitor the services will be evaluated on a regular basis to ensure capacity compliance. The appropriate GTECH team will work with the TLC to define/ agree on any adjustments. The following figure represents the capacity management actions taken during the addition of *Powerball*®.

**Figure 6.4 – 8:  
Capacity Management – The Addition of *Powerball***

GTECH Function	Action Taken
Account Management	Monitored new-game capacity-management activities and communicated any potential issues to the TLC
Sales and Marketing	Provided proper staffing levels for increased promotional activity support for new-game launch
Technology	Analyzed, planned, and resolved software and terminal capacity for the addition of a new game
Operations	Analyzed, planned, and implemented system and database capacity for the addition of a new game
Field Service	<ul style="list-style-type: none"> <li>• Monitored jackpots and queues to determine if extra coverage was in place for increased activity and possible issues</li> <li>• Increased spare stock on Instant Ticket stock rolls for possible increased supply calls</li> </ul>
Warehouse	<ul style="list-style-type: none"> <li>• Monitored On-Line roll-stock inventory</li> <li>• Planned and managed new roll-stock inventory possibly required for new game</li> </ul>
Call Center	Prior to implementation: <ul style="list-style-type: none"> <li>• Reviewed staffing levels</li> <li>• Projected additional staffing needs</li> <li>• Retained permanent or temporary help</li> </ul>
Security and Audits	No direct capacity management requirements for new game implementations
Human Resources	No direct capacity management requirements for new game implementations
Senior Management	Ensured adequate corporate resources were available for new-game implementations

## Capacity Monitoring

GTECH uses multiple tools to monitor the capacity of each system or server. Each tool can set defined performance and capacity thresholds. The goal of these tools is to report any warnings when a threshold breach occurs so that GTECH can take action before a critical failure occurs. Each server or system has a tool that is specialized to measure critical services.

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**Figure 6.4 – 9:  
Capacity and Performance Tools**

Service	Tool	Function
Business		Measures service levels in relation to capacity and performance
System	Tivoli System Monitor	Monitors discs, Central Processing Unit (CPU), Kernal, and memory of servers
Gaming	Operations Automation and Monitoring	Monitors key gaming applications such as On-Line Games, Instant Ticket functionality, and other products on the Lottery Gaming System
Network	HP Software	Monitors firewalls, switches, routers, and ATMs
Retailer Point-Of-Sale (POS) Devices		Monitors the communication and download status of retailer POS devices
New Services	Performance Center and	Custom simulators used to load test applications and servers when new services are added

### – Future-Proofing the Texas Lottery

is a platform for the future. It was designed with large lotteries like the TLC in mind. We realize that, in the past, making changes critical to the performance of your system has, at times, been difficult. is designed to enable faster, more streamlined changes and improvements when necessary.

### **6.4.3 Performance Management**

#### **Table 13 Performance Management Response Requirements**

##### **13.1 Roles, Responsibilities and Detail Requirements**

GTECH acknowledges and accepts the roles, responsibilities, and detail requirements indicated in this section.

##### **13.2 Performance Management**

We will manage the performance of your servers, applications, databases, and networks using the tools listed in the previous figure. Whereas capacity planning and management will ensure that the TLC's business, service, and component capacity meets current and future business requirements, our performance management processes will be targeted to daily system assessments. We will manage performance using the tools previously described to measure, analyze, and record the operational performance of each component of your system, such as application response times, network efficiency, and transaction times.

When a monitoring tool reports or identifies a threshold breach detected in capacity or performance, incident management and problem management processes will be used to log that breach. A specialized team of Subject Matter Experts (SMEs) will then perform an analysis of the performance or capacity issue. Next, the team will develop a solution, immediately communicate that solution to the TLC and, upon approval, begin change and release management procedures for installation and resolution of the issue.

GTECH's latest release introduces three new features: Operations Automation, Self Monitoring, and Progress Monitoring of the host system, the GTECH

). The combination of these three features allows us to run the with fewer keystrokes and view tasks that are running and scheduled to run. The systems are capable of running the entire day without operator intervention, except for entering winning numbers, performing updates, or dealing with hardware exceptions. The will not just run the daily, nightly, and weekly tasks automatically, it will also verify that all the tasks have started and measure the duration and completion of the tasks. All of the tasks are viewable on the new a Graphical User Interface (GUI) that displays a day's worth of scheduled tasks. Task names, when they are scheduled, start time, duration, and completed time of the task are all displayed on the Progress Monitor GUI. Each status is assigned a color code: green for fully operational status, yellow for warning status, and red for error status.

### 13.3

#### **Planning, Development, Modification, Monitoring and Reporting of System and Network Performance**

Dependable system management and monitoring capabilities are critical for running a successful lottery. The we propose will ensure the highest levels of system performance and integrity. By providing access to systems' performance data, the Lottery will have a transparent view into the performance of its overall Lottery Gaming System as well as its individual components. As discussed in Section 6.3, Service Level Monitoring, GTECH's is a TLC-customized monitoring tool that will provide this transparent view into your system's performance.

#### **Planning and Development of the TLC's Lottery Gaming System**

The Lottery Gaming System we propose has the capacity to accommodate:

- 250,000 terminals wagering at a sustained 600,000 wagers per minute.
- 500 concurrent Instant Games and multiple On-Line Game jackpots of \$10 billion.

## Lottery Gaming System Modifications

System modifications will undergo a rigorous evaluation process to ensure the integrity, capacity, and performance of all functions of the system. GTECH was recently recertified as a CMMI-Dev Level 4 software vendor, which means:

- We follow industry best practices for systems management.
- We use metrics to assess our system performance levels.
- We drive those metrics toward continuously higher levels of performance.

We have an equally rigorous program to enhance performance. Redundancy of key system components will provide reliability that is superior to that which competitor systems can deliver. Computer architecture and network will be continuously tuned to provide fast transaction turnaround times, even when system loads are high.

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## Monitoring and Reporting

The true value of a Lottery Gaming System isn't simply specifications. To ensure that your Lottery Gaming System meets your requirements, we need the proper monitoring tools, and people to ensure they are working properly. Any system as complex as the TLC's needs to be actively managed to ensure it's doing the job it was designed to do – efficiently, consistently, and reliably.

To detect and correct issues and anomalies using the utilities, applications, and capabilities GTECH will provide, we have developed the tool specifically for Texas. is designed to measure and report GTECH's performance against Service Level Requirements (SLRs). This will allow the GTECH Operations team to perform daily functions, monitor the systems, track performance, and perform system maintenance/corrections on all systems regardless of location. The is described fully in Section 6.3, Service Level Monitoring and Reporting. All of the other monitoring tools described in the previous figure, and in the following paragraphs, will feed data into the for the creation of specific capacity and performance reports. These reports can be customized to give users a real-time or historical view of each system and network component.

## Central System Monitoring Tools

**Confidentiality Claimed  
Not released**

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Authorized users will have user-friendly tools available for inquiries and searches of gaming data within the system. will support full research and reporting of sales. Authorized users can request, process, and print portions of the gaming system's sales and transaction history. You can also make query selections by selecting various data elements, including game, transaction level, dollar amount, etc., for graphing and reporting.

A complete transaction history will be available online after draw closing. Through the , you can look at retailer transactions, gaming data, and historical transactional data:

### Retailer Transactions

The suite, which includes the application, will allow users to view all retailer transaction detail. To minimize confusion and enable staff to provide exceptional customer service to the retailer in the most concise and efficient manner possible, authorized staff can use to report, in real time, retailer reporting and transaction activity. Whether a particular report is selected from or from a retailer terminal, the process and output are identical. This allows Texas Lottery and GTECH staff to view the same report a retailer sees – and even view it right along with the retailer. They can also see the last 10 transactions or time range for that day in detail. For more information on this application, please see Section 7.5, Retailer Management.

### Gaming Transaction Data

The ) component will enable hotline operators, operations staff, and TLC management staff to view gaming data in real time globally based on a search. When is installed, the TLC can research all transactions from a desktop using this easy-to-use GUI. You can retrieve transaction information from the application and . For more information, please see Section 7.2.2, On-Line Game Control.

## Current and Historical Transaction-Level Reporting (in Real Time)

Current and historical analysis can be performed at the transaction level via the \_\_\_\_\_ component of GTECH's \_\_\_\_\_

The reporting component of the portal will allow you to create reports in real time. Via the \_\_\_\_\_, you can select various data elements, including game, transaction level, dollar amount, etc., for graphing and reporting. **All** daily transactions will be loaded to the reporting database. Using the \_\_\_\_\_ toolset, including the \_\_\_\_\_ for near-real-time monitoring, your users can search these transactions from their desktops. For more information on \_\_\_\_\_, please see Section 7.9, Reporting.

These tools will not negatively impact system performance because they are only loosely coupled with transaction system functionality. While \_\_\_\_\_ performs as an integrated entity, it has been designed and built with architectural separation between components. High-performance interfaces for integration ensure that no one component can negatively impact the performance of the core transactional processing capabilities of the \_\_\_\_\_. Also, high volumes of transactional processing will not negatively impact reporting or other key

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operational functionality. These architectural changes will contribute to enhanced performance of the \_\_\_\_\_ and hence the overall system:

- \_\_\_\_\_ is a separate, integrated system isolated from the \_\_\_\_\_, preventing it from being negatively impacted by peaks in transaction volumes.
- \_\_\_\_\_ is also separate from the transaction engine, ensuring neither retailer management nor reporting functionalities negatively impact system performance.
- \_\_\_\_\_ is built on a centralized data warehouse that contains all the historical data required for reporting and analytics, along with real-time interfaces with \_\_\_\_\_ and the \_\_\_\_\_. This component was also decoupled from the \_\_\_\_\_, ensuring that, even for reporting and analytics, the overall system performance (sales, validations, and inventory management) is not impacted.

## Network Monitoring, Management and Reporting

### Primary Monitoring Tools

We have selected the best combination of network management tools to support your requirements and resolve complex problem-determination situations. Our toolset will perform network monitoring, protocol monitoring, and event recording. These tools will also show the status of the network, including data communications and the functioning of all network circuits on the system. Complete network monitoring tools will be located at both the \_\_\_\_\_ ) and the \_\_\_\_\_. Our toolset includes:

- \_\_\_\_\_ This Web browser-based application collects transaction statistics and provides terminal status and configuration capability. \_\_\_\_\_ is designed to capture statistics and deliver software to devices connected directly to \_\_\_\_\_. It also has a monitoring capability that can track the serviceability of those devices.
- \_\_\_\_\_ ): The \_\_\_\_\_ updated version of \_\_\_\_\_ is the industry's most comprehensive network management solution. Independent evaluators rate \_\_\_\_\_ as a leading network management system performer. \_\_\_\_\_ won a 2007 Clear Choice Award from *NetworkWorld*. \_\_\_\_\_ is one of the most widely deployed solutions in the market.

- The updated version of HP Operations, this market-leading and proven solution monitors application availability in real time. Using a service-driven approach to provide correlated root-cause analyses of IT-affecting business, provides a single-pane-of-glass view for efficient network monitoring.
- : This tool monitors operating systems, databases, servers, and applications on the and provides a common, flexible, and easy-to-use browser interface and customizable workspaces to facilitate system monitoring. It is focused on servers, operating systems, database resources, and applications.

Communications testing, monitoring capabilities, and fault-resolution tools will be available at both the and the , as well as to selected Lottery staff via the Lottery's Local Area Network/Wide Area Network (LAN/WAN). Network monitoring tools will be able to interface with and analyze protocols, view transaction data for analysis, and create visual and/or audible alarms to provide warning of problems. They will also enable us to determine whether equipment failure has occurred at the , within the WAN, or at the retailer-terminal level.

Our monitoring tools will also provide information and reports on attempts at unauthorized access and manipulation of system components. They will monitor not only the retailer terminal, but also the or router at each location. The network management need is central to providing reliable network services to the Lottery's retailers, as well as all other users not located at the . Following is a more detailed description of how we use our primary network monitoring tools.

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helps users send commands to the system and control it. While its primary function is to manage software for and configuration of retailer terminals, it also has significant monitoring capabilities, including tracking the status of application downloads to the terminal. Each screen contains the ability to control the output of the

is the interface between the terminals in the field and the ) Some of these screens present information or status, while others may be used to reconfigure, start, stop, or modify parameters. They can also be used to enter commands and control the system. For example, the Terminal Down screen provides a list of terminals that are not communicating with the host and tracks the amount of time a terminal has been "down."

) suite enables integration and correlation across multiple silos of traditional IT information, providing a central console and point of control. Local operations staff, as well as GTECH network management staff, will have access to the software, the industry's most-comprehensive network-management solution. This is coupled with the advanced-correlation, service-view concept, and single-pane-of-glass presentation qualities of : We have chosen these two products as the backbone of the ) after extensive research and testing of many other industry-leading products.

This HP suite will serve as the primary console for GTECH network operations and will gather

will allow for complete monitoring, control, statistics, alarms and events, network configuration, and report generation of the satellite network and devices. From the Management screen, network operators will have full visibility into the entire network. HP applications will:

- Automatically discover and map network devices, including Lottery terminals and host gaming systems, to show the status of the entire network.
- Collect and display key information on all devices to pinpoint problems and enable proactive troubleshooting.
- Support customized event handling to trigger alarms and sort them by priority condition and service-driven impact, ensuring the most effective and efficient problem resolution.
- Correlate multiple alarms to quickly and accurately pinpoint the source of the network issue, so no time is wasted trying to discover the problem.
- Capture network and terminal device information for use with inventory management.
- Compile historical information from network devices to enable trend analysis of performance and availability, thereby enabling identification of unique and/or chronic problems.
- Export historical information into a database to enable access and customized reporting.

Lottery personnel will have access to [redacted] to view the status of the network. All of these component tools will provide the diagnostic capability to accurately and quickly pinpoint network problems, resulting in faster resolution.

### **Monitoring Capacity and Performance**

GTECH operations, IT, and software engineers have participated in capacity and performance activities throughout their careers. Using existing monitoring tools, the team has detected capacity and performance issues in the Texas ProSys system and in other [redacted] jurisdictions. This has given them the experience to implement sound solutions, resulting in improved performance and scalability for the future.



# 6.5

## Compliance Review

# 6.5

## Compliance Review

### Table 15 Compliance Review Response Requirements

#### 15.1 Roles, Responsibilities and Detail Requirements

GTECH acknowledges and accepts the roles, responsibilities, and detail requirements indicated in this section.

#### 15.2 Compliance Review Requirements

##### Methodology for Meeting Compliance Review Requirements

All agencies performing business on behalf of the state of Texas have an obligation to meet their mission and goals with the highest standards of excellence. The Texas Lottery vendor, by definition, is held to this same level of excellence. It, too, must comply with all contractual obligations set forth in order to be successful. GTECH commits to the highest standards of ethics and integrity in business.

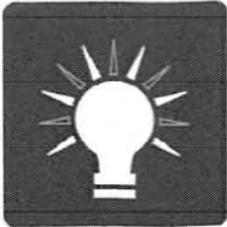
Our policy is 100-percent contract compliance. To attain this aggressive goal of meeting all our compliance review requirements, we employ cross-functional teams with specialized areas of responsibility and give them the support and tools necessary. In addition, we have created two positions dedicated to ensuring excellence in meeting the contract compliance requirements set forth by the Texas Lottery. These additional staff positions and their responsibilities are described in more detail later in this section.

**To attain 100-percent contract compliance, we employ cross-functional teams with specialized areas of responsibility and give them the support and tools necessary.**

As discussed in Section 6.2, Account Management, GTECH's account management process ensures multiple levels of accountability and responsiveness. GTECH Texas has been complying with the contract compliance review requirement since its introduction in 2006 and has successfully completed 16 quarterly compliance reviews to date.

GTECH commits to cooperate with the independent firm selected by the TLC to conduct contract compliance reviews. GTECH further commits to provide this firm full, free, and prompt access to all activities, records, property, and personnel of GTECH and of its contractors and subcontractors. We will be responsible for reimbursing the Lottery for all costs billed by the independent firm and paid by the Lottery for the compliance reviews.

### Description of Policies and Practices to Prevent, Detect, and Resolve Compliance Issues

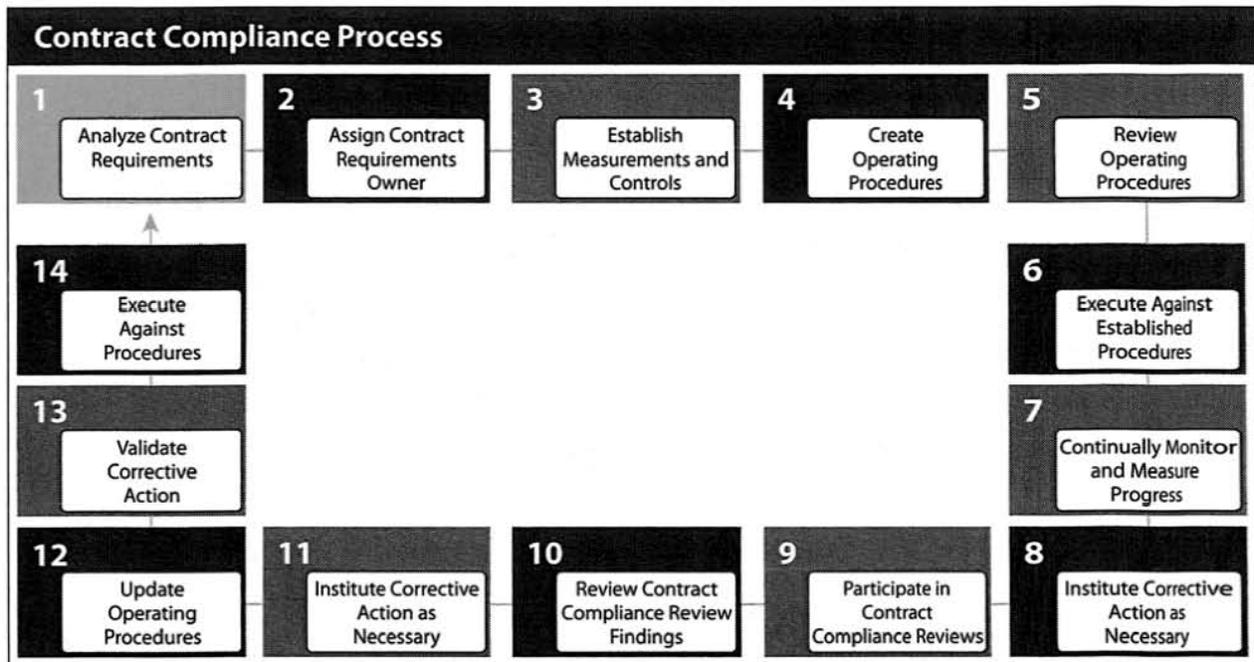


GTECH's organizational policies and practices are designed to provide complete compliance with contractual obligations and to ensure excellent service to the Lottery. Responsibility for the adherence to these policies and practices ultimately lies with the Texas account management team; each of the department managers has express responsibility for implementation of his or her assigned requirements. Each contract requirement will be analyzed and built into the departmental operating procedures, which govern the daily activities for each area of the business. These procedures will be reviewed for their ability to meet contractual obligations and will be updated to incorporate resolution to compliance issues, as appropriate. To prevent and detect compliance issues, department managers will have access to the Contract Management application, the \_\_\_\_\_, and \_\_\_\_\_ reports to provide the insight to prevent and detect compliance issues.

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The steps we take to manage contract compliance requirements are depicted in the following figure.

Figure 6.5 – 1:

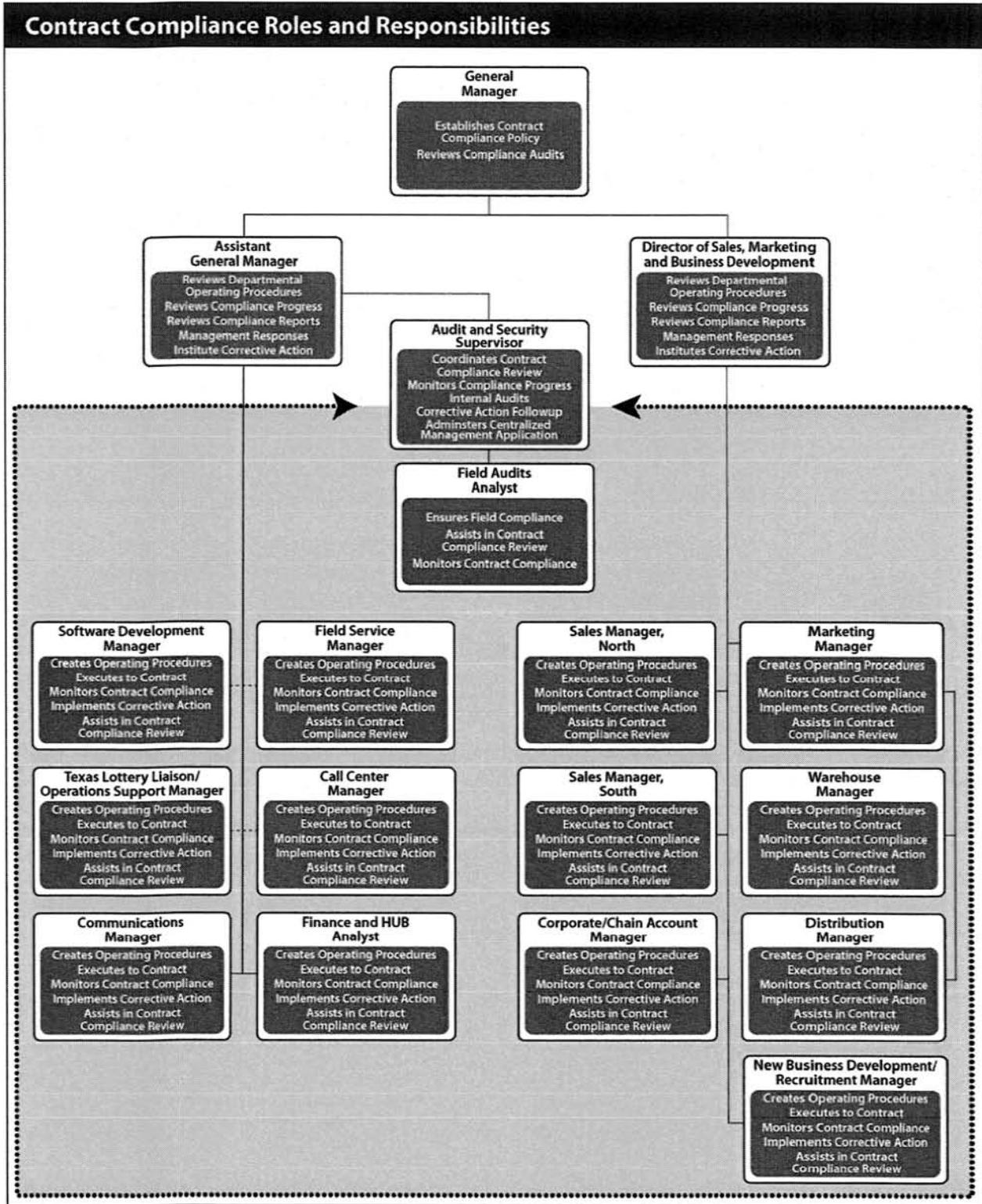


**Complete Compliance with Contractual Obligations:** The Texas account team works to ensure excellent service and contract compliance to the Lottery by following this 14-step process.

We employ specialized, cross-functional teams to meet contractual obligations, combined with additional levels of monitoring and oversight by the Texas account management team. This means that checks and balances are in place to prevent, detect, and resolve compliance issues that may impact the Lottery's business.

The following figure depicts the roles and responsibilities throughout the GTECH organization for meeting contract compliance requirements.

Figure 6.5 – 2:



**Checks and Balances Are in Place:** Cross-functional teams combined with monitoring and oversight by the Texas account management teams ensure that GTECH meets contract compliance requirements.

## Specialized Contract Compliance for Texas

Because of the unique compliance review requirements and the extent of services we provide to the Texas Lottery, GTECH has created two dedicated positions to monitor and enforce the policies and practices established to prevent, detect, and resolve potential compliance issues:

1. **The Audit and Security Supervisor** has overarching responsibility across all GTECH organizations to monitor and measure contract compliance progress and initiate any required corrective action to reestablish compliance. The Audit and Security Supervisor will be directly responsible for the coordination, facilitation, and fulfillment of all audit requirements.
2. **The Field Audits Analyst** will report to the Audit and Security Supervisor but will focus on compliance activities of the sales, marketing, business development, and field service teams.

These two dedicated individuals cannot manage a contract the size of Texas alone. GTECH's cross-functional approach to account management provides the flexibility and expertise necessary both to carry out the day-to-day operations and to position the TLC for the future. While this structure provides best practices to the TLC, managing contractual obligations across a multidisciplinary team presents some unique challenges. To mitigate these potential issues, GTECH has developed a Contract Management application as a shared, single point of management for all contractual obligations.

Three significant benefits the Contract Management application has:

1. **Enhanced communication:** Contract requirement owners will be able to identify all contractual obligations by organizational group or contract section. Each contractual requirement will be accompanied by instruction on how compliance will be measured and tracked. Additional features, such as email notification, recurring alarms, assignment of tasks, and alerts will allow contract requirement owners the visibility into obligations and due dates they need to assist in prevention and detection of potential issues.

2. **Consolidated management of requirements:** For those requirements that are not managed through another application, this Contract Management application provides a place to enter and track associated actions and documentation. A consolidated document repository with version control for policy and procedure documentation helps ensure all impacted organizations have access to up-to-date documentation.
3. **Streamlined auditing:** For all contract requirements, the application will either provide the evidence or indicate where to go to find the proper documentary evidence. Audit findings and corrective actions to the contract requirement to provide an overarching picture of our overall compliance can be linked directly to the originating contract requirement to provide tracking to completion.

The Contract Management application also provides reporting for account management on contract compliance by contract requirement, organization, due date, and a number of other reporting criteria. In short, this tool, utilized by the entire GTECH Texas support team, provides the level of insight and management necessary to maintain utmost compliance with the Lottery contract.

**To mitigate potential issues, GTECH developed a Contract Management application as a shared, single point of management for all contractual obligations.**

The following figure is a representative example (using Section 6.8, Training, as the sample) of how we will meet complex contract requirements by breaking them down into easily managed, discrete assignments based on current RFP Roles, Responsibilities and Detail Requirements. These requirements will be loaded into the Contract Management application, assigned to a primary (or multiple) requirement owner, and set up with proper alerts, notifications, and reporting.

**Figure 6.5 – 3:  
Sample Breakdown of Contract Requirements Using the Contract  
Management Application**

Section, Requirement Number	Role, Responsibility or Requirement	Application Requirement	Assigned To
6.8, 2	Reviews and approves Successful Proposer developed training programs including content, location, training resources and materials	List contract requirement. Provide document repository for TLC approval of training programs	Training Coordinator
6.8, 3	Provides training when substantive (as defined by the Texas Lottery) changes (e.g., new Lottery Product implementations, new Systems or functionality) are introduced into the Texas Lottery environment	List contract requirement. Provide detail on where documentary evidence of training resides. Specify report(s)	Sales Managers
6.8, 7	The Successful Proposer must provide training, initial and on-going, on the Lottery Gaming System to designated Texas Lottery staff. Training activities shall include in-person and online	List contract requirement. Complete form for entry of requested training, training module type, training date, training assigned, and training complete date. Must keep a historical record of training requested and completed	Assistant General Manager
6.8, 10	For Corporate, Key, and Chain Accounts, the Successful Proposer shall provide train-the-trainer courses at locations acceptable to the Corporate, Key, and Chain Accounts	List contract requirement. Provide detail on where documentary evidence of training resides. Specify report(s)	Corporate and Key Accounts Manager
6.8, 11	The Successful Proposer must provide all Retailer and Texas Lottery staff training in English and Spanish (as appropriate)	List contract requirement. Refer to Section 6.8, requirement 13, to ensure training materials are in Spanish	Training Coordinator

Section, Requirement Number	Role, Responsibility or Requirement	Application Requirement	Assigned To
6.8, 12	The Successful Proposer must provide the training in a location (e.g., onsite at Retailer location, via classroom at the Successful Proposer's location, corporate retailer's home office, etc.) that best meets the requirements of the Retailer. Consideration must be given to geographic travel distance and the establishment of a training environment conducive to effective training	List contract requirement. Provide detail on where documentary evidence of training resides. Specify report(s)	Sales Managers, Training Coordinator
6.8, 14	The Successful Proposer must provide Retailer training on the licensing requirements of the Texas Lottery	List contract requirement. Refer to Section 6.8, requirement 13, to ensure training materials cover these topics	Training Coordinator, Sales Managers, Corporate and Key Accounts Manager
6.8, 15	The Successful Proposer must provide new Retailer training before the Retailer can sell Texas Lottery Products. The successful proposer shall develop and provide all materials	List contract requirement. Provide detail on where documentary evidence of training resides. Specify report(s)	Training Coordinator, Sales Managers, Corporate and Key Accounts Manager
6.8, 16	The Successful Proposer must provide training to all Retailers who receive new equipment or receive new features on their equipment	List contract requirement. Provide detail on where documentary evidence of training resides. Specify report(s)	Training Coordinator, Sales Managers, Corporate and Key Accounts Manager

## **Demonstration of Experience, Ability, and Intent to Meet All Contractual Compliance Requirements**

Since the Texas Lottery established the quarterly contract compliance review requirement in 2006, GTECH has held an exemplary record of demonstrating contractual adherence, as well as taking effective corrective action when deviations are identified. While this record speaks for itself, we are never satisfied with the status quo. As such, GTECH has already dedicated a single point of contact for all contract compliance audits to ensure an even greater level of focus on contractual obligations and compliance review streamlining. Our Contract Management application will provide yet another level of communication, management, and transparency in meeting your compliance requirements.

We have diligently and fully cooperated with all independent firms selected by the Lottery and will continue this transparent relationship into the next contract term. If chosen as the successful proposer, we will continue to provide the independent firm unlimited, prompt access to all of our activities, records, property, and personnel.

**Since the Texas Lottery established the quarterly contract compliance review requirement in 2006, GTECH has held an exemplary record of demonstrating contractual adherence.**

Using the Contract Management application as underlying technology, the TLC team responsible for managing your day-to-day operations can feel confident that their contractual obligations are being met.

**Figure 6.5 – 4:  
Key Features and Benefits of our Approach to Compliance  
Review Requirements**

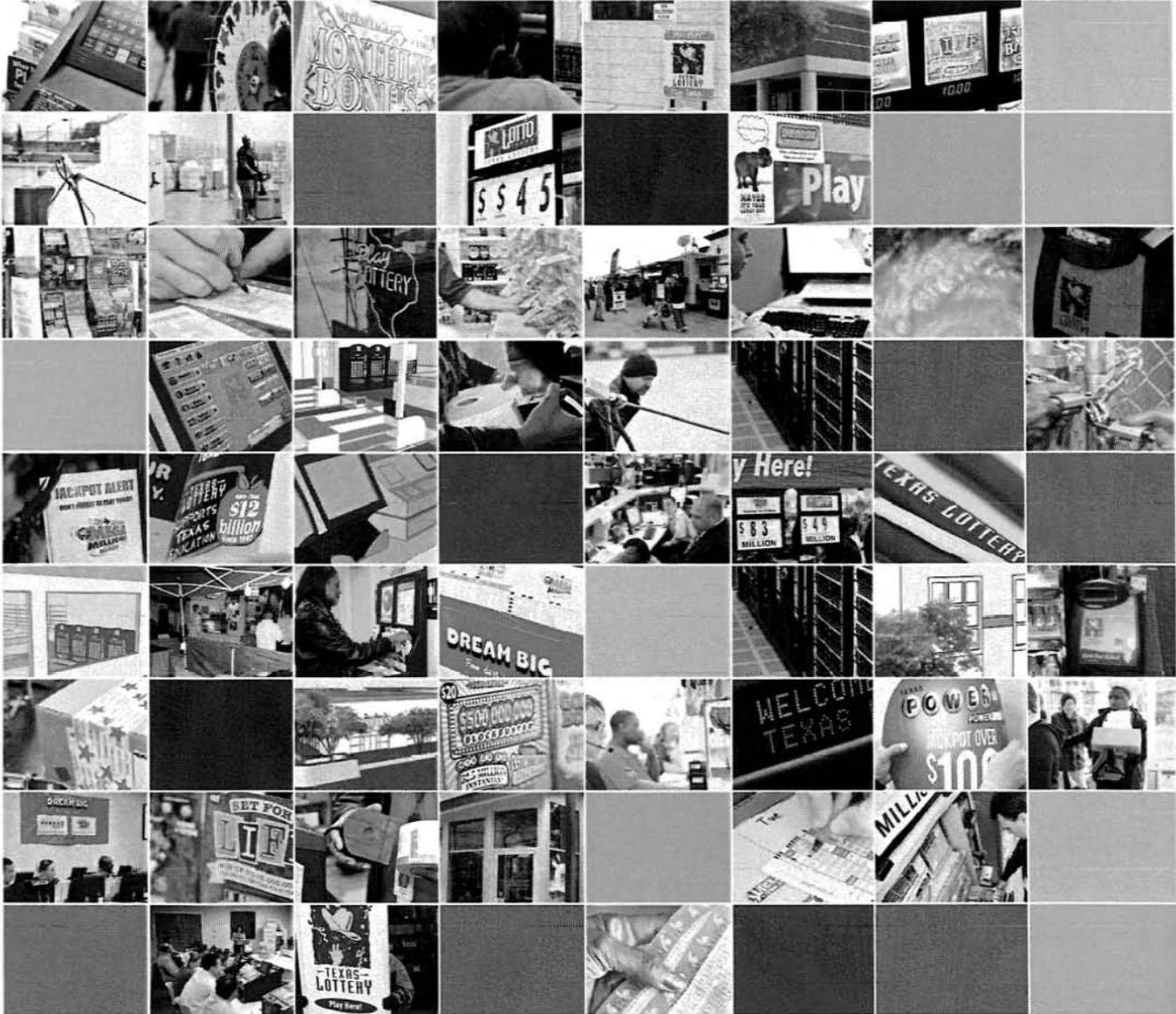
Feature	Benefit to the Texas Lottery
Standards of performance and integrity above and beyond what is expected; a compliance program that demonstrates GTECH's commitment to the highest standards of ethics and integrity in business	Protects the Texas Lottery's brand
Contract Management application	Consolidates management of contractual obligations
GTECH Audit and Security Supervisor position	Provides for smoother compliance reviews
Experience working with outside vendors	

We believe our record clearly demonstrates our experience and ability to meet all contractual compliance requirements.



# 6.6

## Facilities Support Services



# 6.6

## Facilities Support Services

### Introduction

Facilities are more than just bricks and mortar. GTECH recognizes that a well-designed and well-run facility will enhance the Lottery's ability to do business in a safe, secure manner and ultimately generate revenue. This section details our facilities offering based on the unique needs of the Texas Lottery.

### Table 18 Facilities Support Response Requirements

#### 18.1 Roles, Responsibilities and Detail Requirements

GTECH acknowledges and accepts the roles, responsibilities, and detail requirements indicated in this section.

#### 18.2 Recommended Facilities

The following figure shows the chief features and benefits of our approach to facilities support services.

**Figure 6.6 – 1:  
Features and Benefits of GTECH’s Facilities Support Services**

Feature	Benefit to Texas Lottery
Strategically located, future-proofed infrastructure	Efficient service to current and future retailers
Ability to process approximately 6,672,000 packs per year	Effective and efficient response to current and future ticket demand
World-class facility that is Capability Maturity Model Integration – DEV v1.2 (CMMI-DEV)-certified for software development	Quality software delivery and Protection of the TLC brand
A Primary Data Center (PDC) that is operational, secure, and compliant with all codes, regulations, and standards <i>now</i>	Mitigation of conversion risk
The Data Center of the Americas (DCA), which offers multiple generators, environmental controls, uninterruptible power supplies, power distribution units, and critical infrastructure systems	Increased physical security, improved system availability, faster service delivery, greater redundancy, and additional resources

**Future-Proofed Infrastructure**

It is critical that the Texas Lottery have a future-proofed infrastructure strategically located to service current and future retailers. The recommended facilities detailed in this section were chosen based on the following:

- Compliance with state and local building codes including Americans with Disability Act (ADA) requirements.
- Projective growth of the Texas retailer base and future retailer needs.
- Density of existing retail locations.
- Convenient retailer training and refresher training.
- Improved distribution of retailer supplies (roll stock, play slips, etc.) and equipment.
- Quick response to Texas Lottery requests for additional equipment, supplies, and merchandise.
- Large special events (e.g., Texas State Fair).
- Storage of merchandise for retailer promotions and contests.
- Existing Lottery Sales Representative (LSR) territories.
- Maximized effectiveness of manager-to-LSR ratio. We want our managers to be out in the field working with LSRs.
- Convenience to retailers, Texas Lottery representatives, and GTECH LSRs.

Each secure location described in the following section will include an access-control system, and intrusion detections systems. In addition, we invite the Texas Lottery to audit any facility used in support of its operations. All facility acquisition, construction, operation, and maintenance costs will be GTECH's sole responsibility. Further, we will not change the location of any Texas Lottery support facility without prior written consent of the Lottery, and site approval will not confer any liabilities upon the Texas Lottery for its operation or maintenance.

#### **Secure and Compliant**

In a 2006 Q3 review that ended in Q3 2008, Protiviti completed a full audit of the Texas Lottery contract and found absolutely no noncompliant aspects related to facilities or security.

### **Administrative Offices**

GTECH will continue to provide administrative offices for its local staff at the Austin Technology Center (ATC), located 10.8 miles from the State Capitol building. The ATC is a major hub for software engineering and is CMMI-DEV certified. No other vendor has this certification for its software development processes. The following administrative offices for key management staff supporting the Texas Lottery will be located at the ATC.

1. **Administrative Offices:** One office accommodating two Texas Lottery staff.
2. **User Acceptance Testing:** One office that can accommodate three Texas Lottery staff for User Acceptance Testing UAT.

All offices and furnishings will be consistent with other offices in the ATC.

### **Centralized Distribution Warehouse**

The Texas Lottery's secured centralized distribution warehouse located in Austin has 71,000 square feet of space for Lottery staff, sales staff, field service, and the shipping and receiving of Instant Tickets. It is located approximately 6.3 miles from the State Capitol building in Austin. The warehouse has adequate storage for a minimum of one billion instant game tickets at any time regardless of ticket size. We will also maintain a 90-day supply of secure On-Line Ticket stock and On-Line Game play slips. This facility will remain as the central Instant Ticket distribution warehouse if GTECH is chosen as the successful proposer.

In addition to the warehouse space for storing Instant Tickets, On-Line Ticket stock, and other materials, the warehouse will contain a minimum of 10,000 square feet of secured space with controlled access reserved exclusively for Texas Lottery use. This space is exclusive of the office and storage space referenced under the heading, Designated Space for Texas Lottery Staff, later in this section.

The Texas Lottery can be assured that GTECH has the experience necessary to operate your warehouse and process orders on time. On average, 25,200 packs are processed each day. The following table shows the magnitude of tickets that leave your warehouse in a typical day, week, month, and year. A vendor without GTECH's experience may not be able to process this volume, which would result in lost sales.

**Figure 6.6 – 2:  
GTECH's Instant Ticket Pack Processing Average**

	1 Day	1 Week	1 Month	1 Year	
Average # of Replenishment Orders Processed	1,536	7,680	32,000	384,001	*Based on <u>250</u> Replenishment Order Packing Days in 2009
Average # of Replenishment Packs Processed	22,921	114,607	477,528	5,730,331	
Average Initial Orders Processed	2,904	14,520	54,450	653,404	*Based on <u>225</u> Initial Order Packing Days in 2009
Average Initial Packs Processed	12,760	63,800	239,252	2,871,020	
Average Instant Ticket Pack Returns	2,171	10,857	45,237	542,849	*Based on <u>250</u> Return Processing Days in 2009

### **Getting It Right the First Time in North Carolina**

The North Carolina Lottery had just 38 days to build and equip a distribution center from the floor up. GTECH turned to Dwayne Tatum, Warehouse Manager for the TLC. Dwayne took on the role of lead project manager. He chose an existing facility, stripped it to its bare walls, secured the equipment, selected and supervised the contractors – and got the job done on schedule. *It was the fastest start-up in lottery history.*

## **Warehouse/Training Facilities**

Managing the Texas Lottery requires far-reaching operations, including distributing more than 25 million tickets to retailers on a weekly basis; managing inventory, logistics and distribution; and handling retailer and customer concerns. To manage these challenges, GTECH has located a total of 14 secure warehouses (ranging in size) to support the successful operation of the Texas Lottery. These facilities will provide for the storage and distribution of all Lottery goods, equipment scheduled for deployment, On-Line Ticket stock, play slips, Point-Of-Sale (POS) materials, promotional items, and Instant Ticket returns. Most important, these warehouses are centrally located for new and refresher retailer training courses.

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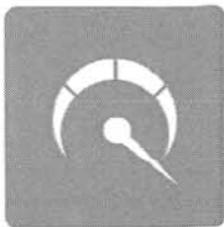
Additionally, the ongoing management of all materials is essential to maintaining transparency into your vendors' operations. Our new GTECH \_\_\_\_\_ for our field service staff will accomplish this task. For more information on \_\_\_\_\_, please refer to Section 8.4.1, Retailer Visit.

The following figure maps out warehouse and training locations throughout Texas.

