



TEXAS LOTTERY

A WORLD OF POSSIBILITIES

Proposal to the Texas Lottery Commission

• FOR LOTTERY OPERATIONS AND SERVICES •

Technical Proposal for RFP No.: 362-10-0001 • June 30, 2010 • COPY

BOOK 3 OF 4

A WORLD OF POSSIBILITIES

PRINTED PRODUCTS • LOTTERY SYSTEMS
DIVERSIFIED GAMING



**TEXAS
LOTTERY**

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Texas Lottery Commission

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Lottery Operations and Services

RFP No. 362-10-0001 • June 30, 2010

Technical Proposal



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TEXAS LOTTERY

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TEXAS LOTTERY

PART 7: SUMMARY



PART 7: LOTTERY GAMING SYSTEM



WHY SCIENTIFIC GAMES FOR TEXAS

EXPERIENCE TO BE A TRUSTED PARTNER FOR THE TEXAS LOTTERY



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- **Scientific Games is an experienced lottery gaming system operator and provider of lottery business management services.**

Scientific Games is approaching its 40 year mark. The company has helped pioneer lottery information technology over the years, and is proud of its delivery record of 275 distinct technology project implementations and enhancements over just the last 2 years following NASPL best practices. We stand today at the forefront of a worldwide lottery industry that is revolutionizing the way in which it reaches its players and retailers. Our latest generation lottery gaming system, has been in production for over five years, and is an evolution of the company's diverse engineering and gaming experience. It is powering lottery system operations today in Pennsylvania, Maryland, and Connecticut and soon to go live in Indiana for the Hoosier Lottery. We have the system experience to be a trusted partner for the Texas Lottery.

Across multiple sectors, our gaming technology products support a multitude of gaming environments. We take a best of breed approach in our product engineering design to continuously update and refresh its capabilities and functions to take this convergence to market. The pace of change in the industry is accelerating, and the scope and impact of gaming is widening. Scientific Games is leading this change and offers the Texas Lottery an innovative system supported by an innovative company.

- **Scientific Games has an outstanding technology team with expertise from multiple vendors and various gaming platforms.**

Scientific Games has a highly skilled team of technology leaders with a diversity of experience that stretches over multiple lottery vendors and numerous gaming platforms and business deployments. Our technology leadership team has a proven track record of designing and deploying lottery gaming systems and related infrastructure for domestic and international lotteries. A brief introduction to our technology team leaders:



Steve Beason



John McCormack



Bill McArthur



Janine Whiteman

- **TLC Project Steering Committee led by Steve Beason, President Lottery Systems and Chief Technology Officer**
 - 25 year lottery career in the creation of gaming technologies and 2007 recipient of Georgia Chief Information Officer of the Year nomination
 - Executive Sponsor for the TLC and executive technology leadership experience with Scientific Games and GTECH
- **TLC Project Steering Committee contributor John McCormack, Vice President Systems Development**
 - 18 year lottery veteran with leadership experience in 13 lottery implementations
 - Systems development expertise with Scientific Games and IGT-OES
- **TLC Project Steering Committee contributor Bill McArthur, Vice President Information Services Technology**
 - 10 year lottery veteran with leadership experience in 18 lottery implementations
 - Systems infrastructure design and deployment expertise with Scientific Games and IGT-OES
- **TLC Project Steering Committee contributor Janine Whiteman, Senior Director, Retail Solutions Marketing**
 - 27 year lottery veteran and Project Management Office leader
 - Lottery solutions development and deployment, and project management leadership experience with Scientific Games

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WHY SCIENTIFIC GAMES FOR TEXAS

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BENEFITS THAT DELIVER ADDED VALUE



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- **Scientific Games leverages enabling technology services to execute marketing programs for the sale of a complex consumer product: Lottery Games**

Technology enables the business. Operations services support the business. Marketing drives the business. Our lottery gaming system — is based around an Enterprise Framework design. It creates an integrated technology environment that accelerates speed to market of new products and services, enhances service performance, and provides customized reporting options for expanded business intelligence. It is a stable, proven system that empowers it users to focus on supporting and growing the business. Our advanced marketing information systems track game performance and analyze trends, enabling us to architect socially responsible, jurisdictional-based game plans designed for optimal performance.

- **Scientific Games has diversity in its gaming catalog for expansion when Texas is ready.**

Scientific Games has a multitude of games within each category of our Lottery Game Portfolio. We continue to create a host of new patent-pending online games that fit within these categories. Many of these games are now being implemented by a number of lotteries, both domestically and internationally. Over the past four plus years, Scientific Games has successfully implemented over 116 new games, game changes or game enhancements on time

WHY SCIENTIFIC GAMES FOR TEXAS

and according to specification. We have a richly diverse portfolio of gaming services that include exciting interactive games, player loyalty clubs, subscription systems, rewards programs and second-chance web sites. This is one of the emerging, fast-growing segments of our business, but one in which our experience in the lottery industry dates to 2001. Supporting our expansive Lottery Game Portfolio is the most comprehensive database of secondary lottery information in the world and research team with a depth of institutional knowledge only held by Scientific Games. This combination helps us decipher best practices for lotteries and new forms of gaming and enhances a partnership between the Texas Lottery and Scientific Games.

RISK MITIGATION TO PROACTIVELY MANAGE AND CONTROL



- **Scientific Games delivers on its commitments.**

The Texas Lottery has a well defined strategic business plan. It seeks to optimize its retail network and expand distribution with new technologies; launch new games and bring new growth success to the current game plan; enhance marketing efforts and further extend its relationship with both players and retailers; and introduce greater efficiencies to its supply chain and logistics operations management. Scientific Games is well experienced in these areas of lottery service delivery with proven results around the globe, from China to Italy to Florida to New York. We will partner with the Texas Lottery, align our business operations with yours, and commit to your success and objectives. We know that when you succeed, we succeed.

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#	Topic	Section Reference	Beyond Requirements	Superior Value	In Base System and Services	System/Service	System/Service
1	Previous Lottery Experience	4.2.2			X	7.12.0.2, 6.2.3	X
2	Experiences of Personnel	4.3			X	7.12.0.2	X
3	Texas National Service Center	4.2.2, 6.6.5, 7.13.1.1			X	7.12.0.2.1	X
4	Job Recruitment Ongoing Vendor	4.2.2, 6.6.6			X	7.12.0.2.1	X
5	Four Tiered Management	4.3.1			X	7.12.0.2.1	X
6	TLC Global Management Team	4.3.4			X	7.12.0.2.1.6	X
7	TLC Project Steering Committee	4.3.1, 7.6.3, 10.1.4.2			X	7.12.0.2.1	X
8	TLC Transition Team	4.3.1			X	7.12.0.2.5	X
9	Executive Management Team	4.3.1			X	7.12.0.2.7	X
10	Data Center/Operations Team	4.3.4			X	7.12.0.2.9	X
11	Call Center Team	4.3.1			X	7.12.0.2.10	X
12	Sales and Marketing Team	4.3.1, 7.2.1.3, 8.1.2			X	7.12.0.2.7	X
13	Transitional Incentive Plan	4.3.4, 6.2.2			X	7.12.0.2.7	X
14	Texas Performance Incentive Plan	6.3.1, 6.2.2			X	7.12.0.2.7	X
15	RFD Investment Plan	4.3.4, 8.8.2			X	7.12.0.2.7	X
16	Account Management Process	6.2.2			X	7.13.4	X
17	Lottery Issue	6.2.2, 7.1.7, 9.2.7	X		X	7.13.7, 9.3.7	X
18	Ravenweb	6.3.2			X	7.14	X
19	Optimization	6.3.2			X		X
20	TLC Service and Compliance Team	6.5.2.3			X		X
21	District Sales Offices	6.6.2	X		X		X
22	Warehouse Secured Space	6.9.2.2	X		X		X
23	National Data Center at RFD	6.5.2.2.2	X		X		X
24	Security Safeguards	6.6.2.3.1	X		X		X
25	Environmental Safeguards	6.6.2.3.2	X		X		X
26	Lottery Lottery	6.9.2.2	X		X		X
27	Boodle and Screenshot	7.2.1.3, 8.8.2		X	X	8.2.2	X
28	Licensed Online/Instant Games	7.2.1.3, 8.3.3, 9.2		X	X	8.2.3, 8.4.0.2	X
29	Second Chance Promo Games	7.2.1.3, 7.6.3.4		X	X	8.4.1.2, 8.6.4	X
30	MDI Licensed Properties	7.2.1.3, 7.6.3.4		X	X	8.4.1.2, 8.7.2	X
31	Advanced, Multi-Draws	7.2.2.2.A		X	X	8.4.1.7	X
32	Automatic Game Close	7.2.3.2.A		X	X	8.4.1.2, 8.7.2	X
33	Instant Ticket Pack Status	7.3.2	X		X	8.4.1.2	X
34	Instant Ticket Game Creation	7.3.3.1	X		X	8.5.4, 8.7.2	X
35	Check Printers/Signatures	7.4.2.1, 7.4.4		X	X	8.8.2	X
36				X	X	8.8.4	X
37	Fallover Time	7.6.1.2.C	X		X	9.2.7.2, 9.7.2	X
38	Concurrent Instant Games	7.6.1.3	X		X	9.2.3.1	X
39	Non-Sale Processing Time	7.6.1.3	X		X	9.2.4	X
40	Single Wager <4 Seconds	7.6.1.3	X		X	9.2.4	X
41	Multi Wager <6 Seconds	7.6.1.3	X		X	9.2.4.1	X
42	Properties Plus	7.6.3.4		X	X	9.6.2	X
43	SCGZ Platform for Instant Games	7.6.3.4		X	X	10.1.4	X
44	Player's Club and Play It Again	7.6.3.4		X	X	10.1.4.1	X
45	Easy Entry Validation System	7.6.3.4		X	X	10.4.2.3	X
46	NASPL Certification	7.7.2.1		X	X	10.4.4	X
47	System/Corporate Security	7.8		X	X		X
48	Weekly Statement	7.11.2.7	X		X		X

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#	Topic	Section Reference	Beyond Requirements	Superior Value	In Base System and Services
49	500 WAVE/Flair - Optimization	7.12.0.2, 8.2.3	X		X
50	500 Flair - Swap-Out with WAVE	7.12.0.2	X		X
51	Wireless Bar Code Reader	7.12.0.2.1	X		X
52	Touchscreen Choice of Screen	7.12.0.2.1	X		X
53	Integration Plate for Printer	7.12.0.2.1	X		X
54	WAVE - English plus one language	7.12.0.2.2.B	X		X
55	Memory Upgrade to 1GB	7.12.0.2.1	X		X
56	Wireless Ticket Checkers	7.12.0.2.5	X		X
57	500 Additional Ticket Checkers	7.12.0.2.5	X		X
58	Thermal Paper	7.12.0.2.7	X		X
59	22" Flat Panel (Customer Display)	7.12.0.2.9	X		X
60	Integration Plate - PTD	7.12.0.2.10	X		X
62	Lottery Phone Application	7.12.0.7		X	X
63	Tailored Preventive Maintenance	7.12.2.2	X		X
64	Smart Services	7.12.2.2	X		X
65	Call Center Language Support	7.13.4	X		X
66	Predictive Ordering System	7.13.7, 9.3.7	X		X
67	Network Implementation Team	7.14		X	X
71	Total of 140 Dedicated LMR's	8.2.3, 8.4.0.2		X	X
72	Retailer Optimization Analysis	8.2.3		X	X
73	Retailer Forum/Advisory Council	8.2.5		X	X
74	Online Game Product Plan	8.9.8		X	X
75	Bilingual LMR/LMR for adults	8.4.0.2		X	X
76	Quicker Pix (Top 20%)	8.4.1.2, 8.4.1.4		X	X
77	Fogo Floor Mats (Top 20%)	8.4.1.2, 8.7.2		X	X
78	Window KIOS (Top 20%)	8.4.1.2		X	X
79	Counter Waives (Top 10%)	8.4.1.2, 8.7.2		X	X
80	Additional LMR's (Total of 20)	8.4.1.2		X	X
81	Emerging Markets Council	8.4.1.2		X	X
82	Customized Vehicle Magnets	8.6.0, 8.7.2		X	X
83	Discovery and Create Team	8.8.3		X	X
84	Dedicated P&D Team	8.6.4		X	X
85	Non-Dedicated RAD Team	8.0.4		X	X
86	Automated Sorter	9.2.2.2, 9.7.2		X	X
87	Backup Warehouse - Instant	9.2.3.1		X	X
88	Non-Dedicated - W&D Team	9.2.4		X	X
89	Dedicated - W&D Team	9.2.4		X	X
90	Implementation - W&D Team	9.2.4.1		X	X
91	Bi-monthly Physical Inventory	9.6.2		X	X
92	Transaction Management Office	16.1.4		X	X
93	1 Dedicated Project Managers	10.1.3.1		X	X
94	Current 011-2-36 weekly	10.4.2.3		X	X
95	Project Management Process	10.4.4		X	X
1	Previous Lottery Experience	4.2.2		X	X
2	Experience of Personnel	4.3		X	X
3	Texas National Service Center	4.2.2, 6.6.5, 7.13.11		X	X
4	Job Interview vs Outgoing Vendor	4.2.2, 6.6.5		X	X
5	Four Teams Management	4.3.1		X	X
6	TLC Global Management Team	4.3.1		X	X
7	TLC Project Steering Committee	4.3.1		X	X
8	TLC Transition Team	4.3.1, 7.6.1, 10.1.4.2		X	X
9	TLC Executive Management Team	4.3.1		X	X
10	Data Center/Operations Team	4.1.1		X	X
11	Call Center Team	4.3.1		X	X
12	Sales and Marketing Team	4.3.1, 7.2.1.3, 8.3.3		X	X
13	Transitional Incentive Plan	4.3.3, 6.2.2		X	X
14	Texas Performance Incentive Plan	4.3.3, 9.2.2		X	X
15	RAD Investment Plan	4.3.1, 8.8.2		X	X
16	Account Management Process	6.2.2		X	X
19	Optician	6.5.2		X	X
20	TLC Service and Compliance Team	6.5.2.3		X	X
21	Discrete Sales Office	6.6.2	X		X
22	Warehouse Seated Space	6.6.2.2	X		X
23	National Data Center as BDC	6.6.2.2.2	X		X
24	Security Self-audits	6.6.2.3.1	X		X
25	Environmental Self-audits	6.6.2.3.2	X		X
26	Lottery Inventory	6.8.2.8	X		X
27	Bottle and Screening	7.2.1.3, 8.8.2	X		X
28	Unexcused Online/Instant Games	7.2.1.3, 8.3.3, 9.2	X		X
29	Second Chance Prizes/Games	7.2.1.3, 7.6.2.3	X		X
30	MOI License Properties	7.2.1.3, 7.6.2.4	X		X
31	Advanced Multi-Play	7.2.2.2.A	X		X
32	Automated Game Core	7.2.2.2.A	X		X
33	Instant Ticket Park Station	7.3.2	X		X
34	Instant Ticket Game Creation	7.3.3.1	X		X
35	Check Prizes/Signatures	7.4.2.1, 7.4.4	X		X
36	HW/Red Hat Enterprise Linux	7.6.2.2.B	X		X
37	Failover Trace	7.6.3.2.C	X		X
38	Concurrent Instant Games	7.6.3.3	X		X
39	Non-Sale Processing Time	7.6.3.3	X		X
40	Single Waiver on Seconds	7.6.3.3	X		X
41	Multi Waiver on Seconds	7.6.3.3	X		X
42	Properties Plus	7.6.3.4	X		X
43	SCG Platform for Instant Games	7.6.3.4	X		X
44	Player's Club and Play It Again	7.6.3.6	X		X
45	Easy Entry Validation System	7.6.3.4	X		X
46	99.99% Contribution	7.2.2.1	X		X
47	System/Corporate Security	7.8	X		X
48	Weekly Statement	7.11.2.7	X		X



TEXAS LOTTERY

PART 7: LOTTERY GAMING SYSTEM



A WORLD OF POSSIBILITIES

STEVE BEASON

President & Chief Technical Officer
Lottery Systems



A MESSAGE FROM STEVE BEASON

President & Chief Technical Officer

"Scientific Games is a global company with more than 35 years of experience delivering innovative and value-based products to the lottery industry. With approximately 4,200 employees worldwide servicing over 400 customers on six continents, we have an established proven footprint in the global gaming market. We have implemented and converted over 75 lottery technology systems and bring this project execution experience to bear in Texas. We are proud to be the only U.S. registered and operated lottery vendor.

Our diverse experience at providing services to customers around the globe, in successfully completing complex technology projects, and knowing not only the domestic lottery market but also the Texas market, allows us to harness emerging trends and bring to market products and solutions aligned with core lottery, retailer, and player needs. Helping each customer meet their specific goals is a hallmark of Scientific Games, one that I am extremely proud of. I have always believed that customer service is what makes the difference between being a lottery vendor and a lottery partner. Here at Scientific Games, we believe in partnerships and we want to work together with the Texas Lottery to expand our collective businesses. Our continued growth and success as a company is dependent upon the continued growth and success of our partners - and we would not have it any other way.

With this proposal to the Texas Lottery, Scientific Games demonstrates that we are the only fully integrated lottery service provider in the industry. We have the proven experience to successfully implement and deliver the proposed solutions offered, and we have ready-to-go new and exciting game content and distribution channels to meet your objective for increased sales growth and maximum contribution of proceeds to Texas's Foundation School Fund. As Executive Sponsor for the Texas Lottery, I personally stand behind this proposal, and look forward to working closely with you during the implementation and ongoing operations phases of the contract."

A handwritten signature in black ink, appearing to be 'S. Beason', with a long horizontal line extending to the right.



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A WORLD OF POSSIBILITIES

JOHN McCORMACK

Vice President
Systems Support



A MESSAGE FROM JOHN McCORMACK

Vice President

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"Our proposal of the [redacted] for the Texas Lottery utilizes Scientific Games' standard system architecture, meaning maintenance is simplified and implementing enhancements is more straightforward. A set of well-defined Application Programming Interfaces (APIs) establishes a framework supporting faster interfacing to third party systems- positioning [redacted] for easier integration into current and future technologies as new needs and opportunities surface.

Our proposal for Texas includes the newest [redacted] promotions engine. This new engine permits great flexibility to design and swiftly implement promotions. As a bonus, our world class marketing expertise stands ready to help the Texas Lottery realize its business goals. Taken collectively, Scientific Games will bring to the Texas Lottery unequalled institutional knowledge of lottery business processes and practices.

Scientific Games is committed to delivering quality software to the Texas Lottery. We recognize the importance of having well defined software engineering processes that ensure delivery of reliable software that functions in accordance with written specifications. This is why Scientific Games has adopted the best practices described by NASPL as the basis for all process improvement and software development initiatives. We are extremely proud to be the first lottery industry vendor to achieve NASPL certification in two areas of Quality Assurance Best Practices because these are the first processes designed specifically by experts for the lottery industry."



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PART 7 LOTTERY GAMING SYSTEM

7.1 OVERVIEW

RFP Requirement: This section describes the systems and services requirements for the Lottery Gaming System (the "System") and sets forth the requirements, roles and responsibilities of the Successful Proposer for provisioning, delivering and management of all services in support of the Texas Lottery.

Scientific Games will comply with all the systems and services requirements set forth in RFP Part 7. Our responses to Part 7's requirements, roles, and responsibilities will clearly show that our Gaming System delivers best practices through superior performing technology. We are confident that after reviewing Part 7, you will agree that the gaming system will deliver the core functionality critical to managing the Texas Lottery's gaming environment as well as giving your staff the technology and tools they need to maximize their effectiveness.

Scientific Games is approaching its 40 year mark in the industry. The company has helped pioneer lottery information technology over the years, and we are proud of our delivery record, including 275 distinct technology project implementations and enhancements over just the last two years, enhancements that adhere to NASPL best practices.

We stand today at the forefront of a worldwide lottery industry that is revolutionizing the way in which it reaches its players and retailers. Our latest generation lottery gaming system (LGS), has been in production for over five years and is an evolution of the company's diverse engineering and gaming experience. It is powering lottery system operations today in Pennsylvania, Maryland and Connecticut, and will go live in Indiana this summer for the Hoosier Lottery. We have the system experience to be a trusted partner for the Texas Lottery.

Across multiple sectors, our gaming technology products support a multitude of gaming environments. We take a best-of-breed approach in our product engineering design by continuously updating and refreshing system capabilities and functions. The pace of change in the industry is



accelerating, and the scope and impact of gaming is widening. Scientific Games is leading this change and offers the Texas Lottery an innovative system supported by an innovative company.

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LOTTERY GAMING SYSTEM

The system will not only meet your needs at conversion, but has been designed to be sufficiently flexible to meet all your future needs. Our solution combines an online transaction processing engine, data warehouse, sophisticated communications technologies, and exciting new management tools to provide near 24-hour wagering and effective games management controls.

Also discussed is our exciting new Executive Information System - is a lottery industry-specific business intelligence tool that supports analytic and digital dashboarding and more. Lottery InSite provides an extremely powerful -based Games Management System (GMS) to your staff for hands-on game monitoring and control. Each authorized Texas Lottery employee will have an effective set of real-time tools available on his or her desktop. GMS delivers an entire spectrum of features including:

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We have designed with a series of well-defined Application Program Interfaces (APIs) to allow it to interconnect with many diverse third party systems, allowing us to easily integrate with Lottery Internal Control Systems (ICSs), back-office processors, web-based applications, and specialty gaming servers.

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to provide a single point of entry to manage the system, terminal functions, and online games. The management application can be run on essentially any modern

application

through a secure Scientific Games-supplied gateway.

The management screens will look familiar to anyone who has used : By using standard browser layouts, data fields, navigation controls and tools, we greatly reduce the learning curve of new users and provide a work environment that is comfortable and friendly—no arcane system terms or commands must be memorized to run the system.

The following are just some of the functions that can be accomplished through the management terminal:

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- Reporting

As shown in Figure 7.1-3, a myriad of capabilities are available to your personnel (dependent, of course, on privilege level).

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In summary, AEGIS-EF is flexible, modular and expandable.

The lottery gaming system is designed to grow and expand over the life of the contract and beyond to support future applications and the evolving business requirements of the Texas Lottery and your retailers. This includes delivery of new game content, retail expansion, and new distribution channels. The system has the ability to add new types of equipment software and new technologies as they are needed. This gives the Texas Lottery the ability to add enhancements as quickly and easily as possible.

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SERVICES

Scientific Games is fully capable of providing the Texas Lottery with the services that your retailers and players expect from their lottery. Our Sales and Marketing Team has already helped contribute to robust instant ticket sales in Texas and stands ready to assist with online game development. In addition we will provide state-of-the-art sales terminals, a Retailer Care Center, field maintenance and related services, call center operations, and communications network support. Each of these services is summarized below with further details in our responses to the related RFP sections.

Sales and Marketing – We truly believe that it is our approach to sales and marketing that differentiates Scientific Games from the other vendors in our industry. After all, the technology behind the selling of instant and online game tickets has, to some degree, become a commodity. To reach the next level of sales and revenue growth that we believe the Texas Lottery is capable of achieving, it will take a strong sales and marketing vision and a comprehensive plan for execution.

We are proud of the fact that even those lotteries that do not utilize our online game systems and services have approached Scientific Games for our online game content – games such as Mega Match 6 and Palmetto Cash 5 (South Carolina); 3-Line Lotto (Kentucky); Megabucks Doubler (Massachusetts); Bucko!, Twist, and Game Day (Atlantic Lotteries Corporation); and Triplex (Loto Quebec).

Further, from FY 2002 to FY 2009, our lottery customers have grown an impressive 9.3% in online game sales versus 5.1% for the rest of the industry. While we are extremely confident in the technology we have developed to support our customers and stand behind it 100%, it was not our technology alone that achieved this level of impressive growth – it was our game product development, marketing experience, and retail execution programs.

Throughout our response to **Section 7.2.1**, we describe Scientific Games' approach to game design and development, our online game concepts, our implementation and game launch strategies, and a diverse online game portfolio with ten different categories from which Texas Lottery can select the right games for your players.

Sales Terminals – Scientific Games has over 30 years of terminal engineering and manufacturing experience. We have manufactured and delivered well over 100,000 lottery and pari-mutuel wagering devices to our customers worldwide. This includes retailer and player-operated terminals such as lottery vending machines. We have the experience, the knowledge, and the procedures to deliver quality equipment while continuously improving our products and manufacturing processes.

With a strong history of terminal design and an ear to retailers needs, we have once again provided the industry with first class terminals. Our successful WAVE™ and PlayCentral terminals are extremely popular with our client's retailers. We have kept the retailer's and player's needs as our number one design criterion. We continue to take advantage of current, proven technology in our designs with an eye towards new but totally mature technology for inclusion in our future designs. This way we can assure the Lottery that you will be receiving terminals with leading edge, not bleeding edge, technology. We feel confident that the Texas Lottery will agree, after reviewing our terminal offerings in **Section 7.12**, that our equipment is best in class.

Retailer Care Center – To demonstrate our commitment to superior provisioning services, we will provide the Texas Lottery with a dedicated Retailer Care Center (RCC). The RCC will be located at our _____ and will be staffed by four Retailer Care Specialists (RCSs), who will work directly with local retailers and Lottery personnel, as well as interface between in-state teams, our National Rollout Office (NRO), Texas Regional Call Center (TRCC), and National Response Center (NRC).

While each RCS will have primary areas of responsibilities, each will be cross-trained and ready to undertake all functional disciplines of the RCC.

The RCC is a dedicated retailer-focused team that will be responsible for coordinating communication, training, delivery, installation, activation, relocation, and removal activities. The RCC also will act as a focal point for all Lottery inquiries, providing a team of "go to" experts for virtually all aspects of retailer related activities.

Field Maintenance and Repair – Scientific Games has been providing field services to the lottery industry for over 30 years and currently conducts field operations in 15 U.S. lotteries. This organization comprises more that 250 field service professionals.



Our promise is to deliver on our proven ability to grow the Texas Lottery's sales across all product lines.

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The services provided to the Texas Lottery by Field Operations and the TRCC will be facilitated by Scientific Games' , a robust system with many features, including:

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As a part of the conversion project in Texas, and before the start of retailer training and terminal installation, Field Service Technicians will complete a comprehensive training program called ServiceMax. Developed especially for lottery-based technologies and retailer environments, this comprehensive training program gets the "maximum" out of Field Services by teaching our employees the skills they need to interact positively with retailers in the field. The program leaves them feeling motivated and excited about their jobs and ready to deliver best-in-class service.

Call Center Operations – Unlike traditional Retailer Hotline support currently provided to the Texas Lottery, Scientific Games offers a unique approach to call center operations for our partner lotteries. Our plan represents a two-pronged approach whereby we will provide separate, distinct call center organizations for:

1. Incident Resolution and Field Dispatch Services; and
2. Ticket Inventory and Supply Management.

Scientific Games will staff, operate, and maintain an in-state response center located in Austin, Texas that will include a 24/7 hotline for incident resolution and field dispatch services.

Call center activities for Ticket Inventory and Supply Management services (also known as Inside Sales), along with the hotline call center, will be operated from our proposed central warehouse and distribution facility in Austin, Texas.

Both entities will be staffed with trained professional service representatives that are dedicated to providing retailers and the Lottery with 100% customer satisfaction. Our call center support methodology provides the Texas Lottery and its retailers with two entities, each with separate skill sets, to ensure that your retailers receive the best possible service.

Communications Network Support – Scientific Games understands that fault management consists of actions towards detection, isolation, and correction of faults in the network. This is why we provide 24/7/365 communications network support, including break/fix technicians.

Scientific Games' Lottery Network Management System (LNMS) monitors all devices on the network,

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industry experience to address incidents and problems and provide the support to ensure that risks associated with communications are minimized.

Scientific Games' experience and fulfillment of the requirements, roles and responsibilities related to provisioning, delivering, and managing all Texas Lottery support services are addressed in the appropriate sections throughout **Part 7**.

7.2 ONLINE GAMES

7.2.1 ONLINE GAME DEVELOPMENT

RFP Requirement: The TLC Products group works with the Lottery Operator to provide On-Line Game concepts that are introduced to the general public. On-Line Game concepts consist of, but are not limited to, drawings, play instructions, odds, prize payouts, go to market strategies, etc.

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Scientific Games looks forward to bringing our gaming expertise to the Texas market and working with the Texas Lottery products group to provide online game concepts that can be introduced to the general public over the term of the contract. Please see the following subsections and all of **Part 8** for detailed descriptions of how Scientific Games' Sales and Marketing Department can help the Texas Lottery achieve the next level of sales and revenue success.

Table 26. On-Line Game Development Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Develops, researches, and proposes On-Line Game concepts	X	
2. Researches and provides On-Line game data and information from other jurisdictions where games may be in use	X	
3. Conducts research on Texas consumer game affinity	X	
4. Approves game concept		X
5. Chairs On-Line Game implementation project meetings and establishes implementation schedule		X
6. Performs software development for new games as scheduled by Texas Lottery Products	X	
7. Performs software testing (including User-Acceptance testing) to meet the planned software implementation schedule	X	
8. Participates in software quality assurance testing if necessary		X
9. Develops and suggests player and retailer focused promotions	X	
10. Makes recommendations related to in-store marketing support for Lottery Products	X	
11. Reviews and approves all marketing and promotional concepts		X
12. Designs play slips	X	

Table 26. On-Line Game Development Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
13. Approves play slips		X
14. Prints and distributes play slips	X	
15. Proposes and following approval, implements rules		X
16. Determines date when new game will be introduced		X
17. Develops and suggests training materials for new games	X	
18. Reviews and approves all training materials for new games		X
19. Trains sales force training staff and Retailer corporate trainers (train-the-trainer)	X	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)	
20. The Successful Proposer must provide new and modified game specifications (i.e., game play, game style, propensity of potential players to play, etc.) for Texas Lottery approval prior to the commencement of game development.	7.2.1.2	
21. The Successful Proposer's System must fully support all Lottery Products, whether presently offered or added at any time during the Contract term.	7.2.1.3	
22. The Successful Proposer, at its sole expense, must conduct all appropriate intellectual property searches (e.g., full copyright, trademark or service mark or patent searches) for all proposed Works in accordance with Section 3.28.	7.2.1.3	
23. The Successful Proposer must provide proprietary On-Line Games owned by or licensed to the Successful Proposer, to the Texas Lottery.	7.2.1.3	
24. The Successful Proposer must provide its licensed On-Line Game content to the Texas Lottery as part of its baseline On-Line Game portfolio offering.	7.2.1.3	

Table 27. On-Line Game Response Requirements

RESPONSE REQUIREMENT
1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.
2. The Proposer must provide an overview of its On-Line game development, research and implementation process.

Table 27. On-Line Game Response Requirements

RESPONSE REQUIREMENT	
3.	The Proposer must provide evidence to demonstrate its experience and success in developing and implementing new On-Line Game concepts. Examples must include On-Line games currently in the market, sales expectations and actual performance, and implementation strategy.

Table 28. On-Line Game Development Service Levels

SLR #	SLR NAME
3.60.23	Failure to Implement New On-Line Games
3.60.24	Failure to Conduct Intellectual Property Search

RESPONSE TO TABLE 27: ONLINE GAME RESPONSES REQUIREMENTS

7.2.1.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, and will comply with, and often exceed, the detail requirements indicated in RFP Section 7.2.1.

7.2.1.2 GAME DESIGN AND DEVELOPMENT PROGRAM (DR 20)

Response Requirement 2: The Proposer must provide an overview of its On-Line game development, research and implementation process.

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The quantitative research will indicate the propensity of potential players to try certain games, which form of game play and game style appeals to certain player groups, thereby satisfying RFP Table 26, Detail Requirement 20. Ultimately, the quantitative research will provide actionable data, indicating which game should be developed.

Product Recommendation, the final phase of the process, occurs after the quantitative research has been reviewed and the Scientific Games in-state Research Associate and Online Product Specialist present the recommended game to develop to the Texas Lottery. Once a game has been selected, Scientific Games adheres to NASPL best practices for system and game development. We are proud to be the first lottery systems vendor in the industry to receive two important NASPL Quality Assurance (QA) Best Practices certifications. An overview of Scientific Games' game development and implementation process from a system perspective can be found in **Section 7.7.2**. As described in this section, all new and modified game specifications are provided to the Texas Lottery for approval prior to the commencement of game development, thereby satisfying RFP Table 26, Detail Requirement No. 20.

Scientific Games will have a five-member software development team based in Austin, Texas. This team will be led by Jonathan Ng and dedicated to creating new and modified game specifications for the Lottery. With 15 years of lottery experience, Jonathan has detailed experience serving as a team leader for a customer support development group and will ensure this service level requirement is achieved.



Jonathan Ng

Scientific Games will expedite all appropriate intellectual property searches through our corporate legal resources. The proposed TLC Account Director, John Osenenko, will ensure this service level requirement is achieved.



John Osenenko

7.2.1.3 ONLINE GAME CONCEPTS (DRs 21, 22, 23 AND 24)

Response Requirement 3: The Proposer must provide evidence to demonstrate its experience and success in developing and implementing new On-Line Game concepts. Examples must include On-Line games currently in the market, sales expectations and actual performance, and implementation strategy.

During the last six years (2005-2010), Scientific Games has worked very closely with our many domestic and international lottery partners to increase their revenue, by developing and implementing new games and/or designing enhancements to existing games. These changes have been seamlessly and occurred consistently on schedule. As evidenced in Figure 7.2-3, the game implementations are widely diverse and include various Raffle games, new Monitor Game offerings, Keno to Go™ distribution alternatives, extension games (Multi-Hand Easy Win), a \$5 Lotto game, and Instant Win online games.

The following Figure 7.2-3 lists our new game and game launches since 2005.

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In the U.S. alone, as of May 2010, Scientific Games' customers have deployed 117 new games, game changes, game enhancements, and short-term promotional game launches (e.g., Raffles and Instant Win games) with over \$3.8 billion in cumulative sales, and, more importantly, over \$1.3 billion in incremental sales. Many of these games are still performing exceptionally well in the market. To demonstrate the longevity and sustained sales for many of these games, the previous Figure 7.2-3 has included the sales expectations, average weekly per capita sales (first 26 weeks, first 52 weeks, and since inception over the life of the game), and the total cumulative sales since inception. This clearly shows that many solid games have been developed and strong per capita sales have been maintained for over 52 weeks, or even several years.

Scientific Games looks forward to working closely with the Texas Lottery's Product group in develop and implement new online game concepts throughout Texas. The personnel and experience of the staffs that will comprise the in-state marketing organization, and corporate marketing support personnel who will work with the Texas Lottery's Products group are described below.

IN-STATE MARKETING ORGANIZATION (DEDICATED)

Scientific Games recommends Tony Molica as Deputy Director, Sales and Marketing whose full-time responsibilities will be to direct and manage the sales, marketing, and new business development divisions within our local Texas site operations. He will report to the Texas Account Director, John Osenenko. With over 25 years experience in executive management and sales positions specifically in the lottery industry, and given his strong knowledge of the intricacies of state government policy and procedures, we feel that he is an ideal candidate to oversee the sales and marketing arm of the Texas operation for Scientific Games.



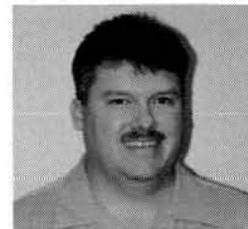
Tony Molica

Reporting to Tony directly, Scientific Games proposes Christian Ross as Director of Marketing. Christian's full-time responsibilities will be to help the Texas Lottery identify new product and marketing strategies. He will be chiefly responsible for the new product development process from ideation to research to game launch. Christian has extensive marketing experience and has spent almost his entire business career in the lottery industry. He has a strong balance of both the creative and analytical aspects of marketing, having spent a total of 17 years working for four different online systems vendors in a range of roles.



Christian Ross

Further, we will hire two specialists to assist with the development of new games in both the instants and online categories. The Instants Product Specialist proposed is Jason Durbin, currently Instant Account Manager for Scientific Games in Florida. He has 10 years of direct lottery experience working for one of the largest U.S. lotteries with one of the most successful instant game programs in the industry.



Jason Durbin

The Online Product Specialist proposed is Liz Dimmick who is currently the Regional Marketing Manager for Scientific Games for the Tri-state Lotteries of Maine, New Hampshire, and Vermont. She is a 21-year lottery veteran, having worked closely with the New York, Minnesota, and Delaware Lotteries prior to her current assignment. Liz has been instrumental in the introduction of many new and innovative new game launches and game enhancements with the Tri-state Lotteries, including the migration of the in-state Megabucks lotto game to a \$2 price point, the introduction of an instant win online product category known as Fast Play, and the launch of the first multi-state raffle in the U.S.



Liz Dimmick

A Research Associate will also report to the Director of Marketing, and will work closely with both the in-state Marketing team and the Corporate Marketing group. We are proposing Cameron Garrett to fill this position. His strong analytical and strategic skills will allow him to work closely with the Instant and Online Product Specialists on a regular basis to provide research and development support.



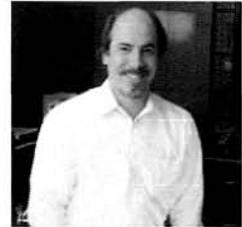
Cameron Garrett

In a supplemental role beyond the required Sales and Marketing positions, a Retail Execution Manager will be appointed to the Texas account, reporting to Christian Ross directly. We are proposing Brooke Greene to oversee the provision of additional retail support and implementation of best retail execution practices for top performing store locations by directing and managing a team of 20 Lottery Marketing Representatives (LMRs). Brooke is currently the Retail Development Manager within the Corporate Marketing group, but her experience with in-store marketing support in other consumer product categories makes her the ideal person to direct this group. She will work closely with the Deputy Directors of Marketing and Sales to ensure a coordinated approach within the retail environment. The goal of the LMR is to provide enhanced merchandising and sales support services to the top performing retailer accounts. The LMRs will also develop relationships with new and existing retailers, and provide information and feedback to maximize sales volume.