**Figure 6.6 – 3:**



**Fourteen Centrally Located Warehouses to Support Texas Operations:** These facilities will handle storage and distribution of all Lottery goods and equipment, as well as retailer training.



Even though additional facilities throughout the state are not required, GTECH believes that it is necessary to expand its facilities support to provide retailers and consumers with the responsive service the Texas Lottery expects. Our field service, sales, marketing, and business development teams will be spending the majority of time in the field, serving retailers. Therefore, training (retailers and staff) is the major driver behind our proposed facilities plan. We have chosen facilities that are easily accessible for retailers, limiting distance and drive time.

Supplementing the centralized distribution warehouse in Austin are three strategically located facilities used to service our northern and southern retail locations. Field service staff will utilize these warehouses for storage, maintenance, and repairs. The following figure details the specifications of the three facilities.

**Figure 6.6 – 4:  
Supplemental Warehouse and Training Location Specifications**

Facility Location	Total Warehouse Space	Total Field Service Technician Space	Total Square Footage
Dallas	15,000	3,500	18,500
Sugarland/ Houston	15,000	3,500	18,500
San Antonio	6,000	2,500	8,500

In addition to the previously mentioned warehouse locations, GTECH has located a number of facilities for training and storage throughout the state:

- El Paso.
- Fort Worth.
- Houston East.
- Tyler.
- Lubbock.
- Victoria.
- McAllen.
- Waco.
- Abilene.
- Corpus Christi.

Not only will these facilities enable easy access to equipment and materials, they will also allow the Lottery to hold classroom-style training sessions at easily accessible locations throughout the state. Plus, they will provide places for all field service teams to meet, minimizing drive time for the many teams serving retailers throughout the more than 268,000 square miles of Texas. The following figure shows the average distance to the nearest facility for retailers.

**Figure 6.6 – 5:  
Average Distance for Retailers**

Facility	Average Distance – Retailers Nearest Facility (Miles)
Abilene	57.49
Austin	19.50
Corpus Christi	22.33
DFW 1 (Dallas)	19.29
DFW 2 (Fort Worth)	22.90
El Paso	20.18
Houston (East)	33.76
Houston 1 (West/Current Facility)	17.72
Lubbock	91.50
McAllen	40.60
San Antonio (potential backup)	23.91
Tyler	47.20
Victoria	35.65
Waco	37.68

### *Warehouse Security*

All warehouse locations described in the previous sections will maintain strict security procedures. We have security guards in several locations to ensure compliance with procedures. The security features at the central distribution warehouse will facilitate remote monitoring from the Texas Lottery headquarters and the TLC’s dedicated space in the warehouse. Video security will cover all operational areas and access points to the central distribution warehouse. The monitoring system will include video storage and retention capabilities. In addition, GTECH will store all video in accordance with RFP Section 3.74, Records Retention.

Our field services offices and warehouses also comply with MUSL Rule 2 and contain the following security features.

- Access-control devices at all entrances with intrusion detection alarms.
- Enclosed cage with double locking system to secure roll stock.
- One card reader configured with a two-man rule. This takes away from tracking of keys and allows for system-generated audit reports. Right now, we use pad locks and chains; this allows for an additional level of audit since only GTECH Security can issue access to the cage. Each person will be assigned to either "A" or "B" group. One member from each group needs to swipe his or her card before the door will unlock. GTECH is the only vendor that uses the two-man rule, which goes above and beyond the minimum standards required. We also add a camera to the cage for viewing any alarms. Again, this *exceeds* the requirement, but is a GTECH security standard.
- Enclosed cage with one lock to secure promotional merchandise. Only District Sales Managers and Senior LSRs have keys.

### *Designated Space for Texas Lottery Staff*

We value the importance of having Texas Lottery staff present at the central distribution warehouse. Lottery staff will be present during the following activities:

- Delivery and receipt and/or return of Instant Ticket Games from/to the Instant Ticket manufacturer.
- Loading of Instant Tickets assigned for destruction.
- Destruction process.

The following dedicated and contiguous secure space, accessible by separate badge access, will be provided for Texas Lottery staff at the central distribution warehouse:

- A minimum of 1,200 square feet of enclosed area with a minimum of four workstations and validation testing space. This workspace will have clear visibility to the warehouse area's main entrance and Pick Pack area.
- A minimum of 1,500 square feet of secured storage space for verified tickets.
- A minimum of 3,500 square feet for file room and supply storage.

### *Additional Warehouse Procedures*

To ensure safety and security at all warehouse locations, GTECH will comply with the following procedures:

1. No filming or pictures of the central distribution warehouse's interior will be allowed unless prior written approval is obtained from the Texas Lottery.
2. No visitors will be allowed unless prior notification of and approval by the Texas Lottery is obtained at least 24 hours in advance.

### Data Center of the Americas

GTECH proposes its world-class Data Center of the Americas in Austin, Texas, as your PDC. With the DCA, you'll receive many more benefits than a one-jurisdiction data center can provide, including:

- Compliance with International Organization for Standardization (ISO) 27001, Occupational Safety and Health Act (OSHA), and ADA standards.
- Statement on Auditing Standards No. 70 (SAS70) and MUSL audit approval.
- Around-the-clock support from a 78-member staff with expertise in facilities, software, Information Technology (IT), engineering, and management – all under one roof.
- A PDC that is operational *now*, secure *now*, and compliant with all codes, regulations and standards *now*.
- All appropriate environmental safeguards, including power protection, conditioned power, fire suppression, and HVAC.

Through the experience we've gained and the best practices you've approved and adopted, you can rest assured knowing that we are ready to accommodate your needs today and have the capability to support all Lottery gaming system functions now and in the future.

The DCA will reduce the number of time-intensive real estate tasks that need to be included in the implementation schedule. This means that your PDC will be ready well in advance of production start-up. As a consolidated data center, the DCA offers high-level redundancy, security, and expert management, which means smooth and efficient operations for the Texas Lottery. Following is a view of the DCA.

**Figure 6.6 – 6:  
Data Center of the Americas**



**Maximum Uptime for Continuous Operations:** On average, the DCA achieves 99.987 percent uptime for Texas Lottery operations.

*Consolidation Provides Better Service*

Data centers are one area in which consolidation provides better service. The following table describes the advantages of using the DCA as your PDC:

**Figure 6.6 – 7:  
Features and Benefits of GTECH's DCA**

Feature	Benefit to the Texas Lottery
The world-class DCA uses all of the best practices of the data center industry	The site regularly passes SAS70 and MUSL audits, which ensure our people, processes, systems, and equipment are always working at maximum efficiency
Consolidation that allows for better management of, and investment in, resources	Increased physical security, improved system availability, faster service delivery, greater redundancy afforded by a larger concentration of computing resources, and better infrastructure support, such as multiple generators, environmental controls, uninterruptible power supplies, power distribution units, and critical infrastructure systems

Feature	Benefit to the Texas Lottery
78 skilled staff on site 24 hours per day	As part of the normal operations of the DCA, there are operations managers and supervisors present at all times to oversee day-to-day activities, not only for primary site jurisdictions but also for backup sites. Senior management at the DCA hold an average of 19 years of experience managing data centers, networks, knowledge transfer and training, project implementations, system integrations, and lottery industry expertise
Better trained staff	More specialized, on-site training for a larger staff, including cross-training of employees in different disciplines, improves customer support
Ability to automate where possible	The DCA's automated services, combined with necessary human intervention, lessen risk and opportunities for mistakes – something that cannot be offered by any individual site

With a centralized data center, the Texas Lottery will have the most sophisticated monitoring tools available, highly skilled and continuously trained staff monitoring and managing its systems, and processes based on lessons learned from our experience with customers throughout the world. In addition, locating our consolidated data center in Texas will provide jobs, enabling us to reinvest in the Texas economy.

**Figure 6.6 – 8:  
Monitoring at the DCA**



**DCA Monitoring Staff:** With a centralized data center, we can provide the most sophisticated monitoring tools available while reinvesting in the Texas economy.

## Security at the DCA

An electronic-access system will be at all entrances to the computer room, media library, and all other secure areas. We will provide video feeds to your cage, lock-down room, and operations area. The next photo shows a typical DCA entry/exit point complete with alarm, locking devices, and access-control system.

**Figure 6.6 – 9:  
Security Features at the DCA**



**Strict Security Features:** The DCA has all appropriate safety, security, and environmental control equipment.

GTECH will obtain access authorization from the TLC before allowing anyone access to the site, and will ensure visitors are escorted at all times. GTECH's Corporate Security division will investigate any alarms on access-controlled doors and keep the results for audit purposes. The access-control system is designed to automatically send email notification to specified security personnel in the event of an alarm. This allows for immediate escalation and resolution of any security issue.

The key system is on a secured keyway, and spare keys can only be authorized by two specific security personnel in our company. Hard keys are issued only for offices; no other keys are issued to any person. Access badges are retrieved upon employee separation, and the access rights for that person are removed immediately.

### **Badge Access**

All personnel with permanent badge access to the operations portion of the building are cleared by all jurisdictions that require a background check. Each employee is issued a badge bearing his or her name and photograph. Each card has an identifying hot stamp and a unique identifying card code that is *not* visible on the card. Access to critical areas is granted after receiving Lottery approval and substantiating a need to be in the area on a daily basis to perform one's daily job function. In addition, a badge request form must be submitted and sent to the managing supervisor and security.

The area in which the servers are to be stored is guarded by access-control and alarm systems. Personnel must have badge access and a personal, 4-digit alarm code to gain entry. This gives GTECH the ability to research and report situations using three different system-based reports: the Access Control Report, the Alarm Report, and the CCTV Report. This eliminates a single point of failure by those systems that are all-inclusive. The area where the servers are to be operational is equipped with a minimum of two cameras, two card readers (configured in anti-passback mode), and an alarm keypad. Access can be restricted by date, time, day of week, etc.

### **Alarm System**

The DCA will also be equipped with three intrusion alarm systems, two of which monitor all cages, and one of which monitors entry and exit points; above-ceiling and below-floor motion detectors; and glass-breaks. A third-party monitoring company monitors all alarms on a 24/7 basis and follows a strict call list in the event of an alarm. Key security personnel receive intrusion alarm notifications via email. The intrusion alarms also activate an alarm on the access-control system.

All alarms are investigated by security personnel, and their findings are documented in an alarm summary report, approved by a security manager, and saved for audit purposes. Each alarm system has built-in redundancy. If the cell backup fails, the hard line will report it. Conversely, if the hard line fails, the cell backup will report it. All alarm systems are configured to send a self-test to the monitoring company on a daily basis. If the company doesn't receive this test, they notify security for action.

## Security Monitoring

Uniformed security personnel monitor all security systems. These personnel receive training to follow all security policies, procedures, and contractual obligations for each customer, and they have sole responsibility for the safety and security of the site. All officers are cleared by all jurisdictions requiring background checks. The DCA has two security officers, one security supervisor, and the Senior Manger of Global Security Affairs assigned to the facility. In the near future, we will have officers present 24/7. For additional monitoring, we have CCTV systems in place.

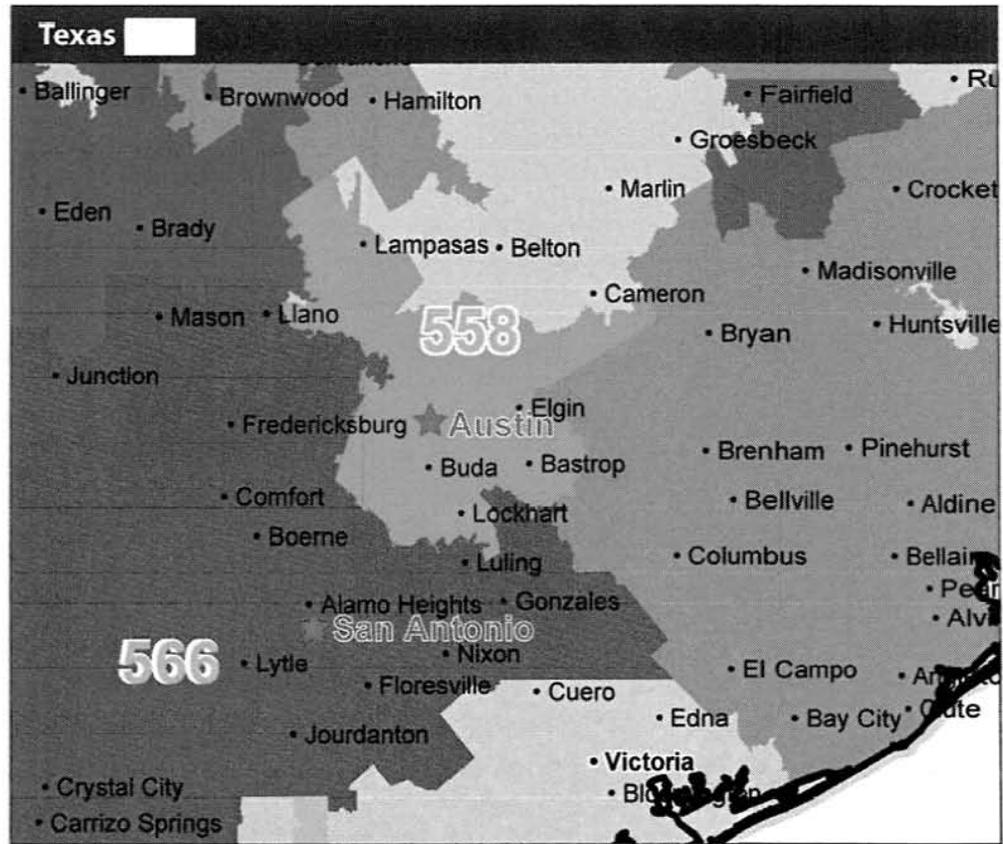
We built our facilities program upon exceptional security and environmental systems, long-time industry and technology expertise, and operations that are highly efficient, cost-effective, and protective of our lottery customers' integrity. Texas is a perfect example of how a lottery can benefit when these aspects of a facilities program come together.

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Reliable

will  
be in a separate from your primary site.  
Once a month, GTECH will operate the lottery gaming system from the

Figure 6.6 – 10:



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we will ensure that video feeds from this location are available to the Lottery.

All appropriate environmental safeguards will be in place to ensure high availability and security at all times. These safeguards include primary and backup power protection, conditioned power, fire detection and suppression, and Heating, Ventilation, and Air Conditioning (HVAC).

Both the and the will have the capability to provide full support for all Lottery gaming system functions.

### **18.3**

#### **Other Services, Procedures, Materials, Supplies, Programs, Policies, Equipment and Facilities**

Given the size and complexity of the Texas Lottery, many services, procedures, and policies go into your successful daily operations. We will continue to be responsible for all necessary items for each proposed facility. The following paragraphs give examples of the tasks we will continue to provide.

For the convenience of the Lottery, a GTECH will continue to deliver interoffice mail between GTECH and the Lottery, transport terminals to the Lottery, and deliver equipment used for presentations and shows. We will also continue to provide Lottery staff with all of the materials necessary to process and store returns, and provide space for staging returns prior to shredding.

For optimal security and efficiency, Instant Ticket printers will still deliver Instant Tickets to the GTECH Texas Distribution Center, where they are processed for delivery to Lottery retailers throughout the state.

#### **Procedures, Programs and Policies**

To accommodate the Lottery's storage needs, we have allocated additional space for the Lottery to store materials, equipment, files, and other items. To ensure the security and safety of Instant Tickets, we have detailed procedures for shipping and receiving that warehouse staff must follow. Please refer to **Exhibit 12, Receipt & Delivery of Instant Tickets Procedure**, located in the Exhibits Volume.

We will also assist the Lottery with deliveries of Lottery equipment and POS materials to the warehouse. Furthermore, we will conduct inter-office safety briefs and assist with Lottery audits. Our well-defined procedures for the tracking and managing of equipment and materials by the sales force and district managers will provide the Lottery with a secure and efficient distribution process.

#### **Materials, Supplies and Equipment**

Necessary materials, supplies, and equipment needed for daily functions will be provided in support of Texas Lottery operations. We will also assist Lottery staff with any materials that require the use of power equipment in the warehouse and supply boxes, tape, and carts as needed.

## **Additional Facilities**

In addition to the field facilities previously described, we will have storage facilities located around the state for our field service program. These storage facilities will enable our Field Service Technicians to easily stock equipment for use at local retailers. We currently plan to locate these storage facilities in Midland, Mount Pleasant, Amarillo, and Beaumont.

### **18.4**

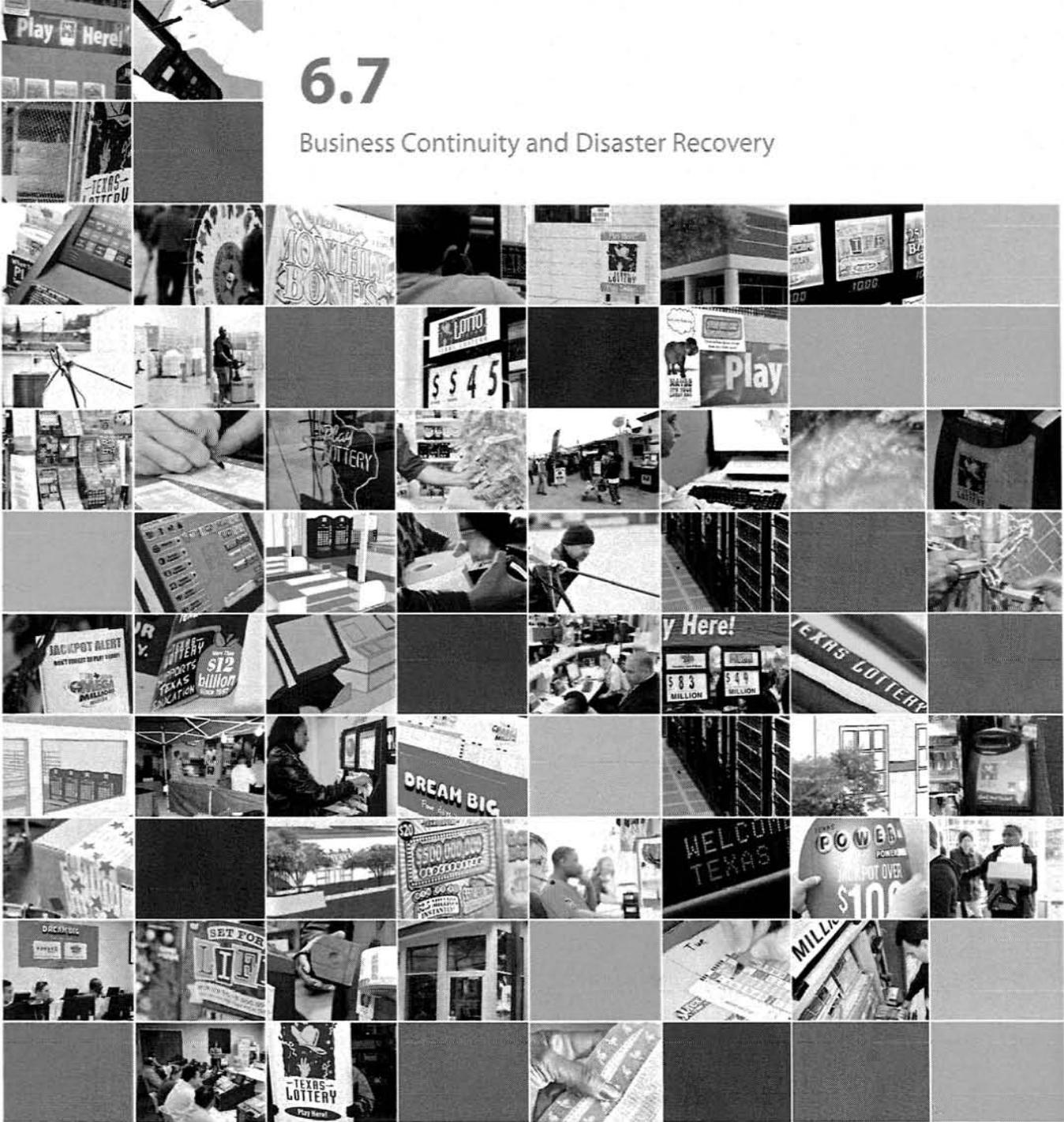
#### **Central Distribution Warehouse Hours of Operation**

At a minimum, the central distribution warehouse will operate 8:00 a.m. to 5:00 p.m. Monday through Friday, but we will adjust the hours to operate longer when order volumes require it. One advantage to having people operating the warehouse rather than an operating system is flexibility – we operate until the job is done, not until the system shuts down. Each year, we will supply the Lottery with a list of holidays the warehouse is closed.



# 6.7

## Business Continuity and Disaster Recovery



# 6.7

## Business Continuity and Disaster Recovery

**Table 21  
Business Continuity and Disaster Recovery  
Response Requirements**

### 21.1 Roles, Responsibilities and Detail Requirements

GTECH acknowledges and accepts the roles, responsibilities, and detail requirements indicated in this section.

### 21.2 Business Continuity and Disaster Recovery Capabilities

The TLC’s customized Business Continuity and Disaster Recovery Plan will ensure functionality and operations continue without disruption at retailers, claim centers, the Texas Lottery Headquarters, and GTECH’s primary/backup sites through back-up systems with no loss of functionality or data due to any failure.

**Figure 6.7 – 1:  
Key Features and Benefits of Our Business Continuity  
and Disaster Recovery Approach**

Feature	Benefit to the Texas Lottery
Long-standing plans and processes	Proven and effective disaster recovery procedures
Knowledge, skills, and experience of GTECH personnel	
Proven response to hurricanes	Efficient and timely resumption of interrupted business operations
Relocating Backup Data Center (BDC) to <b>the San Antonio area</b>	Close enough to Primary Data Center (PDC) for business continuity, far enough to avoid the same disaster

## Certifications

GTECH complies with the Department of Homeland Security (DHS) Voluntary Private Sector Preparedness Accreditation and Certification Program (PS-Prep) standards published in Federal Emergency Management Agency (FEMA) Federal Register Notice (74 FR 53286) on October 16, 2009. In conjunction, GTECH meets or exceeds all current ANSI-ASQ National Accreditation Board (ANAB) regulations and standards, including Title IX of Public Law 110-53, using the National Fire Protection Association (NFPA) 1600 and the British Standards Institution's (BSI's) BS 25999-2 Business Continuity Management guidelines. Our people, plans, and processes ensure that no loss of functionality or data will occur due to a failure. Maintaining the integrity of the TLC is our utmost priority.

**As part of our ongoing commitment to contingency planning, we maintain on staff an industry-certified individual who is educated in the industry's latest standards and policies.**

As part of our ongoing commitment to contingency planning, we maintain on staff an industry-certified individual who is educated in the industry's latest standards and policies. This individual directly participates in the development, maintenance, and testing of disaster recovery planning, as well as testing and crises. We provide this individual as a resource/liaison to the Lottery for its own contingency needs.

## Our People

The TLC has long relied upon the knowledge, skills, and experience of the GTECH team to provide the plans and processes that ensure business continuity and disaster recovery capability. The following paragraphs contain brief biographies of the key personnel responsible for business continuity and disaster recovery in Texas today.

### Chris Callow



As continuity manager, Chris provides business continuity and disaster recovery services for GTECH and its lottery customers. His responsibilities include development and implementation of disaster recovery plans, site assessments using mock disasters to audit and verify the functionality of plans, and development and implementation of risk analysis matrices. Chris is a Certified Business Continuity Professional (CBCP) and a *Certified Business Continuity Lead Auditor* (CBCLA) through DRI International (#9278). In addition, he is pursuing an emergency management degree and is an active member of the Association of Continuity Planners, Capital of Texas Chapter.

### Eric DeFazio



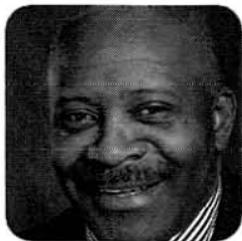
Eric has direct responsibility for computer operations, communications, and Statement on Auditing Standards No. 70 (SAS 70) audits in Texas. Eric's experience in Texas spans the entire state. In addition, during his 12-year tenure with GTECH, he has represented the company on three continents. As an experienced member of the management team, Eric has been responsible for all aspects of business continuity and disaster recovery planning, including computer operations, communications, incident management, change management, and release management.

### Steven March



As director of operations for the Data Center of the Americas (DCA), Steven is responsible for a data center that processes approximately \$36 billion in lottery sales per year and maintains 99.98-percent system availability. Steven provides day-to-day management of operations personnel. He has created and implemented current procedures for systems operations and disaster recovery, and many of his process and procedure implementations are now part of operational best practices for client services. He has also developed and implemented Continuity of Operations Plans (COOPs) as well as Disaster Recovery Plans and performed physical audits and prepared reports for various sites throughout the United States.

### Dwayne Tatum



Dwayne, who has more than 17 years of experience with GTECH, is responsible for managing the extensive warehouse and distribution functions, including Pick Pack operations, for the Texas Lottery. He oversees all related warehouse roles, including personnel and systems. He managed the Texas start-up and conversion to the current warehouse and has supported nine lottery start-ups and ongoing operations in three other jurisdictions. Dwayne also has experience managing new staff and training on GTECH and Lottery processes. He brings all the lessons learned from other jurisdictions to benefit the Texas Lottery.

## Chris Costanza



Chris, who has served with GTECH for 26 years, will direct field services for the implementation and conversion. He currently oversees day-to-day field services for all GTECH customers in the U.S., ensuring that quality standards and best practices are in place. He manages a staff of 650 Field Service Technicians (FSTs) and 22 Field Service Managers. Having served as the project manager on a number of projects, Chris understands the importance of disaster recovery and business continuity planning. Before joining GTECH, he worked for American Totalisator (Amtote), where he acquired an extensive range of knowledge in sales, marketing design, and customer satisfaction.

## Our Plan

The Texas Lottery will receive a written Business Continuity and Disaster Recovery Plan that addresses our Texas Operations, including our vulnerable sales sites on the coast, for approval within 90 days of the conversion start date. GTECH updates its disaster recovery plans every quarter, at a minimum. Internal GTECH policy requires reviews and updates of all contingency documentation on a quarterly basis due to the dynamic environment that lotteries demand. Our plan:

- Addresses resumption of sales and business support services based on external business disruptions (strikes, delay of Instant Tickets deliveries, etc.).
- Takes into account disasters caused by hurricanes, tornados, water, fire, earthquakes, environmental spills and accidents, malicious destruction, acts of terrorism, and epidemics.
- Makes provisions for the safe, secure, off-site storage of all scheduled backup data and programs.
- Ensures continuity of the system and the TLC's games.
- Documents the recovery of network communications at all levels.

### **GTECH updates its disaster recovery plans every quarter, at a minimum.**

We will perform comprehensive business-impact and risk, threat, and vulnerability analyses to determine specific disaster recovery needs in Texas. Based on these analyses, we will prepare/update the Disaster Recovery Plan to meet your unique requirements. The plan will address potential scenarios, up to and including loss of the primary and/or backup data center facilities and the loss of maintenance, repair, or administrative facilities. The plan will further include the method of, and time frame for, recovery and continuation of game sales and transaction processing.

Specifically, this comprehensive plan will:

- Establish guidelines and standards to protect the TLC/GTECH employees.
- Define the requirements and time frames for recovery of business functions at the Austin facility and determine a strategy for recovery that meets those business requirements.
- Develop TLC/GTECH employee awareness of recovery procedures, roles, and responsibilities.
- Provide Texas/GTECH business units with a documented plan that, when executed, permits an efficient, timely resumption of the interrupted business operations.
- Provide for the timely and orderly restoration of business functions at the Texas facilities, addressing all critical, legal, and regulatory obligations and commitments.
- Test disaster recovery procedures on a semiannual basis in coordination with the TLC.
- Complete a risk assessment of both the primary and secondary data centers in relation to the TLC.

## Recovery Operations

Recovery operations begin immediately following a disaster. The plan dictates the exact activities that will take place based on the type of disaster. All staff members will be trained to undertake appropriate recovery operations. Undamaged equipment and material will be transferred to temporary operations facilities, if needed, or remain in place at the disaster site, if appropriate. If it is possible that repair work performed on the disaster site would damage the equipment, the Field Services Manager will arrange for its removal and storage at an appropriate GTECH facility.

At GTECH, our disaster recovery plans aren't just sitting on a shelf, we have executed them in response to natural disasters and other catastrophic events throughout the world, and applied lessons learned to further refine our plans going forward.

For more information on our recovery efforts in Texas, Louisiana, and Florida, please refer to the **Disaster Recovery** insert that follows this page. Following is a sample outline of your proposed plan.

**Figure 6.7 – 2:  
Sample TLC Business Continuity and  
Disaster Recovery Plan Outline**

Section	Contents
1.0	Overview
1.1	Purpose and Scope
1.2	Objectives
1.3	Customer Overview
1.4	Disaster Recovery Team Communications Plan
1.5	Roles and Responsibilities Senior Director Director of Service Delivery Director of Operations Service Support Manager Site Manager Site Liaison Field Service Manager Local Area Network/Wide Area Network (LAN/WAN) Administrator Operations Administrator National Response Center (NRC) Liaison Administrative Support
1.6	Disaster Recovery Flow

Section	Contents
1.7	Customer Disaster Recovery Plan Activation
1.8	Disaster Recovery Plan Succession
2.0	Customer Information
2.1	Production Environment
2.2	Production (Service) Support Team
2.3	Recovery Site Delivery Recovery Time Objective Recovery Point Objective
2.4	Recovery Components PDC BDC
3.0	Recovery Procedures
3.1	High-Level Time Line and Milestones
3.2	Application/System Recovery Procedures Evacuation of Primary Data Center Procedures Disaster Alert Procedures Operational Environment Power Failure Including Generator (DCA)
3.3	Validation Testing of Recovery
3.4	Notification
3.5	System Recovery <ul style="list-style-type: none"> <li>• Data Center Operations</li> <li>• Backup Data Center Notification</li> <li>• Technical Services and Communication Services</li> <li>• Data Processing</li> <li>• Data Communication</li> <li>• GTECH Corporate Support</li> <li>• Public Relations</li> <li>• Marketing</li> <li>• Administrative Support</li> </ul>
3.6	Site Recovery Procedures
3.7	User Notifications
4.0	External Contact List

Section	Contents
5.0	Return to Primary Site
5.1	Assumptions
5.2	Recovery Strategy <ul style="list-style-type: none"> <li>• Failover Back to the PDC</li> </ul>
5.3	Relinquishing the Recovery System
6.0	Restoration/Salvage Operations
6.1	Site Restoration <ul style="list-style-type: none"> <li>• Site Salvage Operations Procedures</li> </ul>
7.0	Plan Testing and Maintenance
7.1	Plan Testing
7.2	Exercise Types <ul style="list-style-type: none"> <li>• Structured Walk-Through</li> <li>• Component Testing</li> <li>• Integrated Simulations/Full Operational Tests</li> </ul>
7.3	Test Schedules
7.4	Conducting Tests
8.0	Review/Approval History of Disaster Recovery Plan

Our policy is to continually challenge and test the plan, its procedures, and our people. We also keep our staff informed about the latest technological advancements in implementing successful disaster recovery operations. Our ability to prevent a data center disaster is evident and proven in Texas: When Hurricane Ike struck the Houston area, operations continued unimpeded under GTECH's leadership.

# GTECH's Disaster Recovery Plans In Action



*A single home is left standing among debris from Hurricane Ike September 14, 2008 in Gilchrist, Texas. Floodwaters from Hurricane Ike were reportedly as high as eight feet in some areas causing widespread damage across the coast of Texas.*



*A bulldozer clears debris along Interstate 45 after Hurricane Ike hit September 13, 2008 in Galveston, Texas. Hurricane Ike has caused losses of between \$8 billion and \$18 billion, according to early estimates from risk assessment companies on September 13, 2008.*

GTECH exceeds today's business continuity standards and ensures certified individuals are always on staff and ready to handle any situation. With consistent updates to readiness & recovery plans, failover testing, and mock disaster scenarios, GTECH can handle any crisis.

## **GTECH Does More Than Prepare Disaster Recovery Plans; It Executes Them**

As with most natural disasters, there was no warning when a tornado struck the site of GTECH's Port Allen, Louisiana-based primary data center on January 18, 1995. Although the data center serving the Louisiana Lottery Corporation first lost its primary power, the facility's backup generators immediately took over. Minutes later, a tornado struck the facility and ripped away a portion of the roof, exposing the data center to torrential rains.

With strong disaster recovery procedures and state-of-the-art backup equipment in place, GTECH averted complete disaster in the data center – evidenced by the fact that there was no downtime in online operations. GTECH employees protected critical processing equipment, enabling online processing to continue uninterrupted at the central site. Gaming continued at the damaged facility, but as a precautionary measure, GTECH personnel switched the entire processing load to the hot backup facility in Baton Rouge.

The disaster recovery efforts were transparent to retailers and players. There were no disaster-related Help Desk calls. The GTECH operations manager credits GTECH's comprehensive disaster recovery policies and preparations with the successful recovery in Louisiana. Further, the compact size of GTECH's processing systems allowed the staff to move the computers quickly from the site after they were offline. Upon completion of the renovations to the primary data center, the computers were returned and the Louisiana Lottery Corporation's online gaming system successfully resumed operation.

## **Four Hurricanes In Five Weeks**

It was during GTECH's complex conversion of the Florida Lottery when four hurricanes swept along nearly the same path across the state in a five-week period. The aftermath of the storms and the expectation of the next one on the horizon made it impossible to have retailers travel to their assigned training locations. The project team was able to find alternative locations, including campgrounds that retailers and trainers could easily reach. By doing so, the training schedule and network and terminal installations stayed on track, and so did the conversion. GTECH was also able to perform re-installation of equipment to replace equipment damaged or lost by the storms without delaying the conversion schedule.

## **The Roof Caved In...But GTECH Did Not**

Big storms can wreak havoc on small states. In March, 2001, the weight of snow falling during a particularly fierce winter storm collapsed the roof of the building housing the offices of GTECH and the Rhode Island Lottery. It was 7:50 a.m.; what should have been the start of the workday instead became a success story about disaster recovery in action.



*Homes and businesses on the Clear Creek Channel in Seabrook are surrounded by rising water from Galveston Bay on Saturday, September 13, 2008, after Hurricane Ike passed through overnight as a Category 2 storm.*



*In Seabrook, Clear Creek Channel residents deal with the aftermath of Hurricane Ike.*

Within minutes, the building had been completely evacuated. Within one hour, GTECH corporate resources from Information Technology and Software were on the scene. Other resources rushed to the Rhode Island Lottery's backup site to ensure it was ready to take over operations. Throughout that day, operation of the Lottery's video and online games were maintained from the primary data center, even with no one in the building. At no time was it necessary to enable the backup gaming system. The Rhode Island Lottery continued to operate normally and maintain sales and revenues despite the fact that staff and offices were moved temporarily to a GTECH facility.

## **Hurricane Gustav – A Flawless Operation**

When Hurricane Gustav hit Louisiana on September 1, it was a Category 2 storm. Fortunately, GTECH was ready. Earlier in 2008, the Data Center of the Americas (DCA) in Austin, Texas, became the official backup site for the Louisiana Lottery. A week before Hurricane Gustav hit, the GTECH Crisis Management team and the GTECH Louisiana team, with its all-too-familiar memories of Katrina, were prepared for the event, transporting GTECH personnel to safe locations stocked with food, water, fuel, cots, etc.

At the same time, the DCA prepared to become the primary site for Louisiana Lottery operations and continued to host flawless operations until full power had been restored and tested in the Baton Rouge area. Louisiana Field Services personnel were the first out the door after Gustav passed, addressing customer needs as soon as possible in areas deemed safe to enter by the civil authorities.

## **On the Heels of Gustav – Hurricane Hanna**

On September 6, Hanna came inland to the U.S., and moved swiftly up the East Coast all the way to Massachusetts. Once again, the GTECH Crisis Management team and GTECH crisis teams in Florida, North Carolina, and Virginia were able to keep operations at full capacity while maintaining supplies in dry locations and standing ready to respond to customer issues. North Carolina and Virginia felt the brunt of the storm, and field services maintained services, while minding safety.

## **Hurricane Ike – The Third-Costliest Storm in U.S. History**

After addressing two successive hurricanes, Ike tested GTECH's resources to their fullest. With the storm projected to hit Florida, Louisiana, and Texas, crisis teams in multiple areas, guided by Chris Callow, were ready.

The decision to preemptively move operations from Austin to their respective states was a must, and went seamlessly. The DCA and NRC teams are to be commended for their tireless and successful efforts to maintain operations in the face of this devastating storm.

After the passing of Ike, GTECH assessment teams were first in line waiting for the all-clear from civil authorities. They planned recovery for Houston and surrounding areas, then the coast, which was still reeling from the second-worst storm ever to hit Texas – yet operations for GTECH customers continued unabated.

## Resourcefulness and Cooperation Get the Job Done

Hurricanes are one of the most powerful and destructive of all weather phenomena, with a potentially devastating impact on business. Hurricane Ike, which struck on Saturday, September 13, 2008, was the third most destructive hurricane ever to make U.S. landfall. Houston was hit especially hard, with 4,600 Lottery retailers going off line. In response, GTECH's dedicated and focused Texas Field Service team quickly regrouped and effectively executed the daunting task of getting these retailers up and running – and selling – again.

In the days after the storm, as debris was cleared and highways began to reopen, managers and supervisors from all divisions of GTECH transported truckloads of food, ice, generators, fuel, and other necessities from Austin to Houston. In spite of the chaos Ike created, GTECH employees understood that residents needed to regain a sense of normalcy, and that included the ability to sell and purchase lottery tickets. By Wednesday, September 17, although their homes had no power, nearly all Field Service Technicians were back working in the Houston area.

To assist in our recovery efforts, we needed to bring in staff from other areas, but there were no hotel rooms or campgrounds available. Field Service Manager Hal Walker found two rental trailers in Louisiana that slept four people each; unfortunately, we soon realized that our lease prevented us from placing living quarters on the premises.

### Figure 6.7 – 3: Camp GTECH



**Camp GTECH:** To get retailers up and running, our team literally set up camp at the home of our Field Services Supervisor.

The situation looked bleak until Robert Gouner, Texas South Field Service Supervisor, offered his backyard for the trailers. Robert's home was in Baytown, on the opposite side of Houston, so he graciously offered up his garage as a satellite warehouse and his kitchen table as the control center. This two-pronged approach to our recovery lasted more than a month.

In just one week, the number of TLC locations that were down decreased from 4,600 to 1,500. The remaining retailers were those that faced unique problems, from missing equipment to rain-soaked terminals. By October 4, three weeks after Ike's fury, only 258 locations remained off line as the Houston area returned to business as usual.

**Among the tests we conduct are operational failovers, mock disasters, and emergency management scenarios.**

GTECH will provide contact information and detailed system recovery procedures and documentation and will coordinate with the TLC's development of its own disaster plan. We have found testing to be an invaluable tool in educating recovery personnel, and so we are very active in the TLC's disaster recovery testing program. Among the tests we conduct are operational failovers, mock disasters, and emergency management scenarios. As demonstrated previously, our strategy is to work hand-in-hand with the TLC in all aspects of disaster recovery, from the creation of documents and procedures to testing and crisis management.

### **21.3**

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## **21.4**

### **Ticket Delivery**

GTECH will ensure ticket security related to all Instant Ticket deliveries during disruptions. Our relationship with our primary service carrier and the dedication and flexibility of our Lottery Sales Representatives (LSRs) and FSTs mitigates the risk of delivery interruption. In addition, we have a secondary carrier to resolve any issues with the primary carrier, and a courier on staff. Furthermore, with the approval of the TLC, our LSRs and FSTs will provide support by delivering tickets in their cars.

### **Values in Action**

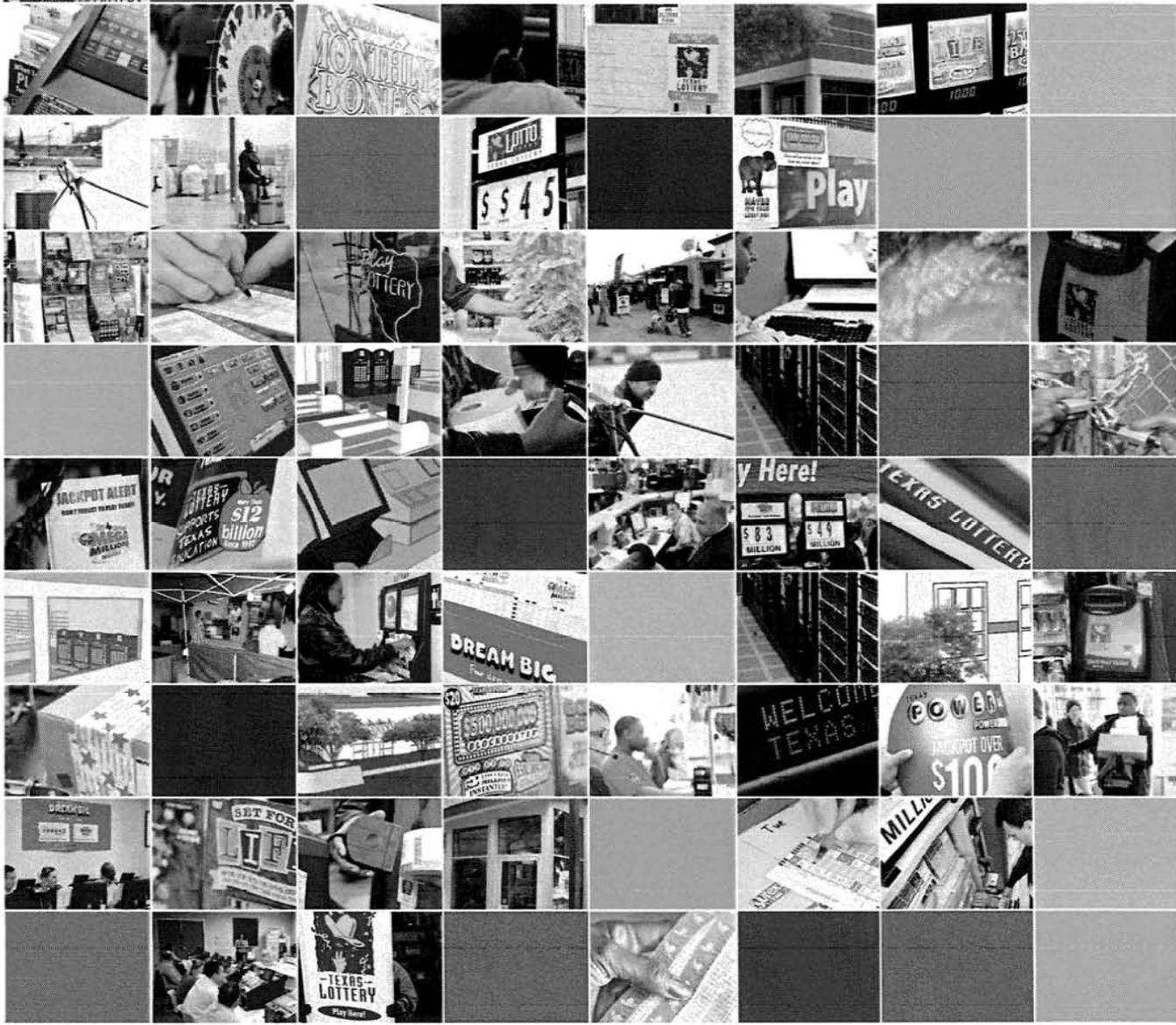
The test of our business recovery plan came during a United Parcel Service (UPS) strike. For approximately 10 to 14 days, while UPS drivers were on strike, GTECH and UPS worked together to get the required deliveries to Lottery retailers.

Thanks to the excellent working relationship between UPS and GTECH, UPS pitched in to keep the lottery running in Texas. UPS made GTECH aware of the upcoming strike in advance. They committed managers and supervisors to do what they could to get the tickets out to retailers. We decided the best solution was to deliver them ourselves, and so GTECH supervisors drove the tickets out to the sites. We modified the process in Southwest Texas, where the GTECH LSRs made retailer deliveries. In preparation for this change, the warehouse palletized orders for the LSRs, and the LSRs separated the inventory on the pallets to break out the packs.



# 6.8

Training



# 6.8

## Training

### Table 24 Training Response Requirements

#### 24.1 Roles, Responsibilities and Detail Requirements

GTECH acknowledges and accepts the roles, responsibilities, and detail requirements indicated in this section.

#### 24.2 Training Activities

The Texas Lottery, its retailers, and Lottery Sales Representatives (LSRs) will receive comprehensive training that will ensure a seamless transition to your new GTECH system. Training will be ongoing throughout the life of the contract.

**GTECH is the only lottery vendor that currently runs a domestic sales force for a lottery customer.**

Our coupled with our training team in Texas, have the experience, skills, and tools to execute a training program that will ensure a high level of proficiency, while enhancing the TLC brand. Our sales force is also supplemented by iSpeak, a Texas-based business education company. More information on iSpeak is provided later in this section of our proposal.

Different environments and learning types demand numerous training approaches. We offer the TLC a variety of diverse training methods to meet the unique learning needs of the Lottery and its retailers. These methods include:

- Classroom training.
- On-site training.
- Terminal-based training.
- Web-based training (Offered Option).
- Retailer reference materials.
- Mobile Classroom Training (Offered Option).

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There are many reasons why GTECH training is superior to other companies' offerings. These reasons include:

1. **Holistic Approach to Training:** All GTECH staff that interacts with the TLC has been trained by the same department, resulting in consistent and uniform messaging and terminology for the Lottery, its retailers, and its players.
2. **Texas Understanding:** Our 18 years of experience with the Texas Lottery helps us tailor a training program that best meets the needs of the TLC.
3. **Experience of Training Staff:** GTECH's TTSS department has more experience training lotteries than any other training group in the world. In 2009 alone, TTSS trained more than 95,000 retailers and retailer employees.

**Confidentiality Claimed  
Not released**

5. **Sales Force Experience:** GTECH is the only lottery vendor that currently runs a domestic sales force for a lottery customer. We do this in Texas, Nebraska, and West Virginia.
6. **Advanced Training Techniques:** We offer the TLC innovative training solutions, such as Web-based training, to meet the evolving needs of complex lotteries.

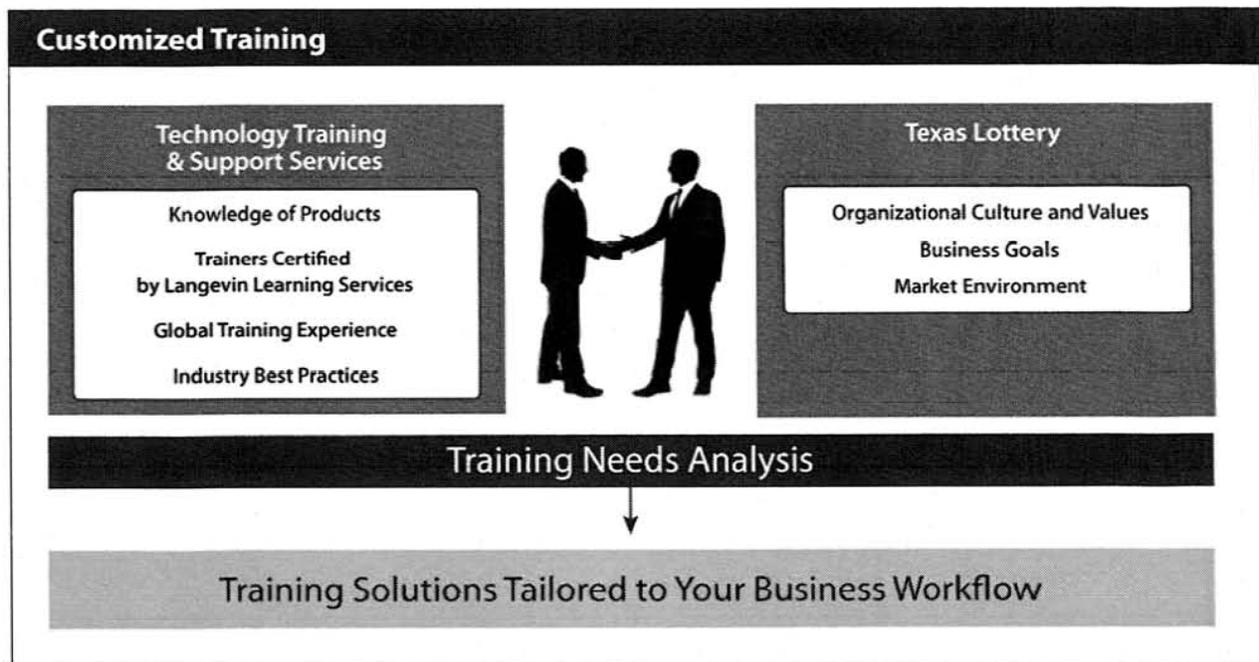
### **System Training for Lottery Staff**

The comprehensive training we will provide for the Texas Lottery and Lottery operator staff will ensure the continuity of your business operations. Keeping GTECH as your Lottery operator means that there will be little change in familiar processes. The modifications made will be enhancements that make your jobs easier and cause the TLC to operate at a more efficient level. Since your central system will be available earlier than with any other proposer, you can begin training and become proficient on your new system sooner, making your transition more efficient.

Training will encompass general operating procedures, Lottery equipment, and inventory/financial functions. Training on the Lottery Gaming System will be provided at the initial conversion and will be ongoing through the life of the contract, as requested. Instructors will lead the classroom-style training, which includes hands-on practical exercises and online activities with a training system that will emulate the production environment. Ongoing refresher training will be available online.

GTECH's trainers are Subject Matter Experts (SMEs); they work closely with the software and hardware developers that create the technology behind our customer solutions. They are also training professionals with decades of industry experience. The following graphic demonstrates how our training core competencies, coupled with Texas Lottery business goals, lead to the development of the best possible training solution.

**Figure 6.8 – 1:**



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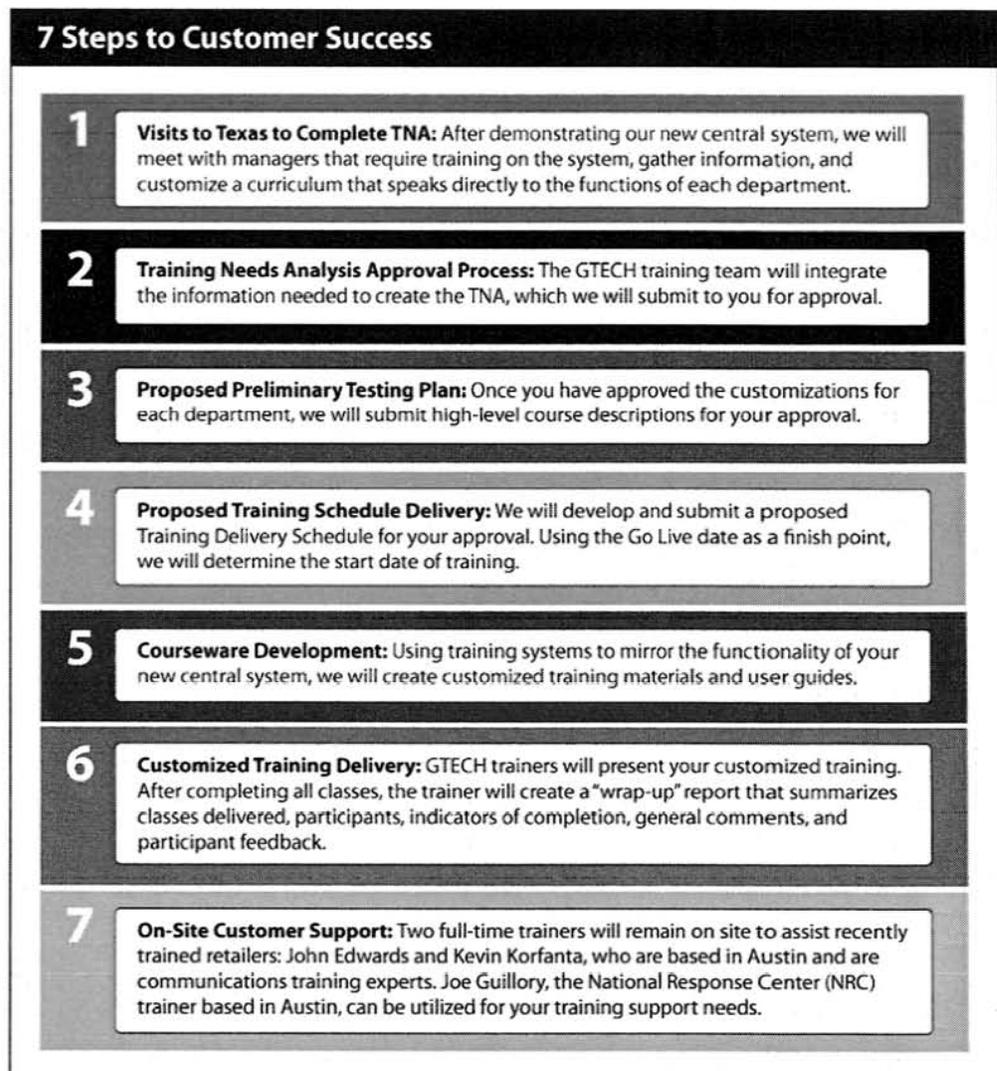
**Training Content Development:** Professionally certified trainers and product knowledge are leveraged with your business goals to develop a training plan customized for the TLC.

## Training Success in Seven Steps

Our TLC staff training program is based on a Training Needs Analysis (TNA). During an on-site visit, one of our certified learning professionals will meet with leads from your departments to analyze and document your business processes, your current operating model, workflows, challenges, business rules, and goals. This information will form the foundation for the training and support program that we will build with your input.

The seven steps of our training and support program are explained in the following figure.

**Figure 6.8 – 2:**



**Tailored for Texas:** Every aspect of training involves collaboration between GTECH's TTSS department and the Texas Lottery.

These seven steps will enable the TLC to maximize the efficiencies of its new system. Our experienced and knowledgeable trainers will work with the TLC each step of the way to ease people into new ways of performing tasks and to ensure full mastery of the new system.

## Sample Course Outlines Covering All Aspects of System Usage

Our training methods and tools, including course outlines, are customized to meet the TLC's unique needs. On the following pages, we provide information on some of the various topics included in systems training, specifically the use of the game management applications, administrative reports, GTECH-provided start-up support and update services, security features and controls.

### *Use of the Games Management Applications*

Specifically tailored to address the users' roles and responsibilities within their individual departments, games management applications training offers a detailed, instructor-led curriculum. Each course includes emphasis on the following subjects:

- Accessing the
- Navigating between applications.
- Establishing user competencies.
- Using jurisdiction-specific best practices.
- Hands-on application.

### *Administrative Reports*

This course provides extensive hands-on training in such areas as:

- Accessing the reporting applications.
- Viewing/running reports.
- Scheduling reports.
- Sharing/saving reports.
- Basic formatting of reports.

### *GTECH-Provided Start-Up Support and Update Services*

To ensure a smooth transition to the new system, in addition to initial instructor-led training courses, we also provide an integrated, post-training support plan for start-up, based on best practices. Furthermore, you will receive soft copies of all training content that the TLC can use in the onboarding and development of new employees, including Portable Document Format (PDF) versions of reference manuals and online help files for your new system.

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## *Security Features and Controls*

This subject concentration (typically for computer operations staff) provides the trainee with an understanding of the various security and control mechanisms used for authentication and data reliability.

Specific topics include:

- Facilities and systems security concepts.
- Player, retailer, and back-office user security.
- Ticket security using the GGuard Plus authentication system.
- System software security features.
- Data and logging file security.

## **Ongoing Training**

Over the course of the contract, additional training may be required. We are prepared to provide a net-meeting function in which an instructor uses technology to create a virtual presence at a remote location. We will also offer training in person on an as-needed basis. Upon request of the Lottery, we will offer refresher classroom training at either the TLC headquarters or GTECH facilities. We have three Austin-based trainers and adequate training facilities to meet your needs.

## **Reference Materials**

To supplement and reinforce the procedural materials provided during training, we will provide Lottery staff with task-based reference guides. The materials would allow first-time users to learn each module and navigate the system. These guides are provided in hard copy and soft copy PDF for reproduction. The same instructions are accessible via online Help within the , the single point of access through which the Lottery's management and administrative users access the applications they need to do their jobs. The online Help feature is compiled and deployed from the user guides that we create. Online Help is fully indexed and easily searchable via a Java-driven search engine.

To supplement the reference guides, we will also provide soft copies of all classroom materials, including PowerPoint slides and hands-on exercises.

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## Retailer Training

The TLC will receive a coordinated and flexible plan produced by a team of the most experienced trainers in the industry. Our department has developed a comprehensive training program for all 16,648 existing Texas retailers and for brand-new retailers. As with system training for Lottery staff, we go through a detailed process to determine the critical training needs of your retailers.

Our 18-year relationship with your retailers has enabled us to gain an understanding of the most effective ways to train your retailers. Likewise, Texas retailers – who are already familiar with a GTECH system and have established working relationships with Field Service Technicians (FSTs), LSRs, and Call Center associates – will have an easier time transitioning to the new system, as the support team, terminology, and overall service experience will be familiar to them.

**Texas retailers will have a recognizably easier time transitioning to the new system, as the support team, terminology, and overall service experience will be familiar to them.**

Minimizing retailer confusion leads to quicker resolution of issues and a more positive attitude toward the Lottery. The content and ongoing evolution of our retailer training program is directly linked to LSR, FST, call center, and TLC training; eLearning; and all materials. This holistic training approach ensures that a consistent and uniform message is delivered to the retailer regardless of which service entity is supporting the customer at any time. Our approach will provide training for existing and new retailers on lottery equipment, operation, general operating procedures, TLC licensing requirements, and promotions, sales, and marketing techniques. The program will include training on new Lottery product implementations, new system applications, and new equipment installations as well as refresher training.

## Language Capabilities

All training classes, programs, and materials will be provided in Spanish and English, as required. About one-third of our sales force who will be providing training are bilingual; among them they speak nine different languages. Our department has provided training in 14 different languages.

## Experienced Training Staff

In the introduction to this section we discussed the unmatched experience of our department. The TLC will benefit from the most experienced lottery trainers in the world. The training staff assigned to Texas has a total of 92 years of experience with GTECH.

Following we introduce key members of our group.

### *David DeAngelis, Director, TTSS*



David brings more than 22 years of GTECH training experience to serve the Texas Lottery. Since joining GTECH in 1988, he has held various positions relating to technical training and materials. As Manager of Training Integration and Delivery, he supervised the management of all global project training deliverables – including training, materials, and multimedia needs – globally across all technologies. During his tenure at GTECH, David has managed all the individual training groups that are now part of the department, which he directs. He holds a B.S. in computer engineering from the University of Rhode Island. David is Information Technology Infrastructure Library (ITIL) Foundation certified.

### *Jonathan Dumont, Training Project Manager*



Jonathan will serve as your dedicated Training Project Manager. Since joining GTECH in 1999, he has logged more than 10,300 project hours spanning 4 continents, more than 20 countries, and 14 states. Most recently, he managed the New York conversion, where his team achieved 99.98 percent retailer attendance for a retailer base of more than 16,500 retailers in five months. Jonathan's team also achieved 100 percent attendance in Oregon.

Jonathan is a member of the Project Management Institute (PMI) and has a B.A. in education, Project Management (PM) certification from Bryant University, a training and development diploma from Langevin Learning Services, more than 16 years of training experience, and six years of management experience. Jonathan's expertise is in retailer training logistics, team building, and risk analysis. He plays a vital role in ensuring all trainers have the required knowledge, skills, and tools to deliver successful training. Jonathan is ITIL Foundation certified.

*Anthony Andrade,  
Manager, Systems Applications Training*



Anthony will lead the Texas Lottery staff training team. He will collaborate with our Texas staff and the TLC to ensure that the customized training programs satisfy the needs of each department within the organization. Anthony holds an M.B.A. from the University of Rhode Island and is a Certified Master Trainer from Langevin Learning Services. He brings 11 years of lottery industry experience and 20 years of training experience to the TLC. Anthony is also ITIL Foundation certified.

David, Jonathan, Anthony, and the other members of the training team that will be providing training activities are included in the following figure, which lists the number of hours logged by each individual working on training projects over the past 10 years.

**Figure 6.8 – 3:  
Texas Conversion Training Team Project Hours Logged**

Name	Role	Project Hours Logged Over Past 10 Years
David DeAngelis	Director, Technology Training and Support Services	11,160
Jonathan Dumont	Training Project Manager	10,340
Anthony Andrade	Manager, Systems Applications Training	9,430
Stephanie Lataille	Manager, Training Documentation (Materials)	7,520
Rodrigo Tempestini	Manager, Hardware, Field Service Training	7,100 (9 years)
Jim Kodzis	Senior Manager, Technology Training	9,880
Pam Conway	Senior Trainer	6,000 (4 years)
John Hickey	Senior Trainer	11,100 (9 years)
		<b>Total: 72,490</b>

**Training Expertise:** The seasoned members of our training staff have encountered nearly all training environments and will work with the TLC to create the optimal training mix for your retailers.

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In addition to the resources of our \_\_\_\_\_ department, the Texas Lottery will benefit from the skills and experience of a dedicated Texas trainer.

### *Jane Penalver, Texas Trainer*

Jane is responsible for the training of newly hired LSRs, District Sales Managers (DSMs), and other staff requiring knowledge of field sales techniques and Texas Lottery rule and regulation compliance. She also supports training of new retailers in each sales district. In addition, Jane is responsible for developing and updating retailer and LSR training materials. She maintains intimate knowledge and constant contact with the Lottery, retailers, and LSRs to ensure training is relevant and up to date.

Jane has worked for GTECH Texas for 18 years as a Quality Assurance Manager, LSR, and Senior LSR. She will work closely with the \_\_\_\_\_ team to ensure a seamless conversion.

### *Training for Adult Learners*

To provide maximum retention of course material, our professionals design training around the unique learning needs of adults. Our classes are developed using a “one-third/two-thirds” method of delivery. Approximately one-third of classroom time is devoted to lecture. The other two-thirds are dedicated to hands-on applications, questions, exercises, and feedback.

#### **GTECH Employs Langevin Learning Services**

Our trainers have gained skills and knowledge from Langevin Learning Services courses and certifications. Langevin is the world’s largest train-the-trainer organization. Its Master Trainer certification program develops and enhances the core competencies of our learning professionals and gives them the tools to:

- Analyze your learners.
- Understand your learners’ skill sets and objectives.
- Perform customer needs assessment analyses.

### **Customized Training Delivery Methods**

We will utilize a variety of training deliveries to make sure your retailers’ needs are met. Each training method is developed by the same \_\_\_\_\_ group, ensuring consistency of delivery. In the following paragraphs we offer brief descriptions of our training types.

## Classroom Training

Many individuals learn best in a classroom where the trainer is physically in front of the learners. Classroom training will be the primary method used for conversion training. In this type of training, retailers will be able to ask questions directly to the instructor and interact and collaborate with the other learners around them. Each participant will have a terminal to use during the program. We will also hold classroom training for new retailer training through the life of the contract as well as refresher training classes upon request by the Lottery.

## On-Site Training

On-site training is beneficial to many retailers because it is one-on-one interaction with a trainer. It also saves the retailer the time and cost spent commuting to an off-site location. We will conduct on-site conversion training for retailers outside of the predetermined travel radius. Ongoing on-site training will be available to retailers through their dedicated LSR once every two weeks and on an as-requested basis.

## Terminal-Based Training

Terminal-based training allows retailers to quickly and conveniently answer their own questions and train new employees through a variety of helpful interactive modules. We recommend using terminal-based training for refresher training as well as new employee training.

To ensure consistent and uniform messaging, development of all Texas interactive training programs and materials will coincide with development of training of retailers, LSRs, FSTs, and Lottery staff. All interactive training and training materials are developed by our group.

TLC retailers will have several self-training choices (all located directly on the terminal) to address their varying needs, including:

- **Help Screens:** Provides instructions to solve problems.
- **Video Clips:** Gives visual cues on how to complete a process.
- **Training Mode:** Allows retailers to practice functions by processing training transactions.
- **eLearning:** Provides a series of fun and interactive training courses that include hands-on, guided exercises.

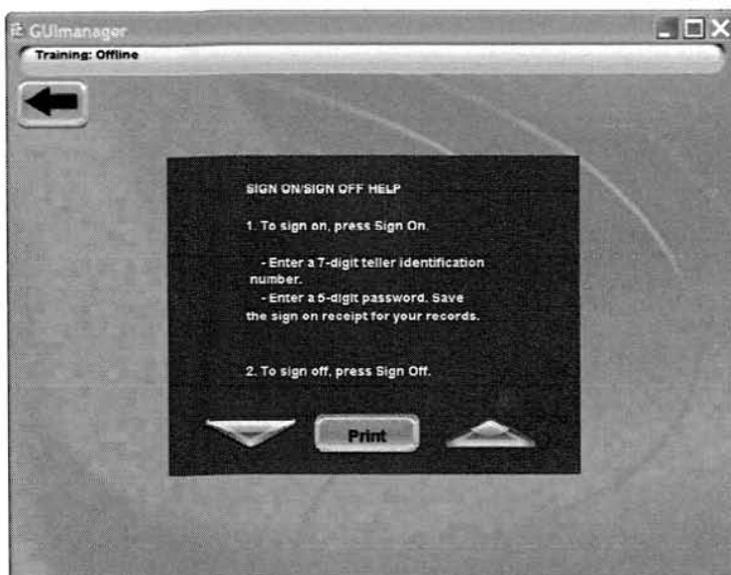
Each of these options is more fully explained in the following paragraphs.

### *Help Screens*

The Altura® GT1200 terminal Home screen features two Help buttons that walk retailers through different processes.

1. The first button provides instant access to a series of Help screens and Frequently Asked Questions (FAQs). You can scroll through the pages to find the topic you are seeking.
2. The second button is a context-sensitive Help feature. This feature, shown in the following sample screenshot, allows a retailer to select the exact function or game they need assistance with, thus avoiding scrolling through many screens

**Figure 6.8 – 4:**  
**Sample Screen Showing Context-Sensitive Help Feature**



**Get Help Quickly:** A retailer needing assistance can access the context-sensitive Help screens for step-by-step instructions leading to the solution.

### *Video Clips*

All terminals will have video clip functionality as an advanced training feature. Online training video clips offer simple, visual reminders of how to perform terminal functions, such as changing paper or clearing paper jams.

The following figure shows a sample on-screen video.

**Figure 6.8 – 5:**  
**Sample Video Clip: “Clear Paper Jam”**



**Visual Aid:** Video clips give simple instruction as to how to perform terminal functions, such as completing a transaction or clearing a paper jam.

### *Training Mode*

The training mode on the terminals allows users to practice terminal functions by processing training transactions. The terminal functions as if wagers are being placed but no actual transactions are processed. No physical tickets will be printed in training mode. The following figure shows a sample screen from training mode.

**Figure 6.8 – 6:**

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eLearning is a complete, colorful, and engaging training delivery method. It's a fun and interactive way to educate retailers and their sales associates. It is also flexible – the course can be taken at the learner's convenience.

**Created by Retailers for Retailers**

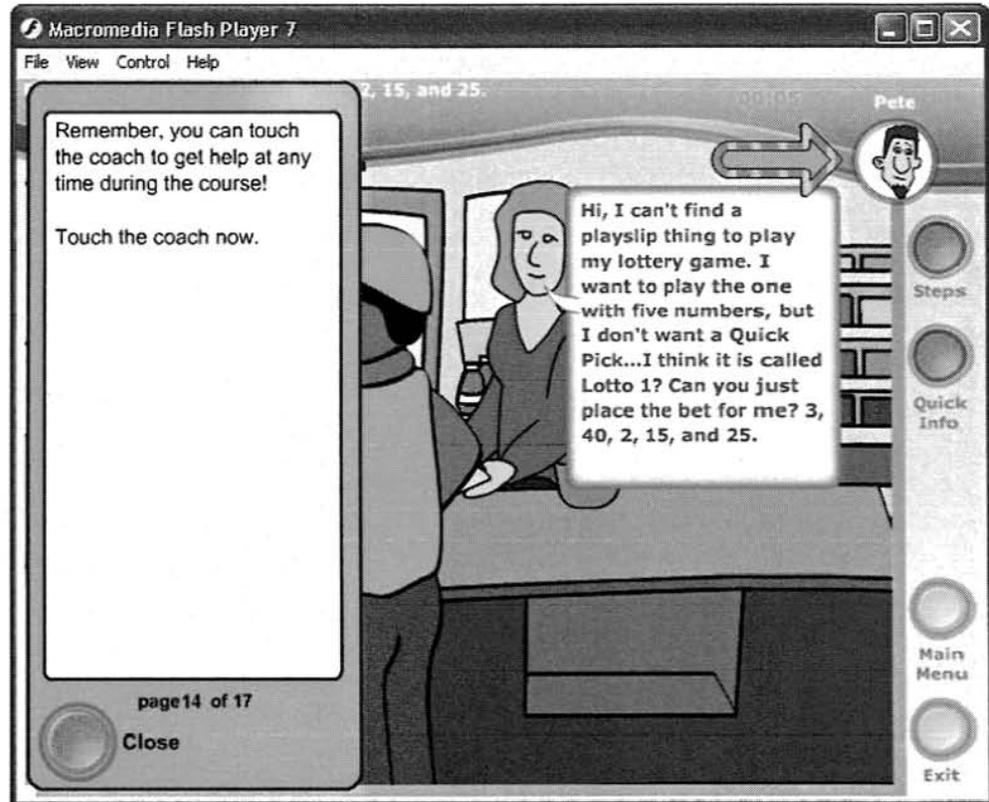
Retailer requests drove the creation of our eLearning product. It was created by our TTSS group in direct response to retailers asking for better tools to train their staff in-store. eLearning is a proven, efficient way for retail managers to train new staff and get them up to speed to start selling.

Retailers have the option of independent learning or choosing a "coach" to guide them through the material, such as learning about a wager type or a lottery function. By simply toggling a switch to put the terminal in eLearning mode, a retailer can choose a character as a coach and go through the process of buying a ticket exactly as a player would. No paper ticket is produced; instead, a virtual ticket appears on the screen to complete the transaction.

**Another industry first: GTECH's terminal-based,  
interactive retailer training program....**

The eLearning program will be customized for Texas retailers to teach them about the games the TLC offers and provide other Lottery-specific information. The following figure shows a sample eLearning screen.

**Figure 6.8 – 7:**  
**Sample eLearning Teaching Screen**



**Wager Simulation:** eLearning screens simulate real-life situations for retailers and sales associates to guide them through the steps of the Lottery functions they will perform on the job.

Easy to use, eLearning allows the user to instantly toggle back and forth between normal operation and eLearning, with no impact on sales. Since the eLearning package is a completely separate application on the terminal, a retailer doesn't need to go offline to take the course. The design and content of the eLearning program are customizable, modular, and easy to update through the Lottery network. eLearning can also be made available on your Retailer Website or as a CD-ROM.

This convenient training alternative provides TLC retailers with instant access to training for new hires or refresher courses for employees.

The following sample screenshot shows eLearning being conducted in Spanish.

**Figure 6.8 – 8:  
eLearning in Spanish**

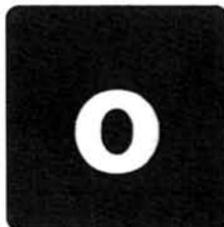


**Comprehensive Training in English and Spanish:** Classroom training, ongoing training, and all user materials will be provided in both English and Spanish.

### Web-Based Training – The Texas Lottery Learning Link (LLL)(Offered Option)



A Web-based training program that Lottery retailers can take on any computer with Internet access at any time is our latest innovation in training for Texas. The Lottery Learning Link (LLL) would be available as an **Offered Option**, for retailers' conversion training in place of traditional classroom training. LLL can also be utilized for ongoing refresher training for retailers and their newly hired employees. Retailers only need a computer with access to the Worldwide Web, and GTECH will provide the complete, trackable training program.



Texas retailers are in an ideal situation to take advantage of the benefits of GTECH's Web-based LLL for conversion, as they have been trained in, and are already familiar with, GTECH technology and Texas business rules.

## **Figure 6.8 – 9: Lottery Learning Link Home Page**

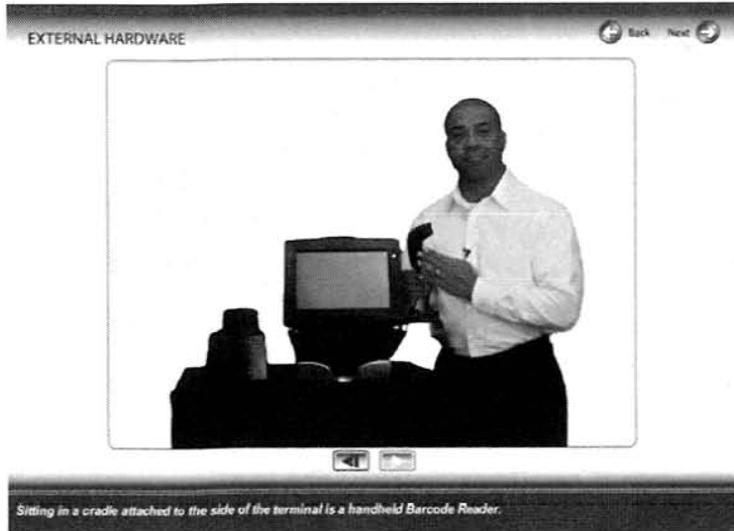
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**Texas LLL:** The Texas LLL will be customized for the Lottery, its retailers, and its corporate accounts.

### *Advantages of LLL Web-Based Training*

Our Web-based LLL training program is created by the same team of professional instructional designers that create our proven classroom training. The only difference is that instead of a physical terminal in front of a retailer, the computer screen shows a three-dimensional model of a terminal that can be manipulated, spun around, and viewed from many angles. If a part moves on the physical terminal, it moves the same way on the computer screen, and the user can manipulate it. Because the Lottery terminal has a touch screen, the entire retailer application can be presented exactly as it appears on the terminal. Where the retailer would touch a number on a terminal keypad, the retailer uses the mouse to click on that number on the computer screen.

**Figure 6.8 – 10:  
 LLL – It’s Easy and Convenient**



**Texas LLL:** Web-based retailer conversion training, the LLL, is available on demand, 24 hours a day, 7 days a week. A retailer only needs access to a PC, and employees can be trained whenever it’s convenient.

Video clips are used to simulate real-life situations, as shown in the following figure. In this way, the retailer can have unlimited hands-on practice to produce wagers and access reports. The retailer can also practice both scripted and freeform transactions on the gaming application.

## **Figure 6.8 – 11: Real-Life Scenarios**

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**Placing a Wager:** Video clips in LLL simulate real-life scenarios. The customer requested a Mega Millions Quick Pick in this sample LLL screen.

Offering the convenience of at-home or in-store classes, LLL Web-based training has automatic tracking and reporting capabilities. When a retailer successfully completes a course, the course is tracked and recorded. The standards for completion of the course will be developed in conjunction with the TLC.

### **Offering the convenience of at-home or in-store classes, Web-based retailer training is unique to GTECH.**

For Texas retailers who prefer to avoid the time commitment and inconvenience of classroom learning, the following table shows additional advantages of Web-based training. Web-based retailer training is unique to GTECH, and we are proud to offer this convenient training program to the Lottery and its retailers.

The following figure shows some of the benefits of LLL.

**Figure 6.8 – 12:  
Features and Benefits of Web-Based Retailer Training**

Feature	Benefit
Self-paced learning programs	A learner can pause, rewind, and replay lessons to increase comprehension
Accessible 24/7	Employees do not need to take time away from daily work responsibilities
Multilingual	Languages can be customized to the Lottery's requirements
Available to all retailer employees	A retailer does not need to take time to train all employees on the terminal
Tracks/reports on all retailer access and activity	The Lottery and retailers can monitor employee progress
Content is customizable by key account group	Your corporate chains will appreciate the individual attention the LLL provides
Recreates the experience of having a terminal in front of the user	No adjustment period between the LLL training and in-store terminal use
Highly interactive and engaging	Learners will retain the material and not lose focus while training
Ensures consistency in delivery	With the LLL, all training groups receive the same training as determined by the Lottery
Environmentally friendly	No fuel is burned by retailers driving to class

**The Future of Training:** The benefits of training with the LLL will impress your retailers and minimize the inconvenience associated with training.

## Retailer Materials

TLC retailers will have thorough, up-to-date materials on hand to train a new employee or to just look up the answer to a simple question. The same materials team that develops interactive Help functions on the terminal also creates customized manuals for retailers related to equipment functionality and game ticket generation. In addition to the electronic Help screens, video clips, training mode, and eLearning available on all GT1200 sales terminals, materials will be provided in print form for all locations. All materials will be developed with the approval of the Lottery.

In addition, all materials will be provided to the Texas Lottery in a format for posting to the Texas Lottery's retailer Website as required by the RFP. At a minimum, we will review and update all materials every two years based on changes to the system.

We will provide the following materials to each retailer:

- **Retailer Guide:** Retailer-related policies/procedures and accounting and licensing information.
- **Retailer Manual:** Instructions on how to use each piece of equipment at the location.
- **Quick Reference Cards:** A condensed version of the retailer manual for brief answers to questions.
- **Retailer Best Practices:** Marketing tips and best practices for increasing Lottery sales.

We have provided sample reference materials retailers will receive in **Exhibits 2 through 8**, which are located in the Exhibits Volume.

**Confidentiality Claimed  
Not released**

**Confidentiality Claimed  
Not released**

## Confidentiality Claimed Not released

### Training Offerings

Previously we introduced you to our training delivery methods. In the following pages, we will explain each training type and which options best fit each situation. Training types include conversion training; corporate, key, and chain account training; new retailer training; and refresher training.

### Conversion Training

To maximize the ease of the transition period, we offer an experienced training group that has well-established relationships with your retailers. Our focus is to provide the proper training to make this transition as smooth and as comfortable for the retailers as possible.

#### **One Million Trained!**

Since 1991, GTECH has successfully trained more than 1 million retailers and end users across 30 states, in more than 50 countries, on 5 continents, and in 14 languages.

Our training staff has conducted training in a diverse set of environments, including Texas in 2001 and 1992; the depth of our experience allow us to enhance the comprehensive training program developed for the Texas Lottery. The following chart shows the extent of GTECH's experience training lottery retailers.

**Figure 6.8 – 14:**

<b>Conversion/Implementation Training Experience Overview</b>							
Numbers Shown: Retail Locations/Persons Trained							
<b>2009</b>	Michigan 14,000 / 42,000	West Virginia 2,000 / 6,000	Ohio Keno 1,750 / 5,250	Dominican Republic 500 / 1,500	South Dakota 600 / 1,800	New Jersey 6,000 / 12,000	New York 16,000 / 32,000
<b>2008</b>	Oregon 3,000 / 9,000	Kansas 2,000 / 6,000	UK 28,000	Belarus 250 / 250	Ghana 250 / 750		
<b>2007</b>	Virginia 4,500 / 13,500	Trinidad and Tobago 800 / 2,400	Slovakia 500 / 1,500	Belgium 5,500 / 16,500	Guatemala 700 / 2,100	Rhode Island 1,100 / 3,300	WCLC (Canada) 5,000 / 15,000
<b>2006</b>	Washington 3,600 / 10,800	New Zealand 900 / 2,700	North Carolina 6,400 / 38,400	Arizona 2,800 / 8,400	Tennessee 500 / 1,500	Czech Republic 7,000 / 21,000	Swiss LoRo (Loterie Romande) 900 / 2,700
<b>2005</b>	Florida 12,500 / 37,500	Luxemburg 150 / 450	Thuringen 2,100 / 6,300	Missouri 3,550 / 10,650	ALC (Canada) Video 6,000	Jamaica Video 600 / 1,800	Oregon Video 2,000 / 6,000
<b>2004</b>	Tennessee 4,020 / 24,120	Leeward Islands 500 / 1,500	Sri Lanka 350 / 1,050				
<b>2003</b>	California 18,000 / 54,000	Minnesota 3,700 / 11,100	Idaho 750 / 2,250	Belgium 4,000 / 12,000	Georgia 9,000 / 27,000		
<b>2002</b>	Ireland 3,400 / 11,550	Poland 9,900 / 29,700	Luxemburg 450 / 1,350	Kansas 1,900 / 5,700	Michigan 7,500 / 22,500	New York 15,000 / 33,000	
<b>2001</b>	Virginia 3,400 / 10,200	Taiwan 5,000 / 15,000	Beijing 2,000 / 6,000	Texas 16,400 / 49,200			
<b>2000</b>	Illinois 6,800 / 20,400	Ohio 6,000 / 18,000	Portugal 6,000 / 18,000	South Africa 8,000 / 24,000	New South Wales 2,000 / 6,000		
<b>1999</b>	Arizona 2,500 / 7,500	Puerto Rico 1,400 / 4,200					
<b>1998</b>	Michigan 6,500 / 19,500	Kentucky 3,500 / 10,500					
<b>1997</b>	Massachusetts 8,500 / 25,500	Wisconsin 3,100 / 9,300	Kansas 1,000 / 3,000	Oregon 3,000 / 9,000			
<b>1996</b>	New Jersey 5,300 / 15,900	Missouri 2,500 / 7,500	New Mexico 1,100 / 3,300				
<b>1995</b>	Washington, D.C. 590 / 1,770	Colorado 2,300 / 6,900	Washington State 3,200 / 9,600				
<b>1994</b>	Tri-State Lotteries Comm. 2,200 / 6,600	Iceland 230 / 690					
<b>1993</b>	New York 15,000 / 45,000	Malaysia 800 / 2,400	Ireland 1,900 / 5,700	ALC (Canada) 2,500 / 7,500	California 12,000 / 36,000		
<b>1992</b>	BCLC (Canada) 2,400 / 7,200	W. Virginia 900 / 1,800	Texas 15,000 / 40,000				
<b>1991</b>	Missouri 1,500 / 4,500	Maryland 1,85 / 5,550	Iowa 1,140 / 3,420				

 Indicates jurisdiction in which training was provided in multiple languages.

## Conversion Training Delivery

It is important, especially in an emulation-style conversion such as we propose, that retailers be trained as close to the delivery date of their terminal as possible to ensure maximum retention of the material. TTSS will work in tandem with the installation team and start training two to three weeks prior to the first terminal installation. We will keep a steady pace, ensuring all retailers are trained within three weeks of receiving their terminal.