Brooke Greene

The proposed Promotions Manager, Ron Miguel, will also report to the Director of Marketing. He will work closely with the Texas Lottery and Scientific Games marketing personnel to identify, manage, and appropriately staff Lottery-sponsored and attended events throughout the year. Ron will be responsible for coordinating chain and independent store events and promotions with Scientific Games Corporate Chain Account Manager, Independent Accounts Manager, and the sales and marketing staff. He will provide regular activity reports and ROI analyses of all events attended to better determine future event participation. Ron will manage the activities of five Promotion Coordinators. The Promotion Coordinators will support and coordinate a wide variety of special event activities to advertise and promote the sale of lottery products throughout Texas. This team will also be responsible for preparing and maintaining the displays, coordinating and tracking the prize giveaways, and actively participating in the special event itself.



Ron Miguel

Ron has extensive lottery industry experience from both lottery and vendor perspectives, having worked in the promotions department of the Florida Lottery, heading the sales and marketing department of the New Mexico Lottery, and in an account management position within the Corporate Sales division of Scientific Games.

CORPORATE MARKETING SUPPORT (NON-DEDICATED)

Under the guidance of Keith Cash, Vice President of Sales, Pam Lee, Senior Regional Sales Director, will continue to serve as the key Corporate Marketing contact for the Texas Lottery account. The Lottery is very familiar with Pam's skills and experience, as she has been the main Texas account representative for over six years. Pam also brings her experience working with other industry-leading lotteries to her role as Senior Regional Sales Director for Texas, including Massachusetts, Kentucky, and Arizona, to name a few.



Pam Lee

Leslie Badger, our Senior Director, Lottery Product Marketing, along with the Corporate Game Design Team, will also assist with the product development initiatives of the Texas Lottery, but will not be assigned to the account full-time. Leslie is a recipient of the 2009 Global Excellence Award in Marketing, an elite Scientific Games employee award for outstanding accomplishments. In this case, she was part of a team that won for teamwork based on the successful launch of Lucky for Life, a Connecticut Lottery online game.



Leslie Badger

Scientific Games will appoint game designer Charles Boykin to the Texas Lottery account, although he will not be physically located in-state. Charles is a Senior Game Designer who has great familiarity with Texas – he received his Masters and PhD in Mathematics from the University of North Texas in 1994 and 2003 respectively.



Charles Boykin

Jennifer Welshons, Vice President, Global Marketing, together with Ambika Jack, Director of Global Research, and Eric Mitchell, Senior Director, Marketing Information Systems will all assist with the account initiatives, but will not be assigned to the Texas Lottery account full-time.



Jennifer Welshons

Jim Kennedy, Senior Vice President, Sales & Global Marketing, will be the customer advocate for the Texas Lottery within the Executive ranks of Scientific Games. With over 20 years of lottery industry experience, including working in many varied capacities within the Marketing department of Scientific Games, Jim will lend his experience, guidance, and unyielding support for the Lottery.



Jim Kennedy

Resumes for all of the afore-mentioned personnel can be found in the Supplemental Documentation at the end of **Part 4**. It is also provided on the Supplemental Documentation CD found behind the Electronic Media tab card in Book 1 the Technical Proposal.

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7.2.2 ONLINE GAME CONTROL

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RFP Requirement: On-Line Game control features allow the Texas Lottery to ensure player, drawing and unique game attributes are controlled by parameters established in the Lottery Gaming System.

Scientific Games considers this RFP requirement to be informational, therefore no response is required.

Table 29. On-Line Game Control Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Establishes On-Line Game controls		X
2. Ensures On-Line Game controls meet Texas Lottery requirements	X	

Because of the critical nature of the function, game control is currently controlled through the operator’s console and restricted to only authorized operators. Scientific Games will work with the Texas Lottery to make online game control features available to an authorized management terminal user or users to ensure player, drawing, and unique game attributes are controlled by parameters established in

Table 30. On-Line Game Control Response Requirements

RESPONSE REQUIREMENT	RESPONSE SECTION(S)
1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.	
2. The Proposer must describe its approach and experience with the development and monitoring of On-Line Game Control features.	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)
3. The Successful Proposer’s System must provide the ability to control advanced wagers, a play where the player specifies a starting point (future drawing) to begin either a single or multiple drawing play. The System must offer this capability for any drawing occurring in the next three hundred and sixty-five (365) Days.	7.2.2.2.a
4. The Successful Proposer’s System must provide the ability to control multi-draw wagers; a play where the player can specify multiple wagers for a designated number of consecutive future drawings up to three hundred sixty-five (365) Days in advance.	7.2.2.2.a
5. The Successful Proposer’s System must provide the ability to establish liability limits (including designating the maximum payout) for fixed payoff games and automatically cut off wagering.	7.2.2.2.b

RESPONSE TO TABLE 30: ONLINE GAME CONTROL RESPONSE REQUIREMENTS

7.2.2.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, and will comply with, and often exceed, the detail requirements indicated in RFP Section 7.2.2.

7.2.2.2 ONLINE GAME CONTROL

Response Requirement 2: The Proposer must describe its approach and experience with the development and monitoring of On-Line Game Control features.

Scientific Games supports advanced, multiple wagering in our current jurisdictions. For example, a component of our partnership with the Pennsylvania Lottery is the system support of single and multiple advanced wagers, skipped draws, numbers (i.e., fixed odds) games, matrix games, multi-state wagers, inclusion of day and night draws for a game, exchange tickets, and point-of-sale warnings for resulting bets exceeding lottery-assigned thresholds. The system is designed to allow an entire year's worth of draws on one wager. In Pennsylvania we have set the maximum draw count to 26 to conform to the state's policies.

The proposed provides a wide range of parameterized online game controls, including support for advanced wagers, fixed game liability administration, and subscription wagering (described in detail in **Section 7.6.3**).

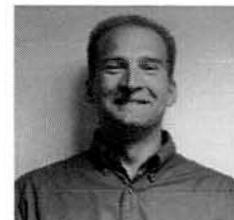
7.2.2.2.A ADVANCED DRAWS (DRs 3 and 4)

In satisfaction of RFP Table 30, Detail Requirement Nos. 3 and 4, is able to support several variations on player-requested advanced wagering. The extensive use of system parameters to control this support means that Scientific Games will easily be able to configure the system to conform to Texas Lottery policies and procedures. Scientific Games' proposed Austin-based Operations Manager, Mike Skibel, supported by Software Development Manager Jonathan Ng, will ensure the system parameters are configured to meet the requirements of the Texas Lottery. Both Mike and Jonathan have detailed customer implementation and system operation experience with customers, including Pennsylvania, Maryland, and Connecticut, and will configure the system to conform to Texas Lottery requirements.

The following are the advanced gaming capabilities of :

-
-

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Mike Skibel

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- Single and multi-panel (i.e., multi-draw) plays are supported for advanced dates.
- The advanced wager can be either for a single draw or for a player-requested count of consecutive draws including and following the starting date.
- As many as 240 wagers can be included on one advanced draw ticket, though most jurisdictions establish a lower limit for matrix games to either reduce complications with a possible future step down of the game or guard against excessively high wager costs to a player.
- When a multi-draw advanced ticket is submitted for prize payment before the end of the ticket's date range, the prize is awarded (if the payment complies with parameterized Texas policies) and an exchange (or "continuation") ticket is automatically printed for the remaining draws.

*Scientific Games is the only vendor
 to continue Advanced Draws
 through recent conversions.*

offers the Texas Lottery the following advanced draw features that exceed the **Section 7.2.2** detail requirements:

- can allow the player to skip draws within the request drawing date period.
 - Consecutive draws are specified by providing a starting date and count of draws.
 - Skipped draws are requested by specifying individual dates within the next 365 days.
- In support of games offering two daily draws (as is currently available with the Texas *Pick 3* and *Daily 4* games) our solution offers a process to easily issue multiple consecutive wagers for either "day only", "night only", or "both day and night".
 - Advanced "both" wagers will be controlled by the game's established parameter controlling the maximum count of draws per wager.
 - A wager requesting "both" will result in two separate tickets: one for the day and one for the night.
- Advanced draw parameters are assigned by game. This means that Lotto Texas wagering controls can be different from those required by Powerball or Mega Millions.
- As a safeguard against a player requesting an unexpectedly high wager, can be configured to issue multiple levels of wager value warnings. This can significantly reduce the frequency of large dollar ticket cancel requests from unaware players.



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7.2.2.2.B LIABILITY LIMITS (DR 5)

When processing fixed payout games, provides liability protection with a configurable warning level as well as the flexibility of numerous automatic cut-off parameters. The system's warning feature will immediately notify operations staff and selected Texas Lottery staff when an excessive prize liability of any number combination occurs in a fixed payout game. The system administers this safeguard for both the current draw and any future draws that are currently open for wagering. The warning threshold and cut-off values can be reviewed or changed to any value in real-time by a system user with appropriate system security privileges. This satisfies RFP Table 30, Detail Requirement No. 5.

Scientific Games' Operations Manager, Mike Skibel, in conjunction with our proposed Austin-based Director of Security, John Byers, with oversight from the Texas Lottery, will ensure the appropriate security privileges and procedures are in place to review or change any value in real-time by a system user.



John Byers

software can be configured to automatically suspend (i.e., cut off) sales of any number that reaches a preset liability limit; the suspension also can be performed manually by a privileged user using a management terminal. An authorized user (e.g., an operations staff member or Lottery employee) can also override a sales suspension at any time by using a management screen.

Any authorized user can create, in real-time, a liability report indicating payoff figures and payoff liability. Figure 7.2-24 shows a sample Liability Limits Screen.

```

[FXE:pa-test1-txe, MASTER
RDB:pa-test1-rdb, APX: 3943
DB_Time: THU 22OCT09 15:58:28
                                     PENNSYLVANIA LOTTERY
                                     Page: 1
                                     Time: THU 22OCT09 15:58:29
Games Draw ScheduleClose OpSub Close Drawn Scans Wins Price ResOf DbOrw Games Bets Cash Cnc1 DBrk Subs LiabLimit
NITTON 4318 22OCT09 18:57* --:-- --:-- --:-- --:-- --:-- --:-- --:-- --:-- NITTON Bets Cash Cnc1 ---- ---- 20000000
NBIG4 4318 22OCT09 18:57* --:-- --:-- --:-- --:-- --:-- --:-- --:-- NBIG4 Bets Cash Cnc1 ---- ---- 10000000
MMM 287 22OCT09 18:57* --:-- --:-- --:-- --:-- --:-- --:-- --:-- MMM Bets Cash ---- ---- ----
THUNT 899 22OCT09 13:05* --:-- 13:05 15:29 15:38 15:38 15:42 15:43 15:43 THUNT Bets Cash ---- ---- ----
THUNT 900 23OCT09 13:05 --:-- --:-- --:-- --:-- --:-- --:-- --:-- THUNT Bets Cash ---- ---- ----
DAYTON 2446 22OCT09 13:05* --:-- 13:05 15:29 15:38 15:38 15:42 15:42 15:42 DAYTON Bets Cash Cnc1 ---- ---- 20000000
DAYTON 2447 23OCT09 13:05 --:-- --:-- --:-- --:-- --:-- --:-- --:-- DAYTON Bets Cash Cnc1 ---- ---- 20000000
DBIG4 2446 22OCT09 13:05* --:-- 13:05 15:29 15:38 15:38 15:42 15:42 15:42 DBIG4 Bets Cash Cnc1 ---- ---- 10000000
DBIG4 2447 23OCT09 13:05 --:-- --:-- --:-- --:-- --:-- --:-- --:-- DBIG4 Bets Cash Cnc1 ---- ---- 10000000
CASH5 4244 22OCT09 18:57* --:-- --:-- --:-- --:-- --:-- --:-- --:-- CASH5 Bets Cash ---- ---- ----
SUPER7 65 23OCT09 18:57* --:-- --:-- --:-- --:-- --:-- --:-- --:-- SUPER7 Bets Cash ---- ---- ----
DQUINT 423 22OCT09 13:05* --:-- 13:05 15:30 15:38 15:38 15:42 15:42 15:42 DQUINT Bets Cash ---- ---- 20000000
DQUINT 424 23OCT09 13:05 --:-- --:-- --:-- --:-- --:-- --:-- --:-- DQUINT Bets Cash ---- ---- 20000000
NQUINT 423 22OCT09 18:57* --:-- --:-- --:-- --:-- --:-- --:-- --:-- NQUINT Bets Cash ---- ---- 20000000
PBALL 765 24OCT09 21:59* --:-- --:-- --:-- --:-- --:-- --:-- --:-- PBALL Bets Cash ---- ---- ----
PPLAY 765 24OCT09 21:59* --:-- --:-- --:-- --:-- --:-- --:-- --:-- PPLAY Bets Cash ---- ---- ----
RAFFLE 9 08JUL08 17:00* --:-- --:-- --:-- --:-- --:-- --:-- --:-- RAFFLE ---- Cash ---- ---- ----
[au@pa-test1-txe]->
    
```

Figure 7.2-24: Liability Limits Screen

7.2.2.2.C GAME CONTROL PARAMETERS

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game control uses a wide array of game-specific parameters. This capability means that each game offered to Texas players can have unique draw days and times, advanced draw restrictions, thresholds, etc. Following are some of the available game control parameters available from our proposed Lottery Gaming System:

- Game status (e.g., enabled, disabled)
- Ticket (i.e., wager) monetary cost (and cost of any special plays such as Power Play)
- Fixed-odds games liability limits
 - Thresholds triggering warning messages
 - Wagering activity limits resulting in automatic number suspension
- Draw days and draw times
- Maximum draws on one advanced draw ticket
- Numbers games' combination prize multipliers
- Multiple maximum wager value warnings and thresholds
- Ticket cancellation policies (e.g., period since issuance, locations, etc.)
- Advanced draw controls
 - Wagers on draws: day, night, or both
 - Maximum days into the future allowed for advanced draws
 - Maximum count of wagers per ticket
- Default wager specifications at WAVE™ terminal
 - Count of panels/tickets
 - Count of draws
 - First draw (day or night)
 - Bonus play
- Winning number entry controls (e.g., dual entry, multiple users, etc.)
- Special promotion plays and ticket linkages

7.2.3 DRAWINGS

RFP Requirement: The Texas Lottery currently has six (6) On-Line Games, several of which have add-on features. Drawings are currently performed twice a Day, six days a week. Drawings are witnessed by an independent auditor who certifies the drawing results in coordination with Texas Lottery staff in the Lottery Gaming System. Texas Lottery drawings are supported by the Lottery Gaming System and Lottery Operator staff.

Scientific Games considers this RFP requirement to be informational, therefore no response is required.

Table 31. Drawings Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Establishes contact (prior to drawings) with the Successful Proposer by phone to synchronize time, records the Successful Proposer's control room operator's name, provides backup number for the studio and asks if there are any unusual occurrences that would affect proceeding with the draw		X
2. Provides synchronized time, Successful Proposer's control room operator's name, and notifies the Texas Lottery of any unusual occurrences	X	
3. Establishes open phone line with the Successful Proposer		X
4. Notifies Texas Lottery that draw pools are closed	X	
5. Updates new Jackpot amount, after notification from the Texas Lottery, throughout the Gaming System	X	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)	
6. The Successful Proposer's System must support variation in the number of drawings per game, per day, or per week and/or the days the drawings are conducted.	7.2.3.2	
7. The Successful Proposer's System must allow the Texas Lottery and its designated external independent auditor to enter winning number(s) for all On-Line games. These entries must be made through different management terminals by different users with proper access privileges and must be internally compared and verified by the Successful Proposer's System to be the same before allowing the process to continue. All attempts, whether successful or not, must be logged on the System.	7.2.3.2.c	

DETAIL REQUIREMENTS	RESPONSE SECTION(S)
<p>8. The Successful Proposer's System must provide a display and print capability for the following information for each On-Line Game:</p> <ul style="list-style-type: none"> a. Verification that the sales for a draw have been closed; b. Verification that the sales for the next draw (and appropriate multi-draws) are allowed; c. Verification that the dual entry winning numbers procedure has been successfully completed by the Texas Lottery and the independent auditor via the Successful Proposer's System; d. Verification that the prize share verification process has been successfully completed on the Successful Proposer's System for all jackpot games; e. Verification of final share values for each prize level and sales information has been completed on the Successful Proposer's System for all jackpot games; and f. Verification of the final online share count and sales information has been completed on the Successful Proposer's System for all non-jackpot games. 	7.2.3.2.e
<p>9. The Successful Proposer's System must provide the winning retailer number(s) for top-tier jackpot prize tickets.</p>	7.2.3.2.f
<p>10. The Successful Proposer must enter the new estimated jackpot(s) into all appropriate systems as soon as possible, but no longer than four (4) hours after the draw break process has been completed.</p>	7.2.3.2.f

Scientific Games understands that the Texas Lottery currently has six online games, several of which have add-on features, and that the drawings are currently performed twice a day, six days a week. These drawings are witnessed by an independent auditor who certifies the drawing results in coordination with Texas Lottery staff in the lottery gaming system. We understand that the Texas Lottery drawings are supported by the lottery gaming system and the lottery operator staff. **Information Redacted §552.101/466.022/552.139**

The responses to the drawings response requirements for RFP Section 7.2.3 will clearly show that Scientific Games' gaming system offers the Texas Lottery a complete set of the online games drawing controls, from automatic game close through dual entry of data.

Table 32. Drawings Response Requirements

RESPONSE REQUIREMENT
<p>1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.</p>
<p>2. The Proposer must describe its proposed System's capability to meet the Texas Lottery's drawing requirements.</p>

Table 33. Drawings Service Levels

SLR #	SLR NAME
3.60.25	Failure to Update Jackpot Amount Throughout the Lottery Gaming System

RESPONSE TO TABLE 32: DRAWINGS RESPONSE REQUIREMENTS

7.2.3.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Roles and Responsibilities 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, and will comply with, and often exceed, the detail requirements indicated in RFP Section 7.2.3.

Scientific Games has reviewed the online games offered by the Texas Lottery and we are thoroughly familiar with the wagering, draw, and prize payment policies for the state's *Pick 3*, *Daily 4*, *Cash Five*, *Lotto Texas*, *Texas Two Step* games as well as the two multi-state offerings: *Powerball*, and *Mega Millions*. We understand that some of the games have unique add-on features (e.g., bonus plays) and draw parameters. We find that our proposed [REDACTED] has all the draw features needed to support the four twice-weekly draw games as well as the two fixed odds games that have day and night draws six days each week.

Our LGS solution provides the support required to both pass scrutiny by an independent auditor and comply with all Texas Lottery draw policies, practices, and procedures.

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7.2.3.2 DRAWING REQUIREMENTS (DR 6)

Response Requirement 2: The Proposer must describe its proposed System's capability to meet the Texas Lottery's drawing requirements.

In satisfaction of RFP Table 31, Detail Requirement No. 6 [REDACTED] concurrently supports multiple online games, each with its own draw schedule. By setting game control parameters (listed in **Section 7.2.3**), the system will support games drawn once or twice per week (as with the Texas and multi-state matrix games) while other can have multiple draws per day (supporting *Pick 3* and *Daily 4*). Scientific Games supports this range of game draws in all of our current [REDACTED] jurisdictions.

7.2.3.2.A AUTOMATIC GAME CLOSE

The closing of online games is performed automatically by [REDACTED] – there is no need for operator intervention. Based control parameters established for each online game, the system will automatically close game wagering at the designated time, prior to the scheduled draw. Once closed, [REDACTED] automatically generates the necessary reports for pool verification.



The following reports are available:

- Game status report (Figure 7.2-25)
- Draw shutdown (Figure 7.2-26)
- Draw scan report (Figure 7.2-27)
- Report draw certification report (Figure 7.2-28)

Our automated draw procedure and fast winning wager scan allows us to complete a draw quickly and efficiently. The length of time needed to accomplish each step can be found later in this response. The system also allows manual override of key game close steps.

Advanced system automation tools speed processing and reduce error.

PA LOTTERY CERTIFICATION REPORT

Game: **NITTDN** DATE: 10/22/09 10:57
 TIT: NO PASTER USER: Tester8
 GWE: NITTDN SCHEDULED CLOSE: 10
 DRAW: 4317 ACTUAL CLOSE: 10

WE CONFIRM THAT THE NUMBER OF WINNING SHARES FOR THE ABOVE DRAW AND DATE AS INDICATED BY THE GAME/DRAW SYSTEM WAS:

Total Net Sales: \$717,566.50
 Net Sales Straight: \$393,131.00
 Net Sales Boxed: \$216,876.50
 Net Sales Front Pair: \$1,792.00
 Net Sales Back Pair: \$1,131.50
 Net Sales SStr: \$104,630.50

Winning Numbers: 450
 Percent Liability of Sales: 22.90
 Dollars Retained: \$552,141.20

Level	% Pool	Allocated Pool	Pool Adjustment	Carried In	Prize Pool	Winners	Payout	Total Liability	Carry
Straight	0.00000	\$0.00	\$0.00	\$0.00	\$0.00	219	\$250.00	\$79,750.00	(\$79,750.00)
Boxed	0.00000	\$0.00	\$0.00	\$0.00	\$0.00	1,185	\$43.00	\$50,955.00	(\$50,955.00)
FPair	0.00000	\$0.00	\$0.00	\$0.00	\$0.00	20	\$25.00	\$500.00	(\$500.00)
BPair	0.00000	\$0.00	\$0.00	\$0.00	\$0.00	17	\$25.00	\$425.00	(\$425.00)
SStr	0.00000	\$0.00	\$0.00	\$0.00	\$0.00	82	\$129.00	\$10,578.00	(\$10,578.00)
Total:		\$0.00	\$0.00	\$0.00	\$0.00	2,022		\$164,128.00	(\$164,128.00)

FOR PA_Lottery 10/22/09 10:57

Figure 7.2-25: Game Status Report

PA LOTTERY
 Reports - Online Games - Draw Reports

Close
 Certification
 Scan
 Winning Numbers
 Promotion Winners
 Summed:

Game: NITTDN
 Start: 10/17/2009
 End: 10/17/2009

DATE: 10/22/09 10:48
 PA_LOTTERY
 USER: Tester8
 TXE: No Master
 CLOSE DRAW REPORT
 DE: pa-qa-r-d01

GAME: NITTDN
 SCHEDULED CLOSE: 10/17/09 18:57
 DRAW #1 4212
 ACTUAL CLOSE: 10/17/09 18:57

ACTIVITY	NET SALES BETS	AMOUNT	CANCELS BETS	AMOUNT	NET FREE BETS	AMOUNT
DRAW DATE	1,016,260	\$661,912.50	10,010	\$6,562.50	0	\$0.00
PREVIOUS	150,896	\$96,985.50	2,406	\$1,687.50	0	\$0.00
SUBSCRIPTION	0	\$0.00	0	\$0.00	0	\$0.00
TOTAL	1,166,996	\$757,898.00	12,416	\$8,250.00	0	\$0.00

WE CONFIRM THAT THE PA LOTTERY COMPUTER SYSTEM FOR RECORDING NITTDN NUMBER SELECTIONS FOR THE DRAW ID: 4212, 10/17/09 18:57 WAS SHUTDOWN AT 10/17/09 18:57 AND THAT THE TOTAL SALES FOR THIS DRAW AS INDICATED BY THE GAME/DRAW SYSTEM WAS:

	BETS	AMOUNT
TOTAL SALES	1,166,996	\$757,898.00

FOR PA_Lottery
 10/22/09 10:48

Figure 7.2-26: Draw Shutdown

PA LOTTERY
 Retailer Instant Online Promotion EIS Reports Support

Reports - Online Games - Draw Reports

Reports

- End Of Year
- Instant Games
- Online Games
 - Cancelled Winners
 - Daily Activity
 - Draw Reports**
 - Future Sales Summary
 - Game Summary
 - Liabilities
 - Sales Summary
 - Sales/Liability
 - Purged Uncashed Tickets
 - Winning Numbers
- Promotion
- Retailer Accounting
- Retailer Management
- Retailer Sales Profile
- System
 - Terminal Tkt Images
 - All Terminal Tkt Images

Report: Close Certification Scan Winning Numbers Promotion Winners **Summed:**

Game: Start: End:

DATE: 10/22/09 10:48 TXE: NO MASTER PALLOTTERY SCAN REPORT USER: Tester6 DS: pa-08-r003

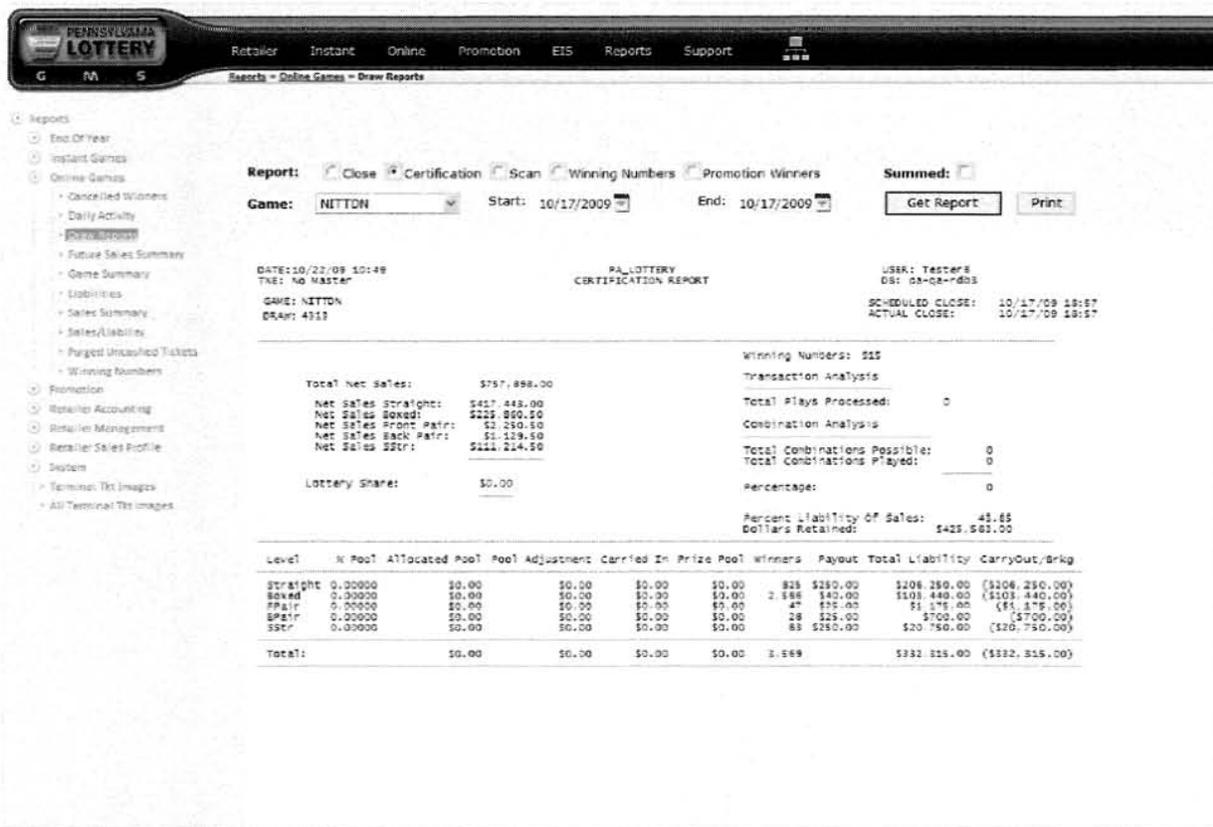
GAME: NITTDN DRAW #1: 4313 SCHEDULED CLOSE: 10/17/09 18:57

CLOSE SEQUENCE #: 2204683 ACTUAL CLOSE: 10/17/09 18:57

WINNING NUMBERS: 915 DRAW: 10/17/09 19:08

BETTYPE	WINLEVELTYPE	PA-TXE1
Straight	Straight	826
Boxed	Boxed	2586
Front Pair	FPair	47
Back Pair	SPair	20
5Str	5Str	51

Figure 7.2-27: Draw Scan Report



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Figure 7.2-28: Report Draw Certification Report

manages all game activity, including suspension (or enabling) of sales, cancellations, or cashing functions for the remainder of the sales day after the last drawing of that day. The after-draw disabling of sales for a specific game is often useful in preparing for a change of the game's matrix. All of these game control switches can be changed at any time and the modifications take effect in real-time.

7.2.3.2.B GAME CLOSING DATA

The Games Management System (GMS) interface into the gaming environment allows authorized users to view the status of each and every game in real-time (including at game cut-off) in a drill down detail method. Figure 7.2-25 shows an example of the clarity of the draw data screens.

At the highest presentation level the user is presented with the Game Status report screen. This screen displays the following information for each game (when applicable for the game):

- Actual draw close date and time
- Net game pool (sales minus cancels)
- Hash total of plays (including cancels)
- Scheduled draw close date and time
- Draw declared official date and time
- Next draw date and time

- Game name
- Current draw number
- Next draw number
- Winner scan and prize calculation date and time
- Winning number entry date and time
- Pool status
- Draw break schedule

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7.2.3.2.C DUAL ENTRY OF WINNING NUMBERS (DR 7)

provides reliable, secure entry of game close data (e.g., winning numbers) to each of our lottery customers. We have proven in each of our jurisdictions that our system complies with the state's, as well as multi-state organizations', stringent security/auditing policies and requirements.

The process is configurable to satisfy the requirements of RFP Table 31, Detail Requirement No. 7, by requiring independent data entry at two different management terminals by two different users (each must possess appropriate system security privileges) inputting appropriate personal passwords. draw verify screens are shown in Figure 7.2-29 and Figure 7.2-30.

Scientific Games' Director of Security, John Byers, will ensure appropriate system security privileges are in place for dual entry of winning numbers. John has more than 25 years of information security leadership experience with lottery operations, military, private industry, and city government (City of San Antonio).

Under the guidance of Operations Manager Mike Skibel, the lead operator on duty in the data center will be responsible for overseeing the entry of the winning numbers and will allow the Texas Lottery and its designated external independent auditor to enter winning number(s) for all online games. These entries will be made through different management terminals by different users with proper access privileges. Scientific Games' operator will provide their name synchronized time, and will notify the Texas Lottery of any unusual occurrences. After notification from the Texas Lottery, the operator will advise the Texas Lottery when the draw pools are closed and update the new Jackpot amount, throughout the Lottery Gaming System.

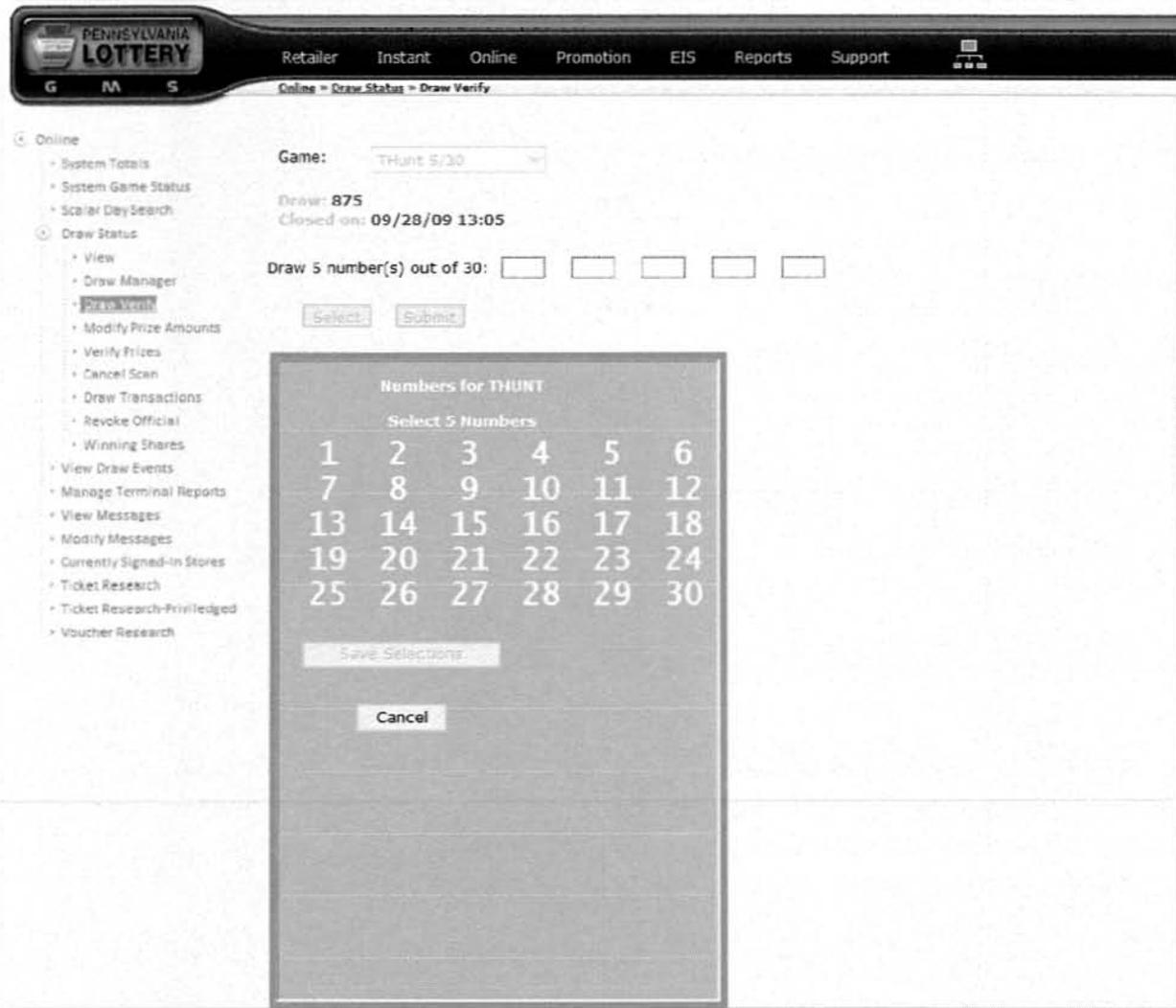


Figure 7.2-29: Draw Verify Overlay

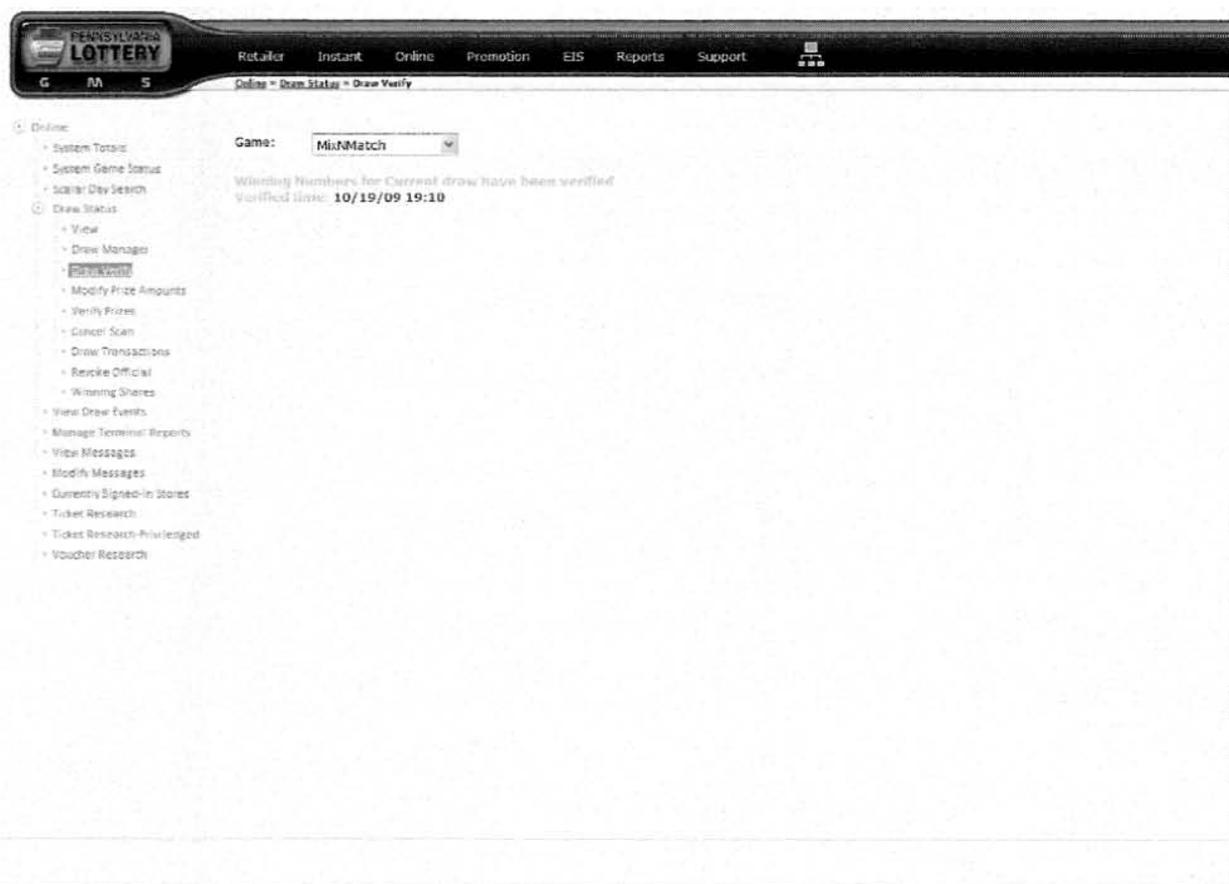


Figure 7.2-30: Draw Verify Screen

The input numbers are programmatically compared and verified by system software. If the numbers do not pass system inspection, the entry process must be restarted from the beginning. Only when the numbers are confirmed to be identical will the system allow the close/draw process to continue. Each data attempt, whether a success or failure, is logged in secure audit files within the system.

The screens of the successful data entry are automatically printed for review/retention and a file of the event is created; that file can be delivered to the Lottery for updating ICS and/or back office systems. As with winning numbers, the entry of prize and jackpot amounts can be required to go through a system verification process.

7.2.3.2.D GAME CLOSING/DRAWING/CASHING TIMING

Scientific Games understands that every jurisdiction wants to minimize the period between the close of a game and the ability to pay its winning tickets.

Scientific Games has been designed to complete game end processing as quickly as possible so that winning ticket holders can be rewarded and players can be wagering on the next draw. Based on our timing estimates, Scientific Games expects to

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complete the drawing process in less than 15 minutes. The length of time needed to accomplish each step can be found in Figure 7.2-31.

Figure 7.2-31: Auto-Close Game Draw Steps

AUTO-CLOSE GAME DRAW STEPS (MIN:SEC)		
DRAW TASK	NUMBERS GAMES	MATRIX GAMES
Start draw break	–	–
Disable sells and cancels	< 00:10	< 00:10
Close current draw and open next draw	< 00:05	< 00:05
Allow sells and cancels for next draw	< 00:10	< 00:10
End draw break	< 00:05	< 00:05
Auto-enter winning numbers*	< 00:10	< 00:10
Auto-verify winning numbers*	< 00:10	< 00:10
Process winning tickets in bet file	01:00 - 05:00	01:00 - 10:00
Calculate prizes	< 00:10	< 00:10
Transmit draw data to ICS	< 00:10	< 00:10
Make draw results official* (Prizes now ready for cashing)	< 00:10	< 00:10
Total maximum time	< 06:00	< 11:20

*If these steps are performed manually, human intervention time must be added to the time estimates.

7.2.3.2.E GAME CLOSE VERIFICATION DATA (DR 8)

In satisfaction of RFP Table 31, Detail Requirement No. 8, at each draw process will provide the following verification status/information:

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- a. Sales for the game being drawn have been closed
 - b. Sales for the next draw (and appropriate multi-draws) are allowed
 - c. Dual entry winning numbers procedures have been successfully completed by the Texas Lottery and the independent auditor through the secure entry process
 - d. Prize share verification process has been successfully completed on for all jackpot games
 - e. Final share values for each prize level and sales information have been completed on for all jackpot games
 - f. Final online share count and sales information have been completed on for all non-jackpot games

7.2.3.2.F GAME CLOSING DATA (DRs 9 and 10)

The GMS interface into the gaming environment allows authorized users to view the status of each and every game in real-time (including at game cut-off) in a drill-down detail method.

At the highest presentation level the user is presented with the Game Status report screen. This screen displays the following information for each game (when applicable to the game):

- Game name
- Scheduled draw close date and time
- Next draw number
- Winning number entry date and time
- Draw declared official date and time
- Pool status
- Winner scan and prize calculation date and time
- Current draw number
- Actual draw close date and time
- Next draw date and time
- Net game pool (sales minus cancels)
- Hash total of plays (including cancels)
- Draw break schedule

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Satisfying RFP Table 31, Detail Requirement No. 9 will provide authorized users with the winning retailer number(s) who sold top tier jackpot prize tickets for the most recent draw.

Scientific Games' operations staff, under the guidance of Operations Manager Mike Skibel, and guided by the Texas Lottery approved security procedures established and monitored by Scientific Games' Director of Security, John Byers, will enter the new estimated jackpot(s) into all appropriate systems as soon as possible after game draw. Complying with RFP Table 31, Detail Requirement No. 10, we will ensure that this data input is completed less than four hours following the completion of the draw process.

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7.3 INSTANT TICKET GAME MANAGEMENT

Scientific Games holds the distinction of being the industry's first and most experienced Fullline™ vendor — supplying both online systems and printing instant tickets. We thoroughly understand each side of the business, and their interdependencies. This knowledge and experience provides us with the valuable capability to provide online and instant games and services that really work together. Since 1975, with our first instant system implementation, no other vendor's staff has gained more experience than Scientific Games in implementation and support of instant ticket accounting systems.



It is also logical that the company that currently provides the Texas Lottery with its instant tickets is the company ideally suited to manage those very instant ticket games. Our experience in the development, printing, and marketing of instant games is unparalleled in the industry. No other vendor can offer the depth or breadth of instant game knowledge and experience as Scientific Games can offer. And while we currently provides instant tickets to the Texas Lottery, we are excited about the possibility of providing and operating the lottery gaming system that is actually used to manage your instant ticket gaming sales.

Another instant ticket game management benefit that Scientific Games can provide to the Texas Lottery is our Cooperative Services Programs (CSPs), a concept that we pioneered. Our CSPs enable us to manage a lottery's instant ticket operations as a means of reducing experience costs to the lottery, while increasing the lottery's retail sales. CSP contracts bundle instant tickets, systems, facilities management and/or other services, including the design and installation of game management software, telemarketing, field sales, accounting, instant ticket game design, inventory and distribution, sales staff training, managing staff, and advising with respect to security, maintenance, communication network, and sales agent hotline service and field support for lottery jurisdictions. We have CSP contracts with lotteries in Arkansas, Delaware, District of Columbia, Florida, Georgia, Maine, Oklahoma, Pennsylvania, Puerto Rico, South Carolina, Tennessee, and Virginia, and look forward applying our expertise to the management of instant game operations in Texas.

Designed by industry experts to maximize sales potential and ensure product integrity.

We also understand the Texas Lottery gaming environment. We know how to support a lottery with huge instant ticket volumes. We have reviewed and responded to the individual requirements included in **Section 7.3** and, based on all of this knowledge, we are confident that the instant ticket support systems included in **Section 7.3** will fully satisfy all of your needs and desires throughout the contract period.

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The gaming system seamlessly integrates instant ticket support with online games management. And "integration" is the important consideration; instant and online games are monitored and controlled through a single Games Management System (GMS), financial accounting covers both game types, reports combine both online and instant activity, and a single database retains all gaming data. Integration also reduces the need for data file transfers between disparate systems and reduces the resources needed today to operate multiple, independent systems.

Following the responses to specific requirements, we have provided a more detailed description of our instant ticket support, including distribution, new game definition, inventory monitoring and control, security, parameterized validation and settlement controls, retailer accounting, and extensive reporting. We believe the description will explain the many benefits available when the Texas Lottery selects our integrated gaming system.

We know from our support of large instant ticket jurisdictions, such as Pennsylvania, Indiana, China, and Italy that our system can easily handle the Texas Lottery's yearly introduction of as many as 100 instant games. For example, while Italy is roughly the size of the state of Arizona, the instant ticket relaunch in Italy in 2004 comprised more than 24,000 retailers, approximately 40% more than the current retailer population in Texas. Italy has nearly 58 million citizens, nearly 2.5 times the population of Texas. The results of this relaunch effort have been extraordinary. Retailers have grown by more than 100% in six years, the average selling price has grown by more than 100% and, most importantly, total sales have grown at an average rate of nearly 98% per year from 486 million Euros in 2004 to more than 9.4 billion Euros in 2009.

Scientific Games knows the configuration proposed to Texas will not be stressed by the \$2.8 billion in sales.

RFP Requirement: The Texas Lottery designs and introduces approximately 90 to 100 Instant Ticket Games annually resulting in approximately \$2.8 billion in sales. The number of games introduced is subject to change (increase or decrease) over time. The Lottery Gaming System supports the sales, inquiry, tracking, monitoring and reporting activities of Instant Tickets both globally and at a retailer level.

Scientific Games considers this RFP requirement to be informative, therefore no response is required.

Table 34. Instant Ticket Game Management Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Provides a Lottery Gaming System that supports Instant Ticket Games	X	
2. Tracks Instant Ticket inventory status and pack status globally and at the retailer level	X	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)	
3. The Successful Proposer's System shall provide the ability to track and report on the destruction of individual and ranges of Instant Tickets.	7.3.2	
4. The Successful Proposer's System must automatically calculate the retailer account adjustment amounts associated with specific Instant Ticket pack status changes.	7.3.2	

DETAIL REQUIREMENTS	RESPONSE SECTION(S)																								
5. The Successful Proposer's System shall provide the ability to automatically record the transfer or return of Instant Tickets via pack status changes.	7.3.2																								
6. The Successful Proposer's System shall provide the ability to electronically monitor availability of game inventory and accept orders through the last available pack and/or ticket-range.	7.3.2																								
7. The Successful Proposer's System shall provide the ability to provide the Texas Lottery with a weekly report indicating the projected dates on which the current supply of tickets for each game will be exhausted. Additionally, this report shall show, by game: delivered tickets and start date, weekly sales, close of game date and any and all pack statuses.	7.3.2																								
<p>8. The Successful Proposer's System shall provide the ability for the inquiry, tracking and monitoring capabilities for inventory status and pack status at four levels (System wide, at the retailer level, at a pack level and the individual ticket level range [from a ticket range of one (1) and up] within an individual pack). The Texas Lottery currently uses twenty-three (23) different pack statuses. Additional statuses may be added as needed. The pack statuses shall include but are not limited to the following:</p> <table border="0" data-bbox="180 982 1192 1535"> <tr> <td>1. Promotional</td> <td>13. Inactive</td> </tr> <tr> <td>2. Activated</td> <td>14. Defective Vendor</td> </tr> <tr> <td>3. Returned InTransit</td> <td>15. Damaged Retailer Chargeable</td> </tr> <tr> <td>4. Stolen Retailer Cashable</td> <td>16. Damaged Retailer NonChargeable</td> </tr> <tr> <td>5. Stolen Retailer Chargeable</td> <td>17. Damaged Courier</td> </tr> <tr> <td>6. Stolen Retailer NonChargeable</td> <td>18. Lottery Omit</td> </tr> <tr> <td>7. Stolen Warehouse</td> <td>19. Vendor Omit</td> </tr> <tr> <td>8. Stolen InTransit</td> <td>20. Stolen Aggravated NonCharge</td> </tr> <tr> <td>9. Stolen Recovered</td> <td>21. Stolen Aggravated Charge</td> </tr> <tr> <td>10. Lost Retailer</td> <td>22. Lost Courier</td> </tr> <tr> <td>11. Lost Warehouse</td> <td>23. Stolen Courier</td> </tr> <tr> <td>12. GLEPS Testing Non Chargeable</td> <td></td> </tr> </table>	1. Promotional	13. Inactive	2. Activated	14. Defective Vendor	3. Returned InTransit	15. Damaged Retailer Chargeable	4. Stolen Retailer Cashable	16. Damaged Retailer NonChargeable	5. Stolen Retailer Chargeable	17. Damaged Courier	6. Stolen Retailer NonChargeable	18. Lottery Omit	7. Stolen Warehouse	19. Vendor Omit	8. Stolen InTransit	20. Stolen Aggravated NonCharge	9. Stolen Recovered	21. Stolen Aggravated Charge	10. Lost Retailer	22. Lost Courier	11. Lost Warehouse	23. Stolen Courier	12. GLEPS Testing Non Chargeable		7.3.2
1. Promotional	13. Inactive																								
2. Activated	14. Defective Vendor																								
3. Returned InTransit	15. Damaged Retailer Chargeable																								
4. Stolen Retailer Cashable	16. Damaged Retailer NonChargeable																								
5. Stolen Retailer Chargeable	17. Damaged Courier																								
6. Stolen Retailer NonChargeable	18. Lottery Omit																								
7. Stolen Warehouse	19. Vendor Omit																								
8. Stolen InTransit	20. Stolen Aggravated NonCharge																								
9. Stolen Recovered	21. Stolen Aggravated Charge																								
10. Lost Retailer	22. Lost Courier																								
11. Lost Warehouse	23. Stolen Courier																								
12. GLEPS Testing Non Chargeable																									
9. The Successful Proposer's System shall log all status changes (user/retailer ID and date/time stamp) for ranges of tickets (including a range of one [1]) in the pack. The Successful Proposer's System shall provide the capability to add in text field comments by users. Comments must be permanent once saved by the user and logged with user ID and date/time stamp.	7.3.2																								

DETAIL REQUIREMENTS	RESPONSE SECTION(S)
10. The Successful Proposer's System shall provide the ability to provide daily Instant Ticket inventory inquiry and reporting, by pack and by ticket range, showing the status of tickets, including the date and time of every status change of each ticket and/or ticket pack and range and method of settlement.	7.3.2
11. The Successful Proposer's System must provide the ability to restore closed games that have been archived/purged from the Lottery Gaming System for basic functions (e.g., investigations, validations, returned packs, etc.) and have these transactions flow up into the overall Systems. Files must be restored within two (2) Working Days of the Texas Lottery request.	7.3.2

Table 35. Instant Ticket Game Management Response Requirements

RESPONSE REQUIREMENT
1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.
2. The Proposer must provide a description of the proposed Lottery Gaming System's capability to support the volume, scope, development and management of the Texas Lottery's Instant Tickets operations as described in this section.
INVITED OPTION
3. As an Invited Option, the Proposer must describe if its Lottery Gaming System will support single Instant Ticket accounting. This includes the functionality to track all transactions (e.g., location, status, sales, validation, etc.) and activities at the ticket level.

RESPONSE TO TABLE 35: INSTANT TICKET GAME MANAGEMENT RESPONSE REQUIREMENTS

7.3.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, and will comply, and often exceed, detail requirements indicated in RFP Section 7.3.

7.3.2 LOTTERY GAMING SYSTEM CAPABILITIES TO SUPPORT INSTANT TICKET OPERATIONS (DRs 3, 4, 5, 6, 7, 8, 9, 10 and 11)

Response Requirement 2: The Proposer must provide a description of the proposed Lottery Gaming System's capability to support the volume, scope, development and management of the Texas Lottery's Instant Tickets operations as described in this section.

Scientific Games is confident we have the experience and personnel to support the volume, scope, development, and management of the Texas Lottery's instant ticket operations because it is Scientific Games that pioneered the concept of providing lotteries with customized partnership programs. Our Cooperative Services Programs, or CSPs, enable us to manage a lottery's instant ticket operations as a means of reducing operating costs to the lottery, while increasing the lottery's retail sales. CSP contracts bundle instant tickets, systems, facilities management and/or other services, including the design and installation of game management software, telemarketing, field sales, accounting, instant ticket game design, inventory, and distribution, sales staff training, managing staff, and advising with respect to security, maintenance, communication network, and sales agent hotline service and field support for lottery jurisdictions.

We have CSP contracts with lotteries in Arkansas, Delaware, District of Columbia, Florida, Georgia, Maine, Oklahoma, Pennsylvania, Puerto Rico, South Carolina, Tennessee, and Virginia. Under these CSP contracts, customers designate the services they want us to perform from a menu of cooperative services offered. We also have cooperative service-style offerings in the Ukraine and Germany, including five of Germany's state lotteries and have signed an agreement for a sixth state lottery. We also expect to begin a cooperative service-style arrangement with the Netherlands in mid-2010.

SUPPORT OF INSTANT TICKET OPERATIONS

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In satisfaction of RFP Table 34, Detail Requirement No. 3, tracks all instant tickets from printing plant shipping to shredding (i.e., destruction) following game closure. Every pack must have an owner and a status at all times. An owner can be any entity identified by a user ID (e.g., retailer number), including retailers, LSRs, warehouses, auditing, security, games control, QC, or even a regional offices (which can act as mini-warehouses). This model allows us to control inventory globally (i.e., located in places other than retailer stores) and at the retailer level.

The pack's current status determines to which statuses it can be legally transitioned. In addition, the transition requester's security privilege defines whether that individual is allowed to change a pack to the new status. The following are some of the security checks made during pack status change processing:

- Retailer account status
- Retailer security privileges
- Current pack status
- Target pack status
- Pack ownership
- Game status
- Presence of ticket exceptions in the pack
- Retailer inventory size restrictions

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After a game closes, tickets are collected from around the state and transitioned into statuses that eventually lead, following a complete audit by the Lottery, to the final "destroyed" status. Each of the status changes are logged in a history file that can be reviewed at any time to ensure that all tickets have been accounted for.

An important point is that the system does not merely track the status of entire (unopened) packs. It also maintains status data on individual tickets once the pack has been opened. This dual level tracking means that every individual outstanding ticket will be identified, consolidated, and destroyed following the audit process.

In satisfaction of RFP Table 34, Detail Requirement No. 4, automatically calculates and posts financial amounts to a retailer's account when certain pack status changes occur.

Distribution – When a pack is assigned to a retailer at a distribution warehouse, it enters an "in-transit" status until it arrives at the retailer's terminal. The retailer scans the pack bar code (or the bar code of a shipment carton of packs), which moves the pack into "received" status. When the retailer is ready to sell the tickets (i.e., removes the shrink wrap), the pack is scanned into "activated" status, making all of the included tickets ready for sale and redemption. When the tickets have been sold from the pack, the retailer moves the pack to "settled" status by scanning the pack's bar code (or a bar code of any ticket from within the pack or through manual entry of the pack number).

Based upon the jurisdiction's policies, the system can be configured to charge the retailer's account upon the transition to received, activated, or settled. The key here is that the system knows when the charge should occur, knows the monetary value of the pack to charge, and knows the retailer commission to deduct from the amount. The charge is done automatically.

The system may also be configured to delay the charge until a specified count of low tier tickets have been redeemed from the pack or n days following activation. In each case the system will automatically move the pack to settled status, at which time the automatic posting of the charge takes place.

Returns – supports several techniques for returning tickets from retailer locations. The most frequent is the return of unsettled packs awaiting sale at the store. In this case, the pack is scanned at the retailer terminal by the LSR to transition the pack from received to "returned in-transit" status. When the pack reaches the warehouse, a single bar code scan automatically moves it into the appropriate (default) status (either warehouse, available for distribution, or warehouse, unavailable). In this case, the retailer has not yet been charged for the tickets and the system will not post any financial transactions to the store's account.

If the pack return is done after the pack has been settled (i.e., the retailer has been charged for the tickets), the warehouse scan will automatically post an adjustment to the account, effectively reimbursing the store for the original pack amount (minus commission).

The system can also process a partial pack. In this case, some tickets of an activated pack were sold, and the rest returned. When these loose (unsold) tickets are scanned at the warehouse, the retailer's account will automatically receive a credit for the cost of the individual tickets minus the associated commission.

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Complying with RFP Table 34, Detail Requirement No. 5, a pack of tickets in received status at a retailer site can be either transitioned (“swapped”) to a LSR’s personal inventory or returned to the warehouse. The system automatically records the movement when the pack is scanned and the pack status is changed in the system’s database. The status change is recorded as a time-stamped event, with the retailer ID, game, pack, and, if appropriate, the LSR’s ID included in the transaction. To allow for special circumstances, the system also provides processes to take an unopened pack in activated or settled status and transition it back to received to allow the LSR to take possession. This capability is usually reserved for an authorized management terminal user.

Satisfying RFP Table 34, Detail Requirement No. 6, keeps track of every ticket of every pack throughout the life cycle of the game. The warehouse is able to distribute tickets from a game until the last pack goes out the door. At every step thereafter, the system is constantly aware of the pack’s status, location, and owner. If subsequent packs are added to warehouse inventory through a new print run, the system automatically begins tracking the tickets. The telemarketing function provides on-screen information about the general volume of tickets left in the warehouse for any given game.

tracks inventory at two physical levels: pack and ticket. It allows tracking, reporting, and data querying on two location levels: globally (i.e., system wide), and owner (i.e., retailer). When tracking at the ticket level the system can work in contiguous ranges or discrete tickets.

Scientific Games’ System Project Manager, Eric Deaton, will ensure that the delivered F LGS satisfies RFP Table 34, Detail Requirement No. 7. Eric and his system delivery team will ensure the report indicates the projected dates on which the current supply of tickets for each game will be exhausted. Additionally, this report will show, by game, delivered tickets and start date, weekly sales, close of game date and any and all pack statuses.



Eric Deaton

Scientific Games’ Operations Manager, Mike Skibel, and his operations team will supply the Lottery staff with this weekly report.

Exceeding the system’s support for the 23 listed Texas pack statuses, it offers the statuses shown in Figure 7.3-1 to allow finer tracking granularity. The additional statuses provide a wealth of effective reports and data analyses.



Figure 7.3-1: Additional AEGIS-EF Pack Statuses

STATUS TITLE	DESCRIPTION
● Warehouse, available	Pack is in warehouse available for distribution; “virgin stock” or full return from field
● Consigned to LSR	Pack is in trunk stock of LSR
● Delivered, Unconfirmed	Pack is assumed to be in shipment carton delivered to retailer site
● Delivery Refused	Shipped pack was not accepted by intended retailer
● Destroyed	All tickets in pack have been destroyed by Lottery staff

Figure 7.3-1: Additional AEGIS-EF Pack Statuses

STATUS TITLE	DESCRIPTION
● In transit to retailer	Pack was packed in shipment and is on the way to retailer
● Partial settled	Retailer was/will be charged for the sold fraction of pack
● Promo, player	Tickets within pack are given away to players
● Promo, retailer	Pack was given to retailer for promotional purposes
● QC, security ● QC, audit	Two separate statuses are used to isolate pack for various quality checks, security investigations, or system audits
● Received	Pack has arrived at retailer location
● Settled	Retailer was/will be charged for cost of pack
● Warehouse, unavailable	Returned full pack reached warehouse, but is not eligible for redistribution

Scientific Games understands that the Texas Lottery may add additional pack statuses at any time during the contract; we will ensure that the _____ is ready to include them in its processing. This satisfies RFP Table 34, Detail Requirement No. 8.

Each pack (or ticket range) status change can have an associated comment field. Used primarily by management users, this capability allows a permanent record of “why’s, when’s, and who’s” to accompany the logging of the event. This feature satisfies RFP Table 34, Detail Requirement No. 9. The field can be written into automatically, such as when a pack is moved to LSR inventory at a retailer terminal, the system can insert a default text string to better document the process. In either case, the ID of the commenter and the event’s date/time stamp is included in the record.

Satisfying RFP Table 34, Detail Requirement No.10, provides a wealth of instant ticket inventory and financial queries and reports. Mike Skibel, and his operations team will provide a set of daily inventory inquiries/reports by pack and by ticket range showing the status of tickets, including the date and time of every change (transition history) of each ticket, ticket range, or pack. Settled tickets/packs will additionally include the method of settlement

Scientific Games understands that some situations require checking on data of a long-closed instant game. Complying with RFP Table 34, Detail Requirement No. 11, under the guidance of security procedures established by Our _____ Director of Security, John Byers, and approved by the Texas Lottery. Mike Skibel and his operations team will have the ability to restore an

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Currently supports additional pack statuses for management control and security.

archived instant game file set (inventory, validation, game parameters) to a system (usually a test system) to support queries and reporting. Mike Skibel will implement Texas Lottery approved procedures to ensure restoration of the files within two working days following the Texas Lottery request. These restored game files will allow review of status change histories, perform pack/ticket returns, or research ticket validations.

7.3.2.1 SUPPORTING THE TEXAS LOTTERY INSTANT TICKET VOLUME AND SCOPE

Scientific Games' system is used in some of the largest lottery instant ticket operations in the world today. As presented throughout our proposal, our operations in China, Italy, Florida, and Pennsylvania are just a few of the testaments to the strength of our systems technology to handle high-volume instant ticket inventory and transaction management, as well as our expertise in driving value to our lottery customers in growing their revenues.

Below are some key statistics on production averages that demonstrate our system capabilities in supporting transaction volumes comparable or exceeding those of Texas. In addition, as detailed in **Section 7** our proposal, we have proposed the latest advancements in system hardware for Texas further increasing processing capacity. In all of these examples, our systems have considerable excess resource capacity to continue to increase volumes.

- China
 - 50,000 retailer terminals
 - In excess of 3 Billion tickets sold per year and growing (compared to approximately 800 million tickets sold annually for Texas)
 - 76,000 packs shipped per day
- Italy
 - 47,000 retailer terminals
 - 9.3 Billion Euros billion annual instant ticket sales
 - 11.5 million prize validations per week
 - 600,000 packs in transit each week
 - \$33 million a week (\$1.74 billion per year) in instant ticket sales
- Florida
 - 14,000 retailer terminals
 - \$2 Billion annual instant ticket sales
 - 18,000 packs in transit each day
 - 1,900 packages shipped daily

- Pennsylvania
 - Nearly 10,000 retailer and self-serve terminals
 - \$1.74 billion annual instant ticket sales
 - 4,000 packs in transit to retailer every day
 - 525,000 packs in the field at any one time

7.3.3 SINGLE INSTANT TICKET ACCOUNTING

Invited Option 3: As an Invited Option, the Proposer must describe if its Lottery Gaming System will support single Instant Ticket accounting. This includes the functionality to track all transactions (e.g., location, status, sales, validation, etc.) and activities at the ticket level.

currently supports ticket level tracking by location, status, validation, settlement, and movement. Scientific Games is working on the NASPL best practice for Instant Ticket Management as part of the NSI initiative. In collaboration with all vendors, we are defining solutions to capture accounting for instant ticket sales as they happen. We will continue our support for this industry initiative, and look forward to presenting the NASPL solutions to the Texas Lottery when finalized.



In addition to this current collaboration with the NASPL initiative, Scientific Games offers the Texas Lottery unique expertise in implementing similar ticket-level sales tracking. The following is an overview of our experience in this capability.

**Confidentiality Claimed
Not released**

**Confidentiality Claimed
Not released**

7.3.3.1 AEGIS-EF INSTANT TICKET OVERVIEW

The following is an overview of AEGIS-EF instant ticket support capabilities.

7.3.3.1.A TRANSACTIONS

and instant ticket processing is no exception. All scratcher activity performed at the WAVE™ retailer terminal is performed by sending in

Because

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If our instant ticket system option is selected by the Lottery, we will work closely with the third party ICS provider to ensure their ICS is able to receive, interpret, and process any transactions that we implement in Texas.

7.3.3.1.B TICKET INVENTORY

Throughout the industry the basic unit of distribution and accounting for instant games is the pack. At all times the status and location of every pack is known by and all transactions performed by all users (including GMS users, LSRs, and retailers) are tracked in real-time. We also support pull-tab ticket data if someday that becomes important for the Texas Lottery.

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Additionally, the entire life history of each pack—in fact every ticket when parts of a pack “go their separate ways,”—is maintained or [redacted] and is available for inquiry to support Lottery research and investigation.

[redacted] supports up to a [redacted] which means we can process tickets from as many as [redacted] and as many as ten million packs. We can support as many as one billion tickets within a single instant game.

Pack Status/Ownership – Key to our system design is that every pack must have an owner and a status at all times. An owner can be any entity identified by a user ID such as retailers, LSRs, warehouses, audit, security, games control, QC, or even a regional office (acting as mini-warehouses). This model allows us to control inventory globally (i.e., located in places other than retailer stores) and at the retailer level.

The pack’s current status determines to which statuses it can be legally transitioned. In addition, the transition requester’s security privilege defines whether that individual is allowed to change to pack to the new status. The following are some of the security checks made during pack status change processing:

- Retailer account status
- Retailer security privileges
- Current pack status
- Target pack status
- Pack ownership
- Game status
- Presence of ticket exceptions in the pack
- Retailer inventory size restrictions

Pack Settlement – We offer a number of different ways for packs to be settled. [redacted] supports an automated technique that can be made equivalent to about any jurisdiction policy.

[redacted] supports several pack settlement mechanisms: automatically (by time or by redemption activity), manually by the owning retailer, or through a GMS screen.

Our system offers several parameters for controlling “auto-settling” of packs, including the following:

- Count of days since the pack was activated for sale.
- Percentage of low-tiers that have been cashed within the pack.
- When the retailer’s inventory exceeds the maximum allowable count of activated packs within a game. (The pack that has been activated the longest will automatically be settled).

These parameters can easily be set to support the current Texas Lottery settlement policy and can be configured to support future policies changes.

If needed in the future, the system can allow a retailer to manually settle any pack after it has been received and activated. In this case, the retailer goes to the Pack Settlement function on the instant games menu of the WAVE™ terminal and either scans the bar code printed on the pack activity card or any tickets from that pack, or manually enters the game and pack number. If

AEGIS-EF determines that the given pack can be settled, the settlement will take place in real-time and a receipt is returned to the terminal.

A sufficiently privileged Lottery employee has the ability to settle a pack “on behalf of” a retailer, through GMS. Scientific Games will work with the Lottery to establish retailer settlement parameters that comply with evolving policies and procedures.

7.3.3.1.C MANAGEMENT CONTROLS

instant ticket accounting functions will fully support the existing business rules and procedures used by the Texas Lottery will provide game account record keeping for every game, including instant tickets acquired, stolen, missing, returned, damaged, misprinted or canceled, as well as the ending inventory value.

Pack Management – If a status transition is not allowed, an appropriate warning message is displayed to notify the user that the move failed. These controls apply to all system users, including retailers, LSRs, Lottery personnel, and warehouse staff.

Tracking pack status is a core function of . Because the system journals the history of every transaction affecting status or location of every pack, the system can report on transactions over a period of time for one pack or a range of packs or any possible location (e.g., warehouse, in-transit, LSR, or retailer).

GMS provides maximum inventory research and investigation flexibility to the Lottery. A series of GMS screens and reports are available that show on inventory by game, pack status, ownership or date ranges.

GMS provides a complete audit trail of each transaction that affects a game, pack, or ticket. Accountability is provided down to the ticket level. The system also incorporates internal controls to prevent anomalies after the game definition information is loaded (e.g., settling packs that are not in activated status).

The system uses more than two dozen individual pack statuses, though most jurisdictions use between 12 and 15 of them to support their policies and practices.

The owner designates “location” or “responsibility” and the status indicates the use or situation of the physical tickets.

Statuses only apply to an entire pack of tickets. Ticket exception ranges can be defined within a pack to document cases where the tickets’ “status” diverges from the pack’s official status. For instance, marking a block of tickets stolen within an activated pack would not change the pack’s status, but the ticket range would be marked as a “stolen” exception with that pack.

GMS is able to move blocks of packs from one owner to another and/or transition them all to a single target status with a minimum of user input.

Pack Transition Control – A rules-based control table monitors ticket movements within the system. Before any pack status can be changed, the system checks the grid to verify the move is legal and that the requesting user is authorized to perform the move. Additionally, the statuses of tickets within the pack may block a status change—a prime example of ticket level controls is blocking the return of a full pack for credit if it contains redeemed or stolen tickets.

If a status transition is not allowed, an appropriate warning message is displayed to notify the user that the move failed. These controls apply to retailers, LSRs, Lottery staff, and warehouse personnel.

The transition control matrix (sometimes referred to as the Security Grid) is structured as a two-dimensional table with one axis listing the "from" pack status and the other labeled with the "to" (or "target") status. The intersection of any from and to status pair contains the user types that are allowed to complete the desired transition. The grid can be viewed or modified in real-time through the GMS.

Security Controls – One of the first things a "curious" clerk might try is "fishing" for winners among unsold instant tickets by scanning bar codes of unscratched instant tickets and, when prompted by the retailer terminal, entering guessed security digits (PINs). The goal is to fortuitously match valid ticket data and learn if the ticket is a winner or loser.

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Data Protection – The system protects instant ticket information and validation data from unauthorized access during the period from ticket manufacturing through the period where tickets are being distributed, sold, and validated and ending when the game is no longer active and it is removed from the system.

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Adjustments – The system supports a full repertoire of instant ticket financial adjustment tools, including appropriate adjustment types and the ability to automatically calculate monetary values based on ticket counts. The same adjustment posting processes, data retention and audit trails used for online adjustments are available in the instant system. A good example of this adjustment support is the issuing of debits/credits for returned ranges of tickets.

Stolen Tickets – The system is configured to block the redemption of stolen or missing tickets and track missing or delayed shipments. Scientific Games will position the system to serve as the initial point of contact for damaged, misprinted, or mis-packaged packs of tickets.

Pack History – The GMS Pack History Report provides historical detail for one or more packs of instant tickets. From the moment a game is loaded onto the system from a vendor's file until the game is purged from the system, every single activity that touches a pack or changes its status or location is recorded and reported with full detail including date, time, from-to status, from-to location, and the user who initiated the transaction. Figure 7.3-2 shows a typical Pack History Report.

SG SCIENTIFIC GAMES		Connecticut Lottery Corporation				AEGIS		
Thursday, April 27, 2006 11:53:30PM		Pack History				Page 1 of 1		
		Game 631 Pack 12632 All Locations						
		Sorted by Date						
Date	Location	Name	Game	Name	Pack	Anomalies	Pack State	Order Number
Oct 5 2004 4:38PM	400	John Downey Warehouse	631	HOLD'EM POKER	12632	No	(02)Available - Virgin Packs	
Nov 5 2004 11:26AM	109406	BRIDGEPORT CITGO	631	HOLD'EM POKER	12632	No	(05)Allocated to Shipment	99,653
Nov 5 2004 3:53PM	109406	BRIDGEPORT CITGO	631	HOLD'EM POKER	12632	No	(06)In-Transit	99,653
Nov 7 2004 9:00AM	109406	BRIDGEPORT CITGO	631	HOLD'EM POKER	12632	No	(12)Received by Retailer	99,653
Dec 14 2004 10:15AM	109406	BRIDGEPORT CITGO	631	HOLD'EM POKER	12632	No	(15)Activated for Sale	99,653
Dec 29 2004 12:06PM	109406	BRIDGEPORT CITGO	631	HOLD'EM POKER	12632	No	(07)Settled	99,653
Total Entries:					6			

Figure 7.3-2: Pack History Report

The following options give the user much flexibility in requesting this report:

● Included Data:

- Game Number/Name
- Pack Number (or ALL)
- Pack Status (or ALL)

● Sort Options:

- Date
- Game
- Location

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These data are retained in the

Retailer Report Mirroring – has the ability to display instant ticket reports exactly as they will display/print at the WAVE™ retailer terminal. This mirroring ensures that when a retailer calls support personnel with a question about a recent report both parties will be able to look at the same image and see the same data. This greatly streamlines telephone help calls.

Retailer Licensing – We offer a full licensing feature within as part of the base system, but we know that every Lottery has its own unique policies and processes. Upon contract award, we will present our licensing capabilities and work with Lottery staff to select the optimum set of features, screens, reports, and automated controls to satisfy ongoing licensing.

The system will track all events in the license process, from initial application, through vetting, charges account setup. We are confident that our base system will satisfy a large percentage of your requirements and we will modify the system to complete the licensing feature.

7.3.3.1.D MANAGEMENT REPORTS

provides a wide variety of instant ticket inquiries, including shipped and pending orders, instant game pack lookup, retailer inventory, game definition, terminal and instant ticket research, sales activity, settled inventory, ended games, full and partial pack returns, shipped packs, and LSR inventory.

will support the Lottery staff in their mission to not only generate sales, but to be a credible source of information to the retailers. The following are some of the key features and functions included with GMS to help the Lottery strengthen their partnership with retailers:

- Order history (including shipped, pending, and previously delivered)
- Pack lookup (current status, location, history, etc.)
- Retailer current inventory
- Game definition
- Terminal and instant ticket research
- Sales activity
- Returned inventory
- Settled inventory
- Game information (current games, ended games, remaining top prizes)
- Full and partial pack returns
- LSR information (representative and route, and packs issued and returned)

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Figure 7.3-3 provides a summary of standard instant ticket reports available through the GMS.

Figure 7.3-3: Standard AEGIS-EF Instant Ticket Management Reports

REPORT	PURPOSE
● Access to the Authorization Grid (Management Users)	Reports accesses to the security grid for update intent.
● Access to the Security-Relevant Files	Reports all accesses to all security relevant files (e.g., transaction file, game files, pool files, previous bets file) for read/update intent.
● Activations and Returns by Game	Shows, by game, total number of tickets (or packs) activated and returned on a daily basis.
● Activity by Retailer (online + instant)	Shows the activity by retailer for any particular day, including sales, pays, claims, and cancels.
● Adjustments Report	Shows total adjustments by type on a daily basis.
● Daily Pay/Claims Report	Shows tickets paid and claimed, by day.
● Instant Games Inventory Report	Shows all currently available games and current inventory levels, available in real-time.
● Instant Games Prize Liability Report	Shows the total possible prize liability by prize level, by game.
● Invalid Pays Analysis	Shows, by retailer number, the number of invalid pay attempts made by a retailer for a given day.

Figure 7.3-3: Standard AEGIS-EF Instant Ticket Management Reports

REPORT	PURPOSE
● Inventory Status by Game	Shows, by game, the number of tickets or packs, by all inventory statuses.
● Lottery Paid Claims Report	Shows claim information on prizes paid at lottery offices.
● Lottery Pay Report	Shows prizes paid at Lottery headquarters.
● Management Terminal User Report	Lists all Management terminal users by user name or group name.
● On-Demand Packs Report	Lists all packs issued on a particular day by retailer number.
● Pack Swap Alarm Report	Generated off-line showing all pack swaps performed and retailer number for the previous day.
● Pack Swap Report	Shows, for a specified date, game number and pack number of packs swapped for a particular retailer or sales representative.
● Packs In-Transit	Lists all packs in transit by retailer number and by region provided to the Lottery in real-time processing.
● Retailer Identification Report	Lists all Lottery retailers in alphanumeric order by either retailer name or by retailer ID at the Lottery's option.
● Retailer Record Modification Report	Shows changes to the retailer record file by retailer number.
● Shows Prizes Liabilities Report	Shows, for each online game and prize level, the prize liability at beginning of day, prizes added and paid that day, daily reversion amount, and prize liability at end of day.
● Tickets Paid/Claimed Report	Shows, by ticket transaction, the number of tickets paid or claimed for a given day.
● Transaction Listing	A chronological report of any or all transactions by date, time, transaction number, and any other sort option as required by the Lottery.
● Validation by Game	Shows total, by game, the dollar value of tickets validated on a daily basis.
● Weekly Chain Reports	Shows for all chain accounts combined online and scratch ticket information based on the previous complete billing cycle.
● Weekly Chain Statements	A weekly statement showing for all chain accounts combined online and scratch ticket information based on the previous complete billing cycle.