With the Lottery’s approval, classroom training will be provided to all retailers except those retailers who fall outside our pre-determined drive time. Those retailers will receive on-site training in consideration of the geographical travel distance to training locations. Retailers will also have the option of utilizing the LLL for their conversion training if the TLC chooses to accept the offered option.

Whether training is performed in classroom, on site, or on the Web, retailers will be exposed to the same material. The table in the following figure outlines a sample training course.

**Figure 6.8 – 15:  
Sample Retailer Training Topics**

Training Component	Topics Addressed
Welcome	<ul style="list-style-type: none"> <li>• Introduction</li> <li>• Overview of class</li> </ul>
Introduction to the Lottery	<ul style="list-style-type: none"> <li>• Introduction of GTECH as technology vendor</li> <li>• Explanation of the Lottery’s requirements and the retailer’s role in the Lottery’s success</li> <li>• Benefits to the retailer as a member of the Lottery’s team</li> <li>• Overview of major system components</li> <li>• Recap TLC regulations, procedures, and licensing requirements</li> </ul>
Overview of the Altura GT1200 Terminal	<ul style="list-style-type: none"> <li>• Identification of touch screen and keys</li> <li>• Signing on and off the terminal</li> <li>• Recognition and use of terminal components</li> <li>• Online terminal training</li> </ul>

Training Component	Topics Addressed
Explanation of Games and Hands-On Practice	<ul style="list-style-type: none"> <li>• Introduction to Lottery games portfolio</li> <li>• Processing and validating On-Line Tickets and Instant Tickets</li> <li>• Accessing reports, accounting, and settlement information</li> <li>• Changing the paper roll</li> <li>• Practice to build confidence and expertise using the terminal</li> </ul>
Troubleshooting Tips	<ul style="list-style-type: none"> <li>• Common questions and issues</li> <li>• Calling the National Response Center (NRC)</li> </ul>
Successful Marketing and Enhancing Sales	<ul style="list-style-type: none"> <li>• Importance of displays at the point of sale</li> <li>• Sales and promotional techniques</li> <li>• Promotional ideas and how to cross-merchandise lottery games with the core product line</li> <li>• Motivational challenges</li> </ul>
Retailer Website	<ul style="list-style-type: none"> <li>• Accessing the retailer Website</li> <li>• Information available on the retailer Website</li> </ul>

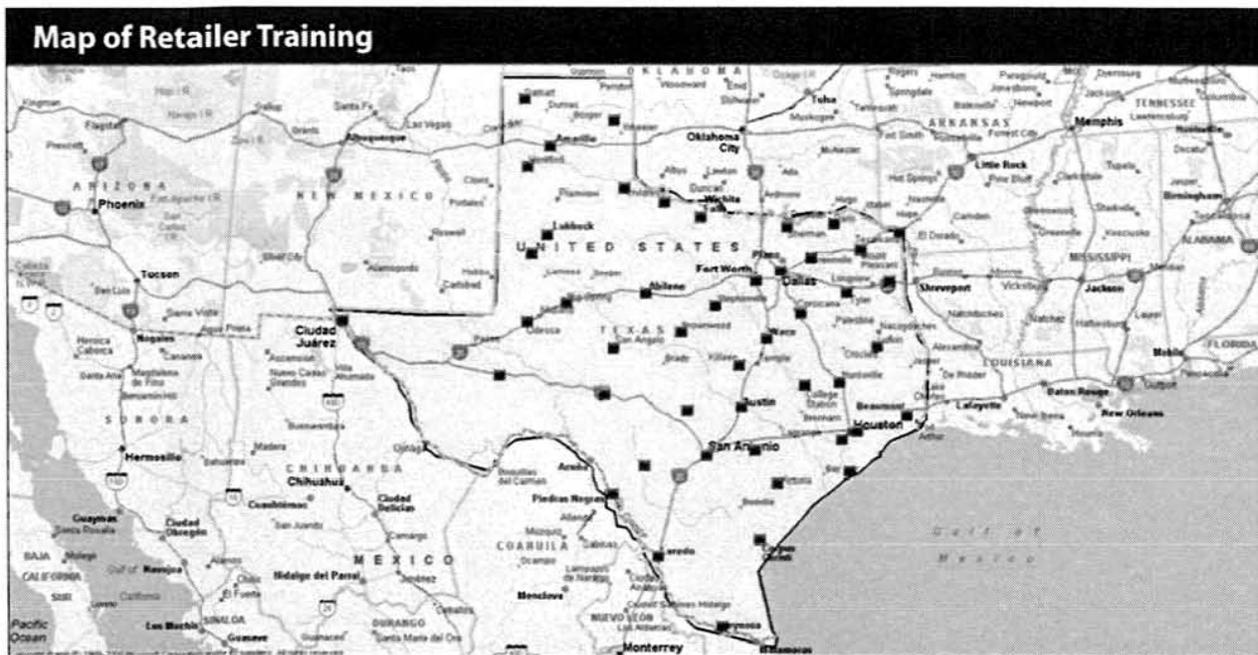
**Consistent and Comprehensive Conversion Training:** Whether a retailer is trained in a classroom, using LLL, or on-site, the training topics will be consistent.

## Retailer Training Management

To ensure that retailers are registered into the most convenient training session for them, GTECH will establish a Retailer Training Management Office (RTMO) dedicated to serving the TLC and its retailers. Our responsibility is to provide training venues located across the state, and to do so our training team will employ the GTECH Retailer Training Management Application (RTMA), an interoperative database application. Using geopositioning data, we will choose the cities, based on Texas retailer proximity, where training venues will be provided.

The following figure shows the 47 cities in Texas we have tentatively selected for retailer training. Retailers are located within an average of 19.4 miles from a training venue and will have, on average, a 22-minute drive.

**Figure 6.8 – 16:**



**Maximum Retailer Convenience:** Based on RTMA data, we have mapped 47 cities for retailer training.

The following table lists the 47 cities in which we plan to hold retailer training.

**Figure 6.8 – 17:  
Texas Training Cities**

Abilene	Amarillo	Austin
Beaumont	Big Spring	Brownfield
Brownwood	Bryan	Canadian
Childress	Corpus Christi	Corsicana
Dalhart	Dallas	Eagle Pass
El Paso	Fort Stockton	Fort Worth
Fredericksburg	Gonzales	Greenville
Hereford	Houston East	Houston West
Huntsville	Killeen	Lake Jackson
Laredo	Lubbock	Lufkin
Marshall	McAllen	Mount Pleasant
Odessa	Paris	San Angelo
San Antonio	Sherman	Sonora
Stephenville	Texarkana	Tyler
Uvalde	Vernon	Victoria
Waco	Wichita Falls	

**Optimum Training Locations:** Our carefully selected cities ensure retailer travel distances are kept to a minimum.

### *The Proven Value of the RTMA*

The RTMA provides convenience for retailers and oversight benefits for the TLC, in that it:

- Schedules retailers with multiple-use smart calling from the RTMO call center.
- Tracks retailer responses to calls.
- Provides retailers with door-to-door directions to training sites.
- Monitors attendance and rescheduling.
- Creates progress reports.

The RTMO contacts each retailer at least three times to ensure the retailer will attend training. Three weeks before training, we send a postcard to the retailer with training date information and a number to call to reschedule or get directions. Two weeks prior to training, we call each retailer to confirm receipt of the postcard and that the retailer can attend the scheduled course. One day before training, we place reminder phone calls to all retailers scheduled.

In addition, 20 minutes after the start of each class, the attendance list is faxed to the RTMO. Staff at the RTMO calls any retailer who was scheduled to attend that training session but is not on the attendance list in order to reschedule. The following time line demonstrates the effectiveness of the RTMA tool.

**Figure 6.8 – 18:**



**Constant Communication:** The RTMO maintains contact with retailers to ensure their attendance at scheduled training classes.

The RTMA provides you with detailed statistics to let you know who attended, who refused, who was absent from training, and who completed training. This information allows you to track exactly how retailer training is progressing from the first phone call, weeks prior to training, all the way through to the end of training.

**Average Attendance Rate: More Than 99 Percent**

Over the past five years, our average retailer training attendance rate has exceeded 99 percent. Most recently, New York's retailer attendance was 99.98 percent and New Jersey's was 100 percent. That is 22,022 retailers out of 22,026.

You will know within one hour of the start of any training class who did and did not attend. We will call all no-shows immediately and schedule them into the next available class. The RTMA was designed by GTECH's training department. It has been updated frequently over the past 10 years with the goal of continually exceeding our customers' expectations. Over the past five years, our retailer training attendance rate has averaged more than 99 percent.

**The 100 Percent Attendance Myth**

All proposers can claim 100 percent attendance for retailer conversion training because, in the end, we *all* achieve 100 percent attendance. The reason is simple: retailers don't get their new equipment unless and until they attend training or the lottery exercises its discretion to exempt them. If retailers don't attend training or aren't exempted, they are simply no longer lottery retailers. GTECH's RTMA, however, ensures attendance and Lottery transparency. It provides real-time attendance data on an ongoing basis. The TLC can easily see the direction and progress of training, down to a very granular level, if desired. Our data is not "massaged" based on what happened "in the end." Our data truly tells how many retailers attended (or not) on any particular day at any particular time, allowing the TLC to accurately track the progress of training.

Sophisticated training tools like the RTMA make a big difference in ensuring all retailers are trained in a timely manner with minimal disruption to business. The following sample screen demonstrates the rescheduling function of the RTMA.

**Figure 6.8 – 19:  
Sample RTMA Rescheduling Screen**

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**The RTMA Reschedule Function:** Retailers are enrolled in the class of their choice and tracked by the RTMA. Those who are absent are called immediately for rescheduling.

**Ensuring Training Success**

The RTMA ensures maximum retailer training attendance. One reason for its success is the sheer number of calls to retailers. In 2009, during concurrent training, the RTMO made 31,408 outbound calls to New Jersey's approximately 6,000 retailers and 54,176 outbound calls to New York's approximately 16,000 retailers.

## Corporate, Key, and Chain Account Training

To provide to larger accounts the full benefit of our training team during the training period, we use the Train-the-Trainer method and a mature execution plan. Corporate, key, and chain accounts will receive Train-the-Trainer courses at locations acceptable to those businesses.

The LLL offered option described previously is an ideal solution for corporate accounts. We can work with your corporate accounts to customize LLL delivery based on the required forms, processes, and procedures unique to that account. This can save the corporate accounts time and resources that would otherwise be devoted to training their staff. Chain accounts receive full support by our Texas team in the development and deployment of training.

Many times we are asked to structure training in a three-tier approach so each employee can focus on the skills necessary in his or her position. Members of management receive one class that covers areas applicable to their jobs; bookkeepers receive a second class that focuses on the accounting functions and bookkeeping requirements of the TLC; and clerks receive a class in operating the terminal and sales techniques.

If the TLC prefers, we can also provide training staff all the materials needed for training as a materials transfer. We are flexible and willing to meet a corporate, chain, or key account's needs on an individual basis. We pride ourselves on providing custom-tailored solutions for your chain accounts. We develop custom training scripts that meet all the requirements of the account.

### **Working Together for a Smooth Transition**

When United Supermarkets began to sell Lottery products, our New Business Development and Recruitment Manager, Arden Reid, worked closely with top management of the account to develop a seamless training strategy. Arden had the support of the following managers, each of whom made at least one visit to the United Supermarkets corporate headquarters in Lubbock, Texas, to discuss training and marketing initiatives:

- Local DSM, Tom Slowik.
- Sales Manager, North Region (RSM), George Sanchez.
- Corporate Accounts Manager, Mandy Carter.
- Marketing Manager, Shannon Plum.
- Special Projects Manager, Charles Howard.

LSRs worked with their respective stores to execute retailer training. We also engaged their accounting departments and worked with bookkeepers to assist with their accounting and back-office needs. The result of this comprehensive collaboration was a smooth transition into the Texas Lottery market, which did not go unnoticed by United Supermarkets management.

*"Many thanks for all the work in getting this accelerated Texas Lottery rolled out to our stores. I have only heard positive comments from our stores regarding the ease of implementing the machine, the process, and the related POS activities."*

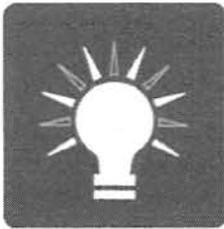
– Jeff McDonald, Business Relationship Manager, United Supermarkets.

### **New Retailer Training**

GTECH's Texas sales force will provide all training on Lottery policies and procedures as well as terminal operations to all new retailers before retailers sell Texas Lottery products. Materials for this class will be jointly developed and customized by the GTECH TTSS department, GTECH Texas, and the TLC, which will give final approval.

Since LSRs are conducting retailer training during the conversion, they will be extremely qualified to provide comprehensive training for new retailers. Today we already hold more than 1,500 classes per year for new retailers.

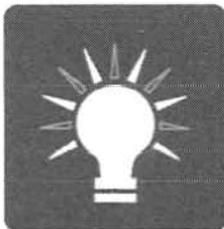
### *New Equipment, New Feature Training*



To help retailers operate the equipment as efficiently as possible, our LSRs will train them when they receive the equipment. The LSRs will be trained during their biweekly district meetings on the new equipment or feature and will administer training to each retailer over the subsequent two weeks.

will be a reference for LSRs, providing them information they can use to help create targeted training for each retailer and record the training event. LSRs will also record training activity on the

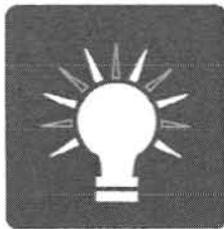
### *Licensing Requirements*



GTECH is in the unique position of knowing the full extent of licensing requirements in Texas. We will ensure all Lottery retailers are trained on the licensing requirements for the Texas Lottery.

will give our LSRs the means to assist retailers and answer any questions they may have regarding licensing requirements. will also notify LSRs of pending license renewals to help them remind retailers.

### *Retailer Refresher Training*



Texas retailers will have access to refresher training through GTECH's ongoing retailer training. At many retail locations, employee turnover is near 100 percent annually, which means that there is a continual need for training on all facets of terminal operation, Lottery policies and procedures, and sales techniques.

The LSR will be the retailer's primary contact for ongoing training. LSRs are thoroughly trained and fluent in the operations of the terminal and in sales and marketing techniques. Using their devices as a supplementary resource, LSRs can identify training needs based on historical records of past training events conducted for that specific retailer. Ongoing training by LSRs will be conducted when the LSR makes his or her scheduled visit once every two weeks; upon written request by the Texas Lottery, ongoing training will be performed within seven days. The support and responsiveness of our sales force is much appreciated by TLC retailers, as evidenced by the following endorsement.

*"As a Category Manager for Stripes, LLC, I became responsible for the lottery portion of our business in January 2009. After the transition was complete, I was introduced to Felipe Elizondo, our GTECH rep, who I have worked with to strengthen our Lottery sales and initiatives...*

*GTECH has managed to streamline our reports down to store managers for any specific period of time. Because we operate in many different markets in Texas, it is extremely important to us to have store-specific information as all markets are very diverse and one size does not always fit all in our business...*

*GTECH has also worked diligently to find ways to increase our lottery sales, present valuable data for research and review, provide up-to-date communication with our staff, and deliver stellar customer service – all while maintaining a close relationship with our convenient stores. GTECH not only provides me with monthly and quarterly information regarding our stores but also provides me with custom reports upon request...*

*When doing business with GTECH, I know they have my best interest at heart and will go out of their way to meet the demands of our company. Felipe has been very involved in the category and is available any day, or night, of the week when contacted. It is my pleasure to work with GTECH and Felipe."*

- Jill Johnson, Category Manager, Stripes LLC.

Retailers will also have access to refresher training through our terminal-based training. As discussed previously, these functions include Help screens, video clips, training mode, and eLearning. Retailers that choose Web-based training for their conversion training may use that for refresher training.

## **LSR Training**

As a result of our LSR training program, each of your retailers will have an LSR as a reliable point of contact for any Lottery-related issues. Training for LSRs is an ongoing process, continually evolving as the TLC, the industry, and the overall business landscape of the Texas Lottery changes.

Our multifaceted sales force training covers all aspects of an LSR's job, including new employee training, new equipment or software training, new Lottery product/feature training, general employee development, sales skill development training, and conversion training. Both our formal and informal training classes will far surpass the minimum two formal classes required each year.

LSRs will be skilled in all areas that relate to retailers and the sale of their products. This means having the most current information about games, expertise in sales techniques, and the ability to troubleshoot and make basic repairs to equipment. Carlos A. Lowree, Senior Manager of Food City Supermarkets in El Paso, who has considerable experience selling Lottery products, agrees.

*"I am writing this letter on behalf of Pamela Batten who has been calling on me in my capacity as a senior manager for the Food City Supermarkets (El Paso, Texas) for at least the last seven or eight years, maybe more. It has been my good fortune to have someone as enthusiastic about Texas Lottery games as Pamela and always eagerly wanting to help. I have called Pamela on numerous occasions to provide information or reports and to also have her explain them to me. She has also been instrumental in arranging on-site promotions, along with Texas Lottery promotional items, to coincide with our store's special event or parking lot sale.*

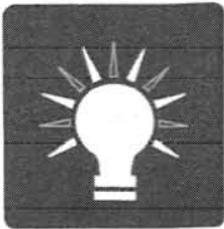
*"Any special consideration given to Pamela would most certainly benefit the El Paso retailer community, GTECH, the Texas Lottery, and, ultimately, the players of Texas Lottery games."*

- Carlos A. Lowree, Senior Manager, Food City Supermarkets

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### New Equipment or Software Training

When preparing to add new equipment or software to the Lottery system, our LSRs learn about its features and functions and how it benefits a retailer in district meetings held every two weeks. As an added value, all information on the new feature will be uploaded into [REDACTED], providing a quick reference source to be utilized by the LSR.

### New Lottery Product/Feature Training

Since Texas has nearly 100 Instant Game changes per year, GTECH has developed timely and efficient ways to communicate new Lottery products and features to LSRs. In biweekly sales force meetings, DSMs explain any new product or feature and give LSRs a full understanding of the effects it will have on the retailer. The DSMs will go over FAQs for major Lottery initiatives to reinforce LSRs' ability to answer retailer questions and better explain the new product or feature. Again, our [REDACTED] will be an essential tool for providing that information to the sales force.

## General Employee Development

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Not released**

## Confidentiality Claimed Not released

### *GTECH Building Excellence*

The GTECH Building Excellence Program was established companywide to recognize employees that have demonstrated exceptional performance at their position. The multiple levels of awards offered include:

- **The President's Award:** The highest level of recognition in the Building Excellence program, awarded annually.
- **Gold Award:** Awarded for significant achievements and/or to those who meet or exceed local organizational or site criteria.
- **Silver Award:** Recognizes employees who exceed job expectations and who meet or exceed local organizational or site criteria.
- **Spot Awards:** "On-the-spot" gift cards given to employees for exemplary performance.
- **Thank U Recognition Program:** A simple and effective thank you card any employee may give to a coworker recognizing help or a job well done on a day-to-day basis.

### *Educational Assistance*

GTECH also supports employees' continued education in programs that will enhance their effectiveness in their current role or help them qualify for further career development. To encourage continuing education, GTECH provides an educational financial assistance program.

### *Learning at GTECH*

On a company-wide level, GTECH provides its employees with several opportunities to develop skills, knowledge, and experiences to excel in their careers and provide value to the TLC. Key areas of training include:

- Technology/applications.
- Project management/quality assurance.
- Operations.
- Professional development/leadership.

To meet the diverse needs of employees around the world, courses are available in such formats as instructor-led, remote Webinars, videos, and self-paced eLearning. Each year, a TNA is performed to best meet the training needs of the company. We offer 262 eLearning courses alone.

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### LSR Conversion Training

During system conversion, the sales force will be integral to the classroom-based retailer training process. Like retailers, training for LSRs will be done in emulation format. LSRs will receive training right before they will teach the retail base. LSR training will consist of the following three primary pieces:

1. **A Week-Long Train-the-Trainer Course:** Provides thorough knowledge of the new terminal, peripherals, and functionalities.
2. **Marketing and Sales Strategies:** Enhances LSRs' sales skills as they relate to the functions of the new system.
3. **Training:** Gives LSRs a detailed understanding of the functions of the [redacted] and how this solution affects their responsibilities.

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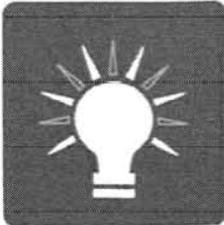
## FST and LSR Cross-Training

To avoid retailer confusion and to complement each other's activities, FSTs and LSRs are cross-trained on many of each other's job functions. Both groups are the "face of the Lottery" to your retailers and it is critical that they use the same terminology. The benefits to retailers from this cross-training is substantial:

- Retailers have multiple resources at their disposal for any questions they may have.
- Messaging and terminology is consistent across both groups.
- Problems with the terminal are greatly reduced, as the LSR can perform Preventive Maintenance (PM) on the machine.
- FSTs can help retailers with questions about games and products, which lead to stronger retailer selling skills.

Currently, FSTs attend the LSRs' biweekly meetings to demonstrate new equipment or explain changes to existing equipment. FSTs will do this on an as-needed basis or as requested by the DSM. Likewise, LSRs attend FST biweekly meetings and share information on game changes. FSTs also receive the Sales Force Execution Guide when it is reviewed on a monthly basis.

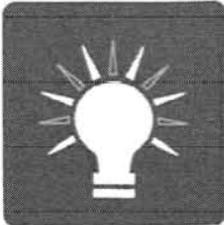
Starting under the new contract, there is a plan to make cross-training even more pervasive. In the future, one of the iSpeak iTIB modules will focus on training LSRs on the roles of an FST. FSTs will receive mailings every three to four weeks, updating them on game changes and promotions in their area.

As a significant benefit, both FSTs and LSRs will have the  , which each group can use to help solve whatever issue a retailer may be having. The following table shows the cross-training activities FSTs and LSRs will perform.

**Figure 6.8 – 22:  
Cross-Training Activities**

FSTs	LSRs
FSTs will attend retailer conversion training to learn how a retailer interacts with the terminal and customers	One iTIB module will teach LSRs how to perform basic PM on the terminal and troubleshooting tips
In subsequent years after the conversion, FSTs will attend a training course conducted by iSpeak to refresh the sales skills they learned during conversion	Annually, LSRs will need to renew a certification demonstrating they have an understanding of PM and troubleshooting actions

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## **Promotions Staff Training**

To facilitate promotions staff training in each district, a senior LSR holds the role of promotions expert. These LSRs are trained by the promotions coordinator on promotional activities conducted on behalf of the Lottery. At each district's biweekly meeting, the promotions expert shares the details of the promotion with the other LSRs in the district.

Our promotions team is trained on all TLC products, equipment, and promotional and sales techniques. We conduct annual training workshops with the promotions staff on the proper procedures to execute a selling event, including trailer maintenance, set up, and event management.

Under the next contract, we are introducing a new position that will be held by 11 individuals throughout the state: Promotions and Training Representative. These individuals will play a prominent role for new retailer training and refresher training. They will conduct promotional training for LSRs and manage promotions.

## **Player Training**

To support your retailers, the GTECH Texas sales force takes the opportunity to educate the public during sales calls at retail locations. They demonstrate to retailers how to ask for the sale and engage players on how to play new On-Line Games. We emphasize to retailers that any customer who walks into their store could be a potential Lottery customer; they just may be intimidated because they have never played before.

To attract players who don't play the Lottery often and may not know what exciting products the Lottery offers, we introduce the Texas Lottery to potential new players at selling events. The chance to automatically get merchandise and prizes for playing is a great incentive for potential players to learn about various Lottery products.

Similarly, when we roll out new equipment, for instance, new Instant Ticket Vending Machines (ITVMs), we often conduct Ambassador Programs to teach players how to use the equipment. During an Ambassador Program, LSRs are present at a store to give away prizes to people who buy products from the new machine. Generally, in exchange for a Lottery purchase, the player gets to spin a wheel to determine his or her prize.



**GTECH**<sup>®</sup>  
Architects of Gaming

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# Part 7

## Lottery Gaming System



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#### Invited Option Icon

This icon indicates where we have responded to an Invited Option.



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#### Specified Option Icon

This icon indicates where we have responded to a Specified Option.



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#### Offered Option Icon

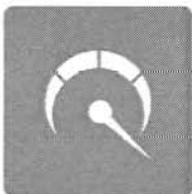
This icon indicates where we have proposed an Offered Option.



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#### New Innovation Icon

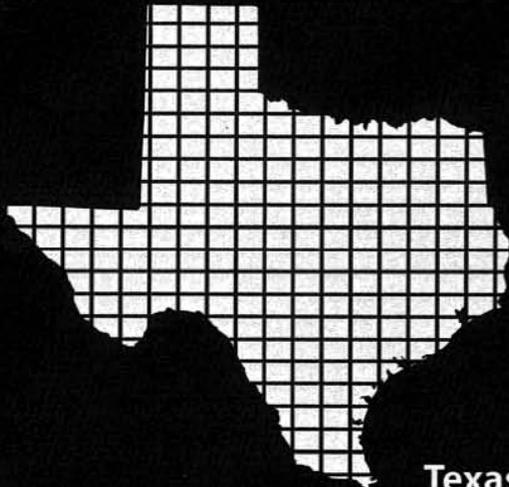
This icon indicates where we describe a new, GTECH-designed product or feature that represents GTECH's commitment to industry innovation.



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#### Exceeds Icon

This icon indicates areas in which GTECH exceeds the requirement.



## Texas Precision

### 7.1 Overview

Every element of our proposed technology solution is designed around your business needs.

## Texas Lottery Core Values...

### *Honored*

**Integrity and Responsibility:** Our proposed solutions will provide you with a single view into all of your operations. As an extension of your brand, we are accountable to you.

**Innovation:** We offer you at least 11 innovative solutions, designed specifically with your business processes and business rules in mind, to make your business exponentially more manageable.

**Fiscal Accountability:** We guarantee that our technology solutions will directly and indirectly generate revenue, enhance security, fulfill regulatory requirements, improve customer service, and boost productivity.

**Customer Responsiveness:** The solutions in our proposal will provide total access to applications that manage the entire retailer life cycle, from recruitment to cancellation, to facilitate proactive customer service.

**Teamwork:** From account management to technology, sales and marketing, warehousing and distribution, software, field services, project management, compliance, and human resources, we have one common goal in Texas – to exceed the performance standards and expectations of the TLC.

**Excellence:** Having mapped more than 120 of your business processes to ensure total alignment of our solutions with your business needs, the sum of our technology offering has been customized to drive value for the Texas Lottery, maintain the public's trust, and provide much-needed funds for the State of Texas.

In this section, you will see at least 11 new, innovative solutions, identified by our "new innovation" icon, designed specifically to improve the management and performance of your business.



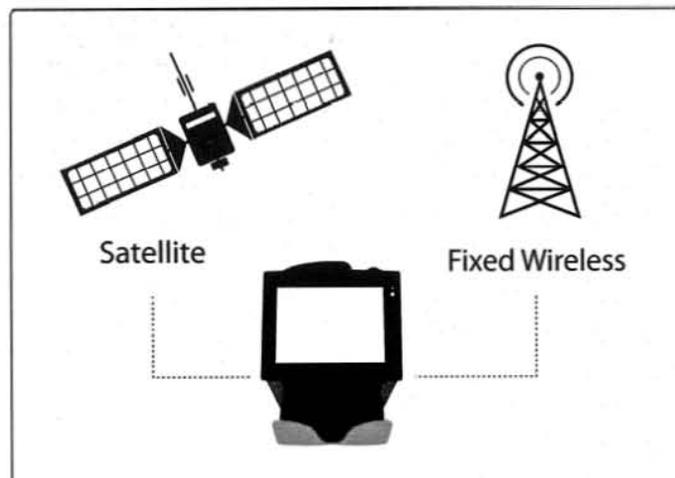
Single Ticket Accounting, a new innovation designed in partnership with retailers, will permit retailers to select the method by which they manage and account for their Instant Ticket inventory, including the industry's first ticket-by-ticket accounting solution.



GTECH's Family of Terminals, and more specifically the Altura® GT1200 and Altura GT1200 Mid-range Small Footprint Terminal (SFT), are the most robust point-of-sale devices offered in the marketplace and will ensure that each of your retailers is equipped with the right device for their specific business.



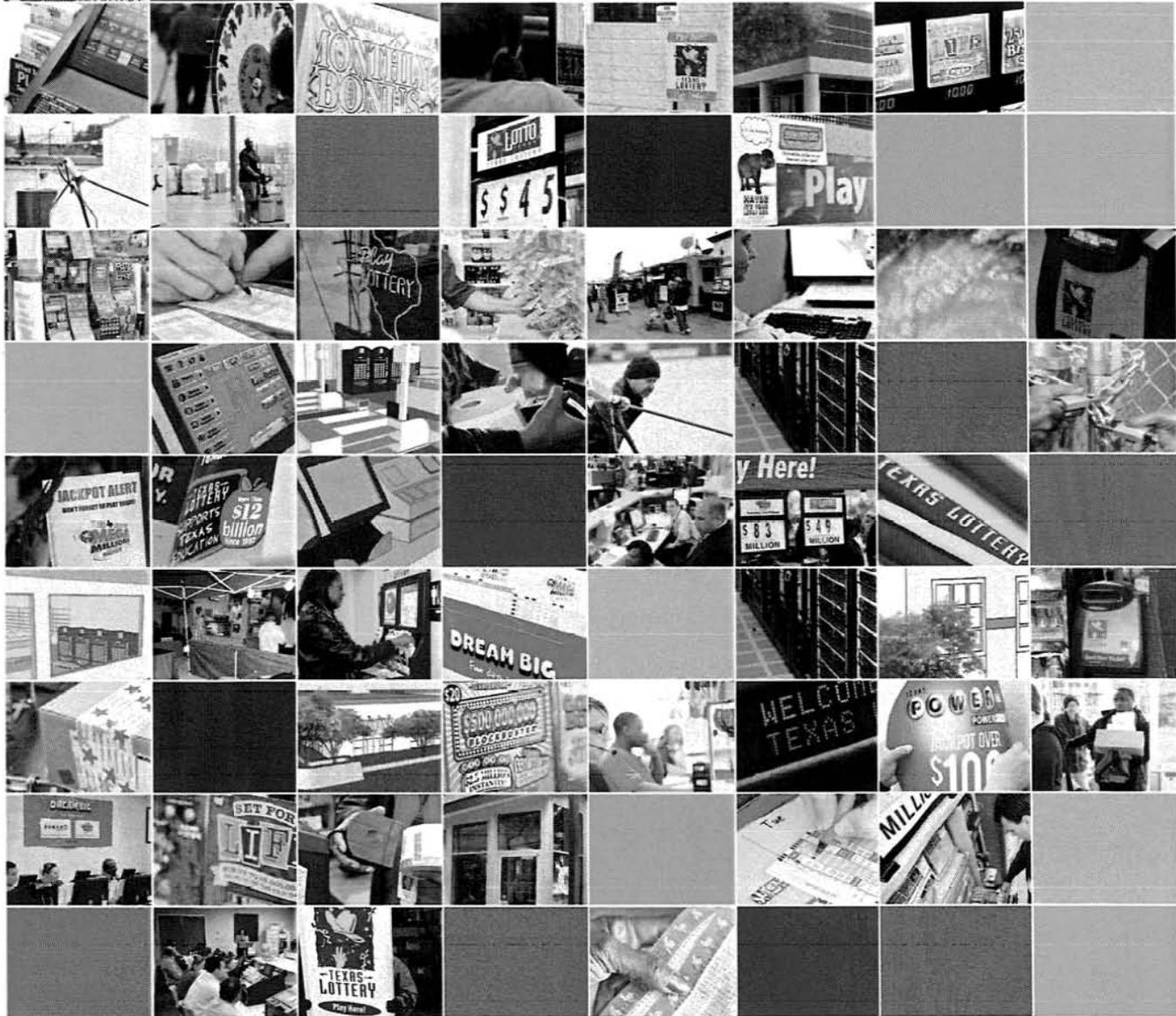
Our Dual Comm technology will provide a redundant communication path for the 50 percent of your retail base that generates more than 50 percent of your sales.





# 7.2

On-Line Games



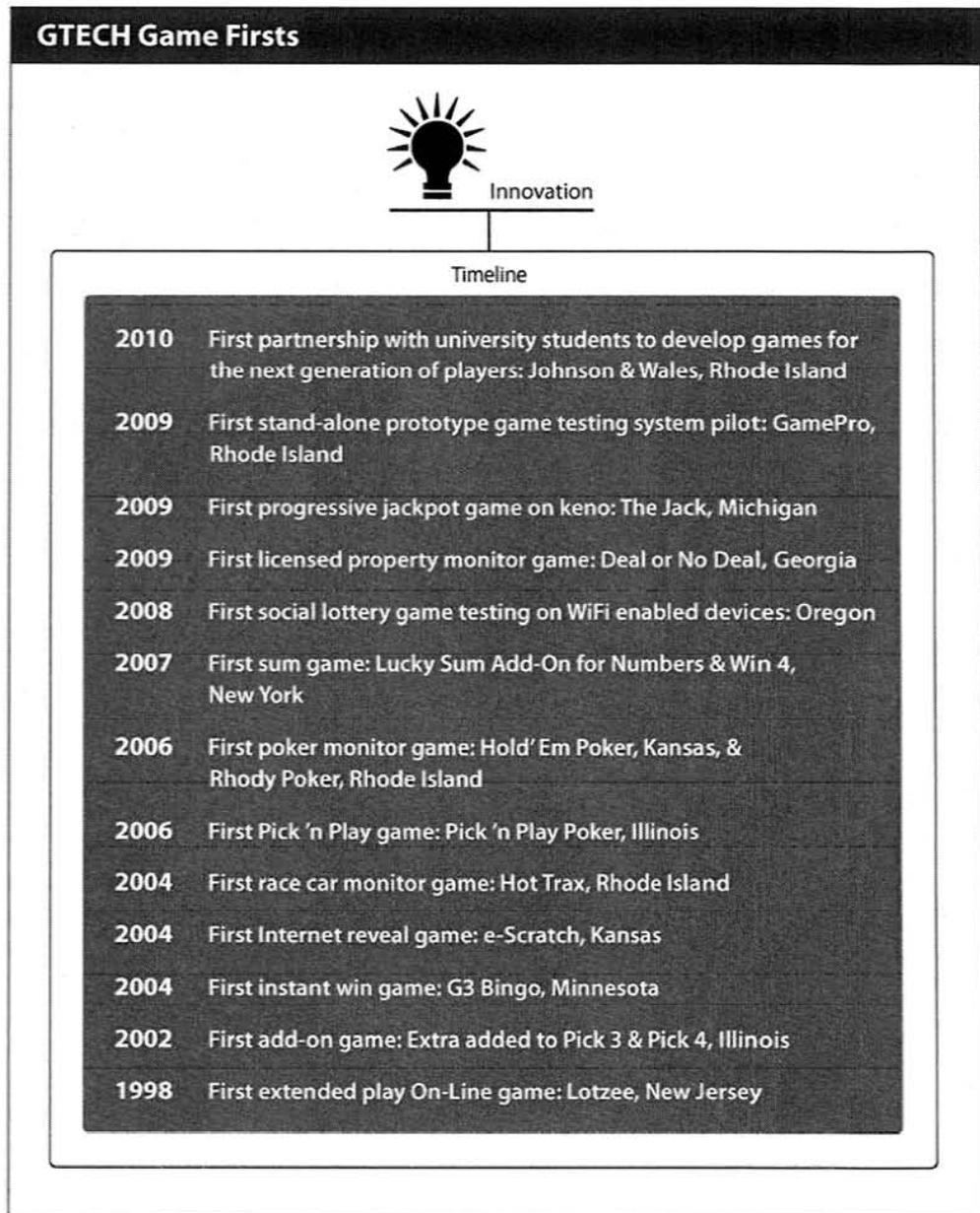
# 7.2

## On-Line Games

### Introduction

Through the years, we have developed solutions that touch nearly every facet of the gaming industry, including game development for multiple channels. Our proven record of gaming innovation stems from collaborative partnerships – with our customers, subsidiaries, and other companies. Many of those innovations have become industry standards. Through our in-house game design teams and these collaborative partnerships, we will strive to develop creative solutions that are just right for the Texas Lottery.

Figure 7.2 – 1:



**Leading the Industry:** When it comes to industry innovations, GTECH games have been breaking new ground for years.

In nearly two decades in Texas, we have helped the Texas Lottery launch various games, add-ons, and other product options to build an On-Line Game portfolio that sells about \$900 million worth of tickets annually.

**Figure 7.2 – 2:**

Texas Game Launch and Modification Timeline					
May 29 1992	▶	TLC Opens Doors	May 13 2001	▶	Launch <i>Texas Two Step</i> <sup>®</sup>
November 7 1992	▶	Launch <i>Lotto Texas</i> <sup>®</sup>	April 29 2002	▶	<i>Pick 3</i> day draw added
May 29 1993	▶	Quick Pick added to <i>Lotto Texas</i>	May 4 2003	▶	<i>Lotto Texas</i> matrix change and Bonus Ball added
October 25 1993	▶	Launch <i>Pick 3</i> <sup>®</sup>	December 3 2003	▶	Launch <i>Mega Millions</i> <sup>®</sup> with <i>Megaplier</i>
October 10 1995	▶	Launch <i>Cash 5</i> <sup>®</sup>	June 22 2005	▶	<i>Mega Millions</i> matrix change
February 10 1997	▶	Cash Value Option added to <i>Lotto Texas</i>	April 26 2006	▶	<i>Lotto Texas</i> matrix change and discontinued Bonus Ball
May 18 1998	▶	Launch <i>Texas Million</i>	September 30 2007	▶	Launch <i>Daily 4</i> <sup>®</sup> with Sum It Up
July 19 2000	▶	<i>Lotto Texas</i> matrix change and prize payout increased to 55%	November 11 2007	▶	Add Sum It Up to <i>Pick 3</i>
May 11 2001	▶	<i>Texas Million</i> discontinued	January 31 2010	▶	Launch <i>Powerball</i> <sup>®</sup>

**Nearly Two Decades of TLC Game Development:** Since 1992, GTECH has helped the TLC grow and modify its product portfolio to meet the needs of the market and to grow revenue.

Our long-standing presence in Texas gives us detailed knowledge of the State’s gaming environment and the limitations on what can be done (e.g., the Attorney General’s ruling on raffle games). The Texas gaming environment is a complex one. Many interdependencies must function cohesively for the Lottery to realize its On-Line Game sales potential. Lottery Sales Representatives (LSRs), Field Service Technicians (FSTs), call center associates, warehouse and distribution staff, analysts, corporate marketing team members, and software developers are just some of the groups of people who must work together seamlessly to properly execute On-Line Games in Texas.

We are ready to help you introduce entertaining new games to a broad player base so that you can continue to generate incremental revenue for the Foundation School Fund – and do so in ways that enhance the image and integrity of the TLC. Our record of getting Texas Lottery games to market on time and properly executed is flawless, and our new technologies provide a previously unrealized level of transparency into our operations.

Every On-Line Game sales dollar generated in Texas returns a larger profit than its Instant counterpart. Thus, executing On-Line Games correctly, in all facets, is essential for the TLC to increase the revenue it raises to support Texas education. GTECH has the tools, people, strategies, systems, experience, and knowledge to help the TLC assume this task and to foster strategies that will ensure that revenue growth into the future.

### **7.2.1 On-Line Game Development**

GTECH understands and acknowledges that the TLC Products group works with the Lottery operator to provide On-Line Game concepts, such as drawings, play instructions, odds, prize payouts, go-to marketing strategies, etc., that are introduced to the general public.

### **Table 27 On-Line Game Response Requirements**

#### **27.1 Roles, Responsibilities and Detail Requirements**

GTECH acknowledges and accepts the roles, responsibilities, and detail requirements indicated in this section.

## **27.2**

### **On-Line Game Development, Research and Implementation**

We offer many game concepts that the Lottery can consider both today and in the future. Our capabilities cover a broad range, and our flexible solutions will allow us to capitalize on any changes and gaming directions that the TLC may consider in the coming years. We will continue to work with the TLC, as we have since 1992, to develop games that are appropriate for the Texas environment. Our development process produces exciting games that are well researched and statistically sound to ensure market relevance. We fully support all current Lottery products (On-Line and Instant), and our new system will support any new products added during the contract term.

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Not released**

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## Market and Situation Analysis

The first step to developing a gaming solution is to analyze the marketplace. Informed decisions rooted in data, analysis, and research drive the game development process. Thus, the information-gathering process will be our first step toward a new game for the Texas market.

Our game design and development efforts employ numerous techniques, including research using the Internet, telephone surveys, mall “intercept” interviews, and focus groups. Perception Analyzer, an Audience Response System (ARS), may be used by focus groups interactively to collect and measure group responses in real time. Concepts are also tested with current, lapsed, and non-players and retailers to identify the games most likely to succeed.

### *Lottery Marketing Database (LMDB) and Global Analysis*

Our Lottery Marketing Database, outlined in further detail in Section 8.8, Research and Lottery Product Development, is another a valuable tool in the game development process. At various points throughout the year, we will index the Lottery’s product performance against similar jurisdictions, as well as the industry’s performance, to identify gap potential and possible niche markets for future game considerations. Then, as gaps are recognized, we can use LMDB to see the sales performance of potential product solutions in other jurisdictions.

As we view the product’s performance, we can identify peaks and valleys and examine why a peak or a valley came into being at that moment. This insight will enable us to provide the TLC with products and strategies that have a proven performance record in other places.