Figure 7.3-3: Standard AEGIS-EF Instant Ticket Management Reports

REPORT	PURPOSE
● Weekly Combined Billing Report	Shows for all retailers combined online and scratch ticket information based on the previous complete billing cycle.
● Weekly Sweep Report	A report of weekly sweep amount due from each retailer, detailed for online and scratch amounts due.
● Year-to-Date Retailer Commission Report	Lists all online game, scratch tickets, and miscellaneous commissions earned by retailer, by calendar year and fiscal year, to date, as specified by the Lottery.
● Zero Sales Report	Shows, by retailer number, any terminals with no sales for a given day, with a summary of total frequency for the year for retailers who appear on any day.

Scientific Games will work with Lottery staff to replicate the current report which presents estimated instant ticket sales based on a game's redemption traffic and its documented winners ratio for each prize tier.

7.3.3.1.E TICKET VALIDATION

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Just as inventory information is updated in

. Once an instant ticket is cashed, any subsequent cashing requests will elicit an "already cashed" message and no prize award will be authorized.

The system also enforces the Lottery's defined redemption period separately for each game. This end-redemption control can be set to conform to any Lottery policy and can subsequently be changed in real-time if circumstances warrant.

An authorized user may prematurely end redemption of a single instant game through a simple GMS function. That termination may either be made effective immediately or set to a specific future date.

fully supports prize structures for low-, mid-, and high-tier levels, each containing numerous prize levels. The system can easily support as many as as a top prize. Non-cash prizes are also wholly supported.

There are no limitations within for prize tiers or payout levels. It is standard functionality that high-tier prize levels require the ability to determine if a prize payout involves the file claim process.

The status and history of every winning instant ticket is securely maintained by : When a validation request is received by the system it automatically inquires against a validation maintained to determine the following data:

- Status of the game
- Status of the pack and ticket (i.e., is it in a payable status)
- Status of the processing (winner, not a winner, previously paid, etc.)

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- Prize value (if it is a winner)
- The type and status of the retailer making the request (regular, high-tier claims, lottery, active, inactive)

responds to the issuing terminal with one of the following possible results:

- Pay prize
- File claim form
- Prize above max
- Previously paid here
- Previously paid elsewhere
- Game not active
- Pack not activated
- Function not allowed
- Not a winner

Stolen/missing tickets presented for redemption will elicit a "suspect ticket" response that is typically displayed as a generic "file claim form" message to the clerk. When the validation processing verifies that the ticket is a winner it specifies the amount to be paid. During the business requirements collection phase of the implementation project, Scientific Games will collaborate with Lottery staff to define the exact validation response text to be displayed on the WAVE™ screen.

When a ticket being validated is from a pack in a "partial" inventory status, (for example partial return or partial stolen), the ticket being cashed must be in a range of tickets having a status that is "cashable" (activated or settled).

Real-time, host-based control of instant ticket inventory and ticket status allow the system to support cross-validation, which allows tickets bought at one retailer to be cashed at any other retailer location.

Prizes - supports a number of different prize types: cash, merchandise, annuity, mixed, cross-redemptions (online tickets as prizes). Each game can have as many as different prize tiers. Prize monetary values or descriptions can either be unique or duplicated within a game without affecting redemption processing.

Each prize tier can be configured with a description strings as long as allowing great latitude in displaying a complete and unambiguous "pay" message at the retailer terminal.

7.3.3.1.F INSTANT TICKET GAME CREATION

readily accommodates large game volumes. The system currently support: active instant games at one time and provide support for the introduction of as many games per year as needed by the Lottery; it easily exceeds the current rate of game drops per year. Each game can have as many as



Because pull-tab games are configured and processed as another instant game, our system can easily handle that game type if the Texas Lottery decides to deploy them.

Game Definition – is able to load a
r.

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*Supports active games – far
exceeding the current games
per year.*

It should be noted that our system places no restrictions on the count of instant tickets that can be loaded during a single business day.

For each prize tier the game definition file contains, prize type, prize description string, winners ratio, count of winners, and total tier monetary value.

The file also can provide the system with physical dimensions (width, length, thickness) of the game's pack. The weight can also be provided by the ticket vendor. These data can be useful during the warehouse packing process and for stocking ITLMs or PATs.

The game definition can support pouch games and we can handle the discounted per-ticket costs involved in such a game. Tickets from pouch games will validate properly and the system will enforce the Lottery's policy of ticket returns.

Game Data Modification – An authorized user may use GMS screens to modify game parameters and constants at any time. Those changes will take effect in real-time and they remain valid until they are subsequently changed. As with all queries and updates to system data, these game modifications are permanently recorded in order to support later security audits.

Game Closing/Removal – offers the Texas Lottery the convenience of performing game-end accounting for any qualifying instant ticket games. Scientific Games will provide the appropriate end-of-game accounting reports for a particular game upon request. The game-end accounting reports will include the expired games – those that have reached their end redemption date.

All outstanding or leftover packs can be audited by authorized Lottery employee. GMS will allow the Lottery to place the games in an archived status. An archived games list would be provided to Scientific Games to authorize purging the games from the database. These games are then backed up on electronic storage media before removal from the system.

The system can produce end-of-game reports summarizing the state of the game, including the following data elements:

- Total count of tickets sold
- Total count of tickets within the warehouse
- Total prize amount paid – by prize tier
- Total prizes not redeemed – by prize tier
- Inventory status changes for all tickets within the warehouse to be destroyed

7.3.3.1.G INVENTORY ORDERING

The system can accept ticket orders from telemarketers (inside sales), LSRs or retailers using a special WAVE™ terminal screen, the GMS on-demand order screen, automatic routines using a predictive ordering process (unique to Scientific Games), or from a system-controlled initial allocation process used for games new to the field.

7.3.3.1.H INVENTORY REPLENISHMENT

There are three basic techniques to physically replenish retailer instant ticket inventory: swapping of packs between LSR trunk stock and retailer inventory, creating ticket shipments in the warehouse, and fulfilling on-demand orders to a walk-in retailer.

Pack Swapping –

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Warehouse Activities – GMS warehouse and distribution features and functions are derived from our 30 plus years of experience operating lottery instant game warehouses in North America and Europe. We know the issues and unique requirements for efficiently and securely operating these facilities. With every implementation of our system—whether we operate the warehouse or our lottery partner operates it—we strive to improve our functions and features to meet each lottery’s unique requirements.

The instant ticket system proposed to satisfy Texas Lottery requirements will be tightly integrated with Scientific Games’ instant ticket warehousing, order distribution, and inventory system, We have a similar interface design between our system and system in successful operation for the Pennsylvania Lottery.

We understand completely the interface requirements and are well prepared to provide the interface required to support order distribution and inventory management operations at the instant ticket warehouse through a connection to both data centers and all systems.

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Because of the Texas Lottery's great dependence on continued instant ticket sales, we recognize that the Texas instant ticket volume places a huge responsibility on the warehouse staff. This staff expects and requires maximum performance from the Order Packaging and Warehouse system. To ensure continued revenue growth neither your gaming system nor warehouse packing controls can be a limiting factor. Our systems support more than \$8 billion in annual instant sales with efficiency and security.

Our order packaging application is designed with great attention to ergonomics and efficiency. It also ensures that all system feedback (exceptions as well as positive confirmations) are recognized by the warehouse staff. A single missed scan or unnoticed error condition can cause problems for retailers, Lottery management, as well as players. Wherever possible, bold visual and audible cues are utilized to ensure that the packer does not miss any "events" or notifications. See Figure 7.3-4 for a sample of the pack order screen.

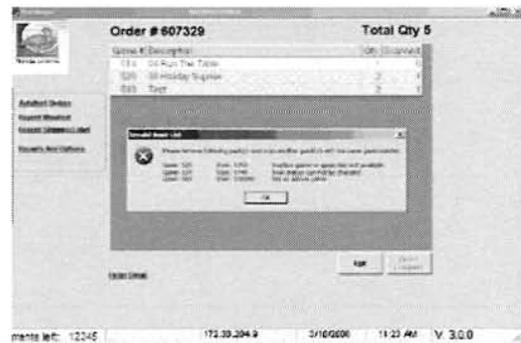


Figure 7.3-4: Pack Order Screen

The GMS order packaging application evaluates the status of the order with each bar code scan. For efficiency, as soon as the application detects that the last required pack of an order has been scanned, the application automatically prints one copy of the manifest report and a label for each of the bags or cartons. Immediately after the last pack is scanned the packer can begin to fill the containers, attach the labels, and insert the manifest report. We will make sure that queued orders are released to packaging at least once per hour.

We will set up our ordering subsystem to support the sorting of outgoing packages by size of shipments.

We will establish a process where all orders that are not packed and shipped the same day are documented on a report and transmitted to the retailer's regional office. We will produce other needed shipment reports to continue the Texas Lottery's current processes and policies.

New Game Distribution – In most jurisdictions, the distribution of tickets from a new game is handled separately from the daily shipping of inventory to the field. New game orders may be packed over a span of several days and held in a special warehouse area. During this time the "shipment" for these on-hold orders remains open while daily order shipments are processed and sent immediately.

The warehouse supervisor has flexibility with, and great control over, the automated GMS process that generates orders for new games. The current key parameters are retailer-price-point specific preferences for the number of packs for new games, and the allocation percentage determined by the warehouse supervisor. New Game orders can be created for one or any number of games in a single run. Other parameters, such as "family suites", can be substituted or added to the existing parameters to drive auto-generation of orders.

The distribution software—the same routines used in our highly successful Cooperative Services warehousing contracts—fully supports this pack-and-hold technique. Once all the new game shipments are prepared, they can all be

simultaneously transferred to retailer sites across the state. The system also supports early shipments to select retailers—either by chain, region, or individual retailer number.

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7.3.3.1.1 ACCOUNTING

instant ticket accounting functions will fully support the business rules and procedures currently used by the Texas Lottery. This ensures that the phased migration project will be transparent to your retailers and players, minimizing adverse impact and lowering implementation risk.

will provide game account record keeping for every instant and pull-tab game, including instant tickets acquired, stolen, missing, returned, damaged, misprinted, or canceled, as well as the ending inventory value. supports the functions to fulfill all of the obligations required by the following subsections:

Charges for Packs and Deals – Settlement detail is maintained on and conforms to the weekly accounting cycle (Sunday – Saturday used today for Texas retailers). An active retailer’s weekly invoice will typically include an item charge for instant pack settlements and retailers will need detailed information from the system to be able to reconcile their account. To support this activity, provides the Weekly Settlement report available at the retailer terminal as well as through GMS, which lists the game, pack, and date settled for all packs settled during the specified weekly accounting cycle (current or historical) for a given retailer.

Returns - fully supports the return of packs and loose tickets for credit. Depending on jurisdictional policies, the return process can be performed at the WAVE™ with credits being issued immediately or the financial posting can be initiated when the tickets have reached the warehouse return desk and the counts can be verified by authorized personnel.

In both process, has the following reports to document returned packs and tickets:

Warehouse Full Returns Report – Shows details of packs returned by LSRs to the warehouse. The following options give the user considerable flexibility in requesting this report.

- Date range of returns
- LSR
- Game
- Warehouse

Retailer Full Returns – Shows details of packs returned by retailers. The following options give the user much flexibility in requesting this report:

- Date range of returns
- Game number (ALL)
- LSR
- Retailer number (ALL, chain, region, key accounts only, or one of other parameters)

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Activations and Full Returns – Shows summary (counts and amounts) of packs and tickets activated and returned. The following options give the user flexibility in requesting this report:

- Date range of returns
- Game number (ALL)

Partial Return Details – Shows details of partial packs returned by retailers. The following options give the user much flexibility in requesting this report:

- Date range of returns
- Game
- Retailer number (ALL)
- Detail or summary

Return Reversals – Because our WAVE™ and GMS scanners have the ability to read very dense bar codes, we feel that we could evolve the state's tickets beyond the

Sales and Cashing Commissions – The system supports the ability to settle a portion of a pack at any given time and applying the appropriate commission rates and partial pack adjustments. Partial packs may be created because of theft, damage or retailer inability to sell tickets from that game. The system will allow the retailer to return portions of the pack back to the Lottery and settle the remainder. Any commissions that are to be applied at the time of settlement will be calculated based on the actual tickets settled within the pack. If 50 tickets within a 200 ticket pack are being settled, the system would calculate a value of 25% of the commission amount of a full pack settlement and apply that to the retailer accounting records.

The can easily support the current Texas sales commission and any low- and mid-tier cashing commission rate. We will implement a weekly commission calculation for pull-tabs while maintaining a daily calculation for instant redemptions. If needed can apply different commissions for each game.

Adjustments – Financial adjustment functionality is integrated onto the same GMS screens used for issuing adjustments related to online game activity. Credits and debits are supported. Each adjustment can include a type and a free-text description. Adjustment data are retained on the database for later review and/or auditing.

When an adjustment involves a commission event will automatically make the appropriate offset for the commission.

Pack Settling – When packs are settled (by any of the four available techniques) the owning retailer is immediately charged for the monetary value of the tickets minus the selling commission.

7.3.3.1.J WAVE™ INSTANT TICKET FUNCTIONS

Reports – offers a complete suite of retailer terminal reports summarizing instant ticket status and transaction activity. These reports include, but are not limited to, inventory information by pack status, summary of validations, instant sales and adjustments (including associated game and pack numbers), and new messages. The following list of retailer

terminal instant ticket reports illustrates that our new reporting capabilities:

- Weekly Invoice (online + instant)
- Daily Activity Summary
- Week-to-Date Activity
- Inventory Summary
- Inventory Detail
- Packs in Stock
- Active Packs (In-Use)
- Pack Settlement Detail
- Shipment Report (Manifest)
- Full Pack Returns
- Partial Pack Returns
- Inventory History
- Weekly Settled Packs
- Game Info
- Games on Sale
- Adjustment History
- Active Packs
- Orderable Games
- Remaining Top Prizes
- Sales by Price Point

combination will provide retailer with a wealth of

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- Clerk Sign-On
- Customer Display Message
- Broadcast Messages (current and past)
- Cash Activity
- Instant Ticket Sales
- Partial Pack Transitions
- Stolen Pack Transitions
- End of Game Liability
- Cash Draw Balancing
- Game Aging
- Packs in Transit
- Sales Detail
- Activity Detail (online + instant)
- Retailer Info
- Retailer Ranking
- Commissions (online + instant)
- Sales Comparison
- Outstanding Packs
- Year-to-Date Earnings
- Zero Sales

Retailer reports will indicate that they are “for information only” and “not for sale” to avoid confusion with printed wagers. All reports requested at the terminal display first on the screen and give the retailer the option to print it. The Terminal Ticket Images function in GMS gives an authorized Lottery management user access to the same terminal reports (in the identical format) available at a retailer terminal. combines all instant and online game accounting information in appropriate reports.

Settlement detail is maintained on and conforms to the weekly accounting cycle for retailers. An active retailer’s weekly invoice will typically include an item charge for instant pack settlements and retailers will need detailed information from the system to be able to reconcile their account. To support this activity, provides the Weekly Invoice available at

the WAVE™ as well as through GMS, which lists the game, pack, and date settled for all packs settled during the specified weekly accounting cycle (current or historical) for a given retailer.

Activating Packs – and the associated WAVE™ retailer terminals support scanning of the bar code on a pack activity card in order to effect a pack status change. Alternatively, the bar code of any instant ticket within a pack can be scanned on the terminal to input the game and pack number needed for changing the pack's status.

Settling Packs – The – WAVE™ combination can allow retailer to manually settle packs. In some jurisdictions, this function is protected by a password so that only the store owner or manager is able to perform the function.

Pack Swaps ·

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Validating Tickets – Ticket validation on the WAVE™ will fully support current Texas Lottery redemption policies and procedures. The terminal is able to read the standard instant ticket Interleaved 2 of 5 (Code 25) bar code, and can prompt for appropriate PIN and ticket value strings.

The terminal can also support a number of alternative bar codes, such as PDF-417, often used to transfer large amounts of data in a small area and implement keyless validation.

The system interprets ticket bar code data according to parameters established for each game, allowing the Lottery to evolve to different ticket ID encoding in the future. The scanner ; typically, the data includes game, pack, ticket, validation, and bar code check digits.

Today, [REDACTED] supports lotteries that use more than one concurrent instant game vendor. Whether the bar code and algorithm used to encode tickets are dictated by the Lottery or by each ticket vendor, [REDACTED] and our terminal technology will accommodate differences through parameterization. As the Lottery receives instant games, both from Scientific Games and other printers, our security and programming policies ensure that bar code decryption algorithms will always be kept secure against compromising game integrity.

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7.4 CLAIMS AND VALIDATION

RFP Requirement: Players can claim prize payouts at Retailers or one of the sixteen (16) Texas Lottery Claim Centers across the State of Texas. The number of Claim Centers has the potential to increase or decrease over time.

Prizes valued at less than \$600 can be claimed at any Retailer location. Prizes valued at \$1 million or less can be claimed at any of the Texas Lottery Claim Centers. Any Lottery prize can be claimed at the Austin Claim Center. In addition, the following prizes only may be claimed at the Austin Claim Center:

- *Lotto Texas or Mega Millions Jackpot Prizes*
- *The prize is greater than \$1 million*
- *The prize is paid as an annuity*

All claims are subject to the Texas Lottery’s security and ticket validation requirements and procedures. All claims for Lottery tickets that cannot be validated and/or for tickets that appear to have been altered are identified and investigated by the Texas Lottery. Texas Lottery investigations frequently rely on reporting tools and data in the Lottery Gaming System.

Scientific Games considers this RFP requirement to be informational and therefore no response is necessary.

Table 36. Claims and Validation Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Identifies locations for check printers		X
2. Installs and tests check printers in each TLC Claim Center	X	X
3. Provides check stock with the best available security features as approved by the Texas Lottery. Note: The Texas Lottery has a higher requirement for security features in check stock than most of the lotteries in the United States.	X	
4. Maintains all check printers and provides replacement printers as needed	X	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)	
CHECK PRINTERS		
5. The Successful Proposer must provide, install, maintain, and test check printer(s) and one (1) backup check printer in each TLC Claim Center and one (1) check printer in the Texas Lottery Office of the Controller. The Successful Proposer must provide, install, maintain and test additional check printers, if required, at new or existing locations at the Texas Lottery’s request.	7.4.2.1	
6. Any changes made by the Successful Proposer to primary check printers must be made to the backup check printers as well to ensure consistency.	7.4.2.1	
7. The Successful Proposer-supplied check printers must utilize Magnetic Ink Character Recognition (MICR) capable laser printers for check generation.	7.4.2.1	

DETAIL REQUIREMENTS	RESPONSE SECTION(S)
CHECK PRINTERS	
8. The Successful Proposer's System must have a secure method (and equivalent backup method) of applying required signature(s) to the check stock during the check printing process. This method must be approved by the Texas Lottery.	7.4.4
9. The Texas Lottery reserves the right to establish other check printer specifications.	7.4.2.1
10. The Successful Proposer's System must provide an integrated claims and payment system for On-Line and Instant Ticket validations that includes check writing software and hardware for use at Texas Lottery headquarters and each of the TLC Claim Centers.	7.4.2.1
11. The Successful Proposer's System must provide the ability to release payments to specific printer locations throughout the Claim Center Processing System. A record of the actual printer used and the office that processed the claim must be recorded on the Lottery Gaming System and kept as part of the payment.	7.4.2.1
VALIDATIONS	
12. The Successful Proposer's System must not allow duplicate validations of a winning ticket.	7.4.2.2
13. The Successful Proposer's System must provide the ability to capture the prize amount from the validation process and record the ticket as validated/paid. Validation processing must include the functionality to produce exchange tickets for all Texas Lottery Products when necessary according to specific game requirements.	7.4.2.2
14. On-Line Tickets that have been previously validated must be maintained on the System for not less than ninety (90) Days following prize validation. Previously validated On-Line Tickets must return a previously validated message indicating the validating Retailer when presented for subsequent system validation or prize inquiry for a minimum ninety (90) Day period following prize validation.	7.4.2.2
15. Instant Tickets that have been previously validated must be maintained on the System for a suitable period of time related to the validation periods for Instant Tickets and return a previously validated message indicating the validating Retailer. The validation periods for Instant Tickets are determined by the close date for a particular game and the one hundred and eighty (180) Day period following the close date during which prize-winning tickets from a closed game may continue to be validated on the Retailer Sales Terminal.	7.4.2.2
16. The Successful Proposer's System must evaluate tickets based on the drawing date and return an expiration message to the terminal when a ticket has expired.	7.4.2.2

VALIDATIONS	RESPONSE SECTION(S)
17. The Successful Proposer's System must provide the ability to check claims for eligibility against a database(s) that tracks ineligible claimants.	7.4.2.2
PAYMENTS	RESPONSE SECTION(S)
18. The Successful Proposer's System must provide the ability to change or select the payment type (annuity or cash option) at the time of the claim.	7.4.2.3
19. The Successful Proposer's System must provide the ability to allow users to combine data entry and claims processing for multiple low and mid-tier On-Line and Instant Ticket claims with a combined total prize amount of five hundred and ninety-nine dollars (\$599) regardless of the number of individual tickets making up the combined claim. Individual ticket claims of six hundred dollars (\$600) or more must be entered under separate validation entries in accordance with IRS reporting requirements.	7.4.3.3
20. The Successful Proposer's System must provide the ability to process a manual prize payment, for prizes that cannot be paid via normal processing in the validation system. This functionality must include the separation of entry and payment release capability based on user access. The System must have a comment field and specified categories for these payments and allow for the generation of reports by category.	7.4.3.3
21. The Successful Proposer's System must provide the capability to account for non-cash prizes when a printed check is not required. A check or transaction number must be assigned to track these claims. A weekly report must be generated to track these types of transactions.	7.4.3.3
22. The Successful Proposer's System must provide the ability to track (by agency and time period) and manage debt set-off from prize payments for certain identified debts under Tex. Gov't Code Ann. 466.407 owed to government agencies. The Successful Proposer's System must provide the ability to perform this function for all types of prizes and prize payments. The debt set-off information will be provided to the Successful Proposer in a format determined by the Texas Lottery. Due to confidentiality requirements of the agencies involved, files used to control set-off processing may be required to reside exclusively on the Successful Proposer's System and must be password protected.	7.4.3.3
23. The Successful Proposer's System must provide the ability to void and reissue payments. This functionality must provide the ability to update and modify claimant information and record all historical modifications by user I.D with a system-generated date and time stamp. This functionality must provide the ability to inquire online and produce ad hoc reports detailing claim modification history.	7.4.3.3

PAYMENTS	RESPONSE SECTION(S)
24. The Successful Proposer's System must provide the ability to verify zip code and addresses in all states of the United States, US jurisdictions, Canada and Mexico. The address must validate with United States Postal Services (USPS) requirements.	7.4.2.3
25. At the Texas Lottery's request, the Successful Proposer's System must provide the capability to support 'Super Retailers.' For purposes of this section, 'Super Retailer' means a Retailer authorized to validate and pay prizes in an amount greater than the standard Retailer prize payment threshold of five hundred and ninety-nine dollars (\$599), up to four thousand nine hundred and ninety-nine dollars and ninety-nine cents (\$4,999.99). The System is not required to process these Super Retailer prize validation claims with actual tax withholding of a portion of the prize amount. The System must have the capability to review the prize claimant information and based on data files contained in the System, recognize prize claimants who may owe certain financial obligations to the State of Texas. The System must not allow the validation of these types of prize claims and must return a result that directs the prize claimant to a Texas Lottery Claim Center.	7.4.2.3
REPORTING	RESPONSE SECTION(S)
26. The Successful Proposer's System must provide the ability to maintain game validation records, inquire on validation files, and search for cashed ticket records. Access to these records must be available online for at least three (3) years. The long-term access and retention of these records must be in accordance with Section 3.74.	7.4.2.4
27. The Successful Proposer's System must capture, report and print claimant information required for IRS reporting at year-end. This functionality must also provide the ability to calculate and withhold taxes and other designated amounts from the prize payment automatically and on an ad hoc basis at the time of payment issuance. The Successful Proposer's System must be responsible for printing the required forms for reporting claimant's income to the IRS. This includes but is not limited to W-2G, and 1042S forms. The Successful Proposer's System must be able to use information gathered and entered from Form 5754 to create multiple W-2Gs for one claim. All designated Texas Lottery staff must have the ability to generate replacement tax documents via the System upon request.	7.4.2.4
28. The Successful Proposer's System must provide the ability to automatically account for unclaimed prizes for all Lottery Products based on each game's end validation date.	7.4.2.4

REPORTING	RESPONSE SECTION(S)
29. The Successful Proposer's System must provide the ability to generate reports for checks printed at each Claim Center and each check printer, with sort criteria including but not limited to TLC Claim Center location, check number, date range, prize level range, claimant data and user I.D. The ability to inquire online and produce reports is required.	7.4.2.4
30. The Successful Proposer's System must be able to interface with the Internal Control System (ICS). The Successful Proposer's System must track, report on and account for all checks issued through the ICS to allow the Texas Lottery to track outstanding checks with any exceptions noted by the processing of a "cleared check tape" supplied by the Texas Lottery's bank.	7.4.2.4
31. The Successful Proposer's System must provide the ability to track, report and account for the annuity payments and non-annuity payments and current balance due and paid for each winner over the annuity period.	7.4.2.4
32. The Successful Proposer's System must provide the ability to track, report, and account for the assignment of installment prize payments and prize payments to someone other than the prize winner.	7.4.2.4
33. The Successful Proposer's System must provide the ability to track, report, and account for winner pools as reported to the Texas Lottery on IRS Form 5754.	7.4.2.4
34. The Successful Proposer's System must provide the ability to provide banking activity updates to the Texas Lottery's bank at the highest level and quantity accepted by the Texas Lottery's bank to minimize fraud. These requirements may be updated by the Texas Lottery.	7.4.2.4
35. The Successful Proposer must provide the check printer paper to be used by the check printers. This paper must adhere to all security standards as detailed by the Texas Lottery. These requirements for the check paper may be updated by the Texas Lottery.	7.4.2.4

Table 37. Claims and Validation Response Requirements

RESPONSE REQUIREMENT
1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.
2. The Proposer must describe how it will provide an integrated System for On-Line and Instant Ticket claims, validations and payments, which includes check writing software and hardware for use at Texas Lottery headquarters and each of the Texas Lottery claim centers.
3. The Proposer must describe the validation capabilities of its proposed System.

Table 37. Claims and Validation Response Requirements

RESPONSE REQUIREMENT

- The Proposer must describe its proposed System's secured method (and equivalent backup method) of applying required signature(s) to the check stock during the check printing process.

Table 38. Claims and Validation Service Levels

SLR #	SLR NAME
3.60.26	Lottery Gaming System Inability to Cash Winning Tickets at a Retailer Location (All On-Line Games or All Instant Ticket Games)
3.60.27	Lottery Gaming System Inability to Cash Winning Tickets at a Retailer Location (Specific On-Line Game or One or More Instant Ticket Games)
3.60.28	Lottery Gaming System Inability to Cash Winning Tickets at a Texas Lottery Claim Center

RESPONSE TO TABLE 37: CLAIMS AND VALIDATION RESPONSE REQUIREMENTS**7.4.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS**

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, and will comply with, and often exceed, the detail requirements indicated in RFP Section 7.4.

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7.4.2 INTEGRATED SYSTEM FOR ONLINE AND INSTANT TICKET CLAIMS, VALIDATIONS AND PAYMENTS

Response Requirement 2: The Proposer must describe how it will provide an integrated System for On-Line and Instant Ticket claims, validations and payments, which includes check writing software and hardware for use at Texas Lottery headquarters and each of the Texas Lottery claim centers.

COMPLIES: Scientific Games has read, understands, and complies with this RFP requirement.

The Scientific Games Lottery Gaming System (LGS) offers a full-featured claims and check writing subsystem. By installing special check writing printers and PC-based workstations at each of the 16 Texas claims centers, we can handle all of the ticket validation, prize award, and check administration features need by the Texas Lottery.

7.4.2.1 CHECK PRINTERS (DRs 6, 7, 9, 10 and 11)

In satisfaction of RFP Table 36, Detail Requirement No. 5, Scientific Games will provide the Texas Lottery with laser printers). We will also deliver to the Lottery,

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Scientific Games will install and test the



Figure 7.4-1



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Scientific Games acknowledges that the Texas Lottery reserves the right to establish other check printer specifications and we will comply with RFP Table 36, Detail Requirement No. 9, by meeting those revised specifications.

In satisfaction of RFP Table 36, Detail Requirement No. 10, Scientific Games is offering an integrated claims and payment subsystem in our proposed solution. The

, and our secure LGS-based ticket validation and claims tracking will provide the Texas Lottery with all the needed prize award and tracking features.

Our solution complies with RFP Table 36, Detail Requirement No. 11 by allowing checks to be released claims for payment (i.e., check issuance) to any specified Claims Center printer on the network. The system will keep a record of which station issued the request and which printer generated the final check. These data elements will be associated with the payment record in the database.

Call Center Support – Scientific Games will provide support to the TLC's claim centers' for trouble calls and inquiries from our in-state Texas Regional Call Center (TRCC) located in which includes a hotline function for incident resolution and field dispatch services. The TRCC is equipped with:

- Toll-free T-1 lines
- Automated telephone system
- IVR system
- State-of-the-art applications for problem reporting and tracking, dispatch and report generation

The TRCC hotline will be operational 24 hours per day and will be fully staffed with 24 Technical Support Representatives (TSRs), including six dispatchers. Typically, claim center issues are classified as a Priority One (P1) and are resolved by dispatching a Field Service Technician to the claim center. Please see **Section 7.13** for more details related to our call center operations.

7.4.2.2 VALIDATIONS (DRs 12, 13,14, 15, 16 and 17)

complies with RFP Table 36, Detail Requirement No. 12 through its basic design; a winning ticket can be validated (i.e., the prize awarded) only once. Each instant ticket winner has only a single indicator of payment; once it has been marked "paid", the system will never allow a subsequent pay request to compete successfully. Likewise, winning online tickets are tracked in such a way that once they are paid, the system will never permit another (duplicate) payment.

satisfies RFP Table 36, Detail Requirement No. 13 by passing the prize monetary amount to the check printer at the time of validation, and retaining it in the system as part of the pay transaction. If a multi-draw (e.g., advanced multi-day) ticket is submitted for prize award prior to the last draw included on the ticket, the system will pay the prize and issue a new (exchange) ticket containing the remaining wagers.



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'Priority One' Call Center and field support for Claim Centers.

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Scientific Games' System Project Manager, Eric Deaton, and his system delivery team will configure _____ to comply with RFP Table 36, Detail Requirement No. 14. Using approved Texas Lottery procedures our _____ Software Development Manager, Jonathan Ng, and Operations Manager, Mike Skibel, will maintain previously validated online ticket data on the system for not less than 90 days following validation (and award). If a redeemed ticket is submitted for a subsequent validation, the system will respond with an unambiguous "already paid" message, including the ID number of the retailer who issued the original validation request.



Eric Deaton

In addition, Scientific Games' System Project Manager, Eric Deaton, and his system delivery team will also configure _____ to satisfy RFP Table 36, Detail Requirement No. 15. Using approved Texas Lottery procedures Jonathan Ng, and Mike Skibel will maintain instant ticket game files on the system until the game has been closed, audited, and the tickets destroyed (i.e., until long after the end-redeem date – 180 days after close – for the game's tickets). This means that until the end-redeem date arrives, non-validated tickets will be redeemable at retailer sales terminals throughout the state. Redeemed tickets will receive a clear "already redeemed" message if submitted for subsequent validation.



Jonathan Ng

Satisfying RFP Table 36, Detail Requirement No. 16, _____ will always verify that a ticket is not expired (i.e., not more than 90 days beyond the draw date) before attempting to validate it.



Mike Skibel

Eric Deaton, and his system delivery team will configure the _____ to satisfy RFP Table 36, Detail Requirement No. 17 by configuring the system to compare each prize claimant identity against the state-provided database of ineligible claimants (e.g., retailers, Lottery employees, Lottery vendor employees, etc.). Any modifications to this system configuration will be expedited through Jonathan Ng, and his team.

7.4.2.3 PAYMENTS (DRs 18, 19, 20, 21, 22, 23, 24 and 25)

. Fields

are clearly labeled and related elements are effectively grouped.

Figure 7.4-2 provides a view of the New Claim data entry screen. All other screens follow the same format and offer the same tools and types of function buttons.

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Figure 7.4-3 shows the data elements that the New Claim screen accepts (and presents from the system).

Figure 7.4-3: New Claim Screen Data Fields and Controls

FIELDNAME	DESCRIPTION
Claim Number	This field is set to "New" first, after submitting the claim is shows the new system generated claim number.
Online Claim	
Serial Number	Number of winning online ticket
Game	Online game name
Amount	Prize amount
Online Claims List The entered ticket is displayed in the list after clicking the Add Ticket button.	
Item	Online item number within the claim.
Amount	Prize amount

Figure 7.4-3: New Claim Screen Data Fields and Controls

FIELDNAME	DESCRIPTION
Serial umber	Number of winning online ticket
Game	Online game name
Instant Game	
Game	Instant game number
Pack	Instant pack number
Chk	Check digit of the ticket number
Ticket	Instant ticket number
Virn	Void If Removed Number printed in the ticket
Amount	Instant ticket prize amount
Instant Claims List	
The entered ticket is displayed in the list after clicking the <i>Add Ticket</i> button.	
Item	Instant item number within the claim.
Amount	Instant ticket prize amount
Game	Instant game number
Pack	Instant pack number
Tkt	Instant ticket number
Virn	Void If Removed Number printed in the ticket
Pin	3 boxed digit printed on the ticket
Mdse Amount	Amount of merchandise prize
Description	Prize level description
Gross Amount	Claim gross amount, calculated and displayed by the system after clicking the <i>Add Ticket</i> button.
Amount left	Claim gross amount minus gross amounts entered for claimants. The field is calculated and displayed by the system after clicking the <i>Add Ticket</i> , <i>Add Claimant</i> , <i>Change</i> or <i>Remove</i> button.
Enter Claimant Information	
Pay Type	Type of payment
Print W-2G	If this checkbox is clicked the W-2G is printed for the claimant
First	Claimant's first name
MI	Claimant's middle initial

Figure 7.4-3: New Claim Screen Data Fields and Controls

FIELDNAME	DESCRIPTION
Last	Claimant's last name
Tax Id	Claimant's Tax Id
SSN	If this checkbox is clicked the field <i>Tax Id</i> is the claimant's Social Security Number
Phone Number	Claimant's phone number
US Citizen	If this checkbox is clicked the claimant is US citizen
Street1	Claimant address street
Street2	Claimant address street part 2
City	Claimant address city
State	Claimant address state
ZIP Code	Claimant address ZIP Code
Gross Amt	Gross prize amount
Fed Whold	Federal taxes amount withholding
State Whold	State taxes amount withholding
SetOff	Child support withholding
Labor Whold	Unemployment taxes withholding
Merchandise	Value of merchandise prize
Net Amount	Net amount paid to the claimant
Claimant List	
The entered claimant is displayed in the list after clicking the <i>Add Claimant</i> button.	
Item #	Number of claimant within the claim.
First	Claimant's first name
MI	Claimant's middle initial
Last	Claimant's last name
Gross Amt	Gross prize amount
Fed Whold	Federal taxes amount withholding
State Whold	State taxes amount withholding
Set Off	Child support withholding

Figure 7.4-3: New Claim Screen Data Fields and Controls

FIELDNAME	DESCRIPTION
Labor Whold	Unemployment taxes withholding
Merchandise	Value of merchandise prize
Net Amt	Net amount paid to the claimant
TIN	Claimant's Tax Id number
Phone	Claimant's phone number
US	This field indicates if the claimant is US citizen (1 = yes, 0 = no)
Street1	Claimant address street
Street2	Claimant address street part 2
City	Claimant address city
State	Claimant address state
Zip	Claimant address ZIP Code
Is SSN	This field indicates if the TIN is the claimants Social Security Number (1 = yes, 0 = no)
Pay Type	Payment type (1 = check, 2 = periodic, 4 = NoPay)
Id	Check number, if payment type = check
W-2G	This field indicates if the W-2G statement is printed for the claimant (1 = yes, 0 = no)

Figure 7.4-4 lists the function buttons available on the New Claim screen.

Figure 7.4-4: Claim Screen Function Buttons

BUTTON NAME	DESCRIPTION
Clear Claim	Clear all fields on the screen
Submit Claim	Store the claim in the database
Add Ticket	Add an instant or online ticket to the claim after entering the data. Calculate the <i>Gross Amount</i> and <i>Amount Left</i> fields.
Get Map	Open a new window with a link to Bing.com to display a map of the claimant's address location
Add Claimant	Add the new claimant to the claim after entering the data. Calculate the <i>Gross Amount</i> and <i>Amount Left</i> fields.
Modify Claimant Information	
Remove	Remove claimant from the claim and calculate the <i>Gross Amount</i> and <i>Amount Left</i> fields.
Change	Change claimant data in the claim after entering changes and calculate the <i>Gross Amount</i> and <i>Amount Left</i> fields.

Figure 7.4-4: Claim Screen Function Buttons

BUTTON NAME	DESCRIPTION
Cancel	Leave the modification mode and dismiss changes

satisfies RFP Table 36, Detail Requirement No. 18 by providing the ability to specify, using a drop-down list of approved options, the payment type, annuity ("periodic") or cash ("check"), at the time of the claim input.