With the information available in the LMDB, we can look beyond a simple sales trend analysis and map what events occurred to trigger rises or dips in sales. Conversely, we can overlay specific events on the sales performance graph to see how those events affected sales.

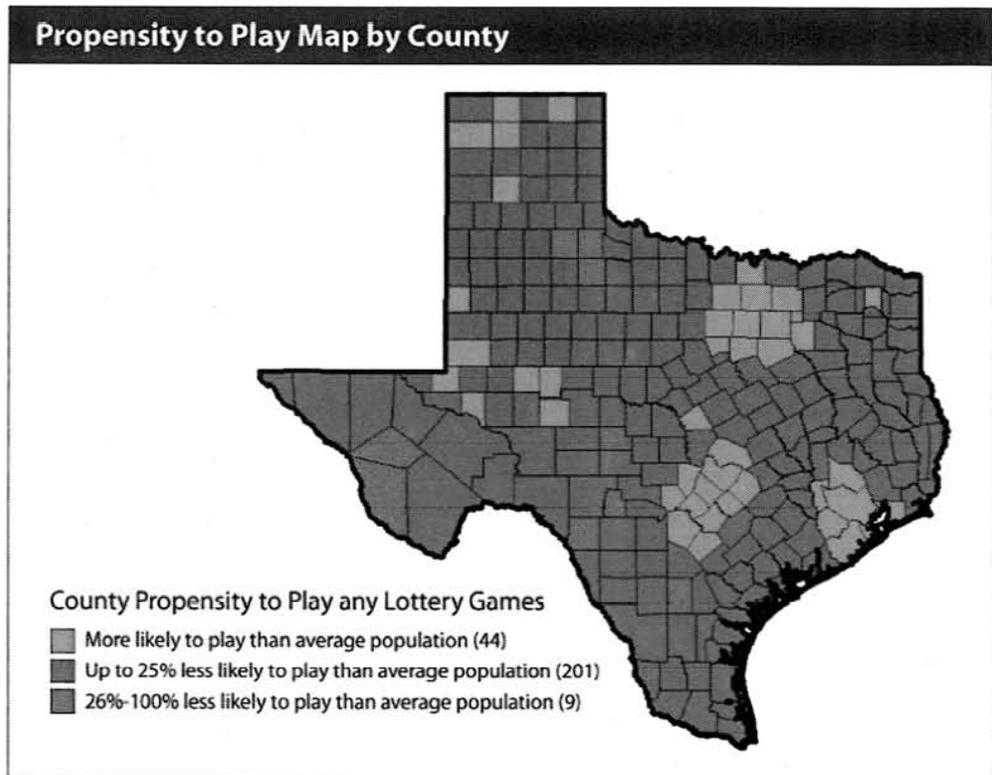
**Confidentiality Claimed  
Not released**

For further information about the LMDB, please see Section 8.8, Research and Lottery Product Development.

*PRIZM and Local Analysis*

As outlined in Section 8.8, Research and Lottery Product Development, PRIZM is a consumer segmentation tool that defines U.S. households in terms of 66 demographically and behaviorally distinct types, or segments. PRIZM helps marketers discern consumer preferences, lifestyles, and purchasing behaviors.

**Figure 7.2 – 5:**



**Who Is Playing Where?** PRIZM is another source of local player data to help us work with the TLC to make informed business decisions.

The information and data PRIZM provides helps us project how new games or concepts are likely to do in certain Texas markets and identify opportunities in the product portfolio. The PRIZM analysis helps draw correlations between potential new game concepts and current players, potential new players, or both.

### *Game Value Attributes*

With these research tools, we seek to identify areas of opportunity within four main game value attributes. A game's "value dynamics" reflect the parameters we optimize to ensure maximum performance. These parameters include:

- Player relevance.
- Portfolio position.
- Presentation.
- Prize structure.

Figure 7.2 – 6:

### The Four Primary Game Value Attributes

#### Player Relevance



We begin every game development effort by studying player needs and preferences to discern which game play styles appeal to them. We then use global trend analysis to gauge and understand game performance in other jurisdictions, and then compare this information with analyses of your local market. By examining and monitoring data in these areas, we make sure existing or potential play styles are used in ways that lead to the creation of games that your players want to play.

#### Portfolio Position

We also examine how new games will fit into the existing portfolio, as well as evaluate the potential public perception and reaction to a new game launch. For example, are the play styles too similar to those of your existing games? Do new price points make sense in relation to existing price points? Are the prizes and odds different enough from those of existing games? During portfolio planning, we consider (and later help monitor) the performance of all of your games to be sure that games will not negatively impact each other. A new game is not successful if its success is at the expense of a more profitable game.



#### Presentation



We present games in dynamic ways so that they readily appeal to players. Our striking game artwork, professional retail presentation styles, and inventive promotional ideas are all creative ways in which we encourage game trial and give games the best odds for success.

#### Prize Structure

Beyond determining viable play styles and creating winning designs, we develop appropriate and effective prize structures that will entice players while maximizing returns to the Foundation School Fund. A game might fit nicely into your portfolio, but if its prize structure is unappealing, the game will not succeed. We make sure that top prizes and game designs are attractive and in sufficient number to keep players playing.



**How Valuable Is a New Game Concept?** By examining the four parameters of a game's value dynamics, we develop games that are right for each customer's market.

## Game Concept Creation: Design and Development

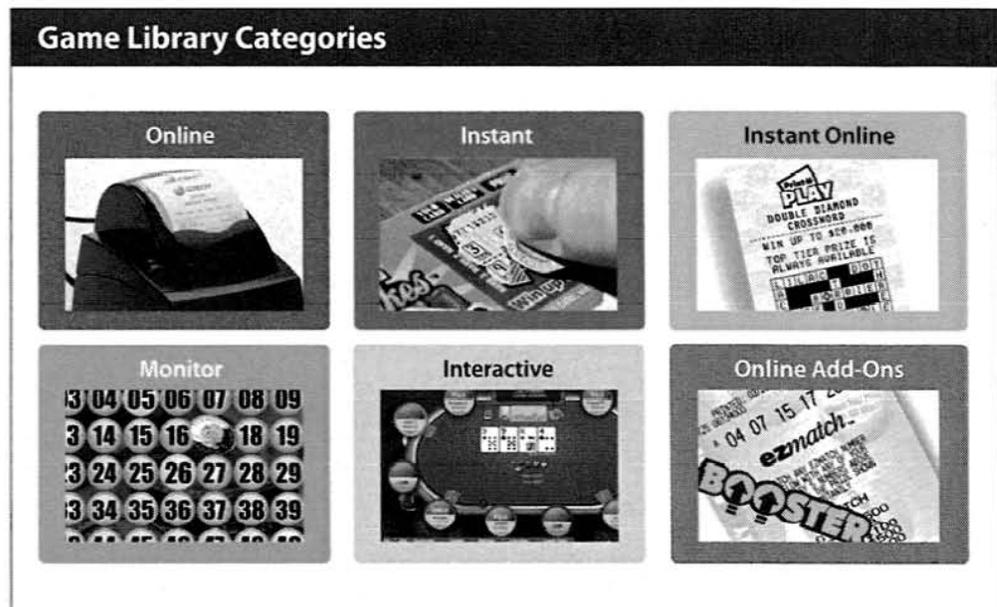
After analyzing gaps and opportunity in the market, the next step is to develop game concepts to fill that opportunity. Our local knowledge, drawn from our years of experience and the on-the-ground intelligence our sales force compiles daily, is a tremendous asset to us in this area. With that knowledge in hand, we turn to three areas for game concepts:

- **Our comprehensive library of proven games.** With thousands of games from which to choose and a vast wealth of experience to draw upon, chances are we already have just the right game in our extensive library of On-Line Games.
- **Our game development group.** If we don't have the game you seek, our game development group will gladly create it.

### *GTECH Game Library*

The right games for your players can likely be found in our game library today.

**Figure 7.2 – 7:**



**A Multitude of Game Types:** We have games for today and tomorrow in any channel that interests you. All of these game categories can be customized and are available for the TLC to offer to its players.

We design games based upon market analysis to meet almost any market demand. Consequently, our game library contains a well-rounded selection of viable games that have been proven successful in jurisdictions worldwide. Our customers can choose from a diverse range of product types and a wide variety of game styles. In addition, our corporate acquisition strategy has broadened our already deeply experienced game development team to include major players in the competitive gaming industry, as shown in the following figure. Together with these market-leading companies, we have experience and expertise in every lottery channel.

**Figure 7.2 – 8:**

### GTECH Game Development Resources

 <p><b>Moncton, NB, Canada:</b> A leading provider of video lottery terminals and related products and services to the global gaming industry.</p>	 <p><b>London, England, UK:</b> An exciting new GTECH brand that brings together an unrivalled offering of companies and interactive games.</p>
 <p><b>Lubbecke, Germany:</b> A leading global provider of casino gaming equipment and services.</p>	 <p><b>London, England, UK:</b> A leading provider of enterprise-wide, real-time trading solutions for the commercial sports betting industry, both interactive and retail.</p>
 <p><b>Blackburn Lancashire, England, UK:</b> A full-service game and promotions provider, from design to distribution to prize verification and fulfillment.</p>	<p><b>stminver</b> <b>London, England, UK:</b> The largest operator of European gaming networks, providing game solutions to leading online brands across Europe.</p>
 <p><b>Lakeland, Florida, USA:</b> A specialist in the fast delivery of high-quality instant ticket games.</p>	 <p><b>Växjö, Sweden:</b> An innovator in software systems for poker, casino, and bingo entertainment.</p>
	 <p><b>Växjö, Sweden:</b> The leading UK and European developer and supplier of innovative, interactive online betting games.</p>

**Diverse Perspectives:** We have made acquiring leading content developers a priority – wherever they are in the world, in every lottery channel.

In addition, we have experience working with lotteries around the world. These collaborative relationships allow us to assist in the Research and Development (R&D) of games and promotions of all types.

We also have game design mechanisms in place to determine whether or not a game would interfere with or undermine the Lottery's existing responsible gaming programs or messages, or if it would inappropriately entice play (or negatively impact it) by youth, high-risk, or problem players.

**We will index the Lottery's product performance against similar jurisdictions, as well as the industry's performance, to identify gap potential and possible niche markets for future game considerations.**

Although some channels are not currently available in Texas, we can work with you to leverage ideas from these various content categories to enhance your current portfolio. Concepts from channels not allowed in Texas today can be applied to games that the Lottery can currently offer. In addition, our vast product catalog will make sure the TLC is well prepared for any future channel implementation it may wish to explore.

More information on the thousands of games in our extensive game library can be found later in this section, in Subsection 27.3, Developing and Implementing New On-Line Game Concepts.

### *Third-Party Partnerships*

GTECH's exclusive partnerships with game content developers gives the TLC access to these valuable resources. In the event a GTECH game doesn't suit your needs, the design power of our collaborative efforts with these third-party partners will close the gap. And if they don't have just the right game in their libraries, we can work with them to build it. In these instances, our partnerships further expand our responsiveness, allowing us to provide games that can be swiftly implemented.

GTECH is committed to offering the TLC the best-available games and game concepts now and in the future. As proud as we are of the game libraries that we and our many subsidiaries have developed, we fully respect the TLC's prerogative to sell entertaining games from other vendors or third parties, and our system is readily capable of this. If you are interested in introducing third-party game content from another lottery vendor or creative game development shop, GTECH would be happy to work with those vendors in order to help drive revenues for Texas.

Ingénio and Tournament One are two third-party vendors we have worked with extensively on developing new game concepts.

## Ingénio

Ingénio, a Loto-Québec subsidiary, is dedicated to the R&D of new gaming products and commercialization methods. Ingenio's initiatives encompass the lottery, casino, and bingo sectors. Ingénio also develops new media tools that promote responsible gaming awareness. Due to its extraordinary ingenuity and exceptional game quality, Ingénio has established an enviable reputation on the international scene. Almost a dozen lotteries around the world market products designed and developed by Ingénio.

We collaborate with Ingénio primarily on our suite of Internet-based games, which we call Game Lounge. These games can be sold as independent games or connected to Instant Games sold at retail locations. Game Lounge games can also be used as a tool to introduce play-for-fun games to current players, establishing player interest for future gaming developments. If you are interested in exploring the possibilities related to Ingénio products, we will work with you to develop mutually agreeable terms and conditions between the Texas Lottery and Ingénio.

**Figure 7.2 – 9:  
Sample Game Lounge Game Screen.**



**A Not-So-Tangled Web Game:** Game Lounge offers simple and fun game mechanics that attract new players and provide fresh content for current players.

### Tournament One

Tournament One is a full-service (“one-stop shop”) gaming, media, entertainment, content-development, marketing, advertising, and production enterprise. It’s a top company that’s making the most of the sweeping changes occurring in the lottery and electronic gaming industries.

**Figure 7.2 – 10:  
Tournament One Sample Game**



**Striking the Right Chord:** As a one-stop shop, Tournament One produces leading-edge games in conjunction with notable entertainment companies.

With business, technology, engineering, and creative professionals helping the company’s clients acquire and retain customers and grow revenues, Tournament One’s extensive experience includes working with such notable companies as Time Warner, Viacom, MTV, ESPN, CBS, Progressive Gaming, Cyberview, and MGM Mirage Resorts.

## **Licensed Content**

To bring exciting, relevant licensed property games to you, GTECH has licensed properties that will enhance all types of lottery games. Licensed properties offer exciting marketing opportunities in the online channel. With our Aerosmith games, for example, in addition to cash prizes, players can win experiential prizes such as a VIP package for four that includes a trip, VIP show passes, and a meet-and-greet with the band.

**Licensed properties offer exciting marketing opportunities in the online channel.**

### *Custom Game Creation*

If we can't find just the right game in either our library or that of a third-party partner, we'll work with you to create the game that meets, and even exceeds, your expectations.

We have approximately 120 company-wide resources that support concept development and game design R&D efforts. Our Game Portfolio Development Group manages existing games, develops new game concepts, and assesses third-party submissions. The group also collaborates with other creative services units of GTECH, such as

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As discussed previously, our team works with the four parameters of value dynamics (player relevance, portfolio position, presentation, and prize structure) to give each new game the greatest chance at success. With a large number of game developers working in every lottery channel (On-Line, Instant, video, and interactive), we are distinctively qualified to help you maximize your games' appeal with current and potential player segments. Our market analysts, mathematicians, game analysts, promotion specialists, graphic designers, game play developers, and product managers all work to make sure that your games achieve their full sales potential. For new games and works, we will conduct all appropriate intellectual property searches at our sole expense, in accordance with RFP Section 3.28, Intellectual Property Search.

From industry policies to population segmentation, our team members understand the unique factors lotteries must consider when matching games to player bases and distribution channels and how each factor relates to a game's value dynamics. In addition, as game content becomes more advanced, players demand higher entertainment levels in exchange for their loyalty.

Our game design efforts begin with everything we know about a lottery jurisdiction and its players' evolving interests. Field knowledge is critical to identifying these dynamics. Our sales team is constantly collecting meaningful data from the field and making recommendations to fill gaps they see while performing their jobs on a day-to-day basis.

**Confidentiality Claimed  
Not released**

### Market Research, Testing, and Game Refinement

Once potential game concepts are identified, we test those concepts in the market to see how they perform and what players think of them. We use many traditional research methods, such as focus group testing, surveys, and group audience testing. We have also introduced a new tool that allows us to test games in a real-world environment with real players spending real money. This tool produces more authentic testing results, leading to better-informed business decisions. A full description of our market research tools can be found in Section 8.8, Research and Lottery Product Development.

**Confidentiality Claimed**  
**Not released**

**Confidentiality Claimed  
Not released**

## **Confidentiality Claimed Not released**

The results from this testing, as well as the traditional market research (e.g., focus groups, group audience testing, segmentation studies) outlined in detail in Section 8.8, Research and Lottery Product Development, help us refine concepts to maximize their sales potential in Texas.

### *Game Refinement*

Based on cyclical results testing in the market, we reexamine the game concept and make necessary adjustments where players found deficiencies. The revised concepts are then tested again, and the process continues until we produce a game concept that we believe will be highly successful in the Texas marketplace.

## **Confidentiality Claimed Not released**

### Implementation Strategy and Execution

After games are tested and refined to the TLC's satisfaction, the game launch and implementation phase includes two action tracks that occur simultaneously. These are the system and software actions that take place to support a game launch and the preparations that occur in the field to support the new game.

### *Launching a New Game on the System*

) has the system flexibility and capabilities required to support new games, game features, and play types that will enable the TLC to grow in the future. In fact, all of the current On-Line Games in the Texas Lottery portfolio have already been converted and thoroughly tested for the new .

Just as our evolves and improves, so, too, does our marketing capability. To provide GTECH customers such as the Texas Lottery with solutions that maximize their game portfolios and speed games to market, our marketing team pursues a game development strategy that features these essential elements:

- Create basic templates for games (in our 400+ game library). For example, our game library includes a baseline lotto game.
- Develop the necessary system parameters and hooks for the game templates – for example, the matrix for a numbers game.
- Test games thoroughly using the latest test automation. Automated testing reduces testing time, which gets games to market faster.
- Deploy games in the field. Rollout of new and changed games follows stringent processes that include many interdependent areas – field service, retailers, marketing, warehouse, etc.

GTECH's ability to deliver across the entire game creation life cycle is comprehensive. We use best practice development methodologies, modular designs, and highly parameterized game development and configuration. Our rigorous game delivery process, supported by years of game design and development experience, adheres to industry best practices. That's one reason why TLC games and game changes have always launched on time.

#### **TLC games and game changes have always launched on time.**

After a game concept has been fully scoped, researched, developed, and refined, and the Lottery has approved it for launch, the systems development and change management processes get underway. The TLC will then chair On-Line Game implementation project meetings and, together with GTECH, establish implementation schedules as applicable.

To add a new game of an existing game type, a model of that game type (with its defined parameters), is created and assigned a new name and deployed on the central system, which we call the

. The game configuration and setup program is then run to configure the new game. This program adds the details of the new game into the global configuration file and creates game-specific configuration and data files. On the day the game is configured to start, the will automatically activate the new game.

The games on the are highly parameterized to provide flexibility with respect to the initial installation or ongoing modification. For example, the following parameters are available for a lotto game:

- **Control Parameters:** Bet unit, validation unit, checksum, version number, and product name.
- **Wager Parameters:** More than 55 parameters, including wager amount, bets and boards, X of Y, wager type, multidraw, advance draws, high price, promo discount, cash or annuity, etc.
- **Bet Parameters:** Bet class, bet type, bet description, number of marks, number of simple bets, checksum, and version number.
- **Ticket Parameters:** Ticket message, checksum, version number.
- **Cancel Parameters:** Allowed flag, message, checksum, version number.
- **Prize Payout:** Guaranteed, pari-mutuel, or jackpot winning amounts for each prize division.

can handle the most popular game parameter changes without changing a line of code:

- Draw day of the week (change or add).
- Matrix change.
- Minimum/maximum number of picks.
- Multidraw.
- Number of prize divisions.
- Prize payouts.
- Number of bonus numbers drawn.

## Games Developed via Stringent Processes

Our systems development and change management approaches are designed to identify, evaluate, and negate the risks inherent in moving a very technical environment forward to meet business needs. With this approach, all changes to documentation, procedures, game specifications (new and modified), program source and object code, and other major system components are initiated by a change request process. The proposed changes are then assessed and must be approved by the Texas Lottery prior to the commencement of any game development. If approved, the change is put on the development/release schedule. This allows us to avoid resource conflict and sequencing problems. Upon completion, changes are subject to post-implementation review to expose areas of possible improvement.

Specialists and business managers assess all proposed changes and document the assessment. The job of the specialists and managers, as well as of the Change Advisory Board (CAB), is to ensure that every effort is made to mitigate risk that may threaten a lottery's operation in any way. Only *after* ensuring the viability of the implementation plan for the change, the associated procedures, and the reliability of the contingency plans is approval given for implementation.

GTECH ensures, through procedural and system controls, that *only* approved changes, on an approved schedule, can be made. The Lottery will receive reports to review change management activities.

Our                    supports not only the play of traditional lottery games but also all additional game and play types that appeal to players and may be approved by the government in the future. It is important that your lottery vendor not only have the technological ability to support your current games, but can potentially support your future games and help you to create new game content. We excel at both – technology and game content.

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## **Software Testing: User Acceptance Testing (UAT) and Quality Assurance (QA) Testing**

Before we release any software of any kind into the Texas Lottery's gaming system, we will always, as we currently do, perform extensive Software Quality Assurance (SQA) and QA testing on all hardware *and* software in accordance with the planned software implementation schedule. Our stringent QA processes ensure that the software and system are operationally sound and ready to be deployed in critical production environments. Our testing environment will provide production-type reports, including management reports, and terminal reports, and the capability for researching and reporting on transaction history.

GTECH provides a level of testing and operational readiness unmatched in the lottery software industry. We offer the assurance for software development that comes with our Software Engineering Institute (SEI) Capability Maturity Model Integration (CMMI-DEV) Level 4 certification and International Organization for Standardization (ISO) certification. For more information, please see Section 7.7, System Management.

**GTECH's testing of all components will *always* be performed *prior* to the Lottery performing its own testing.**

It is important to the TLC that any software or system releases deployed into production as well as any changes to existing software or systems occur without incident. We will be responsible for the quality and effectiveness of system and software releases. Software releases will occur after completion of a cooperative acceptance testing effort between GTECH and the Lottery to ensure that the TLC's requirements are met and that the system operates as specified.

We will have a dedicated test system for software enhancements and batch releases that will be independent of the Lottery's UAT system. GTECH's testing of all components will *always* be performed *prior* to the Lottery performing its own testing.

As we do today, we will provide a Texas-based QA resource that will be the primary point of contact for the coordination, support, and execution of the Lottery's acceptance testing. During the Lottery's acceptance testing (which will use testing terminals and systems described in Section 7.7, System Management), our QA resource will be assigned exclusively to support the Lottery's acceptance testing efforts.

Releases are planned and effective release packages are built to deploy one or many changes into production. Release management ensures that minimal disruption occurs in the production environment. All appropriate parties review the release details to ensure successful deployment of changes. The release is deployed according to structured implementation guidelines to guarantee that all software meets the demands of the business processes.

#### **Our Test Automation Portfolio**

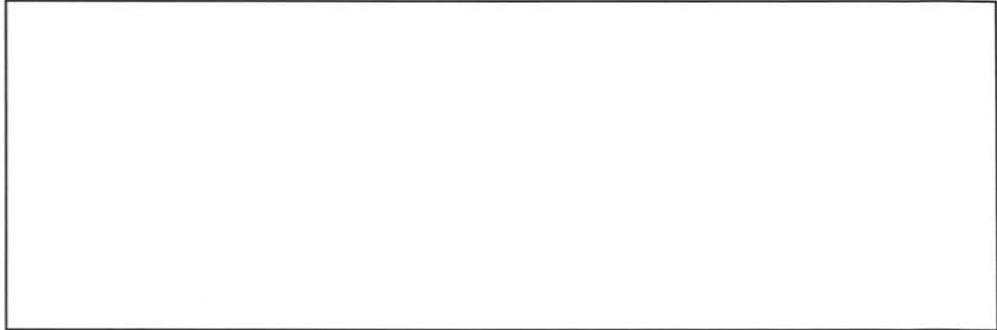
When a single ticket could be worth millions of dollars, the Texas Lottery's integrity and reliability are always at stake. We believe our proven record of system uptime has demonstrated our mature and comprehensive testing capability. Still, we never stop looking for ways to improve our processes.

The Automation Tool Portfolio that our QA test engineers currently use contains tools that can automate gaming functions, initialize core functions through remote procedure calls, and export selected reports to a user's PC for balancing configurable financial data across a report set. Should we be selected as the successful proposer, these tools will be available to you for testing the online system.

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Test automation provides a great opportunity to reduce the overall effort required to perform quality testing in product, implementation, and services project deliveries. Using the Automated Game Matrix and Transaction Simulation testing tools, GTECH performs business cycle testing efficiently and with minimal effort well in advance of parallel processing.

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### *Field Preparation*

Implementing a new game successfully requires more than a robust and capable system. There are also merchandising strategies and techniques that must be purposefully planned and executed correctly to make a new game launch successful or to reinvigorate a game portfolio. The aforementioned functions and procedures are all used to ensure successful implementation of games on your new system.

Among the actions our sales management team and LSRs take to properly implement a game in the field are:

- Drafting and delivering retailer training.
- Creating retailer manuals and “How to Make a Sale” sheets.
- Selling-in at the retailers.
- Working with retailers to customize game launch strategies for their particular location.
- Delivering game launch materials (e.g., play slips, POS) to retailers.

For further detail and a full description of our implementation strategies in the field, please see Section 8.3, Marketing, and Section 8.4, Lottery Sales Representatives.

### **POS Merchandising**

Advances in POS merchandising will give TLC retailers better ways to position Lottery products where customers make their purchases. POS merchandising also shows your commitment to retailers by bringing much-needed color and drama to their On-Line Games while encouraging additional impulse play among their players.

### ***Jackpot Signs***

Our research shows that, in large jackpot series, jackpots of more than \$100 million generate the majority of sales for the whole series. With two multistate jackpot games, the Texas Lottery should try to make sure that players are aware of the games, especially when a jackpot reaches a point where it is likely to attract jackpot chasers.

**Confidentiality Claimed  
Not released**

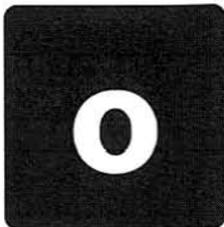
Further information on any combination of available Carmanah, Admart, and Adaptive signs, which we propose as Offered Options, can be found in Section 8.7, Marketing Materials and Related Equipment.

**Figure 7.2 – 11:  
Jackpot Display Signs**



**High Visibility:** Various options are available to help the TLC publicize jackpots and merchandise these On-Line Games.

**Easy Play Cards**



Your Easy Play Cards are not only a quick and easy way for players to play On-Line Games, they are also a POS merchandising product that advertises individual Lottery games to generate On-Line Game awareness and play. They can be placed in play card racks, hung from clip strips, and even distributed via direct mail and newspaper inserts – there are plenty of merchandising options for these colorful cards. In the retail environment, Easy Play Cards can be displayed in areas not traditionally used for merchandising – for example, around Lottery retail terminals – to encourage impulse play while conserving valuable counter space. Easy Play cards are an **Offered Option**.

Easy Play Cards are fast and easy to use. Retailers simply scan bar codes printed on the bottom of the cards to generate On-Line Quick Pick tickets from the terminal. Different Easy Play Cards are printed for each game, at multiple price points, so they can be strategically used to encourage multiple-board wagers in each purchase transaction. What's more, card graphics can be color-pulsed or refaced to refresh games easily.

Figure 7.2 – 12:

### Texas Easy Play Card Examples



**How to Play Cash Five**  
 You can win exciting CASH prizes just by matching 2, 3, 4, or 5 numbers from a field of 27.

All prizes are paid in one lump sum payment, even the top prize. Winning has never been so much fun! And, you can win on three a week. Drawings are held Monday through Saturday at 10:12 pm, Central Time.

**How to Play**  
 Scan this card at any checkout lane!

Cash 5 <sup>®</sup> Prize Chart if TOP PRIZE WINNER			
Match	Estimated Prize	Odds of Winning	
Top prize	5 of 5	1:433,397	
2nd prize	4 of 5	1:2,277	1.000
3rd prize	3 of 5	1:117	1.000
4th prize	2 of 5	1:11.7	1.000

Top Prize Multi-Down <b>NO TOP PRIZE WINNER</b>			
Match	Estimated Prize	Odds of Winning	
Top prize	5 of 5	1:433,397	
2nd prize	4 of 5	1:2,277	1.000
3rd prize	3 of 5	1:11.7	1.000
4th prize	2 of 5	1:11.7	1.000

**Overall odds are 1 in 8**

1. These odds apply to the top prize only. 2. Odds are based on a single play. 3. Odds are based on a single play. 4. Odds are based on a single play. 5. Odds are based on a single play.

If no one correctly matches all five numbers to win the 1st or 5th prize, the money set aside to pay the 1st prize will roll down to the 4th prize. The 4th prize will increase accordingly.

**How to Find Out if You're a Winner...**  
 The easiest way to check is on our Web site. The results of the most recent drawings appear on the home page. For results from previous drawings, click here.

You can also come in to see if you're a winner. Texas Lottery drawings for on-line games can be seen daily and weekly at retail stations in most areas of Texas. See the list of stations in your area. Drawings are held at the following days and times:

Lotto Texas	Wednesday/Saturday	10:12 pm, Central Time
Mega Millions	Tuesday/Friday	10:12 pm, Central Time
Texas Two Step	Monday/Thursday	10:12 pm, Central Time
Cash Five	Monday - Saturday	10:12 pm, Central Time
Pick 3 with	Twice daily	12:27 pm & 10:12 pm, Central Time
Sum It Up	except Sunday	12:27 pm & 10:12 pm, Central Time
Daily 4 with	Twice daily	12:27 pm & 10:12 pm, Central Time
Sum It Up	except Sunday	12:27 pm & 10:12 pm, Central Time

Winning numbers are also available at [www.lottery.org](http://www.lottery.org). Texas Lottery results are in every daily newspaper.

**For more information, visit [lottery.org](http://lottery.org)**

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<div style="display: flex; justify-content: space-between; align-items: center;"> <span>\$5</span> <span>Easy Play Card</span> <span>\$5</span> </div>  <p style="text-align: center; font-size: 1.2em;">It's easy to play:</p> <ol style="list-style-type: none"> <li>1. Hand this card to clerk OR</li> <li>2. Scan it yourself at self-serve lottery terminal</li> <li>3. Get your Quick Pick(s)</li> </ol> <p style="text-align: center; font-weight: bold; font-size: 1.1em;">MAYBE IT'S YOUR LUCKY DAY.</p>  <div style="display: flex; justify-content: space-between; align-items: center;"> <span>\$5</span> <span>Easy Play Card</span> <span>\$5</span> </div>	<div style="display: flex; justify-content: space-between; align-items: center;"> <span>Value Option</span> <span>Play Card</span> <span>\$5</span> </div>  <p style="text-align: center; font-size: 1.2em;">Easy to play:</p> <p style="text-align: center;">card to clerk OR</p> <p style="text-align: center;">yourself at self-serve lottery terminal</p> <p style="text-align: center;">or Quick Pick(s)</p> <p style="text-align: center; font-weight: bold; font-size: 1.1em;">IT'S YOUR LUCKY DAY.</p>  <div style="display: flex; justify-content: space-between; align-items: center;"> <span>Value Option</span> <span>Play Card</span> <span>\$5</span> </div>	<div style="display: flex; justify-content: space-between; align-items: center;"> <span>Value Option</span> <span>Play Card</span> <span>\$10</span> </div>  <p style="text-align: center; font-size: 1.2em;">Easy to play:</p> <p style="text-align: center;">card to clerk OR</p> <p style="text-align: center;">yourself at self-serve lottery terminal</p> <p style="text-align: center;">or Quick Pick(s)</p> <p style="text-align: center; font-weight: bold; font-size: 1.1em;">IT'S YOUR LUCKY DAY.</p>  <div style="display: flex; justify-content: space-between; align-items: center;"> <span>Value Option</span> <span>Play Card</span> <span>\$10</span> </div>
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**A New Way to Merchandise:** Easy Play Cards offer players a new, easy, fast way to play their favorite On-Line Games.

Easy Play Cards are a great way to introduce new On-Line Games to the market since they inspire impulse purchasing. They are also an effective complement to a promotion, especially when rotating in and out of the POS strategy. By strategically using Easy Play Cards, the TLC can maximize their presence and avoid player complacency toward them. Players will notice the cards more if they are not out every single day or if they are used in conjunction with special promotions.

We can work with the Lottery to leverage premium Texas brands, such as H-E-B and Valero, to produce Easy Play Cards specific to these corporate chains. This would also help increase the novelty of the card to grow player awareness. We also suggest using Easy Play Cards to complement our Lottery Inside in-lane sales solution, outlined in Section 7.12, Sales Terminals and Related System Sales Equipment.

### **Promotions and Events**

Promotions give a face to On-Line Games, particularly as they help attract new or lapsed players and create more buzz for new On-Line Games. From a promotions perspective, our experience with the Texas landscape is another major asset to our continual reinvigoration of the Texas game portfolio. Our Texas-specific expertise, in-field execution, and sales force relationships and knowledge, combined with our new technologies, will be invaluable to us in helping the TLC develop and implement continually improved promotional campaigns and events as we move forward. For more information about our capabilities in these areas, please see Sections 8.5, Retailer Contests and Retailer-Based Player Promotions, and 8.6, Promotional Events and Retailer Promotions.

### **Retailer Training**

Before a game launch or change, or a promotions launch, LSRs train retailers. This can take place either as part of formal training, as a site visit with training, or under other arrangements as determined by the TLC and GTECH. Retailer training provides retailers with information about the new games and strategizes appropriate merchandising best practices for the game in their area and at their particular store.

To help retailers promote winner awareness, use promotions and merchandise appropriately, and show retailers how to make players feel welcome and help them understand the game, LSRs are provided with merchandising and sales training and training materials. The Texas Lottery Execution Guides address each of these activities to ensure that they are efficiently deployed and coordinated, both for new games launches, and for existing games in the portfolio.

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LSRs will also have \_\_\_\_\_, which will help solve whatever issue a retailer may have during a new game launch. \_\_\_\_\_ will be a reference for LSRs, providing them information they can use to help create targeted training for each retailer and record training events. Our dedication to developing tools like \_\_\_\_\_ demonstrates that we realize what needs to be done today to grow sales while we continue to develop and keep an eye on future opportunities for gaming in Texas, as detailed throughout Part 8, Sales and Marketing.

Please refer to Section 8.3, Marketing, and Section 8.4, Lottery Sales Representatives, for additional information on our in-store marketing execution plans and strategies. For more information on Retailer Training, please see Section 6.8, Training.

### **Operational Hotline: The Call Center**

As part of our comprehensive game launch strategy, we make the call center aware of new games, game changes, and promotions so they can answer retailer and player questions on how to play, etc. The call center is the single point of contact for your retailers to keep them operating smoothly and selling tickets.

### **In-Store Advertising with**

Delivered at the retailer POS, \_\_\_\_\_ is a marketing content and technology solution for managing and delivering electronic game, jackpot, winner, and informational messaging. With more than 120,000 \_\_\_\_\_ in-store advertising signage displays deployed in 28 jurisdictions worldwide (more than almost any *signage vendor* in the world), GTECH's use of \_\_\_\_\_ ensures that timely and accurate Lottery information is displayed without requiring retailer participation or effort.

#### *Uses and Benefits*

##### **Retailer Benefits**

- Increases Lottery brand awareness at the point of sale to drive sales.
- Supplements clerk sales efforts.
- Supports retail promotions.

##### **Player Benefits**

- Delivers on-point, enticing Lottery messages right where players play.
- Provides players with details about their transactions (consumer protection).

### Lottery Benefits

- Supplies real-time store POS updates using a centralized management tool.
- Eliminates reliance on biweekly LSR visit cycles for POS materials.
- Promotes the idea of "lucky stores" and drives impulse sales through the display of winner, jackpot, and draw information at the point of sale.
- Enables advertising dollars to be reallocated.
- Saves on printed POS messaging costs.

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**Figure 7.2 – 13:**  
**Sample Screen**



**Many Advertising Uses and Benefits:**  
our digital signage solution, can advertise games, promotions, and much more without retailer involvement.

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There are hundreds of store products and signs competing for players' attention. [REDACTED] can set the Texas Lottery's in-store POS apart from that of other brands, increasing the likelihood of Lottery purchases. [REDACTED] has contributed to On-Line sales growth in many jurisdictions:

- **Texas:** During a 16-week, six-store Texas pilot, retailers saw an average 27 percent increase in On-Line sales as compared to the prior 16-week period.
- **Arizona:** As part of the August 2006 conversion, the Arizona Lottery's 2,600 retailers received [REDACTED] displays, which increased lottery sales between 9 and 11 percent, according to John Hogg, Arizona Lottery Sales and Marketing Director.
- **California:** The California Lottery has seen consistently excellent results using the system. With [REDACTED] s initial statewide messages, the lottery saw a \$32.71 incremental sales increase per retailer, per week, and a \$12.59 increase in incremental profits per retailer, per week, which equates to a 4 percent Return on Investment (ROI).

Most On-Line Games do not have the visual appeal of their Instant counterparts. The alluring colors, designs, and graphics of the actual Instant Ticket are often enough to successfully merchandise it. With the higher profitability of On-Line Games as a game type, proper merchandising and increasing their visual appeal are very important to portfolio success. [REDACTED] can help do that by pairing appealing graphics with the On-Line product at the point of sale to increase impulse purchases.

[REDACTED] most important role is in raising jackpot awareness. We recommend using conditional slides to coincide with jackpot levels so that players are exposed to advertising for higher jackpots more frequently. [REDACTED] flexibility will make this important task very manageable. Jackpot awareness at the moment of purchase does more to stimulate On-Line Game sales than any other merchandising tactic.

## Evaluation and Monitoring

After games and promotions are launched, we monitor and assess their success to make sure that they efficiently improve your sales results. Comprehensive sales tracking and analysis continue product refinement for market optimization for the TLC. For more information, please see Sections 8.8, Research and Lottery Product Development.

### *Reinvigorating the Current Game Portfolio*

To continue returning \$1 billion (or more) annually to the Foundation School Fund, the existing games in your portfolio must maintain their solid performance. Energetic support for your current games is every bit as important as the introduction of new games for the future. We will offer creative ways to help grow sales of those games, both Instant and On-Line. To achieve and reinforce robust On-Line Game sales, GTECH proposes solutions that combine advertising and merchandising, in addition to maximizing functional merchandising items like play slips and playstations, to capture player attention with wagering features designed for player convenience.

In the Texas gaming environment, optimizing the current portfolio is extremely important, since change often comes slowly. Big changes that open dramatic shifts in the gaming landscape are rare in Texas and cannot be counted on for future growth. Instead, future revenue growth for Texas depends on training, sales force execution, and promotions, as we have outlined throughout this section.

## **27.3 Developing and Implementing New On-Line Game Concepts**

### **Current Games and Play Types**

relies on open architecture to integrate software modules. This architecture requires minimal customization when implementing new games or enhancements. also provides flexibility for growth into new games, game features, and play types. GTECH will support your new growth with exciting game content, technology, services, ideas, and products. Details about many of these new games, features, and play types are provided throughout this section.

### **Corporate On-Line Game Launch Experience**

Since 2000, GTECH has launched 324 On-Line Games or concepts new to jurisdictions on five continents. These games have generated more than \$57 billion in revenue during the past decade.

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**Figure 7.2 – 14:  
GTECH Corporate Game Launches Since 2000**

Game Type	Brief Description	Quantity	Total Revenue
Bingo	A game where players have a player card and try to match numbers drawn to numbers on their card	2	\$4 million
Cash Games	A lotto game awarded as a lump-sum cash payment	17	\$1.7 billion
Club Keno	A wide field lotto game drawn frequently (usually every four to five minutes) with results usually displayed on a monitor	12	\$2.9 billion
Daily Keno	Keno game drawn once a day	4	\$820 million
eScratch	Vouchers with an Internet access code that player can use to see if they are a winner. Outcome is predetermined regardless of whether player plays on the Internet	1	\$6.5 million
Extra	An add-on where a player gets an extra set of digits printed on their tickets and wins by matching one of these numbers to one of the numbers he or she played for the base game	14	\$220 million
G3	Instant-On-Line Games	48	\$94 million
Lotto	Game where player selects a group of numbers from a large set and wins prizes based on how many are matched from a second set drawn by the Lottery	18	\$2.8 billion
Lucky Dough®	Tic-tac-toe type game that features eight fields of numbers. Players win by matching numbers to Tic-tac-toe lines	3	\$50 million
Monitor	A game-type, usually in social establishments, where the outcome is shown to players, through various game types, on a monitor at the establishment. These games usually run every four to five minutes	7	\$40 million
Multistate	Games where players from various jurisdictions enter the same prize pool for a game	61	\$11.1 billion
Niche	Games that follow the same play-type but can be played with various themes, often simultaneously, to appeal to various smaller segments of the population	11	\$3.2 billion

Game Type	Brief Description	Quantity	Total Revenue
Numbers	Players chose a series of numbers (usually three or four) between 0 and 9 and win by matching their numbers to a set the lottery draws	24	\$30 billion
Pick 'n Play™	An Instant On-Line-type game where a player uses a player card to instantly match a number from the On-Line ticket they purchase from a retailer at the terminal	20	\$120 million
Raffle	A game available for a limited time where players receive a sequential numbered ticket and win by matching their number to a number drawn by the lottery	72	\$660 million
Spiel	An add-on wager where player gets an extra set of numbers and tries to match them to the numbers drawn for a different prize structure	7	\$2.2 billion
Sports	Games where outcomes are determined by the results of sporting events	3	\$1.3 billion

During this past contract with the TLC, we launched seven On-Line Games or add-ons in Texas. The following figure highlights the sales expectations and actual performance of some of these games, all currently still in the market.

**Figure 7.2 – 15:**  
**Texas On-Line Game and Add-On Launches During GTECH's Last Contract**

Game	Launch Date	Weekly Sales Expectation	First Year Weekly Sales Average
<i>Mega Millions</i> game with <i>Megaplier</i> ® add-on	December 2, 2003	\$4.2 million	\$5.5 million
<i>Daily 4</i> ® game with <i>Sum It Up</i> ® add-on	September 30, 2007	Between \$1.1 million and \$1.4 million	\$1.05 million
<i>Sum It Up</i> add-on to <i>Pick 3</i> ™	November 11, 2007	Between \$280,000 and \$560,000	\$160,000
<i>Powerball</i> with <i>Powerplay</i> ® add-on	January 31, 2010	\$4 million	\$2.3 million*

\* Through April 2010

In addition to the Texas samples cited in the previous figure, we have also provided examples of seven new game concepts, with their sales expectation and actual performance levels, launched in the U.S. in 2009 and 2010. These games were developed and launched in close collaboration with our customers.

**Figure 7.2 – 16:  
2009-2010 GTECH Domestic Game Launch Examples**

Game	Launch Date	Weekly Sales Expectation	First Year Weekly Sales Average (To Date)
Illinois Sunday Midday Draw on Numbers (Pick 3 Incremental Sales)	January 10, 2010	\$292,000	\$417,500
Illinois Sunday Midday Draw on Numbers (Pick 4 Incremental Sales)	January 10, 2010	\$156,000	\$261,200
Georgia Fantasy 5 eZmatch (Base Sales)	October 5, 2009	Between \$1.53 million and \$1.63 million	\$2.01 million
Georgia Fantasy 5 eZmatch (New eZmatch Sales)	October 5, 2009	Between \$93,800 and \$229,200	\$580,000
DC DC-5	July 19, 2009	Between \$229,000 and \$562,000	\$234,100
Virginia Fast Play category	May 31, 2009	Between \$320,000 and \$480,000	\$210,000
Virginia Boost add-on to Pick 3	May 3, 2009	Between \$375,000 and \$475,000	\$100,000
Arizona Cash 4	March 29, 2009	Between \$186,800 and \$224,100	\$144,500
North Carolina Pick 4	March 29, 2009	Between \$800,000 and \$1 million	\$1,205,000

## Sales Expectations

To create sales expectations, our analysts take into account three main variables:

1. **Player and Market Landscape:** Through analysis and research of the player and the gaming environment (including retailer placement), our predictive sales model helps us gauge what games will sell, and how well, in different areas throughout a jurisdiction.
2. **Current Portfolio:** In addition to the player and retailer analysis, we also examine the game portfolio to see what types of gaps exist, and to what extent a new game fills this gap. Is a certain play style or prize structure currently available to players in the market? If so, how much overlap will there be with the new game, and how much cannibalization is the new game likely to cause?
3. **Comparison to Other Jurisdictions:** With our LMDB tool and experience in jurisdictions around the world, we draw on our expertise and sales histories in other jurisdictions to determine our expectations for how a game will perform in Texas.

Sales expectations give us a very good idea of how games will perform. However, with factors such as economic climate, marketing and advertising launch support, and lottery resources dedicated to a new game varying from district to district, we have at times both far exceeded and fallen far short of our projections. With the proper implementation strategy, our sales projections and analyses are very accurate indicators of how a game will do once it hits the market.

## Implementation Strategy

When developing an implementation strategy for a game, we start with a general foundation, on which we can build customized strategies. The **Powerball Launch Implementation and Execution** insert following this page highlights the basic implementation strategy and time line we undertook with the Texas Lottery to ensure a successful *Powerball* rollout.

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Although a general game launch plan such as the *Powerball* implementation example is necessary, it must be accompanied by district, territory, and retailer customized execution plans. Our experience and the level of success we have achieved with On-Line Game portfolios in Texas and around the world are clear indications that we have a basic strategy to implement a new game. And by marrying our corporate experience with our Texas-specific expertise, we are able to take that broad strategy beyond what other vendors offer.

On a corporate level, we have been introducing On-Line Games around the world for nearly 35 years. Therefore, as previously discussed, we can draw on our experience to gauge the impact of particular implementation strategies. We analyze what has worked in the past in jurisdictions in similar situations to Texas. Thanks to our pool of knowledge, we can consider many variables when creating implementation strategies and not employ a “one-size-fits-all” strategy for implementing a particular game type.

Similarly, with the experience and expertise our LSRs have throughout Texas, we can devise multiple implementation strategies (granular enough to allow customization at the retailer level) that will work throughout the state. All of the strategies will ensure a consistent message to the market and consumers.

Implementation strategies must be customized not only on a game-by-game basis, but on a deeper level. For example, a launch strategy for a *Pick 3* game during a recession would probably have a different outcome under different economic conditions, even in the same jurisdiction. Likewise, factors such as jurisdiction size, product offering, and geography make it nearly impossible to identify a blanket implementation strategy for a particular game type.

Our global implementation experience of working with one hundred lotteries combined with our local knowledge and expertise will help us to determine which specific execution strategy works best in every corner of Texas.

## **GTECH's Comprehensive Game Library**

We will provide proprietary On-Line Games that we own or license to the Texas Lottery. Our game library contains thousands of Instant Games, hundreds of video games, more than 400 On-Line Games, and 290 interactive games. It encompasses a diverse portfolio of product types as well as a range of game styles from which to choose. Many of these concepts the TLC could launch today, while others would require regulatory changes and are geared more toward the future.

GTECH has a full spectrum of game concepts, and we are continually researching, testing, and refining more. We also supply game performance examples in various jurisdictions with the concepts we discuss in this section.

### **On-Line Games**

#### *Traditional On-Line Games*

On-Line Games are the most profitable in your portfolio, making it imperative to continue to grow sales in this area during your next contract. Offered widely by both domestic and international lotteries, On-Line Games are terminal-based games, such as matrix and jackpot (lotto- and cash-type) games and numbers (*Pick 3*-type) games. Because On-Line Games are the mainstay of most mature, traditional lotteries, we combine different play elements with new, appealing formats to extend current player loyalty and expand these games' player bases.

We have been developing many new On-Line Game concepts. Should any general concept pique the TLC's interest, we will work with the Lottery to create a Texas-specific version that we test and refine to make sure all the attributes would work in the Texas gaming environment.

While there are no plans in place to replace it, we are currently developing new gaming concepts that may make viable replacements for *Lotto Texas*® in the future. Again, while this is not at present in the works, if cannibalization does occur – especially as cross-sell revenue levels grow – to the point that *Lotto Texas* sales cannot support jackpots, we will already have analyzed and evaluated potential solutions for the TLC to consider.

### **Lucky Bet® – The Best Odds You Can Offer Your Players**

*Lucky Bet* is a great way to offer Lottery players something new and different. Players fill out play slips by simply selecting the number of tickets they want, indicating how much they want to wager per game, then choosing four numbers from the field of 40 – or they can opt for Quick Picks.

Each ticket has three rows of numbers printed on it. The top row has four numbers, the middle row has five, and the bottom row has six. The top row shows the player's selection, while the numbers in the middle and bottom rows are automatically generated via Quick Pick. The Lottery draws four numbers from a field of 40.

- Players win the top prize if they match all four of their numbers in the top row to the Lottery's drawn numbers. The estimated jackpot is \$25,000 for the minimum wager!
- Players win the second prize if they match four of the five numbers in the middle row to those drawn by the Lottery.
- Players win the third prize if they match four of the six numbers in the bottom row to those drawn by the Lottery.
- Players also win prizes by matching two or three numbers in any of the rows. In the example in the following figure, the player matched three numbers in the bottom row to win \$10.

Figure 7.2 – 17:

### Lucky Bet Game

## *Lucky* BET<sup>™</sup>

■ ■ ■ ■ ■ ■ ■ ■ ■ ■

**1** Select Number of Tickets That You Want to Play

MARK:

1	2	3	4	5
---	---	---	---	---

**2** Select how much you would like to play per game.

MARK:

\$2	\$3	\$5	\$10
-----	-----	-----	------

Top Prize of \$25,000    Top Prize of \$75,000    Top Prize of \$200,000    Top Prize of \$500,000

**3** Select 4 Numbers in the Board

MARK:

1	2	3	4	5	6	7	8	9	10
11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40

Choose Your Own Numbers or Play Quick Pick:  Quick Pick

## LUCKY BET<sup>™</sup>

---

FOR \$25,000                    18 28 33 35

FOR \$2,000                    11 19 24 29 30

FOR \$500                    17 20 31 34 36 40

---

MATCH 3 #S IN A ROW AND WIN: \$10  
MATCH 2 #S IN A ROW AND WIN: \$2

---

\$2.00

04/11/06    10:17:27  
123-456789623-1712-32

029272  
123456

DRAW #123456

## *Lucky* BET<sup>™</sup>

RESULTS FOR 12/14/2007

17

31

35

40

**More Ways to Win:** Players surveyed said they liked Lucky Bet's many ways to win and would play Lucky Bet in addition to the games they play regularly.

7.2 – 44

On-Line Games

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### *Add-On Games*

Add-on games are play types that can be offered with base games such as traditional On-Line Games and club-style, fast-action games at an additional cost to the player. They can be implemented as limited-time, promotional features or as permanent game components. Often used to refresh existing games and/or to provide additional value to higher price point games, add-on games offer players more ways to play, and to win. They also drive incremental base game sales to generate additional revenue. Market research will determine which of these concepts would be most successful in Texas.

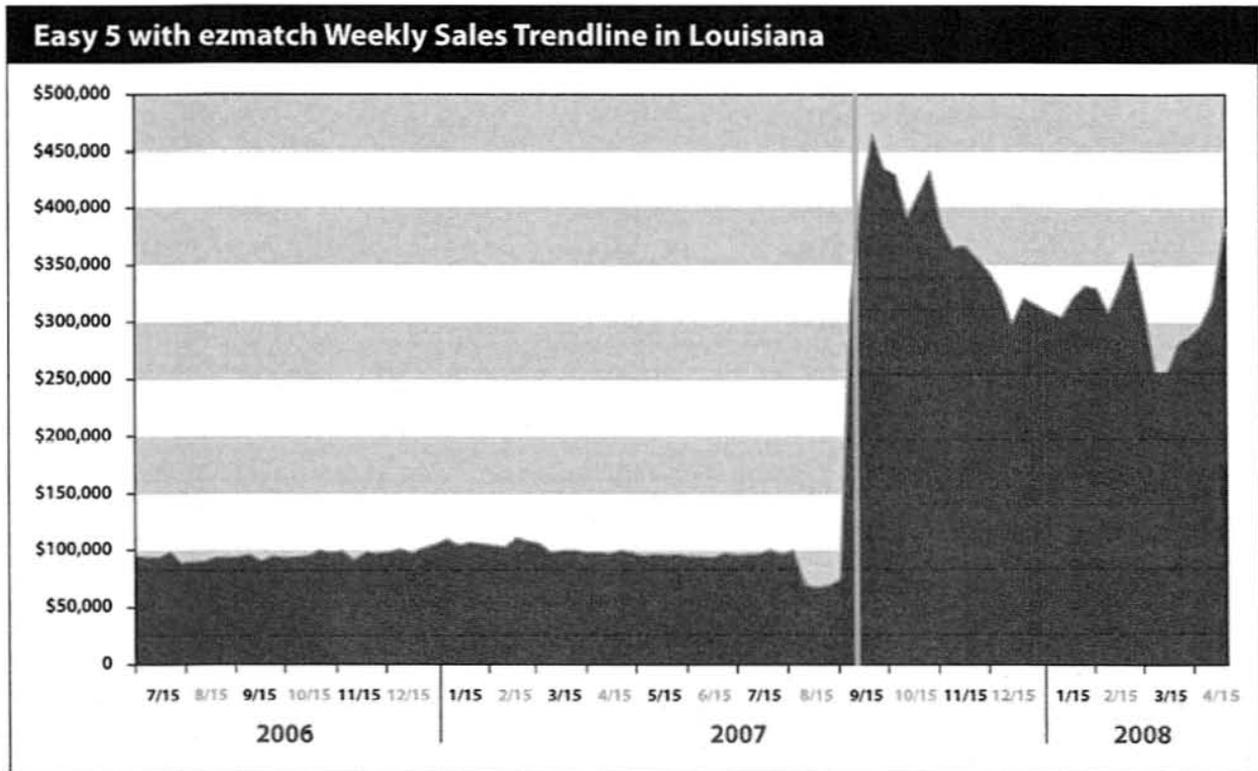
### EXTRA/EZmatch

One such add-on feature our customers have introduced with great success is our EXTRA/EZmatch option. The Florida Lottery added EXTRA to its cash game, Fantasy 5, introducing it as ezmatch on March 20, 2006. For an additional \$1, players have the chance to win up to \$500 instantly. Five ezmatch numbers are randomly generated by the central system and printed on the player's ticket. Players simply have to match any of their FANTASY 5 numbers to their ezmatch numbers to win!

The Louisiana Lottery Corporation also used EXTRA on a game they called Easy 5 with ezmatch. This game was extremely successful, as shown in the following figure. Average weekly sales of the base game increased by 204 percent – and if we include the add-on game, sales increased by 327 percent! Approximately 60 percent of players who purchase Easy 5 tickets also play ezmatch. Your customized version of EZ Match can be easily developed on your

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Figure 7.2 – 20:



**Easy Money:** Louisiana's Easy 5 with ezmatch's weekly sales trend line shows the difference an add-on game can make.

As mentioned previously, we have worked with the TLC to develop this type of gaming concept for the Texas marketplace and understand the limitations and obstacles. If the environment should ever change, we would be ready to help you implement this type of add-on game.

### **Revancha**

Revancha is an add-on game for a traditional lotto-type game. For an additional \$1, players may participate in the Revancha game by selecting another set of six numbers or playing their six numbers from the base lotto game. The Lottery draws another set of six numbers. Players win by matching their six numbers for the Revancha draw. The base game and Revancha are two independent matrix games, and their jackpots roll independent of each other. Players must match all six numbers to win; there are no subsidiary prizes for Revancha.

In September 2002, Revancha was added to Puerto Rico's Lotto game. Total Lotto and Revancha sales increased 35 percent in the first 52 weeks and sustained an increase of 36 percent over the first 104 weeks. As of 2005, Revancha accounted for 24 percent of total combined Lotto and Revancha sales and generated 31 percent of Lotto sales.

### **Booster – 10 Times More Chances to Win**

Booster is an add-on game for a game such as *Pick 3*. It offers players 10 extra chances to win for an additional \$1. Randomly generated by the system, each extra chance is a three-digit Quick Pick; all 10 appear on each ticket. Designed as a continuation of its base game, which sets it apart from other games, Booster is a very easy game to play and offers a value wager to players by offering additional plays for just \$1.

**Figure 7.2 – 21:**  
**Lotto with Booster Play Slip and Ticket**



**Boost Sales with Add-on Games:** Booster's concept enhances traditional game sales by providing multiple paths for a player to win.

Players must play *Pick 3*, for example, to play Booster. Players win Booster when they match one or more lines of the three-digit Quick Picks on the ticket to the numbers in the regular *Pick 3* draw. Winning the Booster add-on game does not affect the ability to win *Pick 3*, and players may win multiple times on Booster.

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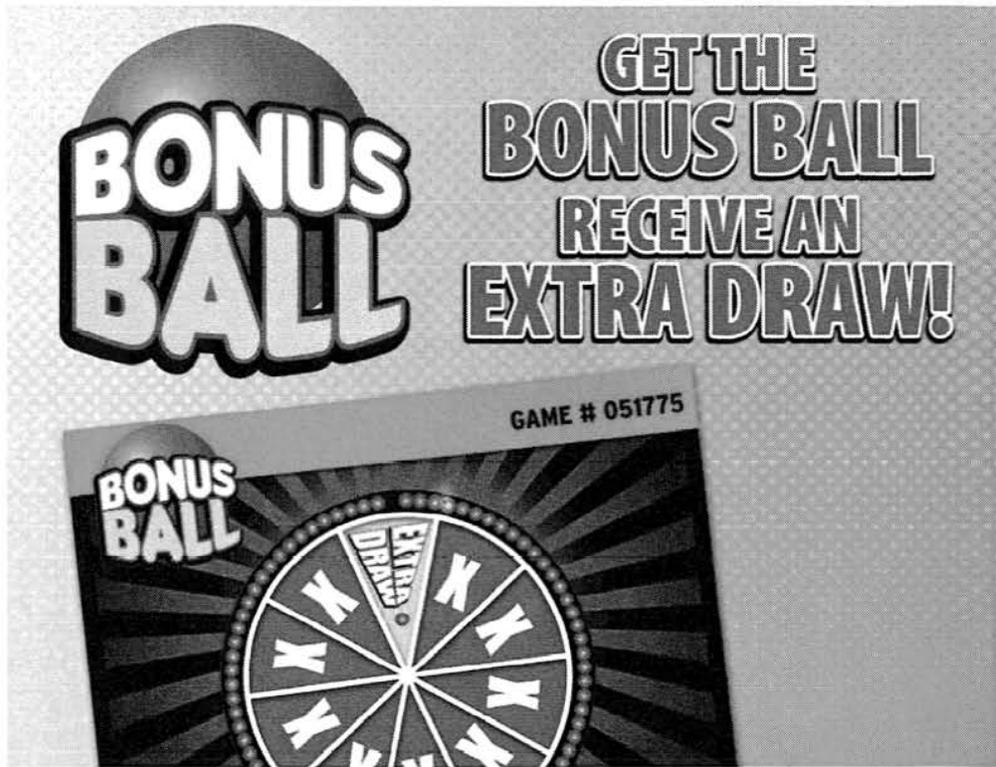
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### **Bonus Ball**

For Bonus Ball, the Lottery draws a second ball from the second field with a little more frequency to make the game easier for players to win. Prizes remain the same, with payouts based upon how often the second draw runs.

**Figure 7.2 – 24:  
Bonus Ball**



**Bonus Ball Benefit:** To adjust draw frequency, the TLC can divide the Bonus Ball wheel as many times as it likes.

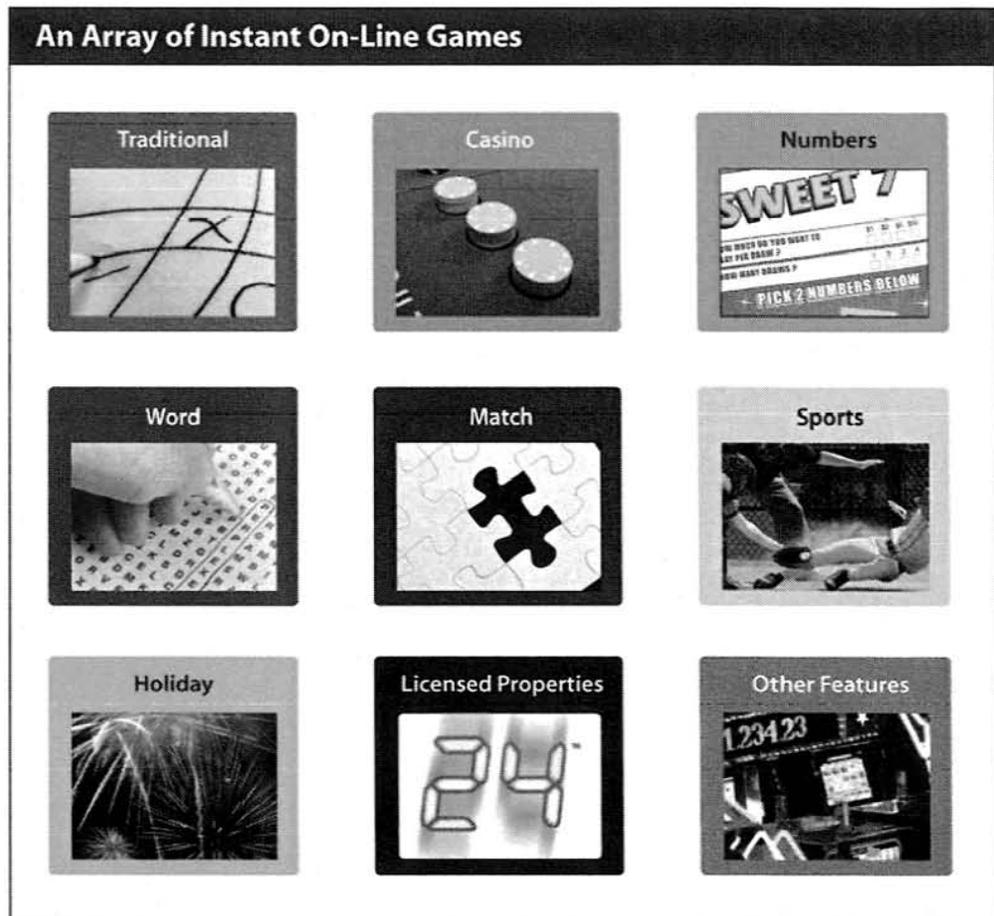
The Lottery could use a wheel or some other mechanism for each draw to determine if a second ball would be drawn. For example, if the TLC had a wheel with one section of 10 (10 percent chance) indicating an extra draw, the expected game payout would rise to 56.63 percent.

### Instant On-Line Games

Although Instant On-Line Games are not legal in the current Texas gaming environment, they have substantial revenue potential in Texas. These games are On-Line Games that offer the immediate play experience of Instant Games. They combine online terminal-generated play slips with instant-win results, with or without a separate play card. The On-Line Ticket's top half contains a game board, and the bottom half has call numbers or symbols. Players simply match their numbers and symbols to the drawn play numbers and symbols win. Across several jurisdictions, these games are also known as G3, Print-N-Play, Fast Play, and EZPLAY. As noted earlier, our Instant On-Line game introductions have generated nearly \$95 million across our jurisdictions.

We support a growing Instant On-Line portfolio of more than 75 such games across eight different categories (casino, traditional, numbers, word, match, sports, holiday, and licensed property). With Instant On-Line Games, names and graphic components can be developed with licensed properties, and the underlying game architecture can support different play styles and price points, providing an ever-changing game suite. The Instant On-Line concept can be further merchandised with preprinted play pieces positioned at points of sale to generate player interest and trial.

**Figure 7.2 – 25:**



**The Best of Both Worlds:** GTECH supports a complete and growing portfolio of Instant On-Line games in multiple game categories.

To increase winning Instant On-Line Ticket distribution so that retailers regularly see winners in their stores, we apply principles that have made Instant Tickets such a popular product line.

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We use GLEPS to place a healthy number of low-tier winners in each ticket pack. When players win more low-tier prizes, they often spend these prizes buying more tickets.

Our Instant On-Line Games also include the following appealing features:

- **High Win Probability:** With the lowest odds (1:3.5-1:4) among On-Line Games and prize money dedicated to chatter prizes (\$20-\$50), Instant On-Line Games generate winner news that can be broadcast over the digital signage network.
- **Multiple Price Points for Each Game Type:** Games can be sold at many price points (e.g., \$2, \$3, and \$5) to give players more than one way to play at a time.
- **Progressive Jackpots:** Instant On-Line Games can be combined to include shared progressive jackpots as top prize tiers to show players and retailers that the games are paying out top prizes.
- **Ticket Design Flexibility:** Instant On-Line Tickets can be designed with black and white or colorful images, numerous fonts, creative symbols, Lottery and game logos, and vertical or horizontal layouts to accommodate variable data.

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#### **Proof of Performance:**

##### **Minnesota Lottery and Ohio Benefit from Instant On-Line Games**

One of our customers, the Minnesota Lottery, was the first to introduce the Instant On-Line concept to the U.S. market. Since their launch in 2004, Minnesota's Instant On-Line Games (initially called G3 and since relaunched as Print-N-Play) have generated \$46.92 million in sales with average annual sales at \$8.75 million, a 4.15 percent average increase in their annual On-Line sales. What's more, the Public Gaming Research Institute (PGRI) named the lottery's Instant On-Line product suite as the 2005 Online Lottery Product of the Year. In April 2008, the Ohio Lottery launched its EZPLAY suite of Instant On-Line Games with EZPLAY Tic-Tac-Toe. Gradually more games were added, and, currently, the portfolio includes long-lasting core games as well as short-lived whimsical and seasonal games. Since its inception, the EZPLAY suite accounts for more than three percent of total On-Line sales in Ohio. Key elements of this success include favorable odds, extremely simple game rules, and a blend of core games with seasonal games.

**Figure 7.2 – 26:**  
**Instant On-Line Poker**



**A Multifaceted Channel:** The Instant On-Line channel offers high-win probability, multiple price points, progressive jackpots, and ticket design flexibility.

### *Faster Time to Market*

Adding On-Line Games to a system generally involves a time-consuming software development process, but loading Instant On-Line Games is as simple as adding an Instant Ticket file. To achieve marketing plan objectives without being tied to software development cycles or batch schedules, the Texas Lottery can choose Instant On-Line Games from our catalog and launch them, on any schedule, without software modifications or testing. You can even add multiple games to the system at the same time.

### *More Game Design Opportunities*

ES system architecture and game formatting tools also allow for Instant On-Line Ticket design flexibility:

- Tickets can be designed and printed vertically or horizontally.
- Black-and-white colors can be inverted for variable data.
- Font selection is nearly unlimited.
- Creative symbols and logos can be used.
- Game names and graphic components can be developed with licensed properties.

### *Multiple Price Points*

The Lottery can launch Instant On-Line as an entirely new game category, with a family of games at multiple price points. Instant On-Line game play action is often especially appealing to players who like extended play options. You can balance your portfolio between core games with several price points and occasional, thematic games that are easily matched to promotional opportunities such as holidays and special events.

### *Marketing Support*

We will support the Texas Lottery with:

- Game introduction plan development.
- Promotion plan development.

We also offer Instant On-Line best practice information from other jurisdictions such as Minnesota, Ohio, Virginia, and Arizona. This information can benefit the Texas Lottery in the areas of:

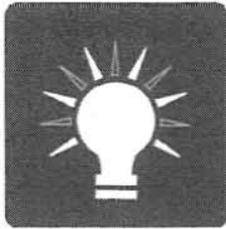
- Brand development for an Instant On-Line suite of games.
- Communication plan development and advertising.

Our recommended strategy to launch these games in Texas would be to launch three different games (likely a crossword, a bingo, and a rotating niche game, such as poker or a seasonal game) at three different price points (likely \$1, \$3, and \$5). This combination of games and price points would give players ample variety within the new format in a way that would not overwhelm them.

### *Exploratory Game Concepts*

With so many games under development, our design concept program takes a range of equipment, software, and game concepts to players and retailers in three North American and three European jurisdictions for focus group evaluation twice a year. We will present any of the concepts that appear promising to the TLC for consideration. One that has already generated interest from several jurisdictions is Lucky Sweeps™, which we present in the following paragraphs.

## Lucky Sweeps



Lucky Sweeps is an example of a GTECH-proprietary game play method that incorporates On-Line components into Instant Games. In addition to regular cash prizes, players can win tickets that give them entry into large cash prize drawings. The top prize is awarded through a second game drawing, not won instantly, so Lucky Sweeps will prevent top prizes from being sold before game's end – a Lottery and player concern.

**Figure 7.2 – 27:**  
**Sample Lucky Sweeps Ticket and Second Drawing Entry**



**Feeling Lucky?** Players who purchase Lucky Sweeps tickets have an additional chance to win the game's top prize through a separate drawing.

While most Lucky Sweeps prize levels offer cash, one level offers players the chance to win second drawing entries. Players must play the Lucky Sweeps Instant Game in order to win an entry ticket. If the player reveals a horseshoe symbol on the Lucky Sweeps game ticket, he or she has won an entry ticket. The player validates the Instant Ticket at an online terminal, and the terminal will then generate a uniquely numbered ticket for a specific drawing date. Some lotteries, such as North Carolina and Florida, have already shown an interest in Lucky Sweeps and have started discussions and/or research initiatives to explore its viability within their markets.

The versatility of the Lucky Sweeps concept gives the TLC the opportunity to enhance promotional programs at retailer locations and for potential Internet loyalty club members. The top-tier prize draw date and interim draw dates for secondary prizes are configurable, and with Lucky Sweeps, the TLC can create marketing campaigns to generate buzz near game end around special dates (New Year's Eve, Super Bowl Sunday, etc.).

In addition to programs at the corporate level, we consider environmental impact at customer supply levels. This is especially true of Lucky Sweeps. The need to shred Instant Tickets is significantly reduced with Lucky Sweeps due to the likelihood that the games will sell through at retail, maximizing consumable supply use and reducing consumable supply waste.

### *Licensed Content*

Another way to bolster game sales is with licensed content. Because players respond to recognizable brands names, we combine highly popular brands with exciting game formats to attract new players and keep them and existing players interested. To bring enticing and relevant licensed property games to you, we seek out those properties that will enhance all types of lottery games, which is particularly useful for cross-channel strategies and making the most of your advertising dollars.

Licensed content games utilize well-known cultural themes as part of the offered play styles and/or prizes. Properties can be used across channels with themes and in promotions whereby prizes could include trips to participate in TV shows – the *World Series of Poker* tour, for example. Licensed content can provide you with many exciting marketing opportunities, especially within the On-Line channel. Licensed On-Line Game content is part of our baseline On-Line Game portfolio offering to the Texas Lottery.

To select brands with Texas-specific demographics in mind, GTECH will use the geodemographic/psychographic PrimeLocation tool described in Section 8.8, Research and Other Lottery Product Development.

Figure 7.2 – 28:



**Capitalize on Brands with Mass Appeal:** These hugely popular brands are available to the Texas Lottery exclusively from GTECH.

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## Association-Based On-Line Games – Planning for the Future

GTECH has also been at the forefront of the research and development of strategies to help lotteries grow in the area of association-based jackpot games. In 2009, we worked with Crestwood Associates to develop a business plan and vision for the future of the jackpot game industry.

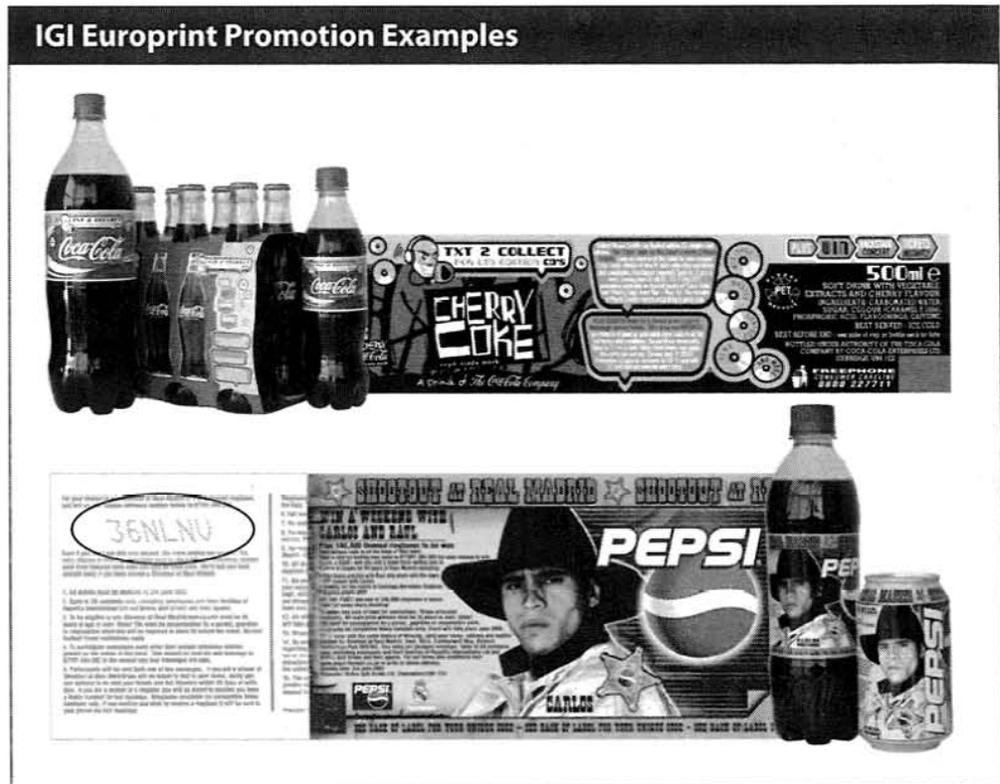
Just as we worked with the Texas Lottery to execute its *Powerball* and *Mega Millions* cross-sell efforts, we are prepared to help the TLC maximize its resources to continue making the cross-sell a success. We also maintain constant evaluation of new opportunities to expand into future endeavors and help grow TLC incremental revenues in the association-based jackpot game arena.

### Promotional Game Design and Execution from IGI Europrint

IGI Europrint (IGI), a GTECH subsidiary, is a game content provider with more than 30 years of experience producing promotional and lottery games for customers around the world. They specialize in promotional games used for newspaper inserts, direct-mail campaigns, and food product cross-promotions. These promotions enable purchasers of these products to enter their unique codes into mobile phones or Websites for a chance to win prizes. This promotional capability has not yet been widely used in the lottery industry, and we hope that the TLC, with its strong background in promotions, could assume a leadership position in the innovative use of such game capabilities.

IGI has developed many such promotions and provided unique code data for major international companies. This type of promotion can drive players to the Lottery's Website and provide access to a wide range of products for cross-promotion with TLC products. (IGI's service aspects, such as promotion ideation and design, are included in the base price. Printing, distribution, etc., would be provided as an **Offered Option**, outlined in Section 8.5, Retailer Contest and Retailer-Based Player Promotions.)

Figure 7.2 – 29:



**Cross-Promote Your Products in a Brand New Way:** Often using tie-ins with popular brands, IGI Europrint offers creative promotion design services.

IGI's customers are drawn from a wide range of industries. All are looking for an idea to help boost game awareness, increase product sales or attract viewing audiences. In addition to Coca-Cola, Masterfoods, Pepsi, McDonalds, and Britvic, they also work with blue chip companies, such as Burger King, Barclays Bank, and Tesco, as well as many newspapers and magazines around the world, to produce hundreds of game ideas.

IGI Europrint developed BingoVision, a lottery TV bingo game, which has generated more than \$1 billion in revenue – for more than 10 different lottery jurisdictions. IGI has also created Pick 'n Play. IGI Europrint's expertise is based on a combination of game development, creativity, sophisticated computer software, advanced mathematics, and state-of-the-art printing knowledge. They can help create awareness and sales for new and traditional lottery games.

## Monitor Games

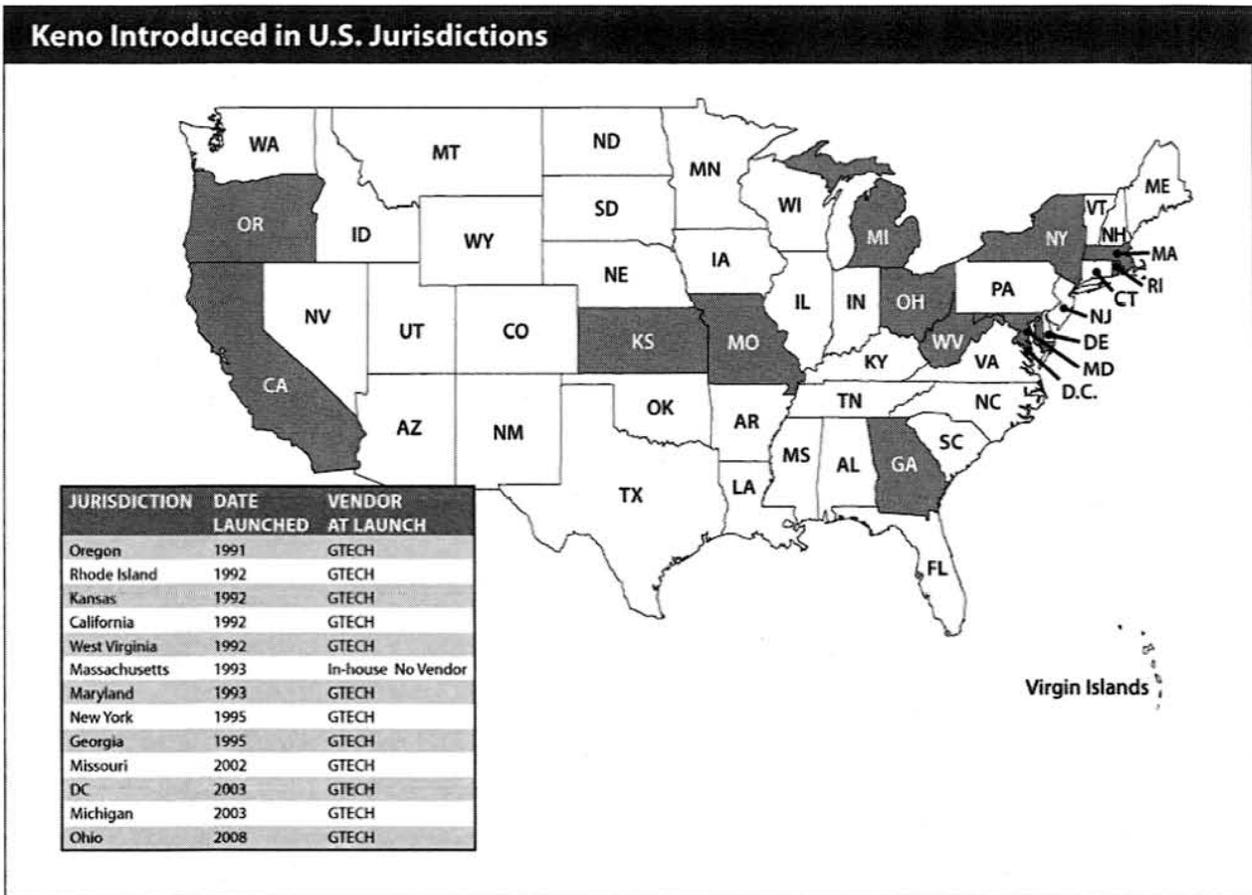
More than any other lottery channel, monitor games provide consumers with destination entertainment – they bring players to their favorite social establishments and keep them there, and keep them playing. To adapt our monitor games for success in social establishments, we have refined concepts through focus groups and other research testing under actual play conditions.

### *Monitor Game Experience*

GTECH pioneered social-establishment monitor gaming with the South Australia Lotteries Commission in 1989 and is now the market leader in this segment based on market share, revenue, and innovation. We are currently partnering with 10 domestic and 10 international jurisdictions that operate monitor-based games. Furthermore, we have been responsible for starting every keno deployment in the United States, with the exception of Massachusetts, which did not use a vendor to deploy keno.

Our experience has proven the monitor game channel to be highly important for generating all-important incremental revenues. Figures have shown that introducing keno in U.S. jurisdictions resulted in a greater than 38 percent average increase in total online sales 52 weeks following game launch. Keno is overwhelmingly the most popular monitor-based game in the United States. By combining good odds and meaningful prizes with a play style that lets players choose their wager type, the game has a broad appeal.

Figure 7.2 – 30:



**Help at Launch:** In nearly two decades, GTECH has helped 12 U.S. jurisdictions launch keno. We have also done the same in 17 additional international jurisdictions.

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We will work with you to determine the proper and optimal timing for introducing a monitor game network to Texas should you be able to and decide to move forward into this exciting channel.

## Immediate Success and a Path to the Future

With our strategic game development capabilities, we are in an excellent position to help you quickly and reliably reach your players. We offer you:

- An in-depth game library.
- Quick and dependable game support.
- New game and new game feature development.
- Research, insights, and experience choosing games that will work best for Texas.
- Multijurisdictional game implementation.

Each opportunity represents a new and unique method for utilizing innovative solutions that look toward the future and generate incremental sales and revenue for good causes in Texas. The TLC is always welcome to explore any of the opportunities our corporate team is developing. Your on-site GTECH Texas team will be the bridge to maintaining open communication and collaboration between our corporate game development team and the Texas Lottery.

### 7.2.2

#### On-Line Game Control

#### Table 30

#### On-Line Game Control Response Requirements

#### 30.1

#### Roles, Responsibilities and Detail Requirements

GTECH acknowledges and accepts the roles, responsibilities, and detail requirements indicated in this section.

#### 30.2

#### Approach and Experience with Developing and Monitoring of On-Line Game Control Features

GTECH has decades of experience in many large jurisdictions, including Texas, executing on every level of On-Line Game control features down to the retailer level. With GTECH's \_\_\_\_\_, On-Line Game controls will meet Texas Lottery requirements. The TLC can control all aspects of a game's parameters for any scenario, from advanced multiple draw wagering to liability limits, and can do so for any drawing 365 days into the future.

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We can meet your dynamic business needs because is a flexible, configurable, and fully featured game control system. We will get the job done to convert and launch games efficiently and successfully from day one. At start-up, all current Texas Lottery games will be fully converted, configured, tested, and ready to go in the new .

**At start-up, all current Texas Lottery games will be fully converted, configured, tested, and ready to go in the new .**

The TLC can use to monitor gaming data in real time in the application that is your principal tool for game control and transparent viewing into the . Its Graphical User Interface (GUI) allows real-time control and observation of gaming data in the system. Accessible from the (the single point of access to all ), allows authorized users to look into the system at any time, via a management terminal, to obtain a "window" into the status of any operation related to transaction processing, draw processing, games, and terminal administration. For example, authorized users can obtain a snapshot of daily sales for any game that manages.

With the Lottery can easily and quickly monitor:

- The number of drawings per game.
- The number of drawings per day or per week.
- The days of the week when drawings will occur.

In this section, we describe how we meet your On-Line Game requirements with including multiple draw wagering, advance wagering, and limits.

windows:

- Are under access control and accessible only to authorized users. Further, specific functions within can be restricted.
- Contain useful information regarding games, wagering activity, system processing, or retailer information that is occurring in the system.
- Are presented in real time, allowing users, such as hotline operators, computer operators, and Lottery management, to observe information as it is being updated.