Satisfying RFP Table 36, Detail Requirement No. 19, allows the user to combine data entry and claims processing for multiple low- and mid-tier online and instant ticket claims. The combined total prize must be \$599 or below, regardless of the count of individual tickets involved. Any single claim valued at \$600 or more is entered under a separate validation entry in compliance with IRS reporting requirements.

The check writer subsystem complies with RFP Table 36, Detail Requirement No. 20 by offering a process to issue manual prize checks. This function can be used when a ticket cannot be validated through the system or for a prize not associated with an online draw or instant ticket award. In conjunction with Texas Lottery approved procedures, Our Austin-based Director of Security, John Byers, will implement appropriate security procedures to manage the issuance of manual prize checks.



John Byers

Our system supports dual entry by requiring

Each claim has a multi-line comment field into which the user can enter an explanation why a particular process was used. The comment(s) will show on appropriate reports.

The system can, in satisfaction of RFP Table 36, Detail Requirement No. 21, account for non-cash prizes when a check is not required. The award is initiated/tracked the same as a physical check, including being assigned a transaction and/or check number which can be used to track and report on the claim. Mike Skibel, and his operations team will ensure that a weekly report is generated to show these types of payment transactions.

Complying with RFP Table 36, Detail Requirement No. 22, will provide the ability to track by agency and time period, and manage debt set-off from prize payments for certain identified debts under Texas Government Code Ann. 466.407, which are owed to government agencies. The system will provide a way to perform this function for all types of prizes and payments. We understand that the set-off file(s) will be provided to us by the Texas Lottery in a format to be determined during the development of business requirements. We further understand the sensitive nature of the data on these set-off files; we may be required to password protect the files on our system. In conjunction with the Texas Lottery, our Director of Security, John Byers, will implement appropriate data security procedures to protect the sensitive nature on these set-off files.

complies with RFP Table 36, Detail Requirement No. 23 by offering a convenient way to void and (optionally) reissue a payment. Claimant information can be modified during this process. All of these modifications are logged in the system along

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with the ID of the user and a date-time stamp. We will also provide a way to inquire online and produce ad hoc reports detailing all claim modifications made through the system.

The system satisfies RFP Table 36, Detail Requirement No. 24 by verifying ZIP Codes and addresses in all states, U.S. jurisdictions, Canada, and Mexico. The address will be compared and adjusted accordingly, and will be consistent with United State Postal Service requirements.

supports a number of user privilege levels; in fact, each user can be assigned a unique security setting. Using these security parameters, the system satisfies RFP Table 36, Detail Requirement No. 25 by configuring "super retailers" who have the ability to pay larger prizes than regular retailer. Parameters can be set to administer the Texas Lottery specified \$4,999.99 maximum super user payout. In conjunction with the Texas Lottery, John Byers, will implement appropriate data security procedures for configuring "super retailers."

We understand that we need not process the super retailer claims with tax withholding, but that the system will have the capability to review the prize claimant information and, based upon internally stored set-off data, recognize claimants who may owe financial obligations to the State of Texas. will not allow a prize award for these types of prize claims and will return a result that directs the claimant to visit a TLC Claim Center.

7.4.2.4 REPORTING (DRs 26, 27, 28, 29, 30, 31, 32, 33, 34 and 35)

offers a complete set of check writer reports. Most have multiple data inclusion options, filters, sorts, and summaries. Scientific Games' System Project Manager, Eric Deaton, and his system delivery team will configure to comply with RFP Table 36 Detail Requirement Nos. 26, 27, 28, 29, 30, 31, 32, 33, 34 and 35. Scientific Games' Software Development Manager, Jonathan Ng, and our Operations Manager, Mike Skibel, will use approved Texas Lottery security policy and practices to ensure the service level requirements of these Detail Requirements are satisfied.

Figure 7.4-5 show the main reports available along with some of their generating parameters and sorts.

Figure 7.4-5: AEGIS-EF Check Writer Reports

REPORT	OPTIONS, FILTERS, AND SORTS
Check Register	For all, or only with withholding detail, summary; filtered by citizenship
Claims	For date period, a game/date, or issuing office
Non-cash Prizes	By date and/or type
Void Checks	All or only reissues; by date; sorted by time, office, and/or value
Admin Checks	By date, office, and/or type;
Check Summary	By specified period (e.g., week), sorted by date, value, issuing office
Cleared Checks	By check date, cleared date, office
Reconciliation	Summary, detail; filtered by exceptions

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satisfies RFP Table 36, Detail Requirement No. 26 by maintaining detailed game validation records. It allows users to issue inquiries for online and instant validation files and search for cashed (i.e., redeemed) ticket data records. These lookups are done through the real-time GMS interface and controlled by user privilege levels. The system will retain at least 36 months of data online to support these queries. We have complied with **Section 3.74** in planning our long-term storage resources, making the data available for online access.

As evidenced by the New Claim screen shown in Figure 7.4-3, [redacted] complies with RFP Table 36, Detail Requirement No. 27 by capturing claimant information required for IRS year-end reporting. The system allows review and printing of these data. The system automatically calculates and withholds taxes and designated monetary amounts (e.g., debt set-off) from a prize payment and can also be done as an operator-invoked ad hoc procedure at check generation time.

The system will print the required IRS claimant reporting forms, including W-2G and 1042S, as well as others that may be required by tax regulations or Lottery policies. The information gathered on these forms and entered on Form 5754 can be used to create multiple W-2Gs for one claim. Designated Texas Lottery staff, upon request, will have the ability to generate replacement tax documents through [redacted]

Satisfying RFP Table 36, Detail Requirement No. 28 [redacted] will provide the ability to automatically account for all unclaimed prizes for all Lottery products, based upon each game's end-validation date.

Complying with RFP Table 36, Detail Requirement No. 29, Scientific Games LGS will provide the ability to generate reports for checks printed at each Claim Center and at each check printer. Sort criteria will include, but not be limited to, Claim Center location, check number, date range, prize level range, claimant data, and user ID. The system will allow real-time online queries and produce reports when required.

Complying with RFP Table 36, Detail Requirement No. 30, we will create an interface with the Texas Lottery's ICS to exchange check data. In particular, we will track, report on, and account for all checks issued through the ICS, allowing [redacted] to be a centralized manager of all outstanding Lottery system-generated checks. We will note any check exceptions determined during the processing of a cleared check tape supplied by the Texas Lottery's bank.

Our LGS solution complies with RFP Table 36, Detail Requirement No. 31 by tracking, reporting, and accounting for the following prize award variants:

- Annuity payments
- Non-annuity payments
- Current balance due to winner
- Amount paid to each winner over the annuity period

The system is also able to track the impending completion of an annuity payment so that the recipient is notified in advance that award checks will soon be stopping. It also monitors the total amount paid out compared to the original annuity estimates made at the time of the prize award.

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satisfies RFP Table 36, Detail Requirement No. 32 by tracking, reporting, and accounting for installment prize payments. The system also allows prize award payments to a person other than the prize winner. We will ensure that these features comply with Texas Lottery security policies and practices.

Our LGS satisfies RFP Table 36, Detail Requirement No. 33 by tracking, reporting, and accounting for winner pools as reported to the Texas Lottery on IRS Form 5754.

In satisfaction of RFP Table 36, Detail Requirement No. 34, _____ will have the ability to provide banking activity updates to the Texas Lottery's bank at the highest level and quantity accepted by that bank. This is to minimize fraud. We understand that the requirements may be updated by the Lottery at any time and we will continue to comply with the revised specifications.

Complying with RFP Table 36, Detail Requirement No. 35, Scientific Games will provide check stock with the best available security. We understand that the paper must meet or exceed Texas Lottery standards. We understand that the Texas Lottery may update its check paper requirements at any time and Scientific Games will continue to adhere to those requirements.

CHECK PRINTER SUBSYSTEM CAPABILITIES

Our _____ system will include a full and accurate check printer subsystem with features and functions consistent with those used throughout the lottery industry. We understand that it will be used primarily to pay prize awards in multiple locations around the state. The print function will support the correct date, pay-to name, monetary amount, and payee address. Each field will be sufficiently long to allow for lengthy names and addresses. In addition, the check printer will support the features and functions listed below:

- **Split Awards** – _____ supports split awards on a winning ticket worth more than \$600 (or other Texas Lottery-defined amount). It will also properly create the associated W-2Gs for each winning player.
- **State Income Tax Calculations** – The system's check printer subsystem will support entering information into the split award database and will make sure that Texas state income tax is not deducted from payments to out-of-state players (if desired).
- **Federal Tax Calculation** – The proposed check printer system will properly calculate Federal tax on administrative checks of \$600.00 and over when indicated by Texas Lottery personnel.
- **Annuities** – The software always checks the last payment date of an annuity prize to ensure that checks will not be issued beyond the payment period.
- **Selling Bonus Calculations** – The system will calculate the correct selling bonus percentage due to a retailer. When designated by the check printer station operator, the system will base the bonus payment on the jackpot amount, not the cash option amount (if desired).
- **Administrative Checks** – _____ will support manual recording of administrative checks in a way that will update all system files that impact financial or tax reporting to state and Federal agencies. We will ensure that these transactions are properly identified within the system and are retained for audit purposes. Manually produced administrative checks will be listed on the check registers for each validation claims unit on the day of check entry into the system.

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- **Selling Bonuses** – We will ensure that administrative checks manually created to issue prize awards will be processed and recorded properly. When such a check is issued, we will provide the operator with a screen selection from which to award the appropriate retailer selling bonus for the awarded prize. We will make sure that the check and selling bonus are both entered into the check database in such a way that check and bonus are cross referenced to each other.
- **Splits** – The system will allow the Lottery to create W-2Gs for each party involved in a split prize payment.
- **Remit State Tax Withholding** – The system will properly calculate state taxes to appropriate prize payments. It will also assemble and submit payment of the withheld tax amounts.
- **Simultaneous Print Functions** – will permit multiple users to simultaneously print necessary reports and checks.
- **W-2G's and 10996s** – The system will allow the printing of the prize recipient's mailing address rather than the winner's physical (residential) address.
- **Check Register** – The system supports multiple concurrent prize award stations that can be located in different locations around the state. We will associate the Texas Lottery's code for each office with each issued check to allow improved tracking and reporting.
- **Voided Checks** – check printer subsystem will properly process voided checks. If a voided check is re-issued under check maintenance, it will update the correction in the W-2G database.
- **Split Prize Application** – As is the procedure in all other jurisdictions in which we provide this application, split prizes, a single check for multiple wins, annuities, as well as regular payments are fully supported.
- **IRS Requirements** - meets all IRS requirements for withholding from prizes and recording of name, address, and related information necessary for reporting of winners of prizes over the withholding limit. also automatically issues W-2G forms to winners at time of payment, as well as W-2G forms at the end of the year as an electronic transfer to the IRS.
- **EFT Transfers** – The System fully supports EFT transfers for prize payments, as well as checks.

7.4.3 VALIDATION CAPABILITIES

Response Requirement 3: The Proposer must describe the validation capabilities of its proposed System.

The WAVE™ terminal and central system include parameters that control the displayed text and handling of prizes based on their monetary values. The terminal can be configured to print no validation receipt, a single receipt, or multiple copies, if required, for each successful validation. For winning tickets, the terminal will display a clear, unambiguous "Pay" indicator plus the award amount (or description for non-monetary prizes).

For prizes which cannot be awarded by the retailer, the terminal will display a "Claim" response and possible instructions for the claiming process. Scientific Games will work with the Texas Lottery to determine the final text announcing a winning tickets with a prize amount beyond the retailers pre-determined payout level. The system can be configured to automatically generate a player claim form to the retailer terminal printer that can submitted with the ticket for payment at an authorized Claim Office.

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The result of the validation activity can also be shown on the player display so that the ticket holder will know if the ticket was a winner and, if so, whether it can be paid on-site or must be claimed.

Each online ticket validation event written to the transaction file includes a unique, encrypted, numerical association with the original ticket sales transaction. We have received very positive reaction from lottery industry security experts about this "dual security" serial number feature.

There are no limitations withir regarding prize tiers or payout levels. It is standard functionality that high-tier prize levels require the ability to determine if a prize payout involves the file claim process.

supports a number of different instant ticket prize types: cash, merchandise, annuity, mixed, cross-redemptions (online tickets as prizes). Each game can have thousands of different prize tiers. Prize monetary values or descriptions can either be unique or duplicated within a game without affecting redemption processing. Monetary prizes well over a billion dollars is supported by . Each prize tier can be configured with a description strings as long as 60 alphanumeric characters, allowing great latitude in displaying a complete and unambiguous "pay" message at the retailer terminal.

instant ticket features fully support prize structures for low-, mid-, and high-tier levels, with numerous subdivisions. The system can easily support up to prize levels per game, with as a top prize limit. Non-cash prizes are also wholly supported.

Scientific Games understands that we must install privileged terminals in each of the Claim Offices used to process both online and instant tickets as well as Claim and Bearer instruments.

Scientific Games will equip each privileged terminal with Scientific Games-supplied hardware and software configuration linking them to the local check writer station.

7.4.4 CHECK STOCK SIGNATURES (DR 8)

Response Requirement 4: The Proposer must describe its proposed System's secured method (and equivalent backup method) of applying required signature(s) to the check stock during the check printing process.

Scientific Games satisfies RFP Table 36, Detail Requirement No. 8 by implementing secure digital signature technology.



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7.5 RETAILER MANAGEMENT

RFP Requirement: The Lottery Gaming System supports a variety of retailer management functions, including licensee management such as retailer maintenance and license application processing, inventory management, accounting and access control. Additionally, the Texas Lottery also maintains internal databases for sensitive licensee information and internal business processes that require database interactivity and Lottery Gaming System integration.

Retailers are held accountable for all charges that accrue from the settlement of Instant Ticket packs and the sale of On-Line Game tickets through their licensed business location. Retailer accounts are adjusted to credit retailers for sales commissions, prize payments, and other transactions related to managing the financial relationship between the Texas Lottery and retailers. A Retailer account sweep is executed weekly to debit the Retailer's account for all charges that have accrued since the last cycle (currently, Sunday morning through Saturday night) and transfer the money to the Texas Lottery Commission's account. If the sweep results in a bank return, the Texas Lottery will initiate a process to recover the funds due plus penalties and interest. Retailer licenses are summarily suspended pending payment. Four (4) or more bank returns for non-sufficient funds (NSF's) in a twelve (12) month period or failure to pay all amounts owed to the Texas Lottery may result in revocation of the Retailer's license. TLC Retailer Services can credit a Retailer's account for both On-Line and Instant Ticket games and related prize activity.

Scientific Games considers this RFP requirement to be informational and therefore, no response is required.

Table 39. Retailer Management Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Operates and maintains a Retailer Management System	X	
2. Integrates with the Texas Lottery's Retailer Management Systems	X	
3. Creates debit, credit, and new Retailer files and uploads information to a secured environment		X
4. Gets debit, credit, and new Retailer files from the secured environment and uploads the files into the Successful Proposer's System	X	
5. Sends updated data file to Texas Lottery	X	
6. Researches any differences in Retailer balances between the Successful Proposer's System and the ICS	X	
7. Prints and mails the required forms for reporting Retailer's income to the required tax reporting entity. This includes, but is not limited to, IRS 1099 miscellaneous forms	X	

DETAIL REQUIREMENTS RETAILER RECORDS	RESPONSE SECTION(S)
8. The Successful Proposer's System must provide the ability to support one hundred fifty thousand (150,000) active and canceled Retailers and their associated records at any time with the ability to archive and maintain canceled Retailers and their associated records as the Texas Lottery grows.	7.5.2
9. The Successful Proposer's System must provide the ability to link Retailer records through changes of ownership or through other relationships. These linkages must be able to be modified or broken after creation.	7.5.2
10. The Successful Proposer's System shall maintain a transactional history log (including user generated financial adjustments) of all changes made to the Retailer record or file. An audit trail must be created which includes, at a minimum, the change made, the date of the change, and the user who made the change. The transactional history log cannot be altered once it has been system generated. Users must have the ability to view the transactional history log online and create ad hoc reports.	7.5.2
11. The Successful Proposer's System shall provide the ability to add multiple narratives to each Retailer's record. At a minimum, the narrative must be date- and time-stamped and indicate user identification. This time-stamp and user identification cannot be altered once it has been system generated. There must be a separate narrative to each Retailer record to allow comments on Instant Tickets (by ranges of one [1] and up).	7.5.2
12. The Successful Proposer's System shall provide online access (read only) and maintain current and 36 months of all Retailer records including, but not limited to, sales, accounting, financial, inventory and maintenance. Such information must be searchable at the record level and be aggregated or summarized for reporting purposes.	7.5.2
13. The Successful Proposer's System must contain thirty-six (36) months of Retailer sales and statement history on-line for immediate inquiry and reporting. This includes, but is not limited to, Instant Ticket pack history, all ticket validations, coupon credits, On-Line and Instant sales, commission adjustments, etc. Retailer sales and statement history must be archived in a manner approved by the Texas Lottery and retained based on Section 3.74.	7.5.2

DETAIL REQUIREMENTS RETAILER RECORDS	RESPONSE SECTION(S)
14. The Successful Proposer's System shall provide the ability to view online and print both detailed and summary statements for individual Retailers and Key, Chain and Corporate accounts for current and prior accounting periods (at least thirty-six [36] months). The Successful Proposer's System shall provide the ability to produce account reconciliation reports detailing all inventory and financial details by user-specified date ranges up to thirty-six (36) months in length. The reconciliations must be able to be created at the individual store and corporate summary levels.	7.5.2
15. The Successful Proposer's System must provide the ability to make adjusting entries (debit and credit and by individual Instant and On-Line game) to Retailer accounts with a complete audit trail including but not limited to: unique identifier, adjustment amount, date of adjustment, user who entered the adjustment, and a description/reason for the adjustment.	7.5.2
16. The Successful Proposer's System must provide the ability to produce terminal reports listing adjustments. The reports must list adjustment date, game type and dollar amount.	7.5.2
17. The Successful Proposer's System shall provide the ability to capture and report sales commission, bonus, or other Retailer income as required for tax reporting.	7.5.2
SYSTEM FUNCTIONS	RESPONSE SECTION(S)
18. The Successful Proposer's System shall provide the ability to immediately enable and/or disable any terminal capable of selling Lottery Tickets, performing validation functions and processing Instant Ticket orders. This functionality must be available to System users via the individual Retailer record or by specifically defined groups of Retailers.	7.5.2
19. The Successful Proposer's System shall provide the ability to restrict terminal(s) selling, canceling, validating or other features selectively (by Retailer or game) by authorized Texas Lottery personnel or globally from the Successful Proposer's central site upon authorization by the Texas Lottery.	7.5.2
20. The Successful Proposer's System must track NSF amounts associated with each Retailer and at the aggregate level. The System must be capable of calculating penalties and interest associated with delinquent accounts.	7.5.2
21. The Successful Proposer's System shall provide the ability to notify through a variety of media (sales terminal, Retailer Web page or paper reports) individual Retailer and Key, Corporate and Chain accounts of amounts to be collected. The notification at a minimum shall consist of sales, validations, commissions, credits and adjustment details for all Lottery Products.	7.5.2

SYSTEM FUNCTIONS	RESPONSE SECTION(S)
<p>22. The Successful Proposer's System shall have a "three-tiered" coding scheme for differentiating Retailers by status, reason, and Texas Lottery defined business (using the North American Industry Classification System (NAICS)). The Texas Lottery currently uses fifteen (15) NAICS codes. The Successful Proposer's System shall provide the ability to track Retailers by statuses, reason codes, Texas Lottery defined business, functions (changes of ownership, training), sales, etc. The Successful Proposer must use these codes for all activities involving Retailers.</p>	7.5.2
<p>23. The Texas Lottery currently uses eight (8) status codes. The initial set of status codes that must be supported by the Successful Proposer's System includes, but is not limited to:</p> <ol style="list-style-type: none"> 1. Active 2. Pending 3. Cancelled 4. Hold 5. Closed 6. Inactive 7. Suspended 8. Unknown 	7.5.2
<p>24. The Texas Lottery currently uses forty-one (41) reason codes. The initial set of reason codes that must be supported by the Successful Proposer's System includes, but is not limited to:</p>	7.5.2

SYSTEM FUNCTIONS		RESPONSE SECTION(S)
1. Active – Currently Selling	22. Suspended – Eligibility	7.5.2
2. Active – Temporarily Enabled	23. Suspended – Insufficient Funds	
3. Active – Restricted	24. Cancelled – Denied	
4. Pending – Waiting Approval	25. Cancelled – Cert. Bad Debt	
5. Pending – DPS Review	26. Pending – Work in Progress	
6. Pending – Eligibility	27. Cancelled – Insufficient Funds	
7. Pending – Missing Info	28. Cancelled – Missing Info	
8. Pending – Financial Security	29. Cancelled – Refused Install	
9. Cancelled – Involuntary	30. Cancelled – Out of Business	
10. Cancelled – Duplicate Retailer	31. Cancelled – Post Deadline App.	
11. Cancelled – COO Cancelled	32. Cancelled – Termination	
12. Cancelled – Refund	33. Cancelled – Revoked NSF	
13. Cancelled – Eligibility	34. Cancelled – Revoked ADA	
14. Hold – Waiting for Training	35. Cancelled – Revoked Eligibility	
15. Hold – Waiting Telco	36. Cancelled – PROMOTIONAL EVENT	
16. Inactive – Pending Status	37. Cancelled – MGMT Only w/ Sweep	
17. Inactive – Eligibility	38. Cancelled – MGMT Only w/o Sweep	
18. Inactive – Missing Info	39. Cancelled – With Balance	
19. Inactive – Refused Install	40. Cancelled – CBD/Bankruptcy	
20. Inactive – Out of Business	41. Unknown	
21. Inactive – Temporarily Closed		
25. The Successful Proposer's System must accomplish Retailer accounting, billing, and reporting, including the timely, required information to allow the ICS to accomplish multiple electronic funds transfers (including but not limited to EFT, ACH, wire transfer, etc.) and billing methods.		7.5.2
26. The Successful Proposer must upload the debit, credit and new Retailer files from ICS into the Successful Proposer's System within four (4) hours after receipt from the Texas Lottery.		7.5.2

SYSTEM FUNCTIONS	RESPONSE SECTION(S)
<p>27. The Successful Proposer's System must maintain and report all Lottery gaming data. This includes, but is not limited to the following:</p> <ul style="list-style-type: none"> a. All Texas Lottery Retailers' business and location information; b. All Texas Lottery Retailers' accounting, financial, and financial security information (including adjustments made by Texas Lottery or Successful Proposer personnel); c. All Texas Lottery Retailers' training information (including date, location, participants, etc.); d. All Texas Lottery Retailers' Online and Instant sales information (including sales credits, promotions/free tickets, etc.); e. All Texas Lottery Retailers' Instant Ticket inventory information; f. All prize payment and claimant history; g. Retailer's current tax status (including any differences between the Successful Proposer's System and the Texas Comptroller's office — through updates from a weekly file from the Texas Comptroller database and/or inputs from authorized Successful Proposer/Texas Lottery personnel); h. All current and previously installed Lottery equipment at each Retailer location (e.g., sales terminals, playstations, neon signs, etc.). Historical information must include dates; and i. All current and previous historical network communication network lines at each Retailer location. Historical information must include dates. 	7.5.2
<p>28. The Successful Proposer's System must have search and reporting tools, with functionality as approved by the Texas Lottery, available for the Texas Lottery to respond to inquiries (licensing, accounting and inventory questions, billing disputes, etc.) in a prompt and efficient manner.</p>	7.5.2
<p>29. At the Texas Lottery's request, the Successful Proposer's System must accept online submissions of original and renewal Retailer applications via an internet-based system.</p>	7.5.2

Table 40. Retailer Management Response Requirements

RESPONSE REQUIREMENT
<p>1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.</p>
<p>2. The Proposer must describe how it will provide an integrated System to support the Texas Lottery's Retailer management functions. At a minimum, the System must include licensee management functions such as Retailer maintenance and license application processing, inventory management, accounting and access control.</p>

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Table 40. Retailer Management Response Requirements

RESPONSE REQUIREMENT
3. The Proposer must describe the System's ability to provide online access to transactional data.
4. The Proposer must describe the System's capability to accept online submissions of original and renewal Retailer applications via an internet-based system and how payments for application fees would be processed.

RESPONSE TO TABLE 40: RETAILER MANAGEMENT RESPONSE REQUIREMENTS

7.5.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, and will comply, and often exceed, the detail requirements indicated in RFP Section 7.5.

7.5.2 SUPPORTING RETAILER MANAGEMENT FUNCTIONS (DRs 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28 and 29)

Response Requirement 2: The Proposer must describe how it will provide an integrated System to support the Texas Lottery's Retailer management functions. At a minimum, the System must include licensee management functions such as Retailer maintenance and license application processing, inventory management, accounting and access control.

Scientific Games' System Project Manager, Eric Deaton, and his system delivery team will configure [redacted] to comply with RFP Table 39 Detail Requirement Nos. 8 through 29. Our [redacted] Software Development Manager, Jonathan Ng, and Operations Manager, Mike Skibel, will ensure the service level requirements of these Detail Requirements are satisfied using approved Texas Lottery security policy and practices.

In satisfaction of RFP Table 39, Detail Requirement No. 8, Scientific Games has configured the Texas [redacted] system to support 150,000 retailer records (i.e., retailers in a variety of statuses, such as active, canceled, rejected, and pending) including all associated account data. The system will provide the ability to archive records for canceled retailers.

Complying with RFP Table 39, Detail Requirement No. 9, the system will use record links to associate a retailer through changes of ownership and name changes. It will also link all retailers ever located at specific address. These database links can be modified or broken at any time.

The [redacted] satisfies RFP Table 39, Detail Requirement No. 10, by retaining a detailed log of changes made to retailer records. This provides an audit trail showing the modification, its date, time, and the ID of the user

who made the change. The log is a secure system file retained ; the system will not allow it to be altered once it has been created. Users will be able to view the log contents online and create ad hoc reports against it.

Complying with RFP Table 39, Detail Requirement No. 11, each retailer record will have multiple associated comment fields to allow a number of narratives to be applied. Each narrative will be date and time stamped and contain the ID of the user who created it. The flexibility of a allows an essentially limitless number of narratives linked to each record. There will be sufficient storage to allow comments about each range (from one ticket to the entire pack) of instant tickets associated with the retailer.

Satisfying RFP Table 39, Detail Requirement No. 12, will provide read-only online access to retailer data. The system will be sized to retain 36 months of records, including, but not limited to, sales, accounting, financial, inventory, license status changes, security concerns, change of ownership, chain or corporate associations, and maintenance. As with all data on the databases, the retailer records will be searchable at the record level and can be aggregated or summarized for reporting.

Satisfying RFP Table 39, Detail Requirement No. 13, system resources will be configured to retain at least 36 months of retailer sales and statement history online for immediate inquiry and reporting. Data will include instant ticket pack history, ticket validations, coupon credits, online and instant sales, and commission adjustments, but additional elements may be added at any time by the Texas Lottery. Sales and statement history archival methods must be approved by the Texas Lottery. The data retention will be based on details provided in **Section 3.74** of this RFP.

complies with RFP Table 39, Detail Requirement No. 14, by providing the ability to view online and print both detail and summary statements for individual retailers, key accounts, chains, and corporate accounts. This support will include current and prior accounting periods, back to at least 36 months. The LGS will allow the production of account reconciliation reports detailing inventory and financial details by user-specified date ranges, up to 36 months in length. The reconciliations will be able to be created at the individual store and corporate summary levels.

Satisfying RFP Table 39, Detail Requirement No. 15, will allow the posting of adjusting entries (debit and credit for each instant and online game) to retailer accounts. It will maintain a complete audit trail, including, but not limited to, a unique identifier, adjustment amount, date of adjustment, ID of the user who entered the adjustment, and a description/reason field.

Satisfying RFP Table 39, Detail Requirement No. 16, the system will provide authorized management users with the ability to generate adjustment reports listing date, game type, and monetary amount.

In satisfaction of RFP Table 39, Detail Requirement No. 17, will provide the ability to capture and report sales commissions, bonuses, and other retailer income required for tax reporting.

In satisfaction of RFP Table 39, Detail Requirement No. 18, the proposed system can enable or disable a retailer terminal based on the functions it is allow to perform, such as selling online tickets, validating tickets, or processing instant ticket orders. The user must have sufficient system security privileges to perform the status change. The target can be an individual retailer, filtered by retailer characteristics (e.g., ZIP, terminal type, games sold, etc.), or be a member of a user-built group.

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complies fully with RFP Table 39, Detail Requirement No. 19. Using the GMS interface, authorized users can change retailer terminal capabilities in real-time. Terminal functions (e.g., ticket validations, pack status changes, online sells and cancels, instant ticket orders, and reports) can be individually enabled or disabled. The retailer selection process can be for a single retailer, filtered by retailer demographics (e.g., all stores in a specific ZIP Code, store type, chain affiliation, game sold, or sales volume), or be a member of a user-created group. The user may select all retailers for an enable/disable process. The selection process uses familiar web browser screen tools, such as drop-down lists, check boxes, list builders, and data entry fields. Game-related functions can be turned on and off by individual game, allowing a retailer to continue to sell Pick3 but be blocked from issuing a ticket for Texas Two Step.

will track NSF amounts associated with each retailer, as required by RFP Table 39, Detail Requirement No. 20. The tracking will be at both the retailer and aggregate levels. The system will calculate penalties and interest associated with a delinquent account; the definitions of delinquency, and the imposed penalties will be defined during business requirements collection time.

Satisfying RFP Table 39, Detail Requirement No. 21, will be able to notify individual retailers, key accounts, corporate accounts, and chain accounts of monetary amounts to be collected. We will support this feature through retailer terminals, a retailer web page, email, or printed reports. The minimum data will include sales, validations, commissions, credits, and adjustment details for all Lottery products.

will use NAICS codes to define retailer businesses. Complying with RFP Table 39, Detail Requirement No. 22, the system will offer a triple-tiered coding scheme to differentiate retailers by status, reason, and NAICS code. The system will support retailer tracking by statuses, reason codes, businesses, functions (e.g., changes of ownership, training, etc.), and sales, among others. We will ensure that these codes are used for all activities associated with retailers.

F will satisfy RFP Table 39, Detail Requirement No. 23, by supporting the eight listed retailer status codes, but we understand that more statuses may be added in the future.

Similarly, the system will satisfy RFP Table 39, Detail Requirement No. 24, by supporting the 41 listed reason codes. We understand that this list may be modified in the future and commit to modifying to support any newly created codes.

will satisfy RFP Table 39, Detail Requirement No. 25, by processing retailer accounting, billing, and reporting, including timely, required information to support the ICS in accomplishing multiple electronic funds transfers. These include, but are not limited to, EFT, ACH, wire transfers, and billing methods.

Scientific Games will comply with RFP Table 39, Detail Requirement No. 26, by uploading debit, credit, and new retailer files from the ICS into no longer than four hours after receipt from the Texas Lottery.

In satisfaction of RFP Table 39, Detail Requirement No. 27, the system will maintain and report on all Lottery gaming data, including, but not limited to, the following:

- a. All Texas Lottery retailers' business and location information
- b. All Texas Lottery retailers' accounting, financial, and financial security information (including adjustments made by Texas Lottery or Scientific Games personnel)

- c. All Texas Lottery retailers' training information (including date, location, participants, etc.)
- d. All Texas Lottery retailers' online and instant sales information (including sales credits, promotions/free tickets, etc.)
- e. All Texas Lottery retailers' instant ticket inventory information
- f. All prize payment and claimant history
- g. Retailer's current tax status (including any differences between the Successful Proposer's System and the Texas Comptroller's office through updates from a weekly file from the Texas Comptroller database and/or inputs from authorized Successful Proposer/Texas Lottery personnel;
- h. All current and previously installed Lottery equipment at each retailer location (e.g., sales terminals, playstations, neon signs, etc.). Historical information will include dates.
- i. All current and previous historical network communication network lines at each retailer location. Historical information will include dates.

Satisfying RFP Table 39, Detail Requirement No. 28, will have search and reporting tools, with functionality approved by the Texas Lottery, available for the Texas Lottery to respond to inquiries about licensing, accounting, and inventory questions, billing disputes, etc. The tools will be efficient and support prompt reporting.

When requested by the Texas Lottery, Scientific Games will enable to accept online submissions of original and renal retailer applications through our web-based retailer support site. This functionality will satisfy RFP Table 39, Detail Requirement No. 29.

7.5.3 ONLINE ACCESS TO TRANSACTIONAL DATA

Response Requirement 3: The Proposer must describe the System's ability to provide online access to transactional data.

Our exciting new Lottery InSite will satisfy Response Requirement 3 by providing a transaction look-up capability that is unique in the gaming industry.

Confidentiality Claimed
Not released

Confidentiality Claimed
Not released

Confidentiality Claimed Not released

7.5.4 ONLINE SUBMISSIONS OF RETAILER APPLICATIONS

Response Requirement 4: The Proposer must describe the System's capability to accept online submissions of original and renewal Retailer applications via an internet-based system and how payments for application fees would be processed.

Scientific Games will satisfy Table 40 Response Requirement No. 4 by expanding our current web-based offering, Retailer Corner, to include retailer licensing support.

Both currently-licensed and prospective retailers will navigate to the feature's home page (the current Oklahoma Lottery site is shown in Figure 7.5-2). A retailer with a valid system account (i.e., retailer with an active or pending status) will be able to sign-on to the system and select the Renew License function, which will take him/her to a screen populated with system-retained store account data. The user will be able to update these descriptive data fields and submit a request for license renewal.

A person seeking a new license will be able to mouse click on the "Click here to register" function to be taken into a license form completion page. Part of the process will be setting up a temporary account, including a user ID and personal password. This account will allow the user to periodically sign-on to review the status of the request.

Each applicant (new or renewal) will be required to pay a Texas Lottery-mandated licensing fee in order to submit the license form. Scientific Games will link Retailer Corner to a reliable, proven, Texas Lottery-approved credit card processing service to handle the financial transaction. We will offer payment types (e.g., credit card, debit card, Visa, MasterCard, American Express, PayPal™, etc.) authorized by the Lottery. At no time will Scientific Games retain any data involved with the financial transaction; we will retain only the result (associated sign-on ID, date, posting successfulness, and monetary amount) of the payment process.



Figure 7.5-2: Requesting or Renewing Retailer License Through Retailer Corner

Based on Texas Lottery licensing practices and policies, we will change the account's status based on a successful completion of the payment step.

During the business requirements collection phase of the implementation project, Scientific Games staff will work with Texas Lottery staff to define the exact data required from applicants, fee amounts, acceptable payment types, and requirements to transition each account to the next processing step.

Depending on Texas Lottery requirements, [redacted] will either track retailer licensing status or transmit events and statuses to the Lottery's financial control system.

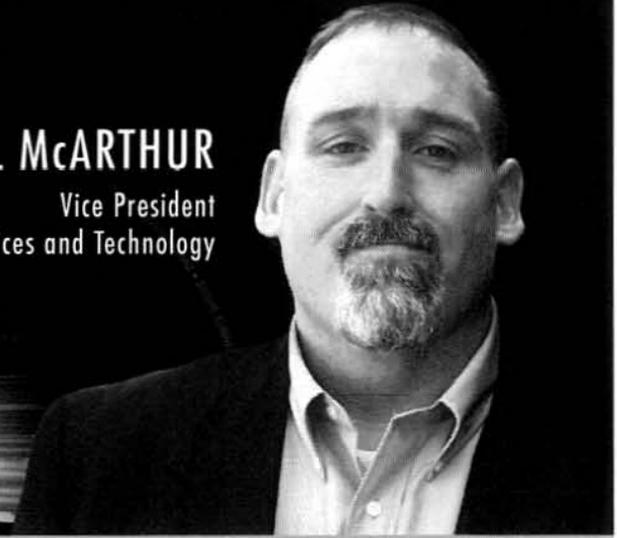
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A WORLD OF POSSIBILITIES

BILL McARTHUR

Vice President
Information Services and Technology



A MESSAGE FROM BILL McARTHUR

Vice President

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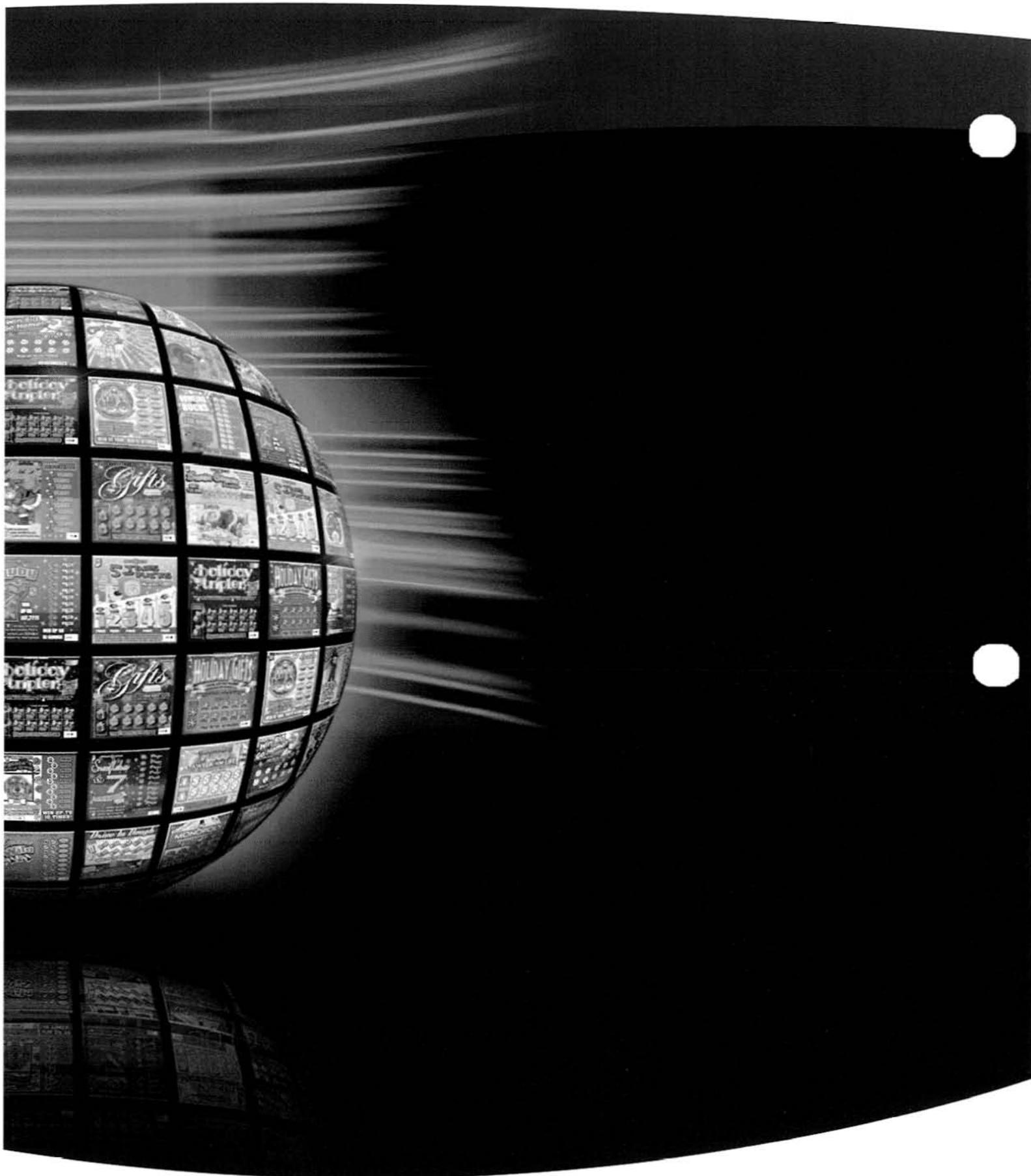
"Technology available to the gaming industry today can enable lotteries to quickly react to market demand with new products and services to stimulate continual growth, provided their vendor has done its homework and advanced the system's capability to leverage the technology. Scientific Games is that vendor. We are leading the way in the gaming industry through enhanced central system hardware and infrastructure.