We will maintain to correspond with the latest gaming system changes, Texas Lottery requirements, and industry-available improvements, as required.

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allows authorized users to enable, suspend, and resume sales and validations on each game independently. Users can also suspend other functions, such as cancellations, for each game independently. The ability to suspend functions is available not only at the game level across the system but also at the clerk, retailer, and/or terminal level through Services. This means a function can be suspended for an individual clerk, but other users of the same terminal can continue to utilize that feature.

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## Liability Limits

By controlling liability limits in the TLC can systematically ensure that it does not overcommit for a particular game. You can monitor output and limit wagering on a particular combination of numbers. has the ability to configure and set liability limits. It then monitors wagering for fixed-payout games and will immediately alert the Lottery, if applicable, when the sales number in any fixed-payout game has reached a Lottery-specified liability level:

- Upon reaching a predefined percentage of such a limit, the system will issue a console warning to the Lottery.
- Upon reaching 100 percent of the limit, no further wagers will be accepted for the combination in question. The system will send the message "Number Sold Out" (or other suitable text) concerning that wager to the originating terminal, and then send a message to the system-error logger.

Through the management terminals, authorized Lottery personnel have the ability to establish liability limits and to set the maximum payout for a given draw for fixed-payout games (either *Daily 4* or *Pick 3*). The

can be configured to automatically suspend sales of any amount, or selected numbers (for example, you can set a liability limit on the number 333 for *Pick 3*), when the liability limit is reached. The Lottery can override such suspensions and configure the liability limits to ensure ease of testing. Liability levels can be changed by game. The liability level can be changed by a user with proper authority at any time, even while the game is running, if desired.

Through the management terminals, authorized Lottery personnel can also obtain payoff figures and payoff liability for each game on the system whenever requested including maximum liability limits. The real-time status of each of the 15 most heavily wagered combinations can display on the management terminal screen; the same information can also be printed, if desired.

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## Advance Play Step-Down Feature

Advance play step-downs are very complex. They involve changes to the system, retailer and player awareness, and a planned, well-thought strategy to implement, as smoothly as possible, a change that could affect many different areas of the Lottery operation.

and the GTECH Texas team can handle this easily. allows for a step-down on wagers placed for advance play on future drawings for On-Line Games to facilitate matrix changes and changes in the number of plays allowed in a week.

For example, it may, depending on the situation, become necessary to wind down wagers that have been placed in advance. We will work with the Lottery to schedule and publicize a step-down procedure to handle the decrease in advance wagering for a game in order to create a smooth transition to the changed situation.

We developed with the capability to step down the sales of advanced plays gradually for future draws. We will work with the Lottery to make sure this procedure is initiated on the appropriate date prior to a matrix change or changes in the number of plays allowed in a week. This will ensure that players can still purchase the maximum number of advanced plays into the future without exceeding the end date specified by the Lottery.

<b>Step-Down Experience You Can Count On</b>	
Since 1992, we have performed five step-downs for the TLC in its current system:	
<b>Step-Down Performed</b>	<b>Year</b>
<i>Lotto Texas</i> Matrix changed and prize payout increased to 55%	7/19/2000
<i>Pick 3</i> Day Draw Added	4/29/2002
<i>Lotto Texas</i> Matrix Change and Bonus Ball Added	5/4/2003
<i>Mega Millions</i> Matrix Changed	6/22/2005
<i>Lotto Texas</i> Matrix and discontinuation of Bonus Ball	4/26/2006

### 7.2.3 Drawings

#### Table 32 Drawings Response Requirements

##### 32.1 Roles, Responsibilities and Detail Requirements

GTECH acknowledges and accepts the roles, responsibilities, and detail requirements indicated in this section.

##### 32.2 Proposed System's Capability to Meet Drawing Requirements

Every week, millions of players are excited to find out if they hold a winning Texas Lottery On-Line Game Ticket. The quality and integrity of Texas Lottery games are reflected in the drawing process, one of the most critical, and most highly publicized, parts of the On-Line Game environment. That's why there can never be any opportunity to compromise the integrity or the availability of the system, either accidentally or deliberately.

Since GTECH became the TLC's sole lottery provider in 1992, Texas has had one successful secure draw after another: GTECH has produced more than 18,000 successful draws since the first *Lotto Texas* draw on November 14, 1992.

This same record will continue through the next contract period if we are selected as the successful proposer.

**Figure 7.2 – 34:  
GTECH's Successful and Secure Draws for the TLC**

Game	Game Launch Date	Number of Draws Since Launch
<i>Lotto Texas</i>	11/14/1992	1,830
<i>Pick 3</i>	10/25/1993	7,750
<i>Cash Five</i> ®	10/10/1995	4,890
<i>Texas Millions</i> ®	5/18/1998	310
<i>Texas Two Step</i> ®	5/13/2001	945
<i>Mega Millions</i>	12/2/2003	680

Game	Game Launch Date	Number of Draws Since Launch
<i>Daily 4</i>	9/30/2007	1,690
<i>Powerball</i>	1/31/2009	40
		<b>Total: 18,135</b>

From the synchronization of draw time to working in close liaison with independent auditors to updating the new jackpot amount throughout the gaming system, the TLC and GTECH operations personnel coordinate the drawing process to ensure that each draw is a high-quality draw. Operations has drawn up detailed checklists for the drawing procedures for all of the TLC's games that include everything from initial system preparation and coordination with the Lottery to jackpot verification.

Whether it's a twice-daily draw for *Pick 3* and *Daily 4* or two multijurisdictional draws twice a week that require extensive security measures, the operations team at the Data Center of the Americas (DCA) in Austin has produced knowledgeable and accommodating procedures for the TLC. These draw procedures include vital intangibles like constant communication with the Lottery, ability to adapt quickly to any urgent, unforeseen situations, and decades of experience producing successful TLC draws.

Procedures include providing the retailer numbers that sold the winning top-tier jackpot prize tickets and entering new estimated jackpots into all appropriate systems as soon as possible (Internal Control Systems, etc.), but no longer than four hours after the draw break process has been completed.

We also adopt and follow strategies to make it easy for players to find out if they won. These best practices include updating a jackpot amount and distributing this announcement via multiple channels, including GTECH's

We support the broadcast of winning information over a wide array of media channels, and we ensure that your retailers make winning numbers highly visible and easy to check. Winning numbers are always available on retailer terminals.

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**Figure 7.2 – 35:  
Sample**

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**Eye-Catching Display at Lightning Speed:** The information players want in a display that creates excitement and builds anticipation.

The draw controls required in the RFP are all included in our draw solution, which touches many areas of the Lottery’s enterprise, including the claims and payments, publicity and advertising, and retailer management, among others. The allows the TLC to vary the number of drawings per game, per day, or per week and/or the days the drawings are conducted.

Our draw procedures are secure. Only authorized users can log in, and these users are restricted to just the functionality they need to do their job or task. Access to any area of the can be allowed or restricted down to the field level. No other lottery vendor can provide this level of granularity in system security.

**Access to any area of the can be allowed or restricted all the way down to the field level. No other lottery vendor can provide this level of granularity in system security.**

Our procedures are proven performers in some of the largest lotteries, including Texas. You can be confident that these procedures will maintain the integrity of your games and gaming activities for the coming contract period just as they have in the past and as they continue to do in other extremely large lotteries, such as New York and California.

The following table lists some of the many benefits our draw process will provide to your most important stakeholders.

**Figure 7.2 – 36:  
The Benefits of the Draw Solution**

Stakeholder	Benefit
People of Texas	<ul style="list-style-type: none"> <li>• <b>Confidence:</b> Texas’ reputation for providing its citizens with fair, responsible gaming will flourish if the TLC uses GTECH’s draw processing, which has been proven reliable in California, New York, and dozens of other jurisdictions worldwide, as well as in Texas</li> <li>• <b>Up-to-Date Information:</b> Players receive quick delivery of jackpot information and winning numbers via</li> <li>• <b>Prompt Prize Payment:</b> Players are paid expeditiously when they win</li> </ul>
Texas Lottery Security	<ul style="list-style-type: none"> <li>• <b>Encryption:</b> Advanced Encryption Standard (AES) used over the retail network provides additional layers of security</li> <li>• <b>Near-Real-Time Auditing:</b> Game closures are logged in all with time stamps down to the hundredth of a second. The Internal Control System (ICS) will read these transactions, which it receives in near real time, and calculate sales to that point to ensure balancing with This near-real-time feed is the best possible auditing mechanism you can have</li> <li>• <b>Layers of Protection:</b> No one person has control over GTECH’s enforced dual-manual entry of critical data (e.g., winning numbers). Not only is data entered via two different application screens, but access to the two screens can be from two different locations and is restricted to different user log-ins. All attempts – successful or not – are logged</li> </ul>
Texas Lottery Management	<ul style="list-style-type: none"> <li>• <b>Lottery Oversight and Control:</b> Our dual-entry draw process – backed by the extensive security features of and the automatic delivery of information to the ICS in near real time for Lottery monitoring – provides you with ironclad security and complete control</li> <li>• <b>Dynamic Viewing:</b> At game cut-off, authorized users can easily view a variety of game-draw information from any Lottery-authorized workstation. Our automated alternative to a paper console log allows dynamic viewing and an unalterable, locked-down database</li> <li>• <b>Assured Success:</b> The controls transactions in progress at all times, ensuring they’re posted to the right draw (draw closures are time-stamped to a hundredth of a second and logged) and that pools balance. Wagering for the next draw begins as the previous draw closes</li> <li>• <b>Streamlined Draw Process:</b> streamlines management tasks while providing security and control. A single point of user access, the quickly connects authorized users to the for performing draw activities</li> <li>• <b>Modern Technology:</b> Our draw procedures are built-in and part of the gaming system</li> <li>• <b>Automated Key Procedures:</b> A game can be automatically closed without operator intervention at a specified time before the draw (this can be manually modified). Sales can be automatically (or manually) suspended for the remainder of the sales day after the last draw, enabling game structure changes and advance-purchase tickets</li> </ul>

Stakeholder	Benefit
Texas Lottery Sales and Marketing	<ul style="list-style-type: none"> <li>• <b>Positive Public Experience:</b> Winning tickets can be processed in as short as a few seconds depending on sales volumes. Winners are made known and prizes are paid quickly</li> <li>• <b>Decision Making:</b> Authorized marketing users can quickly and easily view a variety of game-draw information from any Lottery-authorized workstation</li> </ul>

### Easily Managing the TLC’s Drawing Requirements

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Two components ensure the efficient day-to-day management of the draw process:

1. The [redacted] the secure single point of access to all [redacted] for all authorized business users.
2. The ES OLPM component of the [redacted]

### Independent Auditor’s Verification of Winning Numbers via Dual Entry

[redacted] supports dual entry of winning numbers and prize and jackpot amounts through two different management terminals by different users with proper access privileges. All attempts to enter winning numbers, whether successful or not, are logged.

Dual manual entry of winning numbers is an important tool for protecting your Lottery as well as an auditing mechanism. Initially developed to ensure that no one person had control and could commit fraud, it also protects the Lottery from a single incident of operator error that could potentially affect players.

[redacted] enforces dual manual entry of this type of critical data through two different application screens in [redacted]. To ensure the integrity and security of this process, we can configure access to the two separate screens to require two different users to log in.

Once a draw attains the appropriate status (e.g., “draw closed”) and before the draw is set so that all divisions are payable:

1. An authorized user accesses the Enter Winning Numbers screen in \_\_\_\_\_ for the game (as shown in steps 2 and 3 in the following figure).
2. He or she enters the winning numbers.
3. Using a different PC, a second user enters the winning numbers on the Verify Winning Numbers screen in \_\_\_\_\_. This second screen can be accessed only after the winning numbers have been entered on the first screen.
4. The numbers on both screens must match before the process can continue.

**Figure 7.2 – 37:**

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With it is possible to have one user enter the winning numbers through the Enter Winning Numbers screen at the Primary Data Center, while the other user, for example, the TLC's designated external independent auditor, verifies those winning numbers through the Verify Winning Numbers screen on a PC at a different location.

Dual entry from different locations provides an additional check and balance in terms of the control and accuracy of key entry of winning numbers. If the numbers entered on the two screens don't match, the users are notified and the process is repeated. All attempts are logged in the

and error log, regardless of whether or not they are successful. Entry screens of successful attempts can be automatically printed, and a file can be created and delivered to the Lottery for updating other systems. In addition to dual entry of winning numbers, the will also support dual entry of prize and jackpot amounts.

### Display and Print Capability for Each On-Line Game

To track your games and game changes in real time, you can display and print the screens directly from , which is easily accessible from the

. Samples of screens meeting your requirements are included later in this section.

To print a verification screen for any game, you can click Print this Screen, a link in the upper right-hand corner of the screen. The print screen functionality is your Web browser's print functionality.

For historical reporting on draws, after a draw, you can run reports in GTECH's . You can view specific tier prize locations or trends over time or for a specific time and place for each game.

In \_\_\_\_\_, for each On-Line Game, you can display and print the following screens:

- Verification that the sales for a draw have been closed.
- Verification that the sales for the next draw (and appropriate multidraws) are allowed.
- Verification that the dual entry winning numbers procedure has been successfully completed by the Texas Lottery and the independent auditor via the \_\_\_\_\_.
- Verification that the prize share verification process has been successfully completed on the system for all jackpot games.
- Verification that final share values for each prize level and sales information have been completed on the \_\_\_\_\_ for all jackpot games.
- Verification that the final On-Line share count and sales information have been completed on the system for all nonjackpot games.

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### **Reverse Drawings**

In the unlikely event that a draw proves to be problematic, authorized users can invoke the draw rollback functionality in . When this process is run, winning records are deleted from the database, the user is notified that the draw results have been reversed, and the new draw can proceed.

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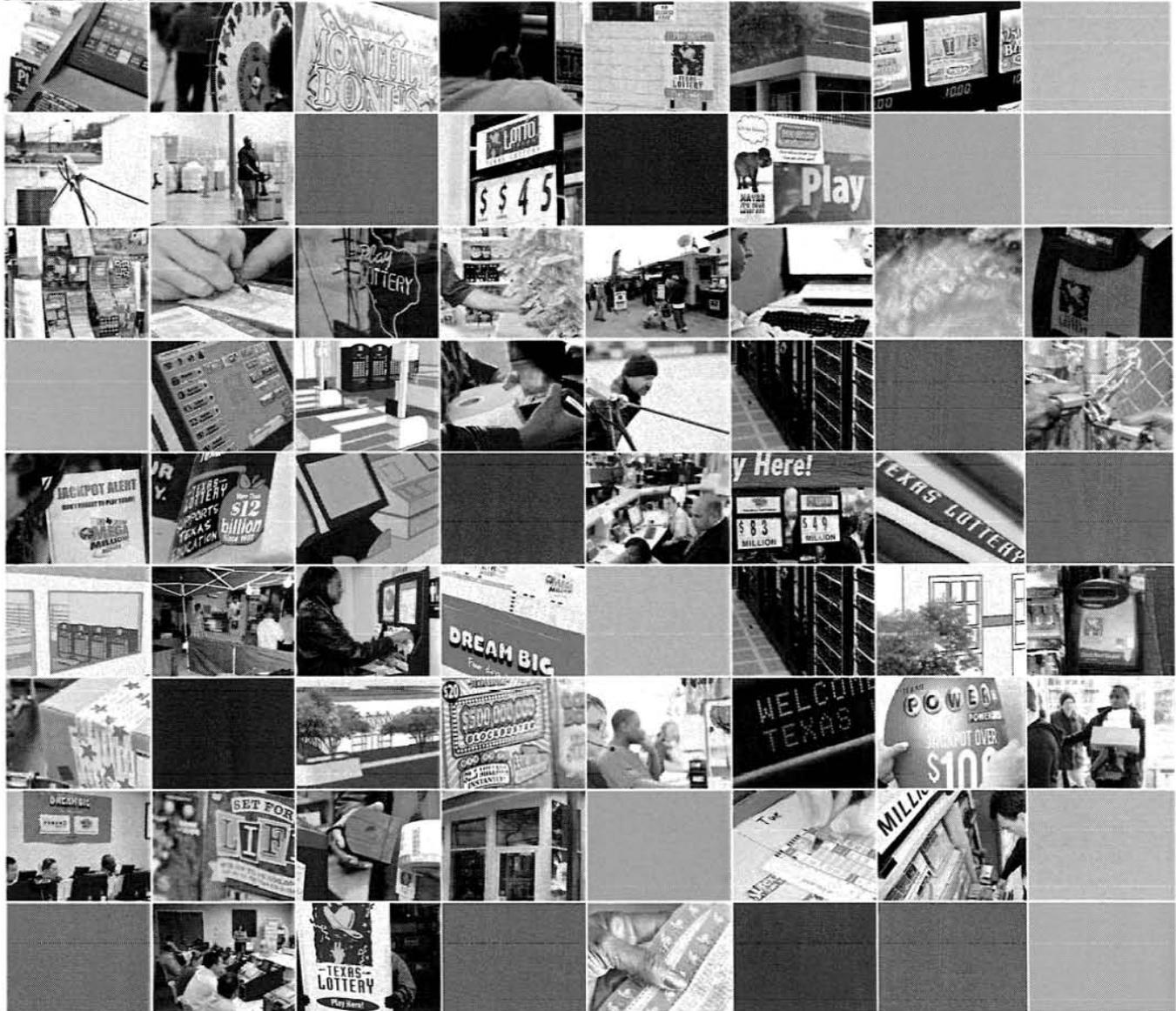
The draw close procedure permits ticket sales and operations for retailers and customers for future sales without necessarily finalizing and declaring official a problematic drawing. This continued wagering allows customers to purchase tickets for future draws while the last draw is being conducted, winning numbers are being entered, and prizes are verified. Thus, in the event of a problem with the drawing process, wagering for future draws will continue without interruption.

GTECH's On-Line Games drawing procedures are designed to be secure and reliable – as well as efficient for those handling the draw process. Our draw solution has been in place for some time in many of the most demanding jurisdictions with respect to security, number of draws, high-volume transactions, and large liabilities, such as Texas, New York, California, and Florida. Our procedures are proven performers that you can be confident will maintain the integrity of your games and gaming activities.



# 7.3

## Instant Ticket Game Management



# 7.3

## Instant Ticket Game Management

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### Introduction

In response to the Texas Lottery's requirement for the new Lottery Gaming System to support operation of its Instant Ticket program, we propose the GTECH This state-of-the-art Instant Ticket Management component will satisfy *and surpass* your requirements with its increased flexibility and the addition of new features and enhanced processes.

is designed to provide integrated supply-chain management that exceeds the highest levels of performance expected by the largest lotteries. As described later in this section, in Subsection 35.2, the largest lotteries in the U.S. use GTECH systems to manage their Instant Ticket programs. In fact, more lotteries use GTECH Instant Ticket management systems than any other system.

### A Transparent Transition to the Future

The ability of a system to support a large-dollar-value Instant Ticket program is not in and of itself sufficient to support the Texas Lottery. The Texas Lottery has a much more complicated Instant Ticket program than other lotteries. The TLC's Instant Ticket program launches more than twice the number of games of other large Instant Ticket programs. At its current rate of more than 90 new games and reprints annually, that's more than 14,000 new game orders each week on top of approximately 7,900 regular orders each week!

**is designed to provide integrated supply-chain management that exceeds the highest levels of performance expected by the largest lotteries.**

Part of the success of the TLC's Instant Ticket program stems from the ability of the GTECH team to treat each of the Lottery's more than 16,000 retailers as individuals. Allowing Lottery Sales Representatives (LSRs) to order for low-volume retailers reduces not only the number of returns but also labor for the retailer, the LSR, and TLC staff in the warehouse. In order to support the dynamic nature of the TLC, and to help take its Instant Ticket program into the next decades, we continually work to improve and refine our procedures and technology. The benefits of some of those refinements and enhancements have already been realized in Texas. Additional functionalities that address the special ordering concerns of chain stores, for example, allowed Quick Trip to expand its Instant Ticket program with confidence.

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was designed "from the ground up" for easy navigation and use. As delivered, it will either automatically perform, or provide the tools and information necessary for authorized users to perform, all the tasks and activities associated with operation of the Texas Lottery's Instant Ticket program.

Our system will handle all Instant Ticket transactions required by the Texas Lottery and will support all of the Lottery's requirements for capacity, including:

- Game volumes.
- Game, pack, and ticket identifiers.
- Prize level, prize payout, and prize message flexibility.
- Winning ticket validations.
- Inventory management (including ordering and distribution).
- Support of new Instant Ticket-type products.

Our proposed Instant Ticket management system is the culmination of more than 20 years of active development. We have added a number of new features and processes to continue to enhance the operation of your Instant Ticket program. These new features, discussed throughout Parts 7, 8, and 9, include:

- Faster, larger processors.
- The
- Integrated Initial Distribution software.
- The GTECH
- Ticket-level accounting and activation.
- 
- Automated returns processing.
- Improved player-activated terminal.
- A single point of access for all Instant Ticket information.
- SmartCash validation process.
- Daily store-level "Top Prizes Remaining" information.

Additionally, by selecting GTECH, the TLC will benefit from the Texas-specific knowledge our Texas team has developed over the last 18 years, reducing the risks associated with a major change that could impact 75 percent of The Lottery's total revenue.

## **Table 35**

### **Instant Ticket Game Management Response Requirements**

#### **35.1**

##### **Roles, Responsibilities and Detail Requirements**

GTECH acknowledges and accepts the roles, responsibilities, and detail requirements indicated in this section.



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## **35.2**

### **Volume, Scope, Development and Management of Instant Ticket Operations**

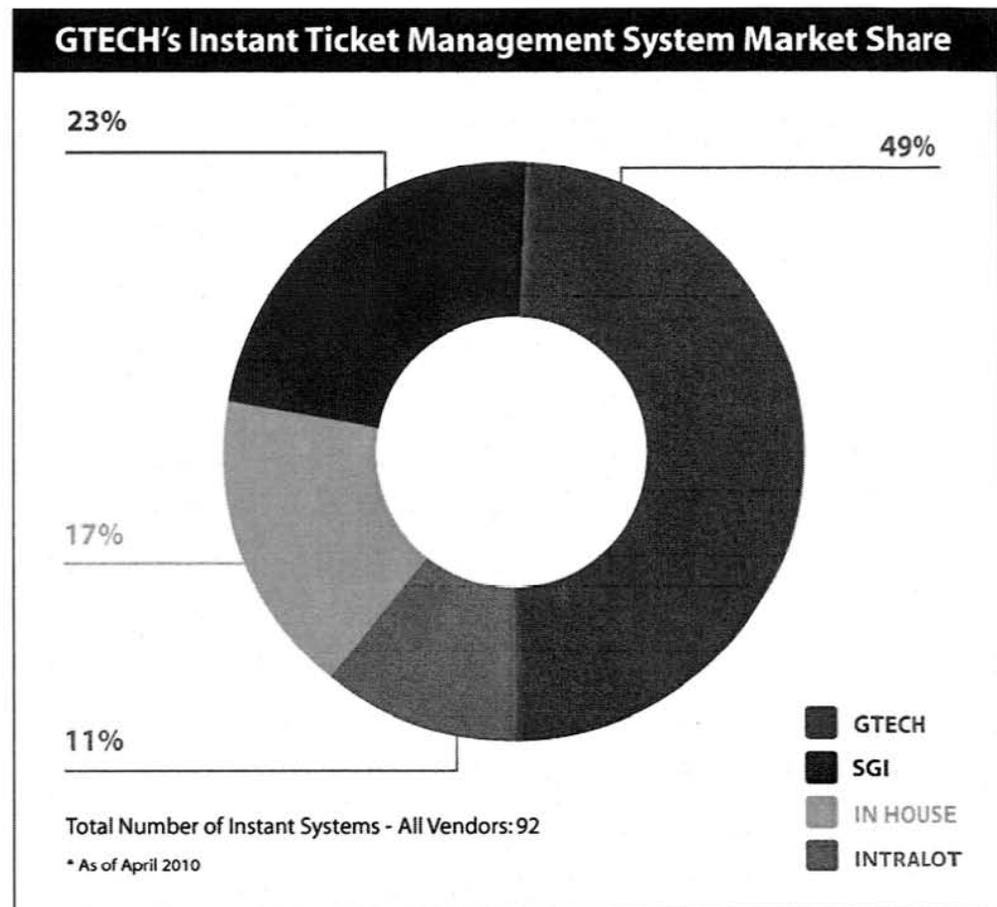
With its enormous contribution to the Foundation School Fund, The Texas Lottery knows the importance of having its Instant Ticket program supported by a lottery system that is scalable, robust, and reliable. However, these attributes alone will not be sufficient for the new contract period. Your new system must also have inherent flexibility to support multiple business models and adapt to a changing retail environment. GTECH's

system has that flexibility, along with the robustness and reliability that you need.

#### **Volume**

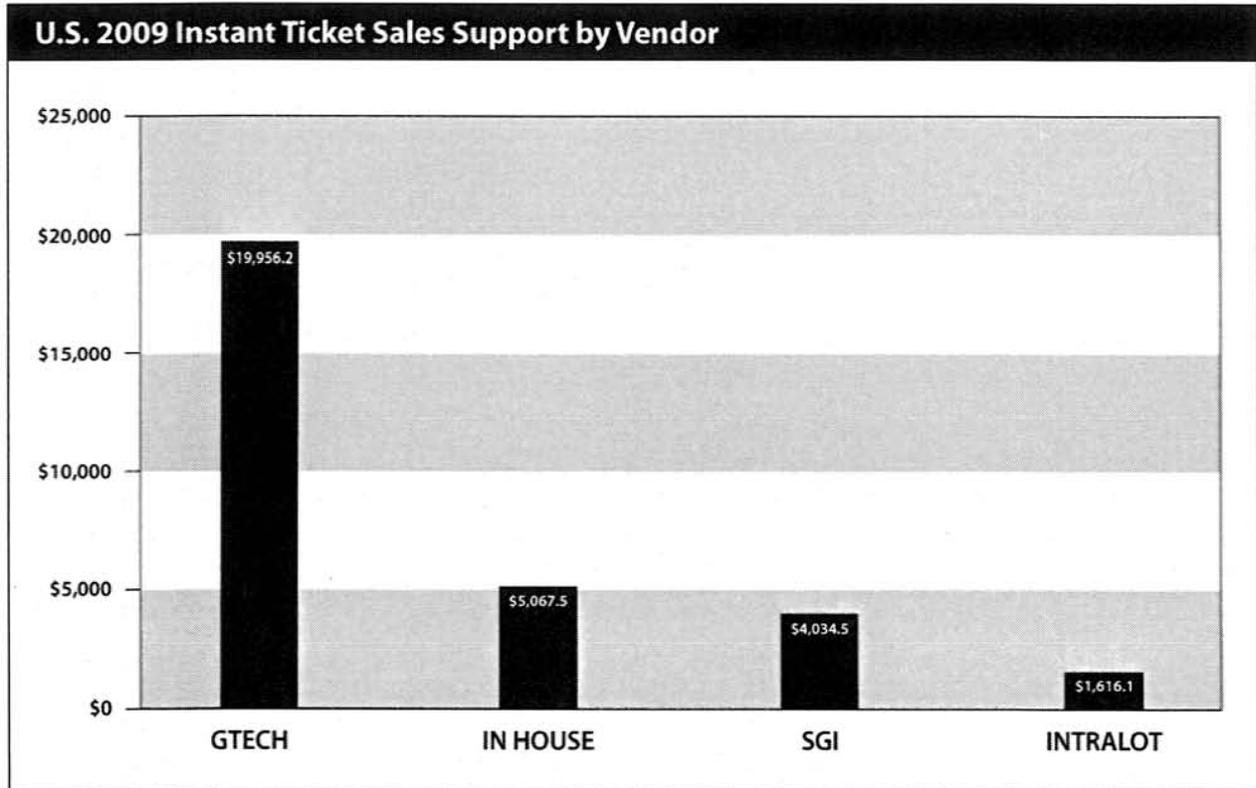
GTECH is the world's leading supplier of Instant Ticket management systems. From Texas to the United Kingdom, and from Florida to California, GTECH systems manage and process millions of Instant Ticket transactions every day. For example, in 2009, we managed an average of more than 16.8 million Instant Ticket transactions at retailer sales terminals per month for the Texas Lottery. We will apply this knowledge and experience continuously to foster and support your Instant Ticket program.

**Figure 7.3 – 1:**



**Unmatched Experience:** With 49 percent of the market, GTECH's Instant Ticket management system experience easily exceeds that of every other vendor.

**Figure 7.3 – 2:**



**Surpassing the Competition:** In the U.S. alone, our systems managed almost \$20 billion in Instant Ticket sales last year.

As shown in the following table, more than 50 lotteries worldwide use GTECH's Instant Ticket management systems.

**Figure 7.3 – 3:  
GTECH’s Instant Ticket Management System Customers**

U.S. Customers		International Customers	
Arizona	Texas	Anguilla	Mexico
California	Virginia	Antigua	Morocco
District of Columbia	Washington	Barbados	Netherlands (SNS)
Florida	West Virginia	Belgium	New South Wales, Australia
Georgia	Wisconsin	China (Beijing)	New Zealand
Illinois	U.S. Virgin Islands	Czech Republic	Poland
Louisiana		Finland	Portugal
Michigan		Germany (Saxony)	Slovakia
Nebraska		Germany (Thuringen)	South Australia
New Jersey		Germany (West Lotto)	Spain (ONCE)
New York		Ireland	St. Kitts
North Carolina		Israel	St. Maarten
Oregon		Jamaica	Switzerland (Loterie Romande)
Rhode Island		Luxembourg	Trinidad
Tennessee		Mauritius	United Kingdom (Camelot)

## Scope

GTECH supplies the Instant Ticket management system for four of the five largest Instant Ticket programs in the U.S. in terms of sales, including the Texas Lottery, as indicated in the following table.

**Figure 7.3 – 4:  
 The Five Largest U.S. Instant Programs in 2009**

Rank	Lottery	GTECH Instant System	2009 Sales (in millions)
1	New York	Yes	\$3,626.7
2	Massachusetts	No	\$3,024.8
3	Texas	Yes	\$2,807.1
4	Georgia	Yes	\$2,480.7
5	Florida	Yes	\$2,035.3

## Features and Benefits of GTECH's

With GTECH's newest generation of Instant Ticket management software, all of the Instant Ticket inventory, sales, and distribution data you need are available to you when you need it. Specific features and benefits of include (but are not limited to) those listed in the following table.

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**Not released**

**Confidentiality Claimed  
Not released**

Our [redacted] includes our [redacted] component (as discussed in Section 7.11, System Supported Terminal Functions; Section 7.13, Call Center Support; and Part 9, Warehouse and Distribution, in addition to this section) along with our retailer accounting component (described in Section 7.5, Retailer Management) and our new reporting software (described in Section 7.9, Reporting). It builds on the functionality of our current [redacted] software, simplifying the training and transition for your staff and retailers.

[redacted] meets or exceeds all of the requirements of the RFP for Instant Ticket accounting and management. Just as important, it will provide your team with more useful information more easily to help you manage your Instant Ticket business.

We have thoroughly reviewed and analyzed each element of the multitude of business processes that we, together with you, use to operate your Instant Ticket program. As a result, we have identified and initiated a number of enhancements, as mentioned in the previous table, to support the operation of your Instant Ticket program going forward.

### Security Grid

All GTECH Instant Ticket management systems, including [redacted], use rules-based security grids as the basis for monitoring and controlling Instant Ticket programs. These grids define acceptable status changes for operations involving packs (and, as appropriate, tickets).

**We have preserved 100 percent of your existing business rules while converting the current system to the new [redacted].**

We have preserved 100 percent of your existing business rules, refined over 18 years, while converting the current system to the new [redacted]

We have enhanced the new system to incorporate the new functionality described in this section and throughout our proposal. Of course, the actual deployment of the new functionality is subject to your approval and the refinement of the proposed rules. We look forward to the opportunity to show the TLC our new system's conformance with your existing business rules during the site visit.

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Not released**

Please see Subsection 35.3, Support of Single Ticket Accounting, for a more detailed discussion of our Single Ticket Accounting and activation solution.

## Resupplying Retailers with Instant Ticket Inventory

More than 15 years ago, GTECH, responding to the needs of Texas Lottery retailers, developed its ProCall process for automatically resupplying retailers with Instant Ticket inventory. ProCall has benefited the TLC and its retailers by allowing each organization to focus on its own business. However, we recognize that there is always room for improvement, and so our team in Texas have developed new software designed to improve the constancy and precision of ProCall orders.

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**Not released**

## **Confidentiality Claimed Not released**

Like the current system, will monitor available inventory in the warehouse and only allow an order to be entered if there is sufficient inventory available to complete the order.

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Additional amounts of game inventory and related validation information for reprints and reorders may be loaded at any time. In these situations, will check the information provided in the new files against what is currently loaded on the system in order to prevent inconsistencies in the game parameters. The appended inventory and validation information becomes available for use and sale immediately after it is loaded onto the system.

**The appended inventory and validation information becomes available for use and sale immediately after it is loaded onto the system.**

Our system also allows authorized users to enter game parameters manually. When this method is used, the system will compare the information provided by the Instant Ticket printer with what was manually entered and highlight any potential inconsistencies in the game parameters. Any change to a game parameter is a transaction, so there is a permanent record of the change in the

Authorized users manually enter all game activity dates, such as Product Available, Distribution, and Validation dates. Authorized staff will use the screen shown in the following figure to enter and modify game dates and other information when necessary.

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Not released**

## Order Generation for New Games

includes our most advanced software for Initial Distribution. Our new system provides the most flexibility possible to generate initial orders for new games. To determine the optimum Initial Distribution orders for a new Instant Game, allows authorized staff to choose from a multitude of methods to determine Initial Distribution quantities, including using each retailer's sales history. You are not saddled with just one method for all games forever – or even for a single game. Multiple methods can be used to generate orders for a single game, if the situation warrants. And multiple games can be included on a single Initial Distribution order, just like today.

With , the methods available for generating Initial Distribution orders include:

- **Referenced Product:** Generate orders based upon each retailer's sales experience with a similar game or games and specific periods. Because uses different formulas, it is possible to use alternative approaches to Referenced Product Initial Distribution calculations.
- **Price Point:** Assign retailers an Initial Distribution quantity based on the price point of a game.
- **Fixed Quantity:** Choose a fixed quantity of tickets for all retailers.
- **Retailer Type:** Send independent retailers a fixed quantity and key or corporate stores a different amount.
- **Ad Hoc:** Use various ways to analyze sales or inventory levels to determine the desired quantity.

As a special feature, supports special, targeted distribution programs for new games. Co-branded games can be distributed only to specific partner's retail locations.

**supports special, targeted distribution programs for new games.**

With GTECH's Initial Distribution software, new game orders for retailers are created in minutes, not days. This means new game orders can be created and distributed much closer to the planned launch date than is possible with a negotiated new game order program.

## Order Fulfillment and Shipping

The new system functions in the same manner as the current system, which has supported the TLC's multibillion-dollar Instant Ticket program under the current contract. Using our Pick Pack order fulfillment process, orders for new games will be quickly and accurately packed, just as they are today.

### **A Warehouse Team Dedicated to Fulfilling Your Orders**

When the TLC determined that it needed to put two new games on sale on January 4, 2010, our warehouse team packed the 14,999 orders in three days, along with all regular replenishment orders, to overcome a special United Parcel Service (UPS) holiday.

will provide Texas retailers with the same functionality to support their Instant Ticket programs as our current system does today. The major difference will be the increased user-friendliness of the new Altura® GT1200 terminal and the improved speed of its 2D bar code reader.

Retailers will be able to:

- Confirm the delivery of Instant Ticket orders with a single bar code scan.
- Activate packs of tickets.
- Manually settle packs of tickets before the TLC would usually settle a pack.
- Validate Instant Tickets.
- Request, view, and print (when necessary) reports and invoices.

With our Single Ticket Accounting, described previously in this section and in Subsection 35.3, Support of Single Ticket Accounting, retailers will be able to record the sale of individual Instant Tickets. When necessary, retailers, using Single Ticket Accounting, will also be able to cancel the sale of Instant Tickets within a TLC-specified time period. For example, this might occur if a player asked for one of each of the \$2 games and then realized there were more of these games than he or she expected.

## LSR Transactions

All of the functionality available to the LSRs today through our current system will continue to be available to them with . This functionality includes:

- LSR-to-retailer transfers.
- Full-pack and partial-pack returns.
- Returns from terminated retailers.

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### **Pack Inventory**

is designed to maintain accurate records of and control over the TLC's entire inventory of Instant Tickets, regardless of location, as does our current system. Authorized system users will be able to view real-time inventory data by pack (and by ticket where appropriate) at our warehouse, at each individual retailer, and with each individual LSR.

Our system supports multiple physical warehouses and can limit the activities at each warehouse. For the California Lottery, our system is configured to support two warehouses – one for the northern part of the state and one for the southern part of the state. In Switzerland, Loterie Romande uses the flexibility of our system to support a separate warehouse designation for retailers that need to receive tickets and information in German. Loterie Romande’s primary warehouse supports the French-speaking retailers in their jurisdiction.

The system will provide inquiry, tracking, and monitoring at four levels: system-wide, retailer level, pack level, and individual ticket level (from a ticket range of one and up) within an individual pack. While retaining all of your current 23 statuses, we recommend additional statuses, such as, but not limited to, Stolen, Lost, and Returned.

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## Pack History

Authorized staff can view the history of all transactions related to an individual pack, because every transaction is recorded by the system. With this system, there is no limit to the number of transactions that a pack can go through or the number of transactions that can be viewed.

**With this system, there is no limit to the number of transactions that a pack can go through or the number of transactions that can be viewed.**

The history will also indicate if any partial-pack transactions, such as parts of a pack marked as Stolen or Returned, have occurred.

As required, we will configure the system to allow individual comments to be added when the status of a pack is changed manually. The user can update information, add new information, or add comments. All functions, including comments, are logged, and the user can view a comprehensive list of all actions, data changes, and comments to date. These comments will be visible on the Pack History screen. A sample Pack History screen is shown in the following figure.

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### Pack Status

maintains inventory data on every pack of Instant Tickets in every Instant Game loaded on the system. This data includes the status and location of every pack. The system monitors changes to the status of each pack (and partial packs, as appropriate) as allowed based upon the approved security grid. In most cases, signals changes to the status of a pack or partial pack when someone scans the inventory/validation bar code from one of the tickets in a pack with a bar code reader connected to a computer workstation on the Lottery's Local Area Network (LAN) or a retailer's terminal.

Every change to the status of a pack of tickets or a range of tickets from a pack is recorded in the system. This record includes who initiated the change and when and where the change occurred. Authorized staff will be able to review changes to the status of a pack. Our system is configured to automatically record the transfer or return of Instant Tickets via pack status changes.

In addition, authorized staff will be able to view the inventory of Instant Tickets at any Lottery-authorized location, together with the status of each pack at that location. The status and location of a pack also indicates the ownership of that pack at that moment in time, based upon the TLC's business rules.

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## Settlement

and our retailer sales terminals will support both the manual and automatic settlement of packs of tickets distributed to and sold by retailers.

. To settle a pack manually, the retailer selects the Manual Settle function from the Instants menu and, following a prompt, scans the inventory/validation bar code from one of the tickets in the pack to be settled. If the bar code proves to be unreadable, the retailer can enter the game and pack number manually. In either case, the system confirms the validity of the request, executes the transaction, and sends a response back to the retailer.

For automatic settlement, provides the capability to implement the Texas Lottery-established settlement rules, using the Parameters screen shown in the following figure. The system supports the simultaneous use of multiple settlement rules, just as the current system does today, including:

- The time since a pack was activated.
- The percentage of low-tier validations from a pack.
- Settling the oldest active pack with the activation of a new pack if too many packs from the same game have been activated.

Most of our customers, including the Texas Lottery, take advantage of multiple parameters so that the packs will settle when the first threshold is met. The Texas Lottery's current settlement rules – 70 percent of low-tier validations or 45 days from activation – or any variation of those parameters will continue to be supported.

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If the TLC implements our proposed Single Ticket Accounting solution, our system will also support single ticket settlement for those retailers that participate in that process.

In addition, [redacted] will enable the Lottery to establish different settlement rules for different games. This can be especially important with high-price-point games that have fewer tickets in the pack and few, if any, winning tickets that would traditionally be designated as low-tier. The Lottery can also implement special settlement rules for particular retailers, if necessary. Of course, if both game-specific and retailer-specific settlement rules are implemented, the Lottery will need to specify which rules override the others.

### End-of-Game Reconciliation

As indicated earlier, LSRs will be able to process returns of unsold tickets from retailers, according to the TLC's rules. This includes returns when a game is closed.

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### Reporting: Improved Access to Information

When operating a more-than \$2.8 billion business, easy access to information isn't just important, it's critical. Our new \_\_\_\_\_, with its \_\_\_\_\_ and \_\_\_\_\_ components, will provide you and your retailers with great access to the critical information that each of you needs.

### *Information for Development and Management*

Data collection will start at Game Load to assist in identifying features that lead to higher indexing. LSRs, using \_\_\_\_\_, will have access to up-to-date information about each retailer from the \_\_\_\_\_

\_\_\_\_\_ before they walk in the door. No longer will the LSR need to use the retailer's terminal to see this information or use outdated information.

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Throughout Parts 7, 8, and 9 of our proposal, we describe how authorized TLC staff will be able to easily access information (both real-time and historical). Rather than having to access eight separate systems to gather information about 75 percent of your business, you will have a single point of access for all Instant Game data – our [REDACTED]. This integrated Graphical User Interface (GUI) will provide access to system data and the data warehouse as part of [REDACTED].

With the new system, the Altura GT1200 retailer sales terminal, and our [REDACTED] the TLC and its retailers will have enhanced reporting that is more accurate and more easily available. Using the SAP BusinessObjects Web Intelligence component of our [REDACTED], authorized staff can easily create recurring reports or perform one-time analysis. Many standard reports can be modified with a few clicks of a mouse to change the original parameters.

Throughout our proposal, we have included numerous examples of the screens that authorized TLC users will see. These screens and the information they contain will assist the TLC in the development and management of the Instant Ticket program. With the new [REDACTED], the screen refresh rate will be dramatically improved. The architecture of the new quad-core processors represents an exponential growth of performance over systems installed just a few years ago.

If GTECH is selected as your Lottery Operations and Services provider, authorized GTECH staff will also be able to access this information in order to perform their duties in the areas of development and management of your Instant Ticket program.

### 35.3

#### **Support of Single Instant Ticket Accounting (Invited Option)**



Over the past several years, GTECH has worked to solve perhaps one of the most challenging issues in the lottery industry today – Instant Ticket accounting for retailers. Today, our [REDACTED] is fully capable of providing Single Ticket Accounting for Instant Tickets. We are pleased to present our Single Ticket Accounting solution to the Lottery as an **Invited Option included in the base offering.**

Our solution is capable of suspending sales of certain Instant Games immediately upon the request of the Lottery. Such a request might routinely be issued when the last top prize of a game has been claimed.

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**Not released**

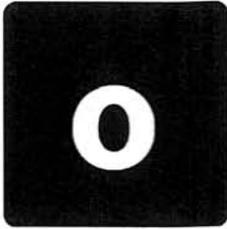
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**Confidentiality Claimed**  
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## **Confidentiality Claimed Not released**

We recognize that some retailers are not as interested in Single Ticket Accounting as they are in improving the handling and record-keeping associated with selling Instant Tickets. Therefore GTECH is pleased to offer for your consideration the following alternative solutions designed to improve the handling of Instant Tickets. They can be implemented whenever the TLC elects to do so.

### SmartCount™

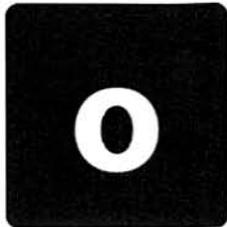


Most retailers, including chains, already have processes in place to reconcile their Instant Ticket inventories with their cash drawers. The problem is that those processes are manual. GTECH's patented SmartCount system, an **Offered Option**, automates these calculations.

The Altura terminal's external bar code reader can be used to scan the next ticket number of each Instant Game on sale at the end of each shift or at the end of the day. A special application calculates the number of tickets sold for each game. Clerks won't need to record the ticket number manually or perform any manual calculations. The terminal prints a report indicating the number of tickets sold by game name and number and/or by price point during that period (shift or day). This report is then used to reconcile the store's cash drawer, and can also help with both end-of-shift and end-of-day reconciliations.

With a reduction in the time required for end-of-shift or end-of-day reconciliation and the elimination of errors, it will be easier for retailers to carry and display more Instant Games.

### Wireless Bar Code Reader

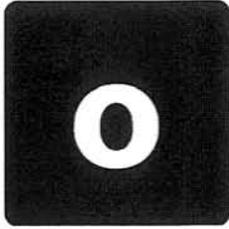


We can supply wireless bar code readers for those retailers whose Instant Ticket dispensers are not located near the terminal. Our system and terminals can support a network containing a mix of wired and wireless bar code readers. Wireless bar code readers are proposed to the Texas Lottery as an **Offered Option**.

### Next Generation Lottery Vending Machine – Gemini™

Gemini, our next-generation LVM, provides players with the opportunity to purchase Instant and/or On-Line Game Tickets without having to interact directly with a retailer. This newest addition to the GTECH suite of terminals provides retailers with real-time sales and inventory reports for Instant Games in addition to real-time sales reports for On-Line Games. Please see Section 7.12, Sales Terminals and Related System Sales Equipment, for a detailed description of Gemini's features.

## Instant Showcase®



Our Instant Showcase device provides real-time accounting for Instant Tickets by physically controlling their sale. Shown in the following photograph, Instant Showcase provides the same physical control and detailed sales information provided by an Instant Ticket Vending Machine (ITVM), but in a significantly smaller package that is under the control of the store clerk. The Instant Showcase is presented as an **Offered Option**.

Instant Showcase is *not* an ITVM; it is a lighted display case that dispenses Instant Tickets that players request to the retail clerk. Upon receipt of the player's payment, the retail clerk hands the player the tickets. Each Instant Showcase unit can dispense up to 20 different games, and multiple units can be linked together. Instant Showcase devices can be connected to and operated through the retailer's Altura GT1200 terminal or, if the devices are positioned away from the retailer's terminal, operated using a stand-alone controller that is about the size of a small calculator. With Instant Showcase, retail clerks have easy access to sales data for their shift or for that business day.

**Figure 7.3 – 14:**  
**GTECH's Instant Showcase Device**



**Instant Ticket Accounting in Real Time:** Instant Showcase dispenses Instant Tickets selected by a retail clerk on the Altura GT1200 terminal, thereby providing real-time accounting of Instant Tickets as they are sold.

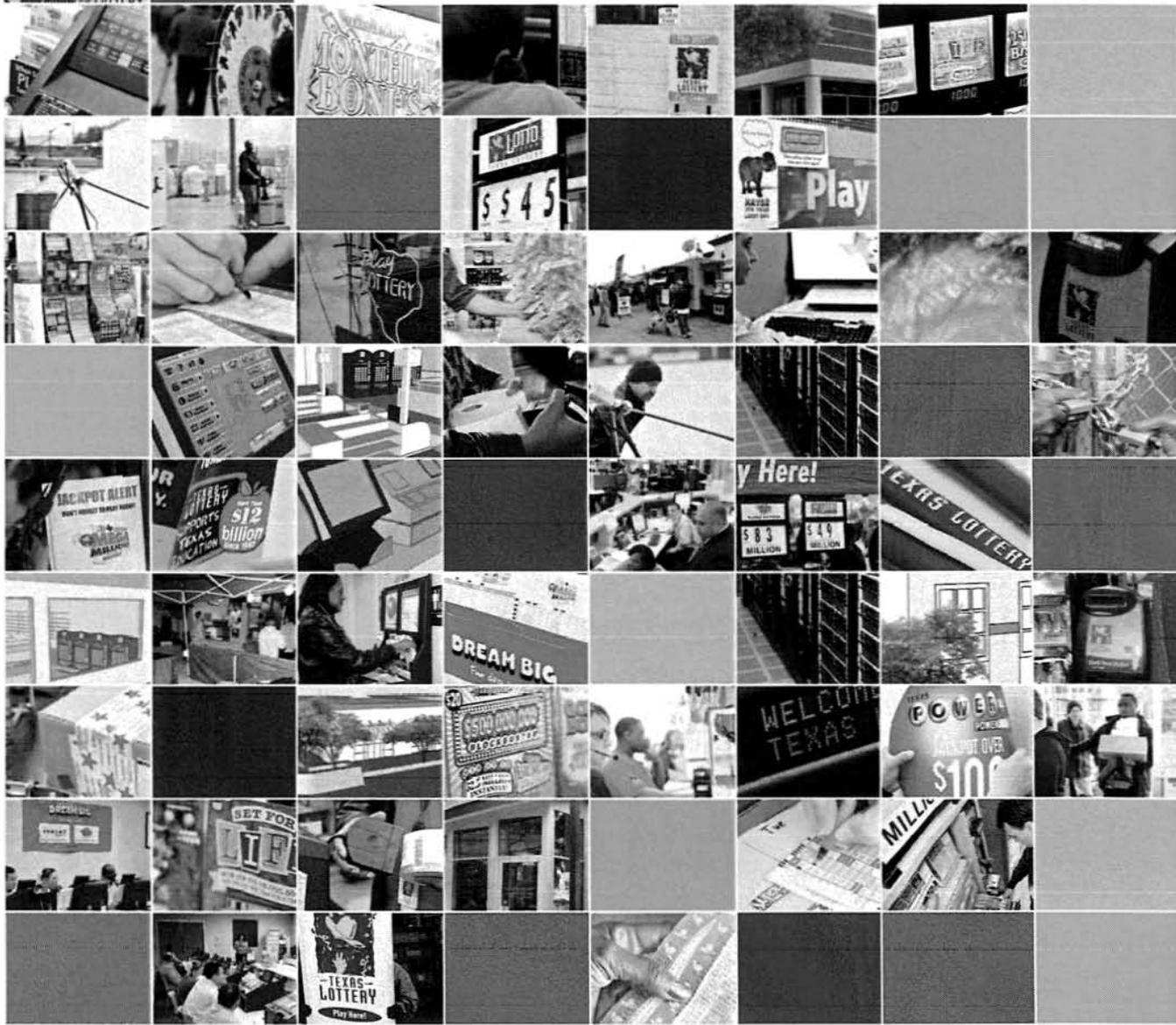
For more information on our Instant Showcase, please see Section 7.12, Sales Terminals and Related System Sales Equipment, Subsection 65.5, Automated In-Counter Ticket Dispensing Unit.

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**Not released**



# 7.4

Claims and Validation



# 7.4

## Claims and Validation

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### Introduction

Having paid out more than \$32.2 billion in prizes since the Texas Lottery's inception – and an astonishing \$2.29 billion in Fiscal Year 2009 alone – the TLC requires an exceptionally reliable and secure claims, validation, and payment system. The importance of the claims, validation, and payment system – a key component of the GTECH – cannot be overestimated. This is one area in which the slightest systemic flaws are highly visible, not only to the Lottery personnel who use the system daily, but also to the TLC's most valued customers. Every time a player attempts to redeem a winning ticket, it is crucial that the system in place works flawlessly and consistently to make the "winning experience" easy.

The retailers and Texas Lottery personnel responsible for processing claims and prize payments are, in essence, the public face of the Lottery. With , they will be able to perform their customer-facing roles with greater speed and efficiency, because the minimizes the need for manual business processes and empowers application end users through automation.

#### **Your business rules are the driving force behind the technology of your customized .**

We know the Lottery operates under a myriad of regulatory constraints set by the Legislature. will automate many of the business processes required to comply with Texas Administrative Code, such as withholding taxes in accordance with Internal Revenue Service (IRS) laws. In fact, your business rules are the driving force behind the technology of your customized solution. For each winning ticket validation transaction, complex sequences of events that are mapped to the Lottery's business rules are seamlessly managed by within a matter of seconds. These sequences include a well-choreographed series of system checks and balances that ensure player protection. We will provide you with a dynamic claims and validation system that captures business rules yet allows you to remain agile in responding to changing rules and legislative requirements.

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Please refer to the insert entitled **Claims and Payment Processing**, which follows this page, to see a graphical representation of the complexity of the business processes that will be handled fluidly by our proposed ES solution.

## **Table 37**

### **Claims and Validation Response Requirements**

#### **37.1**

##### **Roles, Responsibilities and Detail Requirements**

GTECH acknowledges and accepts the roles, responsibilities, and detail requirements indicated in this section.

#### **37.2**

##### **On-Line and Instant Claims, Validations and Payments**

##### **A Solution to Meet Your Needs Today and into the Future**

GTECH's \_\_\_\_\_ an integrated solution for validating claims, generating payments, checkwriting, reporting payment information for On-Line and Instant Tickets, subscriptions, and player registration. In addition to the requisite checkwriting software, as part of our solution, we will provide the necessary hardware for use at TLC headquarters and each Texas Lottery claim center. This includes Personal Computers (PCs), handheld bar code scanners, and

**We have successfully incorporated all existing  
Lottery business rules and data into the new**

As the TLC's lottery vendor for 18 years, we have gained unique insight into the many intricate details of complex business rules that are integral to the Lottery's current claims, validations, and payment processes. We have applied that unparalleled, practical knowledge of the processes in place today to our solution approach, aligning the functionality of our technology offering with the TLC's specific business objectives.

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**Not released**

**CLAIMS AND PAYMENT PROCESSING**

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GTECH will help the TLC ensure the integrity and security of the Lottery by providing a highly customized claims and payments solution that preserves even the most complex business rules currently in place today and addresses the TLC's business requirements, *including those that have not been explicitly stated in the RFP*. Through our daily interaction with the Texas Lottery and a thorough analysis of the current business processes in place, we have successfully incorporated all existing Lottery business rules and data into the new . No other vendor can so readily deliver a solution that provides the functionality you require to meet your needs today.

The innovative design of will provide distinct advantages to the TLC in terms of its ease of use, automation, and integration capabilities. Key benefits of include:

- **Single Player View:** provides a common repository for all player data, available to the Lottery across all products and channels.
- **Ease of Use:** Usability for Lottery personnel is increased with an intuitive interface that will provide a single view of On-Line and Instant Ticket data shared across the Lottery enterprise.
- **Automation:** Complex, Texas-specific business processes, including debt collection against player winnings, will be seamlessly managed.
- **Integration:** Data sources are shared between integrated gaming solution components, including will also provide interoperability with the Lottery's third-party systems.
- **Performance:** The component-based architecture of GTECH's will significantly increase transaction speed and reliability, since the modular will not reside within the gaming system.

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We are certain that our comprehensive claims and validation solution will help the TLC meet its current business objectives for secure and efficient operations and further fortify public confidence in the Lottery. We are equally certain that [redacted] provides both the scalability and flexibility to meet the TLC's needs long into the future.

### Integrated and Configurable

A central component of the GTECH [redacted] product offering, [redacted] is completely integrated with the rest of the system applications, such as the [redacted] reporting application.

With [redacted] TLC personnel can monitor and control all claims and validation functions. [redacted] and all other management applications are accessed by authorized users through the single interface to the [redacted] the [redacted]. In addition, data shared between [redacted] will be available in real time, without the need for synchronization between individual system components. Your staff can easily access and leverage pertinent data distributed across the Lottery enterprise for real-time analysis and informed decision-making.

Whether simply adding a new player record or performing a more complex function such as managing export and interface files, TLC personnel will find the application intuitive to learn and operate. [redacted] was designed to ensure ease-of-use for end users of all skill levels. The [redacted] shown in the following figure, is the single, Web-browser-based interface through which all authorized users will have immediate access to

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has a flexible design and offers advanced system functionality that incorporates the TLC's existing business processes and security requirements. It also further streamlines your efforts to:

- Validate and track winning tickets and prize payments for On-Line and Instant Games.
- Maintain records of all claims and payments processed at any authorized retailer or designated claim center distributed across the state of Texas.
- Process both On-Line and Instant Tickets on the same claim within an integrated system.
- Manage key system functionality for reporting, tax processing, and debt set-off management from a unified, user interface.
- Track player information and support fast, automated searches of claims and claimants.
- Combine several winning tickets into a single payment.
- Offer multiple payment methods, including checkwriting and Electronic Funds Transfer (EFT).
- Automatically generate relevant tax forms for high-tier winnings.
- Allow role-based, user access and increased security control for processing claims and printing checks.
- Enable integration with Lottery back office and state systems.

The component of will provide you with a highly configurable and technologically advanced solution that easily accommodates your current prize validation and payment processing practices. Additionally, GTECH's commitment to continuously improving its applications, as evidenced by the most recent enhancements to the product offering, will ensure that your evolving business needs will continue to be met long into the future.

### *Integration with Third-Party Applications*

In addition to integrating seamlessly with other has been designed to interface with external applications and back office systems that make up the most complex operating environments. For example, ESPS will interface with the ( Any data that is captured into the is capable of being extracted into an interface file, including fields such as Payment Type and Amount, Check Number, Date and Amount, Withholding Amounts, Tax ID Information, and Player Information.

GTECH's \_\_\_\_\_ provides a secure integration path for the solution currently provided for Texas by Elsym Consulting, Inc., or any other vendor solution selected by the Lottery. We will work with the Lottery to ensure that our interface files meet the requirements of your preferred ICS vendor.

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### **37.3 Validation Capabilities**

\_\_\_\_\_ offers a full range of ticket validation capabilities that are completely aligned with TLC's current business rules. The fully integrated components of your \_\_\_\_\_ will ensure that On-Line and Instant Ticket validation processes and security standards remain consistent – regardless of whether tickets are being validated in the field by retailers or by administrators at Texas Lottery Headquarters or regional Lottery claim centers across the state of Texas.

\_\_\_\_\_ processes both On-Line and Instant Ticket validations. Validation requests for On-Line Tickets are securely passed from the \_\_\_\_\_ to the central system, which we call the \_\_\_\_\_ or \_\_\_\_\_ Validation requests for Instant Tickets are securely passed from the \_\_\_\_\_ to \_\_\_\_\_ A more detailed explanation of the system's secure validation capabilities is provided in the following paragraphs.

## On-Line and Instant Ticket Validation Processing

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## Duplicate Validations

In 2009, GTECH systems supported the sales of \$16.94 billion in On-Line Games and \$19.96 billion in Instant Games, in the United States alone. With a conservative estimate of payouts for On-Line Games at 49 percent and Instant Games at 60 percent, this represents more than \$20.28 billion in secure validations.

With \_\_\_\_\_, a winning ticket can be cashed only once. There are no exceptions to this rule. All validations occur in real time, and when a ticket is presented for validation, \_\_\_\_\_ verifies its current status. That status is identified by a flag assigned to the winning ticket's individual record in the system. A marked flag indicates that the ticket has already been cashed, while an unmarked flag denotes that it is still available to be cashed. When a ticket that has not yet been cashed is presented for prize redemption, \_\_\_\_\_ extracts the appropriate payment-authorization data, authorizes payment, verifies payment ability (if appropriate), automatically sets the flag on the ticket record to paid (cashed), and appends a unique ID representing the validation transaction.

**With \_\_\_\_\_ a winning ticket can be cashed only once. There are no exceptions to this rule.**

For On-Line Games, validation information for wager transactions is stored in the \_\_\_\_\_

\_\_\_\_\_ to maintain system liabilities.

For Instant Tickets, such information is stored in the transaction file and the appropriate validation file. For all lottery ticket types, additional identifying information (such as the date, time, and cashing terminal) is also stored with each transaction.

If someone attempts to validate a ticket more than once, the \_\_\_\_\_ will recognize the flag of the record, determine that the ticket has already been validated, and disallow a payment authorization for the prize. The system will display a suitable message, such as "Previously Paid," or "Previously Paid by You" on the originating terminal along with identification of the operator who validated it. The attempt will be reported to the \_\_\_\_\_ and/or system security log.

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Further to providing TLC exceptional control, enables the Lottery to designate any On-Line Ticket that has not yet been cashed as On Hold. To do so, the authorized Lottery user need only enter the serial number of that ticket and assign the ticket the On Hold status. If anyone attempts to validate an On Hold ticket at a retail location, the system will alert the Lottery of the validation attempt, noting the location, date, and time of the attempt. The validation transaction will be disallowed, and a suitable message will be conveyed at the retailer terminal and printed as a receipt – for example, “Unable to Validate – Please Contact Lottery.” The actual message can be customized to suit the TLC’s business needs. Furthermore, a report of all would be readily accessible for review by the Lottery. Since all validation information is updated in the this information is available via the reporting solution and can be reviewed as necessary.

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These security features guarantee that the sale, exchange, cancellation, and validation of tickets cannot be duplicated on retailer terminal equipment.

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## Data Retention for Validated Tickets

is capable of retaining all data for prize validation and payments for as long as the TLC requires the data to be accessible in the system. The duration of time that a previously validated ticket remains on the system is a configurable parameter. GTECH will continue to work closely with the TLC to ensure that the is appropriately sized to meet your data retention and purging requirements.

In accordance with your business requirements, will allow:

- On-Line Tickets that have been previously validated to be maintained on the system for no less than 90 days following prize validation.
- Instant Tickets that have been previously validated to be maintained on the system until the Lottery approves the purge of game files.

Additionally, if someone performs a prize inquiry or otherwise attempts to validate a previously validated On-Line or Instant Ticket, the will return a customizable message, such as "Previously Paid," on the originating terminal along with identification of the retailer who validated it. For On-Line Tickets, this message will be returned for a minimum 90-day period following prize validation.

With respect to Instant Tickets, validation periods for individual games will be defined by the close date for a particular game plus the 180-day period following the close date. With prize-winning Instant Tickets can continue to be validated on retailer sales terminals for the 180-day period following a game's official closing date. The claim period can be changed within at the discretion of the Lottery.

## Validation Levels and Offices

employs the User Security mechanism of ) deployed across all components to control at a very granular level which Lottery staff members can process prize validation and payments. Specific Lottery offices may be assigned cashing privileges. Cashing privileges can be used to differentiate between the type of validations that Lottery staff at headquarters may perform and those that may be executed by staff at regional claim centers. This mechanism permits the Lottery to firmly control the number of personnel with ticket validation authority and to establish predetermined validation limits by office location.

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## Super Retailers

For player convenience, GTECH will provide the Texas Lottery with the capability to support Super Retailers, defined as those retailers authorized to validate and pay prizes up to a maximum payment of \$4,999.99 (as opposed to the standard retailer threshold of \$599). GTECH's enables comprehensive support for Super Retailers and provides the TLC with value-added options that can increase player security, improve player convenience, and advance its organizational mission to generate revenue for the State of Texas.

In accordance with the legislative rules in place today, players claiming high-tier prizes in Texas are required to provide personal information to the Lottery for proof of identity and IRS reporting purposes. The streamlines the collection of claimant information and will enable players to register with the Texas Lottery in order to claim prizes of \$600 or more at Super Retailer locations.

### *Player Registration at Super Retailer Locations*

Texas Lottery players can take advantage of the benefits of Super Retailer locations in the following straightforward manner:

1. **Initial Player Registration:** Super Retailers can register player information for first-time claimants through the GTECH sales terminal. The information captured would include core data such as a player's first and last name, address, phone number, date of birth, and Social Security Number (SSN). The player data would automatically be recorded by and stored within a Texas Lottery player database that is shared across
2. **Repeat Claimants:** Players that have been previously registered by the Lottery, either at a Super Retailer location, Lottery headquarters, or regional claim center, would simply need to provide a driver's license to the retailer for identity verification purposes when claiming a prize. The retailer terminal point-of-access application will request a driver's license, which may be used to enter a claimant's name into the system. The information from a driver's license may be entered manually into Super Retailers' lottery terminals or obtained with a scanner via a license's bar code technology. The would then validate the entered player information against existing player database records.

### *Self-Service Player Registration*

As illustrated in the following figure, GTECH will also provide the Texas Lottery with a Player Portal that will enable players to follow a simple online process to register with the Texas Lottery through the Internet. Player registration requires age verification information that can be checked by a third-party verification company to ensure that the player is of legal age to play the Lottery's games. Verification of demographic information in the player registration database will give the Lottery valuable data for its player database and marketing campaigns.

All personal data provided by the players would be verified and stored in the common Texas Lottery Player Database and shared across including subscriptions. This Web-based interface for player self-service will enable players to register in advance of visiting Super Retailer locations, and give claimants a convenient resource for accessing pertinent claims information such as tax liability data.

#### **Figure 7.4 – 3:**

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Once registered within the \_\_\_\_\_, players can successfully claim high-tier prize payments at any Super Retailer location. The ticket validation process will occur in a highly secure manner.

When a registered player presents a Super Retailer with a Texas Lottery ticket for cashing, a ticket validation request will be sent from the Super Retailer lottery terminal to the host system for approval. If the ticket validation request is not approved by the host system (e.g., the ticket was reported as stolen), the claim will be immediately rejected. The Super Retailer terminal would receive the result and display a message that provides a reason for the rejection of the claim.

Meanwhile, \_\_\_\_\_ will automatically run a check of registered players against prohibited claimant database files, enabling the system to readily identify players claiming prizes at Super Retailer locations who have outstanding financial obligations to the State of Texas. Should the \_\_\_\_\_ confirm that a claimant is subject to debt set-offs against winnings, the claim would be rejected and the Super Retailer would be unable to validate the lottery ticket. The Super Retailer terminal would display an appropriate message, determined by the TLC, and print a corresponding receipt that directs the claimant to a Texas Lottery claim center.

If a player's winning ticket validation request is approved and no applicable debt set-offs are found, the \_\_\_\_\_ will authorize the claim and a payment authorization message will be relayed back to the Super Retailer terminal. The full prize payment may then be issued and the \_\_\_\_\_ will accurately record all ticket validation information and associated prize payment amounts. As with all Texas Lottery payments that are issued, authorized Super Retailer payments would be routinely compared to the payment totals calculated by the Lottery's \_\_\_\_\_.

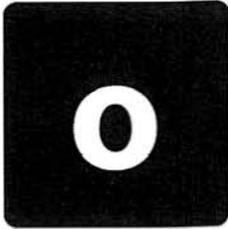
**With GTECH's \_\_\_\_\_, a highly innovative approach to claims management, every authorized retailer in the entire state of Texas could potentially become a Super Retailer.**

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Although your RFP requirement for Super Retailers does not require the system in place to automate tax deductions, the solution is capable of withholding taxes from Super Retailer prize payments, should the Lottery require this functionality in the future.

### *Value-Added Super Retailer Support*

Should the TLC elect to move forward with plans to designate Super Retailers with high-tier prize payment authorization, GTECH can offer the TLC additional support options, such as:



- **Texas Lottery Super Retailer Play Center (Offered Option):**  
GTECH can collaborate with Super Retailers to create in-store player service areas that offer additional amenities for Lottery players. Super Retailer play centers can include a PC Internet connection that allows for play-for-fun games. Super Retailer play centers could even include game testing labs that generate excitement for games prior to their official launch.

GTECH can also provide the TLC with a thorough analysis of existing Lottery sales agents that are the most viable Super Retailer candidates and recommend the geographic locations that will maximize the convenience for Texas Lottery players. Based on what we know of your requirements at present, we have already identified 277 viable candidates for Super Retailer designation that are strategically located across the state of Texas. We would be pleased to share the details of our marketing analysis with you.

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### **Ticket Validation at Texas Lottery Headquarters and Regional Claim Centers**

Please note that all of the following screenshots were captured from the Texas's Lottery's newly converted . The images are actual representations of the system's claims and payment interface, and have not been altered in any way.

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## §552.101/466.022/552.139 Creating a Claim

The first, basic step for processing ticket claims at a regional claim center requires the entry of On-Line/Instant Ticket information. This can be simply obtained and populated into the system via the handheld bar code scanner that is supplied with each retail terminal and provided to the TLC. Although scanning is the preferred method of entering ticket information into the system, because it is the simplest and mitigates human error, also enables manual entry.

The claims component of provides pages for Lottery personnel to enter information into the system. As each ticket is entered, ESPS will send a validation inquiry to the appropriate This initial validation inquiry determines whether a ticket is payable; only tickets that receive an affirmative response back from the can be added to a regular claim. At this stage of the process no updates are made to the system's permanent ticket records.

As tickets are being entered, TLC staff can view those that have been successfully added to the claim. Ticket information is displayed, as is the relevant prize amount. A ticket can be easily removed from the claim prior to submission. This is done by selecting the appropriate checkbox next to the ticket ID and clicking the "Remove Ticket" button, which automatically adjusts the total amount for the claim.

The following screenshot depicts the user interface that enables Lottery personnel to add Instant/On-Line Ticket information for regular claims.

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After all tickets have been entered, TLC staff may enter the relative claimant information in one of two ways:

- First-time claimants are added to [redacted] with a “new claimant” designation. Required data entry fields include first and last name and Social Security Number. Additional information, for example, date of birth or proof of citizenship, may also be required based on the claim amount.
- For repeat claimants, [redacted] enables the retrieval of existing records of claimant data. TLC claims processors will be able to search for an existing claimant by name or by SSN. The system will return one or more possible matches and enable the automatic transfer of information to the claim upon selection of the appropriate claimant name. At this point, existing claimant information can be verified and edited, as necessary.

[redacted] reduces human error through automation while enabling the TLC to continue to process claims according to the existing processes in place across Lottery claim centers today.

### Claimant Eligibility

We support the TLC in its efforts to ensure the integrity of the Lottery. As we have done in the past, we will work collaboratively with the TLC to enforce the business rules in place today that ensure ineligible claimants are readily identified.

The Lottery’s existing business processes, which include cross-referencing the TLC’s official list of persons restricted from claiming Lottery prizes, will be incorporated into the proposed [redacted] component. Upon entry of claimant information into the system, several checks will be performed to verify the eligibility of claimants in accordance with Texas State Lottery Act game rules. These include checking for affiliation with TLC employees or vendors and for outstanding debts that need to be withheld on behalf of the state of Texas, such as child support payments and fines for traffic violations.

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### *Enforcing Ineligible Claimant Policies*

GTECH has provided the TLC with a solution that will allow the Lottery to operate in accordance with Texas Government Code Chapter 466, Subchapter F, Regulation of Games, which prohibits the following categories of persons from claiming, collecting, or receiving a lottery prize:

- Members, officers, or employees of a person or entity that has contracted with the TLC to sell or lease goods/services used in the operation of the Lottery.
- Members, officers, or employees of a Lottery operator.
- Officers or employees of the Texas Lottery Commission.
- A spouse, child, brother, sister, or parent residing in the same household of any person described in the categories above.

The key to enforcing the state's ineligible claimant policies is being able to readily identify such persons should they attempt to redeem a winning ticket. The system provided by GTECH provides the capability to load information for detecting restricted players. As we do today, we will utilize an accurate list of restricted players maintained by the TLC. The TLC list has always been updated regularly to include newly restricted personnel and exclude those that have been terminated or otherwise separated from ineligible entities for more than six months. Loading this list into        will enable the application to capture pertinent information for each restricted player.

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When retailers or authorized TLC personnel create a claim and enter claimant information into the system will search a database of prohibited claimants for possible matches, using multiple search criteria including SSN and residential address. If a match is found, the claim administrator is alerted by a message indicating the claimant's ineligible status and the ineligible claimant will be prevented from collecting lottery winnings. However, as an added precaution, monthly reports are routinely analyzed by GTECH to verify that no one included on the prohibited claimant list has successfully claimed a prize.

### *Debt Set-Off Management*

also facilitates withholdings of winnings for any payment of outstanding debts owed to government agencies, as identified under the Texas Government Code Annex 466.407 statute that governs deductions from prizes. will cross-reference records of individuals or entities that owe delinquent taxes to the state of Texas; child support payments; defaulted educational loans; or outstanding debts to the Attorney General, Comptroller, Texas Workforce Commission, Texas Alcoholic Beverage Commission, or Texas Health and Human Services Commission.

Similar to the business process in place for ineligible claimants, the system would use data maintained by the TLC to obtain information regarding outstanding debts. We acknowledge that debt set-off information will be provided in a format determined by the TLC; provides you with several format options. Debt set-off information can be easily loaded into via various types of media, although the preferred format is an electronic file transfer. This type of data feed could easily be acquired on a daily, weekly, or monthly basis, as determined by the TLC. However, debt set-off information can also be added to manually, enabling TLC personnel to add the names of individuals and entities that have outstanding tax liabilities as well as to amend the list of government agencies within the system.

With the files used to control set-off processing in place, will reduce human effort by creating automatic payments for each government agency that has an outstanding debt to collect. For example, if a player claims a \$5,000 prize, yet owes \$2,000 to a government agency, a payment of \$3,000 will be issued to the player, and a separate payment of \$2,000 to the agency will automatically be created to reconcile the outstanding debt.

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As mentioned previously, the debt set-off functionality includes configurable parameters that will enable the TLC to adjust the amount withheld when appropriate (i.e., when the total outstanding debt is greater than the claim amount). provides an intuitive interface that will enable authorized TLC personnel to perform the debt set-off management function for all prizes and prize payment types included within the

will facilitate external audits and management oversight of the debt set-off process with dynamic reporting capabilities, including daily, weekly, or monthly reports detailing all outstanding debts collected by the TLC. will track all pertinent information for debt set-off management correlated with all applicable government agencies and time periods. All debt set-off information can be easily captured in an electronic file format for import/export purposes. However, as we are aware of the confidentiality requirements of the government agencies involved in this process, we take a variety of measures, including password protection of records, to ensure the security of any system files used to control debt set-off processing.

## Tax Documentation

will perform all tax-related processing required to conform to Texas Lottery business rules. When processing a winning ticket, the application automatically calculates and withholds the appropriate federal and state taxes. The system is configured with local, state, and federal tax percentages to accommodate automatic tax withholding for Texas Lottery winners, based on configurable prize thresholds and withholding limits. The newly converted system will be provided to the Texas Lottery replete with all the data files necessary to meet state and federal income tax requirements, including tax reporting and remittance requirements.

will deduct and account for tax payments on eligible winnings at the time a prize is claimed. However, withholding amounts can also be entered on an ad hoc basis at the time of payment issuance. will issue payout receipts, including tax payment details, to winners at the time of payment and supports reprints of those receipts.

The will also capture, report, and print claimant information required for IRS end-of-year reporting. captures all tax reporting information for retailers and prize claimants, including the name, address, and related information for all prize winners over the IRS reporting threshold.

This functionality includes printing of the required forms for reporting a claimant's income to the IRS, including but not limited to forms W-2G and 1042S.

will enable authorized Lottery staff members to easily view tax information for claimants and generate replacement tax documents upon request.

#### *IRS Form 5754*

For many Lottery enthusiasts, part of the excitement of "playing the games of Texas" includes sharing the chance of winning with family, friends, and colleagues. Unfortunately, however, people who come together to buy pools of tickets may ultimately encounter tax reporting issues when they win as a group. GTECH's resolves this potential issue for multiple claimants by ensuring that information reported on IRS Form 5754 (which must be filed by lottery winners who either receive winnings for someone else or will share a prize as the member of a group of two or more persons) is properly accounted for within the system.

According to the Texas Administrative Code 16 TAC 401.302 for Instant Tickets and 16 TAC 401.304 for On-Line Tickets, only one claimant may be recognized as the winner of a prize. will continue to conform to this policy by printing checks made payable to just one claimant—defined as an individual, a corporation, trust, partnership, or some other form of entity. In addition, will automate the Texas Lottery's capabilities for tracking, reporting on, and accounting for all winner pools that submit Form 5754.

Texas Government Code 466.404 regulates the payment of prizes to multiple winners, noting that if more than one claimant is awarded a specific unpaid prize, each claimant is entitled to an equal share of the prize. To facilitate the cases in which multiple winners are attached to a single claim, the claims and

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validation system provided to the Texas Lottery will be configured to utilize the information included within Form 5754 to prepare multiple W-2G forms, one for each individual winner.

Many lotteries across the nation have implemented multiple claimant business processes that include Form 5754 processing. Tax documentation can be easily managed within the Graphical User Interface (GUI). All authorized Texas Lottery personnel will be able to generate replacement tax documentation as necessary with the simple click of a button.

Our support of the TLC includes strict adherence to its extensive and highly detailed business processes. To enhance the service we provide, we have reviewed these processes and identified areas where our proposed solutions can increase efficiencies and add functionality in the coming contract. The insert on the following page, entitled **5754 Processing**, illustrates how our solution will enhance your claims and payments processing.

For ongoing reporting and auditing purposes, the can easily accommodate your requirement to maintain game validation records and enable online inquiries regarding validation files and searches for cashed ticket records for a minimum of three years. Long-term access and retention of such records will be in accordance with Section 3.74 of the RFP.

We will provide inquiry, update (add, change, and delete), and reporting capabilities for all information (winner name/address/ticket information, winner payments) in the , as shown in the following screenshot.

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Not released**

**5754 PROCESSING**

**Confidential**

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We have an unparalleled knowledge of the Texas Lottery's historical system usage and growth patterns and will work proactively to optimize system performance wherever possible. Moving forward, we will work collaboratively to execute long-term capacity planning and data life cycle management strategies to increase operational efficiency and meet projected growth expectations.

**We have an unparalleled knowledge of the Texas Lottery's historical system usage and growth patterns and will work proactively to optimize system performance.**

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### Expired Tickets

The [redacted] will evaluate tickets based on the drawing date and identify all attempts to validate tickets that have expired. If an attempt is made to cash a ticket that has expired, as defined by any Lottery-specified time period, the system will alert the retailer and decline authorization for prize payment. A customizable message, such as "Ticket Expired," will be returned to the retailer terminal for all such attempts.

[redacted] has the ability to process expired tickets as well as other miscellaneous claim types. Miscellaneous claims include all claims that cannot be processed in a regular fashion because either the ticket has been invalidated (i.e., previously paid) or the prize is associated with an offline drawing or entry. With [redacted] miscellaneous claims are processed in a straightforward manner that is quite similar to regular claims; however, additional information is required to provide a classification for the claim. Miscellaneous claims are assigned a reason type, such as:

- **Expired:** Game is closed or ticket is too old.
- **Previously Paid:** Ticket may have been cashed at a retailer terminal; however the retailer was unable to pay the player.
- **Damaged:** Ticket is unreadable.
- **Jackpot:** Grand prize validation.
- **Invalid Ticket:** Ticket may have legitimately been sold; however, ticket cannot be validated because it originates from a partially stolen or returned pack.

You will have a considerable amount of control over configuring the \_\_\_\_\_ to suit your unique management needs. The reason types, for example, are configurable parameters that can be modified by the TLC as needed to encompass all possible scenarios. Additionally, the granular levels of role-based privileges will empower authorized TLC personnel with the right to override a miscellaneous ticket's status from a management workstation. The \_\_\_\_\_ can also generate reports that identify validation attempts by reason type.

### Unclaimed Prizes

The duration of time that a winning ticket remains on the system available to be validated or claimed is a configurable parameter. The system will automatically account for unclaimed prizes for all Lottery products based on each game's applicable end validation date. Through the reporting component of the \_\_\_\_\_, authorized users will be able to create reports that access, summarize, and research all winning tickets associated with unclaimed prizes.

### Prize Payment Process

Once a claim has been successfully approved, \_\_\_\_\_ will release the claim for payment processing and generate a payment for the claimant. The system will create a Sent to Payment status for claims upon approval and will ensure that this status cannot be modified.

With \_\_\_\_\_ authorized claims administrators simply select the payment type (i.e., cash option or annuity) from a drop-down list during the creation of a claim. The ability to select or change the payment type at the time of the claim is a standard feature of the \_\_\_\_\_

**The ability to select or change the payment type at the time of the claim is a standard feature of the ES solution.**

In addition to processing more ordinary payment types, \_\_\_\_\_ can also process miscellaneous claims, including split prizes, a single check for multiple wins, and annuities. The system will also support processing payments for prizes not included in the validation system, such as TV game show prizes, merchandise prizes, multiple-year prize payments, and exception claims.

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## Low- and Mid-Tier On-Line and Instant Ticket Prize Payments

minimizes the effort required to process claims for multiple low- and mid-tier On-Line and Instant Tickets by enabling multiple winning tickets from a single player to be assigned to one claim. When a claim including multiple winning tickets is approved, the authorized Lottery staff member can print one check for the combined total winnings. However, in accordance with IRS reporting requirements, will ensure that the total prize amount of all tickets combined on a single claim will not exceed \$599, since ticket claims of \$600 or more must be entered and validated separately.

Currently, the Texas Lottery system imposes a limit on the number of tickets that may be added to a single claim. However, lottery players who frequently purchase lower price point tickets sometimes save them and cash dozens of tickets all at once. We want to ensure that the both simplifies and expedites the claims and validation process *in every instance*, and we will work with the TLC to ensure that an acceptable threshold for combined claims is configured for the provided to the Texas Lottery.

## Manual Prize Payments

Lottery personnel at TLC claim centers can be granted privileges to process manual prize payments for prizes that cannot be paid via normal processing in the validation system. For example, claims for multiple-year payments, expired tickets, and exception claims can be processed in this manner.

With the manual process for generating checks would be equivalent to the TLC procedures in place today for creating administrative claims. When manual payments are processed in the system, the claims administrator must provide a two-digit payment code that identifies the reason for manual processing. also contains comment fields that enable TLC personnel to record additional information relevant to manual payments.

The system will record and report on all fields, payment code categories, and comments related to manual transactions, just as it would for claims processed in the standard fashion. In addition, offers functionality that will ensure the secure release of prize payments by authorized TLC personnel.

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## Processing Annuity Payments

In addition to processing regular and miscellaneous claims, [redacted] will track, report on, and account for all payments associated with annuity claims. Annuity claims, that is, claims that entail the payment of grand prizes via a series of regular, fixed payments, are tracked and controlled through [redacted]

Processing an annuity claim is similar to processing a miscellaneous claim. [redacted] will require the authorized user to enter information that identifies the type of annuity to be processed. This information includes:

- Account type (initial or installment payment).
- Annuity type (one-year, five-year, etc.).
- Next payment date.
- Schedule (weekly, quarterly, yearly, etc.).
- Individual payment amount.
- Total annuity amount.

[redacted] will generate the first payment for the annuity claim and automatically track additional annuity payments and details, including the current balance due and paid for each winner over the annuity period.

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The user authorization parameter will allow the TLC strict system control over annuity payments by identifying a subset of Lottery claim center staff as super users with the authorization to handle future annuity payments on an exception basis.

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**Not released**