With Scientific Games as your partner, the Texas Lottery will have the advantage of an organization that offers "Best-of-Breed" products such as [redacted]. This approach will afford the Texas Lottery with richer functionality over the life of the contract. Add in a team of seasoned, certified professionals hand-picked by me for your ongoing operations and the Texas Operations team, and you will enjoy a level of support other vendors simply cannot match.

Our support package begins with our Primary Data Center in [redacted] and continues with the Backup Data Center in [redacted]. These state-of-the-art centers will provide "around the clock" support in a secure and risk-adverse environment. Staffs at each can manage both systems, thus improving customer service levels and maximizing opportunities for continued lottery sales. In addition, Scientific Games will simplify and secure data center operations via proprietary, automated tools that provide the highest levels of uptime, availability, and performance. These tools will maintain a real-time repository of information for the data center environment, servers, software, configurations, and operational events, enabling Scientific Games' personnel to focus on higher-value customer and retailer services rather than routine monitoring and maintenance.

At Scientific Games, we do not view our company system offerings as simply transaction processing solutions; Scientific Games is the full service lottery provider. And as the industry's most experienced full service lottery provider, we have a unique business perspective; we view your business as an extension of ours. And our business is not just one product line, it is all of them: online, instant, and video. We, like you, comprehend the full spectrum of requirements and opportunities in the lottery business, not just one part of it."

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7.6 LOTTERY GAMING SYSTEM GENERAL REQUIREMENTS

Technology in today's gaming industry will enable lotteries to quickly react to market demands with new products and services to stimulate ongoing growth, but only if their vendor has done its homework and made an effort to continually advance the quality of the technology platforms it provides. Scientific Games is that vendor. We are leading the way in the gaming industry in enhancing central system hardware and infrastructure. We were the first vendor to use now proven industry standards that our competition utilizes.

In fact, Scientific Games has delivered a steady stream of innovations over the last 37 years that have had a positive and enduring impact in the lottery industry. With a relentless focus on developing new game content and leading-edge technology and systems solutions, Scientific Games now serves more than 150 customers around the globe, including many of the world's highest revenue-producing lotteries.

Since developing the lottery industry's first back-office system for instant game accounting and validation in 1975, our sophisticated systems technology has played an important role in the worldwide lottery sector. Scientific Games is the world's largest instant ticket lottery company, one of the world's largest online lottery companies, a global leader in sports wagering solutions, one of the fastest growing companies in fixed odds betting and video lottery solutions, and leads the market in interactive products with its partnership agreement with Playtech.

When designing the proposed hardware configuration for the Lottery's new gaming system, Scientific Games used only the latest hardware and software to ensure that you receive a proven state-of-the-art central system.

Scientific Games' proposed hardware solution is the very technology that is used for mission-critical applications such as NASDAQ, the London Stock Exchange, and other world class organizations similar to the TLC that cannot afford downtime. We are dedicated to using only best-in-class technology for your system implementation because we realize the Lottery's reputation depends on the reliability and security of our system.

When it came to choosing a hardware vendor, we chose a partner whose products offered rock solid reliability and performance, along with a strong service and support organization. This is precisely why we have chosen

Scientific Games has deployed many systems around the world over the years using , a major reason why Scientific Games is able to boast an uptime rating for all of our data centers that exceeds industry standards.



SUPERIOR VALUE

*The same technology as the NASDAQ and
London Stock Exchange.*

We are providing the Texas Lottery

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We will not share the infrastructure with other clients. This allows Scientific Games to completely focus on the operational aspects of the Texas Lottery by providing you with a dedicated staff of professionals, which will generate hundreds of jobs for Texans.

Our

provides the Lottery with a comprehensive framework-based system for the online lottery, instant ticket game management, and associated services, such as Inside Sales. meets both the immediate and long range needs of the Lottery and provides the flexibility needed to allow the Lottery to grow and expand. The platform is running in 13 domestic jurisdictions and is providing our current clients with the options, security, and services needed to effectively run and grow their businesses.

The proposed central configuration is a reliable, proven configuration with an average "uptime" success rate exceeding industry standards.

is a configuration-based highly flexible system. Implementing Lottery requirements will not mandate extensive coding, reducing the implementation time for new games and other lottery requests. In fact, many features and options may be implemented while the system is running. provides integration points for third party software, existing Lottery system interfaces, and other additional services.

will exceed your requirements in many ways. It is extremely robust, highly flexible, and has the capability of meeting the Lottery's requirements for years to come.

The combination of the hardware and software platforms presented in this section provides the Texas Lottery with the reliability, security, and features needed to meet and exceed the requirements of the RFP.

As important as the hardware and software solution is, an equally crucial part of a successful implementation are the personnel involved in the conversion from your old vendor, and the installation of the new hardware and software. The personnel described below are the highly qualified individuals that will be responsible for the successful hardware and software implementation.

CONVERSION TEAM

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Bill McArthur, Vice President of Information Services and Technology

Bill McArthur will provide executive oversight over the management of the technical infrastructure for central system installation and configuration, operational training, and emergency escalation of production problems post start-up. He has more than ten years of lottery experience and has participated in more than 20 system conversions or implementations.



Bill McArthur

Cory Bonogofsky, Senior Project Manager

Cory Bonogofsky leads the Technical Infrastructure Team and manages their deliverables throughout the project. Cory is a Project Management Professional (PMP) from the Project Management Institute, as well as a Certified Project Manager from the International Association of Project and Program Management. Cory's team consists of Production Systems, Corporate Operations Support, and the Network Implementation Team.



Cory Bonogofsky

As the Infrastructure Project Manager, Cory manages all technical aspects of the implementation and is the central focal point for the Texas Lottery. He has over ten years of technical project management experience, and has led all Scientific Games successful online implementations for the past three years. Cory will interact with Dan Grace, the Project Director, by being the single point of contact for technical infrastructure issues, pricing, scheduling, and status. He will be involved in internal and customer status meetings throughout the implementation project. Cory's prior roles at Scientific Games include Senior Software Quality Control Manager and Senior Project Manager for international online implementations.

Adam Cormany, Gaming System Architect

Adam has played a key role in five lottery-specific deployments between 2003 and 2009. Adam has over eight years of Lottery experience as well as over 15 years overall experience in computer technology, and has personally been involved in every system start-up and conversion during his tenure. His implementation and engineering expertise was a major factor in Scientific Games' ability to implement the Oklahoma Lottery in record time, convert the Maryland Lottery's MasterLink central system to [redacted] and the seamless conversion of the Connecticut Lottery gaming system in May 2008. He recently participated in the Pennsylvania Lottery gaming system conversion in 2009 and is currently involved with the Hoosier Lottery project.



Adam Cormany

Adam Cormany has worked with [redacted] for the last 12 years as a System's Administrator, programmer, and now Architect. Adam is ar [redacted]. During his time working on AIX, as well as other flavors of [redacted], Adam has had [redacted] related articles published on [redacted] site. Adam has worked on various hardware platforms fo [redacted]. Adam is an expert [redacted].

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Steve O'Connell, Corporate Operations Support Manager

Steve has been with Scientific Games over eight years and played an integral role in successful conversions for the Mexico, Connecticut, and Pennsylvania Lotteries. Steve will play a major role in ensuring that the Texas Lottery conversion is just as smooth, seamless, and successful as our previous implementations. His team is responsible for the configuration and operations support of the system.

In his previous role as the New Hampshire and Vermont Operations Manager, Steve was responsible for Scientific Games' data center operations, local site testing activities, as well as assisting with and supporting all of the User Acceptance Testing for maintenance releases, new game, and game enhancements. Perhaps most importantly, when critical production issues arose, Steve managed the issues one-on-one directly with the Lottery to ensure that the most effective and efficient resolutions were implemented in a timely manner.



Steve O'Connell

Brad Bever, Production Systems Manager

Brad has over eight years of lottery-specific experience and his team will be responsible for receiving, assembling and configuring Production, Test, QA, and Development computer systems. They will ensure that all servers are built according to the contract specifications and operating systems and over-the-counter software is properly loaded. Brad is a



Brad Bever

Stan Doling, Telecommunications and Network Communications Manager

With nine years of lottery-specific experience, Stan will lead the Network Implementation Team. Stan is responsible for the LAN and WAN architecture and installation, including the gaming system network at the primary and back-up facilities, and the terminal networks.

As they did for the Pennsylvania, Connecticut, and Maryland Lotteries, our conversion team will contribute their considerable skills and knowledge to ensure a smooth Lottery system conversion for the Texas Lottery. It is because of their work that lotteries have entrusted Scientific Games with their mission critical conversion projects.



Stan Doling

7.6.1 SYSTEM CONFIGURATION AND CAPACITY

RFP Requirement: The following table identifies the minimum System configuration and capacity requirements for the Successful Proposer's Lottery Gaming System.

Scientific Games considers this RFP requirement to be informational, therefore no response is required.

Table 41. System Configuration and Capacity Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Plans, designs and implements a Lottery Gaming System that meets Texas Lottery requirements	X	
2. Provides input on System configuration and capacity requirements		X
3. Operates, supports and monitors System performance and capacity to ensure it meets contractual requirements	X	
4. Reports Systems information, metrics, performance and operational anomalies	X	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)	
5. The Successful Proposer's System must provide the capability for real-time processing and services at near twenty-four (24) hours a Day to include all functionality of the Successful Proposer's System including but not limited to sales, validation, terminal report generation and inquiry.	7.6.2.1	
6. The Successful Proposer shall provide for a Primary site system recovery of less than two (2) minutes with no loss of transactions.	7.6.1.2 7.6.1.2.c	
7. The Successful Proposer's System must support a Sunday to Saturday billing period, or other schedule as may be set by the Texas Lottery. At the Texas Lottery's request, the System must support multiple billing periods for different classes of Retailers based on variables such as Retailer type, business type, financial standing, sales volume, etc.	7.6.1.2	
8. The Successful Proposer's System shall have inquiry/search capabilities for authorized users on all Lottery gaming data (real time) through a user-friendly tool. This inquiry/search capability must not negatively impact System performance. This user-friendly tool (e.g., similar to financial stock screening tool or other comparable interface) should have an easy-to-use graphical interface to allow query selections through marking the various data elements (e.g., by game, transaction level, dollar amount, etc.) for graphing and reporting.	7.6.1.2	
9. The Texas Lottery will provide the ability to request and print the Successful Proposer's Gaming System's master transaction file on the management terminal or any network-attached printer with proper authority as controlled by the Texas Lottery.	7.6.1.2 7.6.1.2.f	

DETAIL REQUIREMENTS	RESPONSE SECTION(S)
<p>10. The Successful Proposer's System must provide the following:</p> <ul style="list-style-type: none"> a. All records of transactions time-stamped to the nearest second; b. The capability to sort, select, view and list detailed transactions; c. Three years, at a minimum, of historical transactions available online for inquiry; d. Data presented in formats approved by Texas Lottery staff; e. The ability of the Texas Lottery to generate reports without assistance from the Successful Proposer; and f. Data must be maintained in accordance with Section 3.74. 	<p>7.6.1.2.a 7.6.1.2.c</p>
<p>11. The Successful Proposer's System must provide the ability to support up to one hundred and fifty thousand (150,000) active online sales and system inquiry devices to support Lottery Products with the ability to increase to two hundred fifty thousand (250,000) as the Texas Lottery grows.</p>	<p>7.6.1.3</p>
<p>12. The Successful Proposer's System must provide the ability to accommodate sales, validation, cancel and cashing transactions associated with, at a minimum, three hundred (300) concurrent Instant Ticket games and multiple On-Line jackpots up to ten billion dollars (\$10,000,000,000), with no degradation of System performance. There will be no exceptions for maintenance, reports generation, inquiries, validations, or any other System functions.</p>	<p>7.6.1.3</p>
<p>13. The Successful Proposer's System must provide the ability for real-time processing of sales, validation, management, and inventory transactions.</p>	<p>7.6.1.2.c 7.6.1.3</p>
<p>14. The Successful Proposer's System must provide the ability to process all other transactions— (e.g., Instant Ticket pack authorizations, winning ticket validations, cancels, reports, etc.) with a maximum eight (8) second response time.</p>	<p>7.6.1.3</p>
<p>15. Each single wager ticket (one [1] playboard) must be produced in less than four (4) seconds after data entry.</p>	<p>7.6.1.3</p>
<p>16. Multi-wager tickets (up to ten [10] playboards) must be produced in less than six (6) seconds after data entry.</p>	<p>7.6.1.3</p>
<p>17. The Successful Proposer's System must provide the ability to look for indications of fraudulent transactions. Examples include, but are not limited to, reporting on winning tickets from one Retailer's pack paid at another Retailer, delayed validations, bad or invalid validation attempts, Online game ticket cancellations, Instant Ticket pack activations and settlements, and comparisons between Retailer database and claimant database.</p>	<p>7.6.1.4</p>

DETAIL REQUIREMENTS	RESPONSE SECTION(S)
18. The Successful Proposer's System must adhere to all Texas Lottery business rules, regulations, all applicable banking regulations, and state and federal laws.	7.6.1.3
19. The Successful Proposer's System must be able to access, present, and report on archived files from the previous Lottery Operator's Gaming System.	7.6.1.3
20. The Successful Proposer shall test monthly, the ability of the backup Lottery Gaming System to take over total operation of the On-Line and Instant Ticket games, process transactions for a minimum of four (4) hours, and then return operational control to the production Lottery Gaming System. This must occur transparently to all users.	7.6.1.2.d

Table 42. System Configuration and Capacity Response Requirements

RESPONSE REQUIREMENT
1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.
2. The Proposer must describe how its System will meet the configuration and capacity requirements.
3. The Proposer must demonstrate how its proposed System can meet or exceed the Texas Lottery's performance requirements.
4. The Proposer must describe its System's capability for detecting and reporting fraudulent transactions and activities.

Table 43. System Configuration and Capacity Service Levels

SLR #	SLR NAME
3.60.29	Inability of the Lottery Gaming System to Conduct Retailer, Licensing, Inventory, Accounting, or Other Management Functions
3.60.30	Performance Degradation
3.60.31	Failure to Test Backup Lottery Gaming System
LIQUIDATED DAMAGES	
3.61.5	On-Line Game Unavailability
3.61.6	Inability of the Texas Lottery Retailer Terminals to Communicate with the Lottery Gaming System

RESPONSE TO TABLE 42: SYSTEM CONFIGURATION AND CAPACITY RESPONSE REQUIREMENTS

7.6.1.1 ACKNOWLEDGEMENT AND ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, will comply, and often exceed, the detail requirements indicated in RFP Section 7.6.1.

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7.6.1.2 SYSTEM CONFIGURATION CAPACITY (DRs 5, 6, 7, 8 and 9)

Response Requirement 2: The Proposer must describe how its System will meet the configuration and capacity requirements.

is designed to be a near 24-hour processing system. It reduces the traditional "nightly processing" cycle to mere minutes, allowing a quick restart of the transaction server. In satisfaction of RFP Table 41, Detail Requirement No. 5, this around-the-clock processing includes online sales, online and instant validations, retailer terminal reporting, data queries, pack status management, telemarketing, game installations, and database maintenance.

All and installations currently provide near 24/7/365 availability. Given this field-proven capability, F certainly can fulfill the RFP requirement to provide the capability for real-time processing and services at near 24-hours-a-day to include al functionality including, but not limited to, sales, validation, terminal report generation, and inquiry.

During customer benchmarks and in the real world Scientific Games has repeatedly proven that we can complete a primary site failover to the back-up site servers , satisfying RFP Table 41, Detail Requirement No. 6. This failover is completed without the loss of transaction data. This period includes the redirection of the communications network supporting the retailer terminals and supplying management terminal functions.

We will configure to support the current Sunday to Saturday billing period. Satisfying RFP Table 41, Detail Requirement No. 7. We also will support any other schedule required by the Texas Lottery, including multiple billing periods for different classes of retailers. These classes may include retailer type, business type, financial standing, sales volume, etc.

In the base cost of the system, we have offered, our new Executive Information System, to provide each management user with an effective, user friendly interface into the Lottery's data. This package fully satisfies RFP Table 41, Detail Requirement No. 8 by providing easy access to graphical analysis of system data, allowing user generation of unique graphs and reports. Query selections are typically done using familiar drop-down lists, radio buttons, check boxes, and data input fields. A full presentation of the power and flexibility of Lottery InSite is presented in our response to **Section 7.9**.

We have expanded our offering to include a highly efficient transaction look-up and printing feature. By retaining the master transaction file data in a database, we can make transaction research as easy and rapid as checking yesterday's online ticket sales figures. Printing query results or outputting to a desktop application is as simple as a few mouse clicks. The

following is a brief description of the ease of transaction lookups, showing that we have fully satisfied RFP Table 41, Detail Requirement No. 9. To protect sensitive transaction data, only authorized personnel will have access to this feature.

7.6.1.2.A TRANSACTION RESEARCH (DR 10)

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**Confidentiality Claimed
Not released**

Scientific Games is certain that the Texas Lottery will find this exciting new feature useful and effective for researching security concerns and retailer requests.

In satisfaction of RFP Table 41, Detail Requirement No. 10, the Lottery InSite tools will provide the following

- a. All records of transactions time-stamped to the nearest second
- b. Capability to filter, sort, select, view, and print detailed transactions
- c. Online access to a minimum of three years of historical transactions
- d. Data presented in formats approved by Texas Lottery staff
- e. Ability for the Texas Lottery to generate reports without assistance from Scientific Games staff
- f. Data maintained in accordance with RFP Section 3.74

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Scientific Games will plan, design, and implement a Lottery Gaming System that meets Texas Lottery requirements. To maximize system availability, Scientific Games will install

Scientific Games has designed and configured

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. Transaction

data will be electronically transferred to the Lottery's Internal Control Systems (ICS) as described in **Section 7.10**.

In compliance with RFP requirements will report system information, metrics, performance, and operational anomalies.

7.6.1.2.B HARDWARE (DRs 10, 13 and 15)

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Scientific Games has selected

are proven to be an extremely reliable and effective solution. The are used by numerous Fortune 500 companies where high-volume, reliability, and security are primary considerations in system architecture. A few of the :

- Microsoft
- Proctor & Gamble
- GE
- U.S. Department of Defense
- Wells Fargo
- FedEx
- JP Morgan
- United Parcel Service
- Bank of America
- Fidelity
- Delta Airlines
- Turner Broadcast Systems

As your LGS provider, Scientific Games has a strong commitment to helping the Texas Lottery increase sales. That requires a robust, enterprise-level system solution. Upon implementation of the new system, the Lottery will benefit from a superior, transaction processing engine with rapid database processing power, engineered with increased fault tolerance with mirrored memory, spare memory, redundant fans, and redundant power.

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TPPC-C SCORES – As evident by the Transaction Processing Performance Council (TPPC-C) scores described below, solution is the most robust system available for your needs. **Information Redacted**

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Over the years, Scientific Games has considered numerous Original Equipment Manufacturers (OEM) suppliers to support our platform. While TPPC-C scores and their measurement of maximum sustained performance are certainly important, they are only one of many decision points used to evaluate a hardware platform. consistently provided the best performance, support services, virtualization support, and server management, which, when evaluated together, provide a platform solution that meets current and future needs. Scientific Games has maintained a long partnership with Hewlett-Packard to provide lottery customers with the best solution available.

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Not released

**Confidentiality Claimed
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Confidentiality Claimed
Not released

**Confidentiality Claimed
Not released**

Procedures for computer operations staff, especially regarding failure situations, will be straightforward. In addition to operator-prompted failover, we will meet the requirement that the system be able to recover from failures without operator intervention ("auto-failover").

Typical Failure Scenario – The following is a typical failure scenario with the procedures that are used by operators in the unlikely event that operator intervention is required: The primary TXE experiences a hardware failure and must be taken off-line to perform diagnostics and effect repairs.

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**Confidentiality Claimed
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Confidentiality Claimed Not released

It is through proprietary tools such as _____ that Scientific Games is able to fulfill the RFP requirement that we operate, support and monitor system performance and capacity to ensure we meet contractual requirements.

7.6.1.2.D BACK-UP DATA CENTER (DR 20)

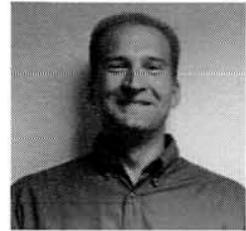
A back-up data center system will be ready to assume full operation of the Lottery environment in the event of a system failure at the primary site. Having the remote back-up configuration _____ ensures that if any natural disaster disrupts operations at the primary site, Lottery operations will continue. Remote back-up site configuration is a standard component of Scientific Games' system configurations currently implemented in 13 domestic lottery jurisdictions where we have an uptime rate that exceeds lottery industry standards.

The proposed remote back-up data center system will be



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Periodic failover testing is a standard part of our lottery operations procedures. In compliance with RFP Table 41, Detail Requirement No. 20, our Operations Manager, Mike Skibel, and his operations team will schedule



Mike Skibel

– it will be similarly

transparent to all Texas users.

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The rack configurations for the back-up site can be found on the following pages. Figure 7.6-12 depicts the full suite. Figure 7.6-13 through Figure 7.6-14 graphically depicts each rack of the Lottery's proposed gaming system at the back-up data center.

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Satisfying RFP Table 41, Detail Requirement No. 26, once a month Scientific Games will test the ability of the back-up gaming system to take over total operation of the online and instant ticket games, process transactions for a minimum of four hours, and then return operational control to the production Lottery Gaming system. This test will occur transparently to all users.

7.6.1.2.E TEST SYSTEM

Scientific Games will provide _____ for user acceptance testing.

_____ will be identical in architecture and capacity to the production systems provided for all transaction processing, front-end processing, and games management applications. In the event of multiple failures of active production systems, the _____) are able to be updated and activated for production in case of further hardware or software failure. Scientific Games will have use of four

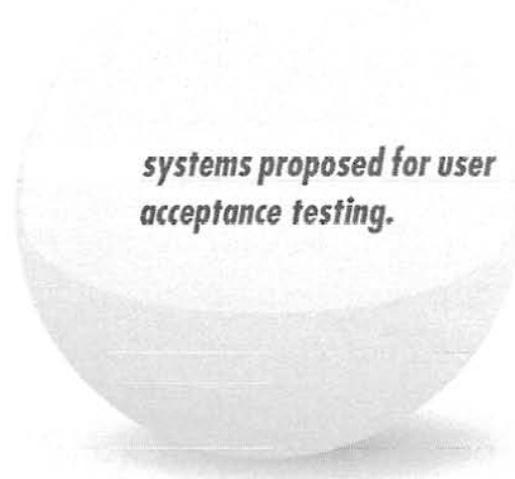
affecting the Lottery testing efforts.

The rack configuration for the test systems exclusively used by the Lottery is depicted in Figure 7.6-6 and Figure 7.6-7 in **Section 7.6.1.2.B.**

7.6.1.2.F TRANSACTION LOGGING (DR 9)

In satisfaction of RFP Table 41, Detail Requirement No. 9, all transactions are logged immediately and continually to electronic media on multiple servers.

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The transaction log has periodic checkpoints written to it. Significant totals for all games are included in the checkpoint records. Our checkpoint technology is compliant with all applicable MUSL security standards. Any attempt to modify a transaction file is easily identified because checkpoint and total data will be inconsistent with a modified or inserted transaction.

Scientific Games provides research capabilities to authorized Lottery and Scientific Games personnel. Transaction research may be conducted based on a variety of search criteria. Search results may then be printed, if desired. An example of a ticket research screen is shown in Figure 7.6-16.

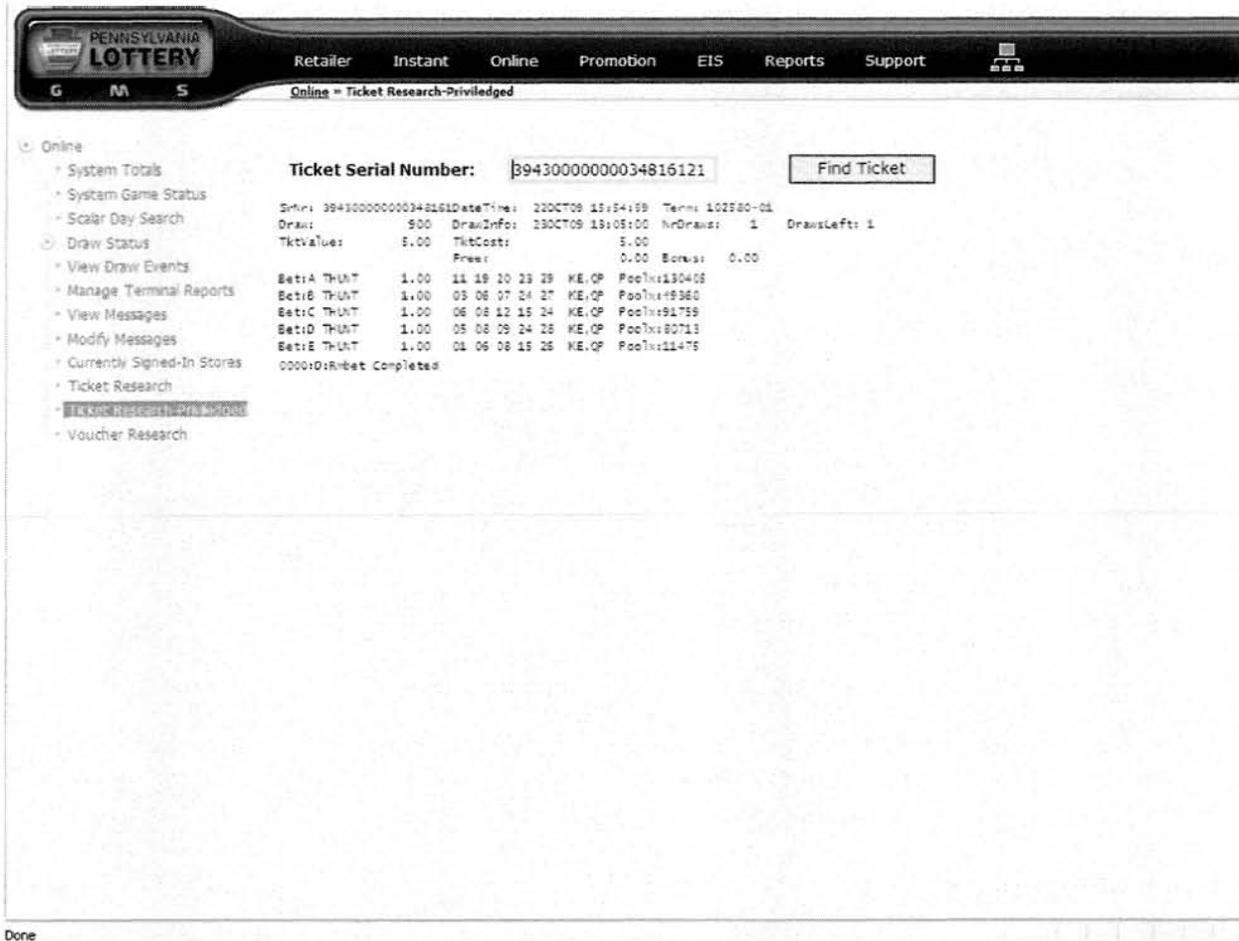


Figure 7.6-16: Sample Ticket Research Screen Capture

7.6.1.3 SYSTEM PERFORMANCE REQUIREMENTS (DRs 11, 12, 13, 14, 15, 16, 18 and 19)

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

Scientific Games has sized the Texas active online sales and system inquiry devices. The system will be able to handle up to 1000 devices during the contract period.

systems to support RFP Table 41, Detail Requirement No. 11 for the support of devices during the

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Exceeding RFP Table 41, Detail Requirement No. 12, we will configure F to handle concurrent instant ticket games, which is double the RFP specification. The system, however, is configurable to concurrent instant ticket games. We will ensure that the system will handle online jackpots up to . These capabilities will be available with no degradation of system performance and will be supported in reports, data queries, maintenance, validations, screen displays, and any other system functionality.



Scientific Games has designed to use a real-time transaction engine, which fully satisfies RFP Table 41, Detail Requirement No. 13. As requests are received from retailer terminals, self-service ticket kiosks, management terminals, system operations consoles, warehouse packing lines, and LSRs, the incoming transactions are processed in real-time and stored on multiple persistent storage devices located on multiple systems. The processing result is returned to the requester only after verifying that these redundant systems have received the message and queued it to storage. This real-time environment means that management users' data inquiries will always will provide the latest data. Likewise, the change of most system parameters takes effect in real-time.

SYSTEM RESPONSE PERFORMANCE

The transaction engine is continually refined and optimized to provide our customers with the most capable LGS available. In recent company benchmarks, our latest release exceeded for the current Texas system in RFP Section 2.1.1.

These company benchmarks were also demonstrated to the Iowa Lottery during their site visit on March 2, 2010 at our facility in Harrisburg, Pennsylvania. The demonstrated benchmarks significantly exceeded RFP requirements.

Based upon our system performance evaluations, we commit to the Texas Lottery the following system capabilities:

- Processing up to online sell transactions per minute (TPM)
- Processing up to validations and cancels per minute
- Support for \$1 billion worth of online sales per day

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"Fastest benchmark times" in industry benchmark testing.

Exceeding RFP Table 41, Detail Requirement No. 14, will process, in less than 6 seconds, other (non-sell) transactions, such as instant ticket inventory status changes, winning ticket validations, online ticket cancels, reports, etc.

Scientific Games has repeatedly proven that our system – WAVE™ terminal combination is capable of extremely rapid ticket generation, both for single wager (i.e., one playboard) and multi-wager (i.e., 10 playboard) online tickets.

Single Wager Response – Our proposed configuration will easily beat the required single wager response requirement of 4 seconds (from send to cut). In fact, we significantly exceed RFP Table 41, Detail Requirement No. 15 because we know that our system can easily produce single wagers in half the required time – less than 2 seconds from send to cut.

We support this claim by summarizing ticket generation times documented by an independent gaming evaluator during a major domestic procurement in 2008. Figure 7.6-17 shows the published timing results while each system handled the following simulated load:

- online sell transactions per minute
- redemptions and cancels transactions per minute
-

It is clear from the average times, that our configuration bested the second place vendor by over 40%. As evidenced in Figure 7.6-17, the faster ticket completion time did not depend on the communication technology used. performed exceptionally every time.

Multi-Wager Response – Scientific Games has designed its gaming system and retailer terminal to minimize the generation time of online tickets – the faster the ticket output the less time the clerk spends on the sale. We are supremely confident that our proposed configuration will easily exceed RFP Table 41, Detail Requirement No. 16 that a 10-playboard online ticket be produced in less than 6 seconds (from completion of data entry — send — to availability of the ticket for the retailer).

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Based upon demonstrated performance at the 2008 evaluation, Scientific Games commits to a 10-playboard ticket generation in less than 3 seconds, half the Texas Lottery's required time period.

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In fact, Figure 7.6-18 clearly shows that during the previously referenced independent evaluation, our system, while under heavy simulated load, took only 0.20 seconds longer to produce a 10-playboard ticket than a single wager ticket. This is a delay increase of only 13% to deliver 10 times the wagers to the player.

Our [redacted] has been installed in a number of domestic jurisdictions and each has complied with banking regulations, state laws, and federal laws. We are confident that the system fully satisfies RFP Table 41, Detail Requirement No. 18.

In satisfaction of RFP Table 41, Detail Requirement No. 19, Scientific Games commits to working with the current system vendor to devise a process by which [redacted] can access archived legacy data files. We will implement a capability to display that information and generate reports from it.

7.6.1.4 DETECTING AND REPORTING FRAUDULENT TRANSACTIONS AND ACTIVITIES

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

At Scientific Games, system security and integrity is our top priority and we have worked closely with industry organizations, such as the Multi-State Lottery Association (MUSL) and the North American Association of State and Provincial Lotteries (NASPL), to ensure that we meet or exceed all guidelines in regards to the [redacted]

[redacted]. We have implemented system security components and controls, including [redacted]

[redacted]. It is understood that the acceptability of all system security controls will be subject to Lottery approval.

[redacted] uses activity reports to handle the identification of system events and trends that could indicate attempts to defraud the Lottery. Our system already handles the following examples listed in requirement RFP Table 41, Detail Requirement No. 17:

- Winning tickets redeemed at a retailer other than the seller
- Winners redeemed more than n days after draw

- Validation failures
- Excessive online ticket cancels from a retailer
- Instant ticket pack activations and settlements
- Names in retailer database appearing in the prize claimant database

Additionally, Scientific Games will offer reports on the following events and activities:

- Attempt to redeem a stolen instant ticket
- Consecutive or chronic attempts to redeem invalid tickets
 - Bad PIN inputs for instant tickets without keyless validation
 - Tickets from non-active packs
 - Expired online and instant tickets
 - Non-winning tickets
- Excessive pack return activity from a retailer
- Chronic bad transactions from retailer device
- Discovery of invalid checksum on server transaction file

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Scientific Games security experts will work closely with Texas Lottery security staff to make sure _____ provides the needed level of fraud detection.

Application and Database Security – Scientific Games has implemented a security governance framework that includes risk assessment and standards compliance. Regularly scheduled risk assessments are performed by operational entities within our systems organization. Any findings are brought to our Security Steering Committee for guidance on remediation. Security issues are reported to senior management and the board of directors on a regular basis and receive the appropriate management and financial support from the organization.

We have a strategic goal of attaining ISO 27001 (formerly 17799) certification and this is supported by internal reviews of current operations and a process improvement program designed to bring the company into compliance and certification with multiple quality and security standards. Information security is a complex area, demanding standards to address specific aspects. The emerging ISO 27001 accomplishes this.

Our security procedures and physical safeguards are described in detail throughout this response.

Scientific Games Security Components summarizes the overarching and integrated safeguards that shield game control, transaction, validation, and other critical files from unauthorized review and tampering. Many of these safeguards include even more processes and procedures that provide an interwoven foundation of security that our system, facility, and procedures rest upon.

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7.6.2 ELECTRONIC DATA EXCHANGE

RFP Requirement: *Electronic Data Exchange services are the activities associated with the day-to-day management of the data exchange between the Lottery Gaming System and designated Texas Lottery systems. The description and format of current data exchanges will be provided to prospective Proposers attending one of the mandatory pre-proposal conferences upon receipt of a signed Non-Disclosure Statement. The Data Exchange Report and all associated requirements will be incorporated into any Contract resulting from this RFP.*

Scientific Games considers this RFP requirement to be informative, therefore no response is required.

Table 44. Electronic Data Exchange Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Defines and provides Data Exchange Report which identifies the electronic data exchange format requirements including transport (e.g., EDI, XML, FTP), delivery locations, format and schedule requirements		X
2. Develops and documents procedures for performing electronic data exchange that meet requirements and conform to Texas Lottery standards	X	
3. Develops and maintains a repository of all Texas Lottery electronic data exchange distribution and exchange entities	X	
4. Provides and supports electronic interfaces between the Lottery Gaming System and Texas Lottery designated systems	X	
5. Executes electronic data exchange production and test distribution according to production schedules	X	
6. Monitors all electronic data exchange transactions	X	
7. Reruns transactions as required and escalates non-resolved electronic data exchange transactions to the Texas Lottery	X	
8. Performs recovery operations for electronic data exchange transactions as required	X	
9. Interfaces directly with Texas Lottery electronic data exchange distribution entities	X	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)	
10. The Successful Proposer must ensure the accuracy of all data provided to the Texas Lottery. Data must be made available in accordance with approved schedules as documented in the Data Exchange Report.	7.6.2.2	
11. The Successful Proposer must ensure the proper and timely completion of electronic data exchange transactions.	7.6.2.2	

Table 45. Electronic Data Exchange Response Requirements

RESPONSE REQUIREMENT
1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.
2. The Proposer must describe how it will meet the data exchange requirements outlined in this section and the Data Exchange Report.

RESPONSE TO TABLE 45: ELECTRONIC DATA EXCHANGE RESPONSE REQUIREMENTS

7.6.2.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, and will comply, and often exceed, the detail requirements indicated in RFP Section 7.6.2.

7.6.2.2 DATA EXCHANGE REQUIREMENTS AND REPORT (DRs 10 and 11)

Response Requirement 2: The Proposer must describe how it will meet the data exchange requirements outlined in this section and the Data Exchange Report.

Scientific Games has reviewed in detail the TLC Data Exchange Report (Data Exchange and System Interfaces – January 2010) document made available at the pre-proposal conference. We understand that these file transfers must be supported to/from various Lottery and state agency systems and that the data must be protected from interception and corruption. Several have specified deadlines by which the data must be received at the destination system.

In satisfaction of RFP Table 44, Detail Requirement Nos. 10 and 11, Scientific Games will ensure that these transfers will be completed at the frequency, and within the time periods, specified and that the data will be accurate and secure from unauthorized capture. Scientific Games' team including John Byers, Director of Security, Jonathan Ng, Software Development Manager, and Mike Skibel, Operations Manager, will work closely with the involved state IT departments to make sure that the exchange technologies are used effectively.

For infrequent file transfers (e.g., annual 1042-S and 1099/W-2G tax data) we would likely rely upon

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ENTERPRISE ARCHITECTURE

The Scientific Games is flexible, modular, and expandable. The system is designed to grow and expand over the life of the contract to support future applications and the evolving business requirements of our Lottery partners. It provides a truly “open” platform using web services—a defined standard for system interoperability—to provide integration points for additional services, third party products, and interfaces to external systems. The use of industry standard web services provides the Lottery with the following advantages:

- Software and services from different companies and locations can be combined easily to provide an integrated service benefiting the Texas Lottery and its stakeholders.
- Loosely-coupled web services facilitate a distributed approach to application integration.
- Interoperability among various software applications can run on multiple platforms and operating systems; each computer center or business/government entity can use the hardware most appropriate to their business goals.
- Standard web services protocols and data formats are text-based, supporting rapid deployment.
- Data exchange between disparate systems and organizations use well known, proven, and secure protocols and processes.
- The use of industry standard techniques ensures that each company or agency will have the required in-house expertise to effect the technology.

further standardizing the system’s data connections to external processors.

The web service design includes full, secure audit trails in the form of data transmission and modification logs. Logs include, for each data exchange, the date-time, data content, and user/process issuing the change. These logs can be made available to the Lottery upon request.

7.6.3 SALES AND MARKETING SYSTEM GENERAL REQUIREMENTS

RFP Requirement: The following table identifies the minimum System requirements for sales and marketing.

Scientific Games considers this RFP requirement to be informational, therefore no response is required.

Table 46. Sales and Marketing System General Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Plans, designs and implements a Lottery Gaming System that supports the Texas Lottery's sales and marketing functions	X	
2. Develops and implements Terminal-oriented promotions with Lottery Products that utilize coupons, free tickets, entry forms, vouchers or any other Terminal or ticket stock items as required by the Texas Lottery	X	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)	
3. The Successful Proposer must configure and execute planned promotions on the Lottery Gaming System as approved by the Texas Lottery.	7.6.3.2	
4. The Successful Proposer's System must be capable of storing, reading, validating and accounting for bar-coded coupons used by the Texas Lottery for promotions.	7.6.3.2	
5. The Successful Proposer's System must provide the ability to allow for simultaneous player and Retailer promotions involving multiple Lottery Products, which includes, but is not limited to, ties between On-Line and Instant Ticket games, and must be scalable by groups of Retailers (based on county, zip code, business type, chain, sales level, or Texas Lottery-designated group) or a single Retailer.	7.6.3.2	
6. The Successful Proposer's System must track retailer promotions / player contest winners, including current address and the winning prize.	7.6.3.2 7.6.3.3	
7. The Successful Proposer must provide a Web-based system, based on Texas Lottery requirements, for a player registration program that involves registering players for various informational, promotional (e.g., unique player-printed coupons), and data-gathering purposes. The Web-based system must be able to communicate with players using different messaging formats including, but not limited to, Really Simple Syndication (RSS), text messaging, etc. The interface for players to access this web site should be very intuitive and user friendly.	7.6.3.3 7.6.3.4	
The Successful Proposer must provide, implement and maintain a mail order subscription database system for lottery players as authorized by Texas Government Code Section 466.3052, including the processing of all subscription orders, age verification of players, and payment of prizes.	7.6.3.3 7.6.3.5	

Table 47. Sales and Marketing System General Response Requirements

RESPONSE REQUIREMENT	
1.	The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.
2.	The Proposer must describe its System's capabilities for providing player and retailer promotions.
3.	The Proposer must describe its System's capability to support Web-based "Second-Chance Drawings" for On-Line Games. This system will not involve the sale of lottery products via the internet, but will only involve the submission of non-winning On-Line Game tickets for secondary drawings as approved by the Texas Lottery.
4.	The Proposer must describe its proposed Web-based system for a player registration program that involves registering players for various informational, promotional (e.g., unique player-printed coupons), and data-gathering purposes.
5.	The Proposer must describe its mail order subscription database system for lottery players as authorized by Texas Government Code Section 466.3052, including the processing of all subscription orders, age verification of players, and payment of prizes.

Table 48. Sales and Marketing System General Service Levels

SLR #	SLR NAME
3.60.32	Failure of the Lottery Gaming System to Execute Planned On-Line Promotion

RESPONSE TO TABLE 47: SALES AND MARKETING SYSTEM GENERAL RESPONSE REQUIREMENTS

7.6.3.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities and detail requirements indicated in RFP Section 7.6.3.

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7.6.3.2 PLAYER AND RETAILER PROMOTIONS (DRs 3, 4, 5 and 6)

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Response Requirement 2: The Proposer must describe its System's capabilities for providing player and retailer promotions.

Given Scientific Games' vast promotional library, easily implemented on the _____ system, we are well positioned to provide a broad range of promotional features. Online promotions are excellent tools to introduce lottery products to non-players, to present a new game to the existing and potential player base, to increase sales among current players, or to incentivize retailers and/or clerks to promote the Lottery's products, network-wide, with a specific chain, or even at a single retail location.

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7.6.3.3 WEB-BASED SECOND-CHANCE DRAWINGS (DRs 6, 7, and 8)

RFP Requirement 3: The Proposer must describe its System's capability to support Web-based "Second-Chance Drawings" for On-Line Games. This system will not involve the sale of lottery products via the internet, but will only involve the submission of non-winning On-Line Game tickets for secondary drawings as approved by the Texas Lottery.

In response to the Texas Lottery's request for Web-based "Second Chance Drawings" for online games, Scientific Games offers Properties Plus. Please refer to **Section 7.6.3.4** for details about this innovative program.

Please note that, as with all of our internet offerings, the offerings described herein are limited to activities that are consistent with all applicable laws and Scientific Games' governance processes. We work with our lottery customers to ensure compliance with both local and federal law.

**Confidentiality Claimed
Not released**

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Not released**

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7.7 SYSTEM MANAGEMENT

RFP Requirement: Change management is a standardized process for managing the introduction and implementation of all changes affecting the Lottery Gaming System. The change management process is inter-related with the release management process.

Release management is a standardized process for managing the scheduling and implementation of changes to the Lottery Gaming System. This covers both the software and the hardware used in delivery of services. Releases typically consist of a number of fixes and/or enhancements to the existing Lottery Gaming System. A release consists of the new or changed software required and any new or changed hardware needed to implement the approved changes and all associated documentation. The following table identifies change and release management requirements.

Scientific Games considers this RFP requirement to be informational and no response is required.

Table 49. System Management Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Establishes a change and release management process and procedures appropriate to Texas Lottery's IT and business requirements	X	
2. Establishes a Change Advisory Board (CAB) and identifies composition, activities and the technical and business approval authorities	X	
3. Establishes change priority identification and authorization process		X
4. Receives and documents all approved Requests for Change (RFC) and determines priority		X
5. Receives and documents all RFC and classifies proposed changes to the System based on risk impact assessment and System security considerations	X	
6. Ensures that appropriate back-out plans are documented and in place in the event of Systems failure as a result of the change	X	
7. Develops and maintains a schedule of planned approved changes		X
8. Develops and provides change documentation (including release notes)	X	
9. Reviews and approves change documentation		X
10. Coordinates, schedules and conducts CAB meetings to include a review of the schedule of planned changes and results of changes made	X	
11. Jointly participates in CAB meetings	X	X
12. Reviews all Successful Proposer-recommended RFCs to Lottery Gaming System		X
13. Oversees the change management process activities to ensure they are appropriately resourced and completed according to the change schedule	X	
14. Ensures the test environment(s) is available and properly configured to mirror the live production System	X	

Table 49. System Management Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
15. Ensures that thorough testing is performed prior to release, and assesses Texas Lottery business risk related to any change that is not fully tested prior to implementation	X	
16. Participates in business risk assessment for change to be introduced without being fully tested		X
17. Conducts User Acceptance Testing (UAT) for Texas Lottery requested RFCs		X
18. Conducts UAT for all RFCs	X	
19. Prior to release, notifies Texas Lottery-affected entities (e.g., Retailers and all training and test terminals not connected to the central System including test terminals deployed to the Texas Lottery and other Texas Lottery vendors [e.g., ticket manufacturers and ticket testing vendor, etc.]) of release timing and impact, and arranges for all scheduled terminal updates	X	
20. Monitors changes, performs change reviews and reports results of changes	X	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)	
21. The Successful Proposer must receive approval from the Texas Lottery prior to implementation of any changes to the Lottery Gaming System.	7.7.2.2	
22. The release notes from the Successful Proposer must evidence good configuration management practices; namely, each release must be identified by a version number and the changes must be succinctly defined.	7.7.2.3	
23. The Successful Proposer must provide the Texas Lottery access (including remote access) to a test environment that duplicates the Lottery Gaming System functionality to allow the Texas Lottery to conduct Quality Assurance (QA) and user acceptance testing. The test environment must be the identical architecture and functionality as the production Systems and have the capability to perform load testing and test all the different types of terminals and communication protocols installed in the production environment.	7.7.3	

Table 50. System Management Response Requirements

RESPONSE REQUIREMENT
1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Table 50. System Management Response Requirements

RESPONSE REQUIREMENT	
2.	The Proposer must provide an overview of its software development life cycle including, but not limited to, change and release management processes, recommended frequency for changes, review and approval process, documentation activities and associated assigned resources to support the software development life cycle process.
3.	The Proposer must describe the proposed test environment and access for conducting QA and UAT.

Table 51. System Management Service Levels

SLR #	SLR NAME
3.60.33	Failure to Provide Software Fixes and/or Enhancements
3.60.34	Failure to Implement Change or Release Management Without Incident

RESPONSE TO TABLE 50: SYSTEM MANAGEMENT RESPONSE REQUIREMENTS

7.7.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities and will comply with the detail requirements indicated in RFP Section 7.7.

7.7.2 SOFTWARE DEVELOPMENT LIFE CYCLE

Response Requirement 2: The Proposer must provide an overview of its software development life cycle including, but not limited to, change and release management processes, recommended frequency for changes, review and approval process, documentation activities and associated assigned resources to support the software development life cycle process.

Scientific Games recognizes the importance of having disciplined and well defined software engineering processes to ensure quality software delivery that meets the needs of our lottery customers. This is why Scientific Games was the first in the industry to have software development personnel committed to using the best practices described in the NASPL certification as the basis for all process improvement and software development initiatives.

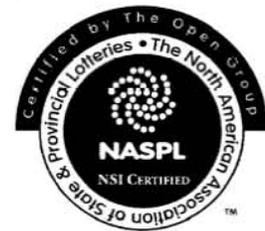
The Software Development and Maintenance Team assigned to the Lottery, with support from the entire Alpharetta technology center staff, will review all deliverables for software and systems projects, from requirements, design, and QA, all the way through installation, implementation, and during the life of the contract. The goal is to ensure that all processes are followed and that deliverables are built to the Lottery's standards and requirements.

We will establish change and release management process and procedures appropriate to the Texas Lottery's IT environment and business requirements. We will also establish a Change Advisory Board (CAB), and will identify composition, activities, and the technical, and business approval authorities. We will also coordinate, schedule, and conduct CAB meetings to include a review of the planned changes schedule and the results of the changes made. The Texas Lottery will jointly participate in CAB meetings.

7.7.2.1 NASPL CERTIFICATION

Scientific Games is fully committed to timely and effective fulfillment of Lottery requests for system support and changes. We closely follow the NASPL Best Practices for system development and maintenance. Scientific Games is proud to have been the first lottery systems vendor in the industry to receive two important NASPL Quality Assurance (QA) Best Practices certifications:

1. **NASPL Standards Initiative (NSI) QA Requirements Definition for Vendors 1.0** – Confirms that a process is in place to ensure that system requirements and components are defined, documented, agreed upon, and approved by the lottery customer for implementation.
2. **NSI QA Development Process 1.0** – Confirms that Scientific Games employs a development process that covers design, implementation, testing, problem tracking and resolution, change control management, release, installation, and all appropriate approval phases.



NASPL Best Practices are specifically intended to provide both lotteries and vendors with simple, documented, and approved methods to instill quality into the product development and maintenance processes. They standards emerged from a collaborative effort that drew on the experiences of senior lottery insiders as well as technical development experts to further the objectives of integrity, security, interoperability, and profitability. Obtaining NASPL certifications provides formal recognition of our conformance to the QA Best Practice, which includes mandatory requirements.

The Requirements Definition for Vendors Certificate dictates that the requirements for systems or components are defined, documented, agreed-on, and approved by both the vendor and Lottery. Best practices validate this process, ensuring the correct information is specified and that the right processes are used in reaching agreement between parties.

The Development Process Certificate verifies that Scientific Games practices a development process that covers design, implementation, testing, problem tracking and resolution, change control management, release, installation, and appropriate approval phases.

**Only vendor re-certified in NASPL
Quality Best Practices.**

These NASPL Best Practices are Scientific Games' standard methodology. NASPL's requirements consist of practices that are similarly addressed by the other industry best practices such as CMMI, IEEE, ISO, and ITIL. The NASPL's Best Practices are, however, developed specifically by the lotteries and lottery vendors to address the unique needs of the lottery industry. Therefore, while other software development practices are certainly reliable, they do not address all of the software requirements of lottery jurisdictions.

These practices adopted by Scientific Games basically eliminate re-inventing quality and project management processes with each new product, thus reducing risk and saving time, resources and money for both Scientific Games and our customers.

7.7.2.2 REQUESTS FOR CHANGE (DR 21)

Our Software Development Manager, Jonathan Ng, in cooperation with our Director of Security, John Byer, will receive and document all Requests for Change (RFC) and classify proposed changes to the system based on risk impact assessment and system security considerations. In satisfaction of RFP Table 49, Detail Requirement No. 21, the Texas Lottery will review all Scientific Games' recommended RFCs to [redacted] and we will not implement any changes to [redacted] without approval from the Texas Lottery.

Scientific Games will conduct User Acceptance Testing for all RFCs.

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We will monitor changes, perform change reviews, and report results of changes.

7.7.2.3 RELEASE NOTES (DR 22)

Jonathan Ng, and his team will develop and provide change documentation, including release notes. Our change management process mandates that a detailed release note must accompany every software modification released to QA testing and, ultimately, Lottery acceptance testing. All changes are integrated into a single software release.

A Request For Action (RFA) is the first step in defining a needed system change. From this summary, Scientific Games analysts will create a business requirements specification and an associated design document. As the modifications are made by staff programmers, our change management system becomes a central repository for all details of the change. All of these documents – RFA, requirements, design, and programmer comments – are summarized and included in the release notes accompanying the updated module. There is an RFA associated with each change listed in the release notes.

In addition to succinctly defined changes, the release notes will include the release version number (in satisfaction of RFP Table 49, Detail Requirement No. 22), a summary of database records, files, software modules, and end user features that are affected. If end user procedures are changed dramatically, updated user documents will accompany the release.

The new version's release notes are then used as the basis for a testing task list. The QA and Lottery test scripts may be modified to incorporate evaluations of new features and functions.

Scientific Games will ensure that the test environment(s) is available and properly configured to mirror the live production system. We will ensure that thorough testing is performed prior to release. We will also assess Texas Lottery business risk related to any change that is not yet fully tested prior to implementation.

Prior to release, Scientific Games will notify Texas Lottery-affected entities of release timing and impact, and arrange for all scheduled terminal updates.

7.7.2.4 BACK-OUT PLANS

Scientific games will ensure that appropriate back-out plans are documented and in place in the event of system failure as a result of a change.

7.7.2.5 SOFTWARE DEVELOPMENT METHODOLOGY

Scientific Games uses clearly defined, highly detailed, and disciplined processes to ensure that we develop and deliver high quality products on time. This is true for the initial implementation and all subsequent enhancements and modifications made during the life of the contract.

The key points of Scientific Games' software development methodology are:

- Adherence to NASPL standards
- Rigorous requirements definition process
- Disciplined methodology focused on "building it right the first time"
- Peer review of key deliverables to find/correct defects early in the development lifecycle
- Tailoring of the development lifecycle to eliminate risk
- Tracking of all requests using industry-standard project management tools
- Quality Control (QC) verification and validation that the product is built correctly
- Sponsorship and oversight from the highest management levels

7.7.2.6 SOFTWARE DEVELOPMENT PROCESS

Scientific Games will oversee the change management process activities to ensure they are properly resourced and completed according to the change schedule.

Scientific Games adheres to a full System Development Life Cycle (SDLC). All projects are planned and systematically executed to deliver a quality product that fully meets, and often exceeds, the Lottery's business, policy, and security requirements. The following are the key phases of this development process.

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7.7.2.10 SOFTWARE SUPPORT WITH QUARTERLY RELEASES

Scientific Games' Software Support organization consists of over 100 Atlanta-based system professionals who will provide support services to the Lottery using NASPL's Best Practices for QA, the only practices developed by gaming industry professionals.

Operations Support – Led by Steve O'Connell, Corporate Operations Support Manager, this group is responsible for central system configuration and installation, and development.

The Operations Support Team works with the Production Systems Team during on-site installation and system vetting, a process that verifies proper configuration, failover capabilities, and basic functionality of the systems.

Configuration Management – Raymond Masocol (CSQE CSSGB), with five years of lottery-specific experience and over ten years of experience in Configuration/Release Management, is the Configuration Manager who leads the team. The purpose of Configuration Management is to establish and maintain the integrity of the software product deliverables throughout the project's life cycle.

The tools to support the Configuration Management System within Scientific Games include



Raymond Masocol

. These source code management tools accommodate the versioning of files and releases. The issue management work flow system accommodates the submission and tracking of the defects, enhancements, build request, and project/product change request.

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The scope of the Configuration Management activities includes:

1. Identifying the configuration of selected "Project" and "Product" work products/deliverables that compose the baselines at given points in time throughout the project lifecycle. The identified software system components are versioned.
2. Establishing the initial baseline for the software work products in their respective tools and repositories. The changes to the components are tracked to ensure the documentation of their change history. The tools and procedures limit file check-in and check-out to a single person at a time to avoid any update conflicts. Build versions are labeled accordingly for each change that is made and are tied to a change request to ensure only approved changes are made. The system provides the ability to track and report the originator of the change, date and time of the change, and a history of all previous changes.
3. Performing software builds according to the documented procedure.
4. Providing accurate status and current configuration data through periodic reporting procedure. Status reporting includes the following:
 - Status of change, defect, and enhancement requests
 - Change history

- Summary of changes per release (Release Notes)
- Tracking of date, time, owner, and task performed for each file changed

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The _____ system is capable of producing reports describing the status and history of the changes to the product. These reports can be made available to the Texas Lottery upon request.

7.7.2.11 SHARED RECORDS FOR CHANGE MANGEMENT

Change management is a shared effort between Scientific Games and the Lottery. Each request for change, whether an enhancement or a simple modification, is logged, analyzed for impact, and, if approved, documented/updated in a design specification. A change is subsequently implemented according to an approved, mutually agreed upon schedule.

Scientific Games uses various tools, including _____ to track system change requests. We will establish a centralized repository of change records and make the data available through simple screen queries to both company and Lottery authorized staff. Figure 7.7-3 is an example of a response screen to a ClearQuest query.



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Record # 1 AWI00047897
[\[RFA Submit\]](#)[\[RFA Submit \(2\)\]](#) [\[Jurisdiction Information\]](#) [\[Enhancement Request Record Information\]](#) [\[Multi Tab Display\]](#)

RFA Submit	
RFA ID:	47897
Submitter:	Johnson.Kris
Submit Phase:	OPS
Jurisdiction:	CT
System:	Aegis
Product:	C-Central
Project:	
Target Release:	
Racing WO #:	
Summary Description:	Change call limit time mechanism for C-Central
Detailed Description:	Change call limit time mechanism for C-Central to match mechanism implemented to resolve RFA 42054 for PlayCentral
RFA Status:	ASSIGNED
Submit Date:	8/4/2005 11:07:51 AM
Submit Type:	Defect
ER #:	
Component:	Embedded Products
Sub-Product:	
Severity:	3 Moderate
Remedy #:	
Dependant RFA:	

Supporting Materials Attached

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Figure 7.7-3: Change Request

All stages of the request for change are carefully tracked and monitored. At every stage, the project team is aware of the status of each request and how much work remains. All key personnel are involved in the workflow, including submitter, development manager, software developer, configuration specialist, test engineer, and in-state and Lottery testers.

The combination of [\[RFA Submit\]](#) [\[RFA Submit \(2\)\]](#) [\[Jurisdiction Information\]](#) [\[Enhancement Request Record Information\]](#) [\[Multi Tab Display\]](#) establishes detailed tracking of change requests and allows all authorized personnel to share these data during the review of project status and the progress of corrective efforts.

The Texas Operations Manager will manage the flow of documentation and information related to any changes requested, under development or test, and preparing to be deployed.

During the term of the contract, Scientific Games will work with the Texas Lottery to ensure new hardware and software upgrades are compatible with existing Lottery operating systems and software versions to ensure complete compatibility.

7.7.3 TEST ENVIRONMENT AND ACCESS (DR 23)

Response Requirement 5: The Proposer must describe the proposed test environment and access for conducting QA and UAT.

Scientific Games is committed to delivering quality software to the Texas Lottery. We have confirmed over our many years in the lottery industry that strict adherence to QA testing is critical to this commitment. Once software is released to Lottery acceptance

testing personnel, we continue to provide our expertise to make sure that any code installed on a production system meets the Texas Lottery's high quality standards.

An important component of our commitment to quality software is the acquisition, configuration, installation, and maintenance of a Texas Lottery test system at our primary data center. This resource will be dedicated to Texas Lottery use and we will ensure that authorized Lottery personnel will have unfettered access to the system, its software, and attached retailer terminals and peripherals around the clock every day of the year.

The system will be a simple configuration built as an architectural and functional mirror of the Texas production systems. It will have the necessary servers, cabinets, storage, networking, printers, and operations console to operate as a stand-alone resource that can duplicate production LGS functionality. The test system will allow QA/UAT personnel to test the operation of various types of gaming terminals and protocols. The hardware will be sized to support load and transaction responsiveness testing of software releases, using both attached retailer terminals and a software simulator. This satisfies RFP Table 49, Detail Requirement No. 20.

The system and network will be built so that there is no way that test activity can ever result in its transactions being processed or logged by production systems or terminals. The LAN configuration will ensure maximum isolation of the system yet allow remote access by authorized Texas Lottery staff. The test system, software, peripherals, and data will be protected 24/7 by the same physical security that safeguards the production systems at the primary data center.

In **Section 4.3** we have proposed a fully committed TLC Support Team that has extensive lottery industry experience. Included in this group are professionals with considerable experience in quality assurance and user acceptance testing.

We understand the value of thorough system testing by our Texas team prior to version release to the Lottery. All local Scientific Games personnel involved in testing will follow a repeatable, traceable, and controlled testing methodology in order to perform a full range of internal software QA tests before delivery to Lottery testing staff.

Our internal testing program will include the following tasks:

- Verify that the system complies under test with the target System Requirements Specification (SRS)
- Develop specific test conditions and procedures to be used in testing the software
- Define test scripts and/or reports, to include all expected results of each test case
- Manage all software anomalies from identification through resolution using an automated problem tracking system
- Report on the testing performed and the results of testing at software deliverable milestones in the version's lifecycle



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*Two identical systems dedicated to
Lottery Acceptance Testing.*

During initial (pre-launch) in-state testing, the Texas Lottery can be confident that everything will be done right. The entire team is familiar with the configuration and testing tools that will allow us to help you to move forward to the next generation of online systems and equipment.

The NASPL QA Best Practices are a set of practices addressing Quality Assurance of Product Development in the Lottery Industry. The purpose of this set of best practices is to provide a documented set of quality assurance processes and procedures that will allow lotteries and vendors to follow an approved and repeatable method when defining, developing, and accepting software products for installation at the lottery. Together, they provide a set of processes and procedures that address the quality assurance requirements throughout the hardware and/or software production cycle from requirements specification through design, implementation, and testing, to acceptance and deployment.

Scientific Games' testing process complies with NASPL's Best Practices and includes the following scalable options:

- **Planning Acceptance Testing** – Before the software is released to customer acceptance testing, both the Lottery and Scientific Games will perform an Acceptance Test Readiness Review to ensure that the system is acceptable and compliant to requirements. This evaluation is based on a set of acceptance criteria defined and agreed upon during the requirements definition phase of the project. Scientific Games' policy ensures that all testing processes must be complete before acceptance testing begins, assuring the Lottery that a stable, final product will be delivered. We will provide an approved test plan, test cases/scripts, and test summary for Lottery review and reference. These documentation deliverables can be used as a guide to build acceptance testing scripts and are useful when reviewing and addressing issues that need special focus. A corporate test engineer will work with the Lottery to define which tasks require our assistance and may create a resulting formal acceptance test plan.
- **Acceptance Test Cases/Scripts** – Guided by the planning session's detailed responsibilities and expectations for acceptance testing, Scientific Games will be available to assist the Lottery in creating test cases/scripts. This can include, but is not limited to, system functionality, regression, stress, and failover testing efforts.
- **Acceptance Testing Environment** – Scientific Games will provide the Lottery with the required dedicated test platform for acceptance testing, including a production-like environment and configuration. In addition to Lottery staff training, Scientific Games' Quality Control Team can offer acceptance testing training to your personnel on how to run the test environment in a production-like mode simulating real-life situations.



SUPERIOR VALUE
ENGINEERING PARTNERS

*Development of test scripts for use
by Lottery test staff.*

- **Acceptance Testing Support** – A qualified staff member will be available during every acceptance testing cycle. This resource will be able to answer system questions, provide additional training, document issues/problems, run the test environment (if the Lottery requests), and escalate urgent issues through Scientific Games' management to ensure timely action. We understand that on-time turnaround of acceptance testing issues is critical to meeting project goals and we will work with the Lottery to plan subsequent releases.

Scientific Games will maintain its own test system, which will provide a controlled environment for the local test team. We recognize our responsibility to demonstrate that our software meets or exceeds the specifications and expectations of the Texas Lottery.

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7.8 SYSTEM SECURITY

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Scientific Games understands that system security encompasses the activities associated with maintaining physical and logical security of all Lottery Gaming System components (hardware and software), including, but not limited to, data and virus protection and access control. At a minimum, Scientific Games will maintain these activities in compliance with Texas Lottery Security requirements as defined by Title 1, Texas Administrative Code, Chapter 2 – Information Security Standards (Title 1 TAC 202).

Our security strategy and measures are based on the best practices prevalent in both the lottery and the computer industries. Scientific Games' system and operations will meet and exceed the Texas Lottery's security requirements. We will maintain a comprehensive approach to security controls aligned with international standards.

Scientific Games will participate in the WLA Security Certification reviews and recertification process. Any findings that require remediation in our operations will be corrected in accordance with a timetable agreed upon in writing with the Texas Lottery.

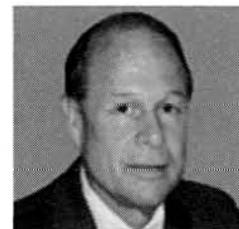
90 days after contract award, Scientific Games will submit a Security Program for the entire system, compliant with Title 1 TAC 202, and subject to the written approval of the Texas Lottery. Scientific Games' Security Program . We understand that all updates must be approved by the Texas Lottery.

Our response clearly demonstrates that we have the capacity to develop and implement comprehensive plans for maintaining effective security controls and that we clearly understand the important role security plays in ensuring the integrity of lottery operations.

A core element of Scientific Games' business management focus is centered on developing and implementing security management programs that deliver effective controls and practices for ongoing lottery operations. This focus ensures the integrity of the products and services we deliver to our lottery customers in over 60 jurisdictions around the world. As a leading provider of lottery games, marketing services, technology, and operations to the industry for over 35 years, we have engineered and interwoven security principles and responsible business practices into every level of our everyday business operations.

CORPORATE MANAGEMENT

Security management is provided through corporate oversight by Scientific Games' Chief Security Officer, Larry Potts, Corporate Vice President, Security and Compliance. Mr. Potts has over 30 years of security and investigative experience, including 23 years as a Special Agent of the FBI. Prior to joining Scientific Games in 2003, he served for seven years as the chief operating officer of a private company that provided investigative and security consulting services.



Larry Potts

As a member of the Global Management Team for Lottery Services, Mr. Potts:

- Oversees all internal investigations
- Oversees all due diligence investigations regarding outside vendors



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- Reports directly to the Chief Executive Officer and Compliance Committee of the Board of Directors, which consists of three independent members of the Board of Directors and assists the Board in overseeing the company's compliance with laws and regulations applicable to Scientific Games' business, and compliance with Scientific Games' Code of Conduct

Larry is a member of the International Association of Chiefs of Police and the International Security Managers Association.

Under Larry's direction there are two divisions devoted to coordinating security operations:

1. **Security** – Under the guidance of Aristotle "Teli" Parianos, Director of Security, security operations entail the physical security of our corporate headquarters in Alpharetta, Georgia, including the National Data Center, National Response Center, and the instant ticket manufacturing and distribution plant. The corporate headquarters security staff is comprised of full time, in-house security officers, each with law enforcement, military, or private security backgrounds. The facility control program is designed to deter, deny, detect, and document unauthorized access and activities.



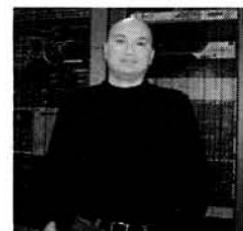
Teli Parianos

Teli and his department also provide oversight of the installation and remote administration of all cooperative site security systems, disaster recovery responses, and emergency contingency planning.

Teli has 17 years of experience in security printing operations, including lottery, promotional games, US postage stamps, and direct mail coupons. He has managed physical security, ticket security, quality assurance, and game auditing departments. He has also managed safety, environmental compliance, and worker's compensation programs, and fulfilled various site implementation projects domestically and abroad.

Teli's years of experience in security printing operations – including 13 years serving lotteries – will be an invaluable asset to the Lottery's ongoing operations.

2. **Information Security** – John Foster, Manager of Information Security, manages Scientific Games' data security strategy. He is responsible for managing cyber crime cases, incident investigations, and security reporting. He also provides information security support and advisory services to ongoing operations teams. John has over 13 years experience in security software development, risk management, and network operations, the last seven years have been lottery-related. He has the following certifications:



John Foster

- ISC2 CISSP (International Information Systems Security Certification Consortium, Inc. Certified Information System Security Professional)

*Corporate Security and Compliance
 headed by a former Deputy
 Director of the Federal Bureau of
 Investigation.*

- ISACA CISM (Information Systems Audit and Control Association Certified Information Security Manager)
- ISACA CGEIT (Certified in the Governance of Enterprise IT)
- ISACA CISA (Certified Information Systems Auditor)
- ISFCE CCE (International Society of Forensic Computer Examiners Certified Computer Examiner)

This security management team administers comprehensive processes related to personnel security, physical security, awareness management, and risk mitigation. They manage a complex documentation process, including version control, updates, and revision management for all security programs to ensure up-to-date management of operational integrity.

Scientific Games thoroughly recognizes that our business practices are closely aligned with those of our lottery customers. We understand that our personnel and the companies to whom we subcontract services must adhere to the highest standards of compliance. Our industry is highly visible, and as such, must act with the highest levels of integrity and security to ensure the public's trust in the games we deliver and the retailers we support. Scientific Games only hires and retains personnel that clear comprehensive background investigation requirements. Our investigations include

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Based on the above processes, Scientific Games maintains great confidence and trust in the quality of its personnel, but the integrity of the company's critical business operations can only be maintained through continual assessment and implementation of risk mitigation measures. Scientific Games manages its security operations through a number of strategic plans, as described later in this section. The company also follows multiple recognized practices for security management implementation and execution. Management questionnaires, employee interviews, and security audits regarding critical process control measures are conducted annually to continually assess effectiveness. Changes are implemented as needed and when required.

Scientific Games believes that strong facility control applications and employee awareness are critical in achieving the proper environment and work force culture necessary for secure business operations. The goal of all Scientific Games' facilities design is to create a contractually compliant and secure environment for our work processes and products and to Deter, Detect, Delay, Deny, Defeat and Document likely threats against our business operations.

We employ a variety of preferred platforms for life safety, surveillance, intrusion detection and access systems, physical barriers, devices, technologies and measures that are best suited to protect our business operations in accordance with Scientific Games' facility security standards and guidelines, which are documented by the Security Director of U.S. Instant Products.

The Security Director of U.S. Instant Products is available as a physical security consultant for all new remote facility implementations, latter operational visits as requested by Online Business Unit management or directed by the VP of Compliance and Security, Larry Potts to ensure compliance with applicable best practices and systems function.

Appreciation for business practices and adherence to those practices begins at the top. We require and receive support from top management within our company for disseminating, instilling, and enforcing security awareness and compliance among all members of our work force, contractors, and visitors. As described later in this section, the Scientific Games corporate board is continuously apprised of security management progress and mandates strict company policies in this area. Without secure games, secure transactions, secure operations, and secure facilities, the Lottery's integrity may be questioned and that is a situation we understand and strive to prevent.

Director of Security – John Byers will serve as Scientific Games' Director of Security. He will be headquartered in our primary facility in _____ where he currently resides. John has more than 25 years of IT and data security management and information systems telecommunications. His considerable background and expertise will be a definite benefit to the TLC Account Team.

As Director of Security, John will oversee the overall security of all of our Texas Lottery facilities and systems. He will also:

- Supervise security staff
- Ensure maintenance agreements are renewed with equipment vendors
- Conduct system and equipment tests as required on backup, fire, HVAC, and security equipment
- Conduct background and drug testing for prospective employees
- Manage the CCTV digital storage and key card equipment
- Oversees ticket destruction with designated Texas Lottery staff
- Serve as an integral part of the TLC Executive Management team

Reporting directly to the Director of Security will be an Information Security Manager, a Security Analyst, and a Facility Support Team consisting of five members. In our response below, Scientific Games addresses the stated system security requirements as defined in Table 52 of the RFP.

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John Byers

Experienced in-state Director of Security.

RFP Requirement: System security encompasses the activities associated with maintaining physical and logical security of all Lottery Gaming System components (hardware and software), including, but not limited to, data and virus protection, and access control. At a minimum, these activities must be maintained in compliance with Texas Lottery Security requirements as defined by Title 1, Texas Administrative Code, Chapter 202 – Information Security Standards (Title 1 TAC 202). The following table identifies System security requirements.

Scientific Games considers this RFP requirement to be informational, therefore no response is required.

Table 52. System Security Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Develops, documents and maintains security requirements, standards, and procedures.	X	
2. Remains up to date with current Security trends, threats, common exploits and security policies, procedures and best practices.	X	
3. Conducts periodic security assessments of the Lottery Gaming System.	X	
4. Immediately reports security violations/incidents and resolution to the Texas Lottery.	X	
5. Installs security patches per change management process and procedures.	X	
6. Maintains all documentation required for security assessments, audits and internal control testing.	X	
7. Develops and maintains a security awareness program for users of the Lottery Gaming System.	X	
8. The Successful Proposer must submit a detailed security plan to the Texas Lottery for approval no later than ninety (90) Days after the Contract Award. At a minimum, the security plan must comply with the requirements of Title 1 TAC 202.	X	
9. The Successful Proposer must conduct periodic security assessments of the Lottery Gaming System, as required by Title 1 TAC 202. This includes annual penetration testing.	X	
10. The Successful Proposer's System must have access control features that allow the Texas Lottery to control System access privileges on an as-needed basis for viewing and updating information. The Successful Proposer's System must allow authorized Texas Lottery personnel to be the system administrator for Texas Lottery personnel.	X	

Table 53. System Security Response Requirements

RESPONSE REQUIREMENT
1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.
2. The Proposer must provide an overview of its System security plan.

Table 53. System Security Response Requirements

RESPONSE REQUIREMENT

- The Proposer must describe the physical and logical security components of the Lottery Gaming System. At a minimum, this must include an overview of the policies and practices to prevent, detect, and resolve security incidents. In addition, the Proposer must demonstrate experience, ability, and intent to meet security requirements.

Table 54. System Security Service Levels

SLR #	SLR NAME
3.60.19	Failure to Comply with Title 1 TAC 202 Information Security Standards
3.60.35	Failure to Comply with Title 1 TAC 202 Resulting in a Security Incident

RESPONSE TO TABLE 53: SYSTEM SECURITY RESPONSE REQUIREMENTS**7.8.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS**

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, and will comply with, and often exceed, the detail requirements indicated in RFP Section 7.8 of the RFP.

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7.8.2 SYSTEM SECURITY PLAN

Response Requirement 2: The Proposer must provide an overview of its System security plan.

Scientific Games takes security very seriously. We have several decades of experience in designing, installing, maintaining, and evaluating secure gaming control facilities and critical data networks. The ever-changing face of physical and electronic threats means that we must not remain complacent with our designs. We follow a policy of constant reevaluation of our sites, our networks, our people, and our data protection to make sure that we remain safe in all those areas.

The key layer of network and system security is the creation and constant review of the security plan. This document is a standard deliverable to the jurisdiction following contract award and business requirements collection. It not only identifies implementation project risks but also perceived problems with ongoing system and communications security.

In satisfaction of RFP Table 52, Roles and Responsibilities No. 8, Scientific Games will deliver the detailed security plan to the Texas Lottery for approval no later than 90 days after contract award. We have reviewed the Texas Administrative Code 202 and we are confident that the practices and policies documented in our plan comply fully with those guidelines and requirements, including RFP Table 52, Roles and Responsibilities No. 9.

Because this plan evolves from gathering business requirements, it includes customer staff observations and concerns – in other words, the delivered plan will include Texas-specific content. After the security plan is submitted, we will commence a continuous cycle of reassessment and updating, including the following steps:

- Scientific Games will perform annual reviews of our security plan, update the document accordingly, and resubmit to the Texas Lottery for review and approval.
- We will perform monthly reviews of the list of assigned key cards and/or access rights to ensure that only currently employed individuals have access to critical facilities and electronic resources, and only to areas required by their job assignment or responsibilities.
- We will make the system access log files directly available for daily review by Lottery staff.
- We will work closely with Texas Lottery security experts to ensure the continued resistance of our AEGIS-EF system to unauthorized access.

The plan will describe the measures to be taken to protect the _____ and the integrity of jurisdiction data. It will expand on our system remediation efforts by specifying how we will respond to discovered system flaws and security risks.

Additionally, Scientific Games has a strategic goal of attaining ISO 17799/27001 certification. This effort is supported by internal reviews of current operations and a process improvement program designed to bring the company into compliance and certification with multiple quality and security standards.

7.8.2.1 SECURITY PLAN SAFEGUARDS

The following topics summarize our security plan, which is comprised of safeguards that ensure that a user is valid and authorized to use system tools. These safeguards include features that control initial access (physical and electronic), verify user identity, protect from unauthorized review and tampering with certain information such as, the contents of critical files storing user privileges and game control data, system transactions, ticket validations, and accounting data.

7.8.2.1.A TELECOMMUNICATIONS ACCESS

Scientific Games continually works with its communication suppliers to ensure that the entire network is protected against security breaches by an interwoven series of technological and operational measures. We will make sure that the Lottery's

7.8.2.1.B SITE ACCESS

Our security plan employs proven technologies and procedures to regulate and control access to corporate computer facilities. We follow industry accepted physical security measures to prevent entry by unauthorized individuals,

7.8.2.1.C SITE PERSONNEL AWARENESS

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7.8.2.1.D LOTTERY SECURITY REVIEWS**7.8.2.1.E SITE ACCESS LOGS****7.8.2.1.F MONITORING ACCESS AND MOVEMENT****7.8.2.1.G SYSTEM ACCESS**

7.8.2.1.H GMS ACCESS

We follow industry

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7.8.2.1.I DATA PROTECTION

7.8.2.1.J APPLICATION CODE SECURITY

7.8.2.1.K SECURE GAME DATA

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7.8.2.1.L TRANSACTION FILE REDUNDANCY7.8.2.1.M SECURE TICKET SALES LOGGING7.8.2.1.N APPLICATION SOFTWARE7.8.2.1.O PROTECTION FROM MALWARE

7.8.2.1.P PERSONNEL SECURITY PRACTICES

Following are some of Scientific Games' stringent procedures in hiring new, and monitoring existing, employees, a prime method of making sure only valid, trusted personnel have access to the system:

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7.8.3 PHYSICAL AND LOGICAL SECURITY

Response Requirement 3: The Proposer must describe the physical and logical security components of the Lottery Gaming System. At a minimum, this must include an overview of the policies and practices to prevent, detect, and resolve security incidents. In addition, the Proposer must demonstrate experience, ability, and intent to meet security requirements.

The foregoing security plan summary provides a suitable overview of our security components and practices. The following are further details of critical security topics.

Scientific Games views system access security as a series of safeguards; we maintain those safeguards with constant vigilance. We have implemented a security governance framework which includes risk assessment and standards compliance. Regularly scheduled risk assessments are performed by operational entities within our systems organization. All inadequacies are brought to our Security Steering Committee for remediation guidance. Security issues are regularly reported to senior management and the Board of Directors, who prompts the commitment of the appropriate management and financial resources to correct the problem(s).

7.8.3.1 SYSTEM SECURITY COMPONENTS

Our security procedures and physical safeguards are described in detail throughout this response section. Figure 7.8-1 summarizes the overarching and integrated safeguards that shield game control, transaction, validation, and other critical files from unauthorized review and tampering. Many of these safeguards include even more processes and procedures that provide an interwoven foundation of security on which our system, facility, and procedures rest.

Figure 7.8-1: Security Components

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7.8.3.2 ACCESS CONTROLS

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SUPERIOR VALUE

Role-based security allows Lottery security to control system access.

User Password Controls – Our gaming solution supports the configurable enforcement of password controls. The following are the system's basic password controls:

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7.8.3.3 PRINCIPALS OF LEAST PRIVILEGE

7.8.3.4 SEPARATION OF DUTIES

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7.8.3.5 PROTECTION AGAINST ATTACK

7.8.3.6 SAFEGUARDING DATA

Scientific Games uses a multi-layer approach to guard against data tampering. We have designed _____ to take extraordinary care of the transaction and validation-related. The data following are the key file integrity tools and procedures:

○

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Scientific Games understands that the Texas Lottery security staff will be intimately involved in security policies and settings. We will ensure that they have . We will work with the Lottery to ensure continued data and system integrity.

7.8.3.7 DUAL SECURITY SYSTEM

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**Confidentiality Claimed
Not released**

Confidentiality Claimed
Not released

7.8.3.8 OPERATIONS SECURITY PLAN

As part of this proposal, Scientific Games has submitted a draft Operations Security Plan in the Supplemental Documentation at the end of Part 7 and on the Supplemental Documentation CD located behind the Electronic Media tab card.

After award, Scientific Games will present a revised security and business continuity plan ready for approval by the Lottery. This submission will occur no later than 30 days prior to commencement of operations.

The draft operations security plan submitted with this proposal includes the following sections:

**Confidentiality Claimed
Not released**

Confidentiality Claimed
Not released

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7.9 REPORTING

RFP Requirement: Reporting Services are the activities associated with the timely and accurate development, publishing and tracking of administrative and management reports by the Lottery Operator, the Texas Lottery, Retailers and Texas Lottery vendors. An initial list of Texas Lottery-required reports will be provided to prospective Proposers attending one of the mandatory pre-proposal conferences upon receipt of a signed Non-Disclosure Statement. The Reports list and all associated requirements will be incorporated into any Contract resulting from this RFP. The Reports list includes the description and frequency of each report. The list is not exhaustive and the Texas Lottery reserves the right to add or remove reports as required. The following table identifies the Reporting requirements.

Scientific Games considers this RFP requirement to be informational, therefore no response is required.

Table 55. Reporting Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Defines requirement and format for new reports and modifications to existing reports		X
2. Develops, creates and/or modifies reports to meet Texas Lottery's requirements	X	
3. Reviews and approves format of report and production schedule		X
4. Documents and maintains reports that meet end-user requirements	X	
5. Produces accurate reports	X	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)	
6. The Successful Proposer shall provide, at a minimum, the reports identified in the Reports list.	7.9.2	
7. The Successful Proposer shall add new or modify existing reports within thirty (30) Days of written request by the Texas Lottery.	7.9.2	
8. For any automated reports, the Successful Proposer's System must track the owner/users of the report and the number of occurrences of downloads to be able to track usage (for the future elimination of stagnant reports).	7.9.2	
9. The Successful Proposer's System shall provide the ability to provide both daily and weekly sales information (as defined by the Texas Lottery) to Retailers and the Texas Lottery, by Retailer type, game, and/or region. The information must be accessible online.	7.9.2.1	
10. The Successful Proposer's System must provide daily sales reports by product and make the supporting data accessible to Texas Lottery personnel. Upon Texas Lottery request, the Successful Proposer shall provide two year sales estimates for each product and must make the supporting data accessible to Texas Lottery personnel.	7.9.2.1	
11. The Successful Proposer's System shall report Sales as defined by the Texas Lottery. Any other type of sales data reported or shown shall be appropriately designated as unofficial sales.	7.9.2.1	

DETAIL REQUIREMENTS	RESPONSE SECTION(S)
12. The Successful Proposer's System shall provide the ability for the Texas Lottery to generate reports using the System and access to real-time data with no System performance degradation.	7.9.2.1

Table 56. Reporting Response Requirements

RESPONSE REQUIREMENT
1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.
2. The Proposer must describe its proposed System's reporting functions. This must include the ability of the Lottery Gaming System to produce a variety of reports as well as permit Texas Lottery staff to create ad-hoc reports using user-friendly report development tools including graphical reporting capabilities.

Table 57. Reporting Service Levels

SLR #	SLR NAME
3.60.36	Failure to Provide New Reports and/or to Modify Existing Reports

RESPONSE TO TABLE 56: REPORTING RESPONSE REQUIREMENTS

7.9.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, and will comply with, and often exceed, detail requirements indicated in RFP Section 7.9.

7.9.2 REPORTING FUNCTIONS (DRs 6, 7 and 8)

Response Requirement 2: The Proposer must describe its proposed System's reporting functions. This must include the ability of the Lottery Gaming System to produce a variety of reports as well as permit Texas Lottery staff to create ad-hoc reports using user-friendly report development tools including graphical reporting capabilities.

Scientific Games has reviewed in detail the Texas Lottery Commission document Reports List made available during a pre-proposal conference. The document describes the following reports categories (with the associated report counts):

- Administrative (67)
- Instant Games (33)

- Online Games (18)
- Instant and Online Games (13)
- Routine Operational (36)
- Retailer Terminal (40)

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We understand the specified report descriptions, frequencies, and recipient state divisions. The vast majority of these reports are satisfied by our standard reports repertoire. In satisfaction of RFP Table 55, Detail Requirement No. 6, Scientific Games' Software Project Manager, Eric Deaton, will determine, during the requirements collection phase of the implementation project, the detailed reporting needs of the entire Lottery staff and will, at a minimum, provide the reports documented in the Reports List. Please reference the standard reports available with the baseline system in the Supplemental Documentation found at the end of the Part 7 and on the Supplemental Documentation CD found behind the Electronic Media tab card.

We understand that the Texas Lottery will define the requirements and format for new reports and modifications to existing reports as well as review and approve the report format and production schedule. Satisfying RFP Table 55, Detail Requirement No. 7 Scientific Games' Software Development Manager, Jonathan Ng, and his team will create new, or modify old reports to the Lottery's requirements within 30 days of Texas Lottery written request.

Jonathan Ng, in cooperation with our Austin-based Operations Manager, Mike Skibel, will implement an feature to track access to reports that are generated automatically and made available for downloading by staff. The system will retain the count of those accesses to allow future elimination of unused (i.e., stagnant) reports from the system. This enhancement will satisfy the RFP Table 55, Detail Requirement No. 8.

7.9.2.1 SALES AND TRANSACTION REPORTS (DRs 9, 10, 11 and 12)

will provide both daily and weekly sales information (as required in RFP Table 55, Detail Requirement No. 9). These data will be made available through online access to retailers and the Texas Lottery and will be filterable/sortable by a wide range of criteria, including retailer type, game, and/or region. Results will be viewable on the management user's screen or printable on LAN-based printers. Retailers will have similar capabilities at their sales terminals.



In satisfaction of RFP Table 55, Detail Requirement No. 10, the daily sales report will be available to Texas Lottery personnel, sortable by game (i.e., product). Supporting sales data will reside in the AEGIS-EF data warehouse server for future access or auditing. Our Software Project Manager, Eric Deaton, will build and configure the central system to continually retain at least two years of sales estimates for each gaming product, available through online games. The supporting data will also be made available for that period. This will ensure that the Texas Lottery staff will always have access to this period of historic data.

allows authorized GMS users to request, process, and print portions of the gaming system's sales and transaction history. We will work with the Texas Lottery to ensure

During the requirements collection phase of the project, we will determine the Texas Lottery's exact definition of "sales" and create/modify our reports accordingly. Satisfying RFP Table 55, Detail Requirement No. 11, we will modify any reports to clearly disclaim that all other types of sales data are to be considered "unofficial sales."

Sales Reporting Tool Set – Scientific Games will install the sales reporting tool set with the latest version of

. This widely acclaimed provides a wealth of reporting capabilities that can be leveraged to provide the best-in-class reporting practices. System reports on sales, promotions, retailer performance, and other activities are easily obtained, and the gaming information can be downloaded to desktop applications.

Recent data will be accessible in real-time from the . A copy of older production data will be placed on a separate from the active gaming environment to mitigate any negative impact to the production systems, satisfying RFP Table 55, Detail Requirement No.12. All fields will be established as read-only to eliminate the chance of data corruption.

Key reporting services combines a single, complete reporting platform with a scalable and extensible architecture to meet a wide variety of reporting needs, including the following:

- **Enterprise Reporting** – Using Reporting Services, Scientific Games' staff can design a variety of reports and distribute them to Lottery staff using email.
- **Ad Hoc Reporting** – 2008 Reporting Services includes , a new ad hoc reporting tool that enables Lottery employees to create personalized reports and explore Texas gaming data. incorporates a user-friendly business query model that will enable your staff to build reports without a deep technical understanding of the underlying data sources.
- **Web-Based Reporting** – Scientific Games also can deploy interactive web-based reports to deliver information. Reporting Services provides personalization and interactivity.
- **Open, Extensible Enterprise Reporting Platform** – The Lottery gets a complete, server-based platform to create, manage, and deliver traditional and interactive reports. At the same time, the modular design and the platform's extensive Application Programming Interfaces (APIs) enable software developers, data providers, and other Texas governmental entities to integrate reporting with legacy systems or third party applications, such as a back-office.
- **Report Authoring, Management, and Delivery** – Reporting Services combines the benefits of a centrally-managed reporting system with the flexibility and the on-demand nature of desktop and web-based applications. It is a complete reporting platform supporting the entire report lifecycle, from authoring through deployment.

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*Multiple tools put reporting power
at the Lottery's fingertips.*

- **Sales History** – In addition to the two year retention period for sales detail, will be sized and configured to retain online summarized sales history by accounting period for each retailer for the entire term of the contract. This material will be readily available and immediately accessible. The GMS Database will provide an integrated view of historical sales, including current active sales data for available reporting to the Lottery through GMS terminals.

Scientific Games will work with the Texas Lottery to determine the data that must be presented in this integrated view for the Lottery's optimal business reporting needs.

Effective management of the Lottery business environment requires well-designed reports that can be generated easily at any time. Scientific Games has integrated a comprehensive reporting feature driven through GMS management terminals.

Texas Lottery personnel will have immediate access to a library of standard reports, including sales records, retailer data, terminal maintenance data, and daily transactions; the reports either can be scheduled for automatic generation or created as needed.

All information maintained in the database is available for queries and reports by authorized users in a secure and controlled environment. Users familiar with ad hoc query concepts can generate customized reports at any time. Plus, our database administrator/sales analyst will work with you to create and output the specialized ad hoc reporting you need to effectively run your business. Figure 7.9-1 offers an example of the effectiveness of our report content and layout.

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Dedicated sales analysis support.

Sunday, October 25, 2009 9:58:13 AM

Ended Games

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For All Games, Validation End Date From 3/2/2009 to 7/31/2009



Game	Name	Distribution End	Activation End	Validation End	Settle End
605	CASH REWARD	12/19/2007	04/14/2008	05/12/2009	12/31/2009
614	PHARAOH'S GOLD	09/11/2007	02/11/2008	03/10/2009	12/31/2009
615	CARIBBEAN STUD POKER	04/29/2008	05/12/2008	06/09/2009	12/31/2009
666	BLACK JACK DOUBLER	10/16/2007	04/14/2008	05/12/2009	12/31/2009
666	CLOUD 9	07/02/2007	02/11/2008	03/10/2009	12/31/2009
666	HARLEY-DAVIDSON	08/29/2007	02/11/2008	03/10/2009	12/31/2009
669	WIN FOR LIFE	03/19/2008	03/21/2008	04/14/2009	12/31/2009
674	FORTUNE COOKIE	11/12/2007	04/14/2008	05/12/2009	12/31/2009
675	LADY BUCKS	10/29/2007	04/14/2008	05/12/2009	12/31/2009
676	ELECTRIC 6'S	12/04/2007	05/12/2008	06/09/2009	12/31/2009
680	JACK O'LANTERN CASH	12/19/2007	04/14/2008	05/12/2009	12/31/2009
681	BOO KOO BUCKS	03/31/2008	04/14/2008	05/12/2009	12/31/2009
688	MILLION DOLLAR HOLIDAY COUNTDO	04/29/2008	05/12/2008	06/09/2009	12/31/2009
687	\$250,000 SANTA'S SURPRISE	04/29/2008	05/12/2008	06/09/2009	12/31/2009
688	HOLIDAY BUCKS	04/29/2008	05/12/2008	06/09/2009	12/31/2009
689	CANDY CANE CROSSWORD	02/21/2008	05/12/2008	06/09/2009	12/31/2009
690	FROSTY THE DOUGHMAN	04/29/2008	05/12/2008	06/09/2009	12/31/2009
691	MERRY MONEY	04/29/2008	05/12/2008	06/09/2009	12/31/2009
696	GOLDEN HEARTS	03/12/2008	07/02/2008	07/21/2009	12/31/2009
703	DIAMOND 9'S	05/14/2008	08/18/2008	07/07/2009	12/31/2009
869	BEGINNERS LUCK	11/21/2007	11/21/2007	03/31/2009	12/31/2009

Figure 7.9-1: Sample Ended Games Report

7.9.2.2 MANAGEMENT REPORTS

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has extensive data management and reporting capabilities. GMS is able to display all data resulting from queries, filtering, and sorting. The resulting information can then be output to networked printers or exported to standard desktop applications in a variety of formats.

The Reports module allows the user to run, display, save, and print reports about information and activity within the LGS. Some parameter values must be entered (for example a Retailer Identification Number). Others can be selected from a drop-down list. GMS allows authorized users to produce a comprehensive set of on-demand and off-line management reports by using standard reporting tools. The data in the management reports include online, account records, daily activity (transactions) performed by a retailer, and much more.

Scientific Games will meet with Texas Lottery staff during the business requirements collection phase of the implementation project to determine the final specifications for new management reports.

7.9.2.3 RETAILER REPORTS

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offers a complete suite of retailer terminal reports summarizing instant and online game activity, ticket inventory, retailer financial situation, and transaction detail. Please see **Section 7.5** for more details on available retailer terminal reporting.

7.9.2.4 SECURITY RELATED REPORTS

The system will be configured to generate, send, and/or print all Texas Lottery security-related reports (as specified by the Lottery) directly to the designated Lottery Security Personnel. The exact specifications of these reports will be documented during the implementation project.

7.9.2.5 TERMINAL REPAIR AND MAINTENANCE REPORTS

The Texas Lottery will have access to terminal repair and maintenance reports through management workstations or using our system. The Texas Lottery will also be provided a log of retailers' feedback on the timeliness of repairs and any miscellaneous comments the retailer may have about the repair(s). All depot repairs are also entered into a database from which various logistical reports can be provided.

**7.9.2.6 REPORT FORMATS**

can export report information to all common data formats, including XLS, RTF, CSV, PDF, HTML, and JPEG. Specifically, GMS and Lottery InSite subsystems will be able to export reports into major Microsoft Office applications, including Excel spreadsheets, Word text documents, Access databases, PowerPoint presentations, or Outlook email messages.

Remote web-based access to service data across the state.

7.9.2.7 USER FRIENDLY INTERFACE TO LOTTERY DATA

Scientific Games believes that all authorized Lottery employees should have simple, user-friendly access to all of the jurisdiction's data. A user should not have to always wait for a report modification to be defined, programmed, and installed—if a special one-time need arises for a new sort or a unique data filter, the user should have the tools on his/her PC to efficiently generate a report. To that end, we are offering the Texas Lottery the following end user reporting tool that is unsurpassed in the Lottery industry. We presented this executive information system, , in the **Section 7.1** overview.

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Not released**

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7.10 ICS SYSTEM AND VENDOR REQUIREMENTS

RFP Requirement: The Texas Lottery's Internal Control System (ICS) independently processes all daily sales, validation, inventory, claims, and retailer management and accounting activity for auditing, balancing and reporting purposes. A third-party vendor provides programming support to maintain ICS compatibility with the Lottery Gaming System.

Scientific Games considers this RFP requirement to be informational, therefore no response is required.

Table 58. ICS System and Vendor Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Contracts with a third-party vendor to provide the Texas Lottery a primary and backup Internal Control System, to include all associated hardware, software licenses, programming and maintenance support		X
2. Provides data to the Texas Lottery and/or designated third-party vendor to include, but not limited to, daily sales, validation, inventory, claims, and retailer management and accounting activity for audit, balancing and reporting purposes	X	
3. Provides support to help resolve out-of-balance conditions and maintain compatibility with the third-party ICS System	X	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)	
4. The Successful Proposer shall be responsible for reimbursing the Texas Lottery for all costs billed by the third-party ICS vendor and paid by the Texas Lottery for ICS software and support.	7.10.2	
5. The Successful Proposer shall cooperate fully with the third-party ICS vendor (which shall be selected by the Texas Lottery).	7.10.2	
6. The Successful Proposer shall provide any necessary resources to the third-party ICS vendor to maintain the linkage between the ICS System and the Successful Proposer's System.	7.10.2.1	
7. The Successful Proposer shall provide data to the Texas Lottery and/or designated third-party vendor in near-real time for processing.	7.10.2.1	
8. The Successful Proposer shall work with the Texas Lottery, any Texas Lottery designated third-party vendor and the current ICS vendor to convert, from the existing ICS or the current Lottery Operator's database, the daily transaction history/files for the past ten (10) years, at a minimum.	7.10.2.1	

DETAIL REQUIREMENTS	RESPONSE SECTION(S)
9. The Successful Proposer's System must provide automated balancing between the ICS and the Lottery Gaming System. The requirement is that there should never be an out-of-balance situation between ICS and the Successful Proposer's Lottery Gaming System. The Successful Proposer must develop procedures to solve out-of-balance situations between the Lottery Gaming System and primary and backup ICS.	7.10.3.1
10. The Successful Proposer shall load debit, credit and/or new Retailer files from the Texas Lottery into the Lottery Gaming System within four (4) hours after receipt of the files.	7.10.2.1

Table 59. ICS System and Vendor Response Requirements

RESPONSE REQUIREMENT
1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.
2. The Proposer must describe the process for providing support to the third party ICS vendor and how transactions from the Lottery Gaming System will be processed.
3. The Proposer must describe how out-of-balance incidents are handled and electronic funds transfers are accomplished.

Table 60. ICS System and Vendor Service Levels

SLR #	SLR NAME
3.60.37	Inability of the Internal Control System to Update Lottery Applications
3.60.38	Out-of-balance Condition Between ICS and Lottery Gaming System
3.60.39	Failure to Load Debit, Credit, and/or New Retailer Files from the Texas Lottery into the Lottery Gaming System

RESPONSE TO TABLE 59: ICS SYSTEM AND VENDOR RESPONSE REQUIREMENTS

7.10.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, and will comply with, and often exceed, the detail requirements indicated in RFP Section 7.10.

7.10.2 ICS VENDOR SUPPORT (DRs 4 and 5)

Response Requirement 2: The Proposer must describe the process for providing support to the third party ICS vendor and how transactions from the Lottery Gaming System will be processed.

Scientific Games understands and will comply with RFP Table 54, Detail Requirement No. 4: We will reimburse the Texas Lottery for all costs billed by the third party ICS vendor and paid by the Texas Lottery for ICS software and support.

In satisfaction of RFP Table 54, Detail Requirement No. 5, Scientific Games has always maintained excellent working relationships with all major gaming industry ICS providers and we will continue to cooperate fully with the current Texas Lottery ICS vendor. We have developed effective inter-company procedures for data exchange, reporting, automatic balancing, and problem resolution.

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7.10.2.1 NEAR REAL-TIME PROCESSING (DRs 6, 7, 8 and 10)

We will provide all resources needed to maintain the real-time connection between our systems and the ICS (primary and back-up), and ensure that the near real-time transfer of data supporting ICS processing is not disrupted (as required by RFP Table 54, Detail Requirement Nos. 6 and 7).



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*Continuous balancing with ICS for
early issue detection.*

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Satisfying RFP Table 54, Detail Requirement No. 10, our support will include in the loading of Texas Lottery-supplied debit, credit, and/or new retailer files into [REDACTED]. We will institute operations procedures that will ensure that these loads are accomplished no later than four hours after file receipt.

7.10.3 OUT-OF-BALANCE INCIDENTS AND ELECTRONIC FUNDS TRANSFERS

Response Requirement 3: The Proposer must describe how out-of-balance incidents are handled and electronic funds transfers are accomplished.

Scientific Games has worked with all major ICS suppliers during its decades as a supplier of lottery control systems. We have built strong working relationships with each — relationships that have resulted in the establishment of effective collaborative procedures that ultimately benefit the jurisdiction and its stakeholders. The process we typically follow when working with Elsym Consulting, Inc. is discussed in the following sections.

7.10.3.1 ICS SYSTEM BALANCING PROCEDURES

In satisfaction of RFP Table 54, Detail Requirement No. 9, there are three specific automated system procedures that the [REDACTED] systems use to ensure that the LGS and the ICS are in balance.

Transactions are received by the ICS, reprocessed, and the results are compared to those generated by [REDACTED]. The following system balancing procedures are used in this comparison:

- 1.
- 2.

3.

4.

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7.10.3.2 IDENTIFYING AN OUT-OF-BALANCE SITUATION

If an abnormal situation is detected by the near real-time automatic balancing routines, the Lottery, or Scientific Games staff, the transaction files and balancing reports will be examined for obvious problems. The results of this investigation are then reported on the System and Operator Generated Command Exception Report. This report will provide information on the type of exception found, plus when and by whom it was generated. This information can then be provided to the Lottery's security staff for follow-up while the ICS and LGS vendors continue toward problem remediation. This process ensures the integrity of the data captured by the ICS.

To reconcile an out-of-balance condition, Scientific Games support staff will determine if the problem could be due to a transmission or tape errors. If this is the problem, ICS data will be restored from back-up media and the process rerun using the corrected data. If this is not the case, and Scientific Games would begin the search for the problem.

7.10.3.3 BALANCE REPORTS

The ICS application software will perform reprocessing of all data for each drawing, including the following verifications:

- Sales by game and by drawing for each retailer
- Count of prize winners at each prize level for each game
- Validations and outstanding prize liabilities for each game and each drawing

Various reports are also available to the Lottery that show how the system is balanced.

7.10.3.4 SCIENTIFIC GAMES PROCEDURES FOR AN OUT-OF-BALANCE SITUATION

If an out-of-balance situation occurs, Scientific Games uses the following procedure to resolve it.

1. Software personnel, who are available 24-hours a day, are contacted immediately to investigate and remedy the situation.
2. Both the ICS and generate a report that breaks down transaction activity by retailer and by hour.
3. When the out-of-balance situation is detected, Scientific Games can focus on the location and time of the problem.
4. Raw transactions are printed for that retailer and time period to pinpoint the problem.
5. When the problem is isolated, remedial action is taken (action taken will depend on the specific problem), and the transactions in question are corrected.
6. A full report of the condition, cause, and fix is issued to the Lottery.

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7.11 SYSTEM SUPPORTED TERMINAL FUNCTIONS

RFP Requirement: The Lottery Gaming System supports a variety of Retailer Sales Terminals and related System sales equipment. All Terminals and equipment are connected to the Lottery Gaming System and process transactions real time. The following table identifies the requirements for System supported Terminal functions.

Scientific Games considers this section to be informative and therefore no response is required.

Table 61. System Supported Terminal Functions Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Integrates all System-supported Terminal equipment with the Lottery Gaming System to process transactions real time	X	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)	
FUNCTIONALITY		
2. The Lottery Gaming System, through the Retailer Sales Terminal, must support sales and validation of all Texas Lottery Products including the confirmation, activation, settlement and return of all Instant Ticket game packs.	7.11.2.1	
3. Transactional activity must be logged on the Lottery Gaming System for all Retailer and player Terminal devices connected to the Lottery Gaming System or Terminals connected to each other.	7.11.4	
4. All Terminals, including Player Activated Terminals, must provide ticket prize inquiry communication of winning, non-winning and actual prize amount data.	7.11.5	
5. The Lottery Gaming System, through the Retailer Sales terminal, must handle various media, variable form sizes, objects of various shapes/sizes and optical mark code types, and identify the applications that may use such codes. The media, forms, objects and optical mark codes include, but are not limited to, the following: a. Packs and single tickets; b. Boxes/cartons of tickets; c. Instant Tickets of various sizes; d. Play slips; e. Online tickets; f. Bar coded coupons; g. Field service identification cards; h. Survey tools; and i. System generated gift cards.	7.11.2.1	

DETAIL REQUIREMENTS	RESPONSE SECTION(S)
FUNCTIONALITY	
6. The Lottery Gaming System, through the Retailer Sales Terminal, must have a training mode. Training mode must not allow for the production of physical "test" tickets. Representation of "test" tickets generated must be graphically represented on the display screen.	7.11.2.1
7. When a multi-draw or advanced wager On-Line Ticket is presented for validation through the Retailer Sales Terminal, the Lottery Gaming System must provide the ability to request and present multiple draw date results for individual On-Line games to determine the prize amounts, if any, for each draw that has been completed prior to the ticket validation. The maximum draw dates able to be presented must match the length of the multi-draw or advanced wager functionality for each On-Line game.	7.11.2.1
8. The Lottery Gaming System must provide the capability to set Terminal parameters so that Texas Lottery-designated Terminals only have inquiry functionality by product type (i.e., Claim Centers).	7.11.2.1
9. The password function must permit (e.g., Claim Centers, etc.) multiple levels of secure access, including access for the Texas Lottery representative, store manager/owner, and clerk. This capability must restrict privileged transaction types to authorized users; for example, store managers (but not clerks) must be able to display Retailer financial reports. The access profiles and associated privileges are to be consistent with Texas Lottery security policies.	7.11.2.1
10. For prize payments of twenty-five dollars (\$25) to five hundred and ninety-nine dollars (\$599) paid at a Retailer, the Successful Proposer's System must provide the capability to capture and track the store information including the ID of the clerk who validated and paid the winning ticket. The Terminal and validation system must provide the capability to go into "confirmation" mode to alert the Retailer for prizes above a certain dollar threshold so the Retailer can determine that it has sufficient funds to pay the prize prior to selecting to proceed with validation.	7.11.2.1
11. The Terminal must provide the capability to go into "confirmation" mode to alert the Retailer for purchases of Lottery tickets above a certain dollar threshold so the Retailer can determine if the player is willing to purchase those Lottery tickets prior to the Retailer's recording of the wager on the System and selecting to proceed with the Lottery ticket sale transaction.	7.11.2.1
12. At the Texas Lottery's request, the Lottery Gaming System must have the capability, through the Retailer Sales Terminal and other sales devices, to process gift cards, players club cards, other commonly accepted transaction cards (debit cards, etc.), coupons or other transactional items related to the processing of Lottery transactions.	7.11.2.1

BAR CODES	RESPONSE SECTION(S)
13. The Lottery Gaming System must be capable of reading ISO/IEC industry standard barcodes to allow keyless ticket inquiry and validations.	7.11.2.2
14. The Lottery Gaming System must be capable of producing/generating numbers and various graphics (symbols and pictures) and ISO/IEC industry standard barcodes.	7.11.2.2
<p>15. The Successful Proposer shall secure and obtain any and all necessary rights (including, but not limited to, licensing rights from the appropriate third parties)</p> <ul style="list-style-type: none"> i. to allow the bar code to be printed on the face of Texas Lottery On-Line Tickets and underneath the latex of Texas Lottery Instant Tickets, and ii. for use of the bar-code technology to allow players to confirm, on their own, if a ticket is a winner and the amount of the prize, and iii. to ensure that the foregoing rights are obtained on behalf of the Texas Lottery, its vendors, and all Retailers, in compliance with the terms and conditions in sections 3.25 and 3.26 of this RFP (e.g., for incorporation of Third Party Materials into the Works, to indemnify and hold the Texas Lottery and its vendors and Retailers harmless therefore, and to provide remediation in the event the Successful Proposer cannot obtain the necessary license rights). <p>The Texas Lottery reserves the right to review any language required to be printed on Instant and On-Line Tickets by license rights obtained by the Successful Proposer. The bar code technology must pass all tests performed by the Texas Lottery or its authorized designee for compliance with current Texas Lottery quality and security standards, including all changes to such standards during the term of the Contract.</p>	7.11.2.2
INVENTORY	RESPONSE SECTION(S)
16. The Lottery Gaming System must be able to assign and track On-Line Ticket stock from receipt at warehouse to delivery and assignment to each Retailer. The Lottery Gaming System must be able to track the return of unused On-Line Ticket stock to the central distribution warehouse.	7.11.2.3
17. The Lottery Gaming System, through the Retailer Sales Terminal, must be capable of verifying Retailer receipt of Instant Tickets, collection and transmission of survey data, and other materials.	7.11.2.3
18. The Lottery Gaming System, through the Retailer Sales Terminal, must be capable of allowing the LSR to change the status of full Instant Ticket packs returned to the central distribution warehouse or transferred to another Retailer (i.e., ticket returns).	7.11.2.3

INVENTORY	RESPONSE SECTION(S)
19. The Lottery Gaming System must allow Retailers to order Instant Tickets at anytime, through the Sales Terminal, in addition to ordering in response to a telemarketing call. The System must provide controls to manage this automated ordering process.	7.11.2.3
20. The Successful Proposer must provide an inventory system, using the Retailer Sales Terminal, to track and maintain inventory of all signage and related Lottery equipment (e.g., playstations, neon signs, etc.) as requested by the Texas Lottery.	7.11.2.3
MESSAGING	RESPONSE SECTION(S)
21. When the Retailer Sales Terminal is not being used, the Retailer interface must display a Texas Lottery-approved programmable messaging screen saver for the Retailer's view.	7.11.2.4
22. The Lottery Gaming System, through Retailer Sales Terminals, must provide the capability to send network messages (including streaming video) or video file downloads to Terminal resident storage on all Retailer Sales Terminals to be displayed via Terminal-operated screens or monitors and Retailer Sales Terminal display. Information displayed on Terminals must be shown by groups of Retailers (based on county, zip code, business type, chain, sales level, or Texas Lottery designated group), or a single Retailer. The Texas Lottery will approve all messages and must have the ability to send the message (or ask the Successful Proposer to send the message). The Successful Proposer's System must also be able to send messages from the Amber/Silver/Blue Alert network (or other emergency messages as required) concurrently with other Texas Lottery-approved messaging (multiple messaging access). The Successful Proposer's System must have the capability to retain messages so new messages received do not delete the previously sent message.	7.11.2.4
23. If a Retailer Sales Terminal is not powered on or communicating with the Lottery Gaming System at the time of broadcast, the Lottery Gaming System shall ensure that the Terminal receives the message immediately upon sign-on.	7.11.2.4
24. The Lottery Gaming System must provide the capability to designate a message's categorization (e.g., immediate or deferrable [within a specific time]). For certain messages, as designated by the Texas Lottery, the message must be read by the Retailer before the Terminal can resume normal transaction functions.	7.11.2.4

MESSAGING	RESPONSE SECTION(S)
25. The Lottery Gaming System, through the Retailer Sales Terminal, must provide the ability to receive content from a centralized content management system which is provided, maintained, and administered by the Successful Proposer. Through the Retailer Sales Terminal or attached video displays, the content management system shall stream content and information including but not limited to: local news feeds, local sports scores, local weather, Retailer specials, Texas Lottery provided content, etc.	7.11.2.5
26. The Retailer Sales Terminal must be capable of receiving, storing and transmitting wired and wireless messaging to other messaging communication devices deployed by the Successful Proposer in the retail environment.	7.11.2.6
REPORTING	RESPONSE SECTION(S)
27. The Lottery Gaming System, through the Retailer Sales Terminal, must provide Retailers with reports of their validations and other account activities, on a daily, weekly, monthly, "shift-level," "user code" or Retailer-directed (e.g., "time range") basis, including the ability to provide a report of recent Lottery activity by specified date/time range.	7.11.2.7
28. The Lottery Gaming System must provide the ability to produce Terminal reports listing adjustments. The reports must list adjustment date, game type and dollar amount.	7.11.2.7
29. The Successful Proposer must provide Terminal reporting capability to mirror sales period activity to support Retailer functions.	7.11.2.7
30. The Successful Proposer's System, through the Retailer Sales Terminal, shall provide the ability to audit a Retailer's account including but not limited to all Lottery transactions and financial transactions (e.g., validations, cash payments, adjustments made to Retailer account, and inventory).	7.11.2.7
31. The Successful Proposer's System, through the Retailer Sales Terminal, shall provide the ability to manage and report Retailer bonus and incentive payments.	7.11.2.7
32. The Successful Proposer's System shall provide the capability to provide statements to individual Retailers, and Key, Corporate and Chain accounts through a variety of media including but not limited to: Retailer Sales Terminal, Retailer Web page, electronic files, and printed paper. Statement information must be available online via the Retailer Management System for a period of 36 months. Financial, inventory, sales and general statement information must be archived for ongoing reference in a manner and format approved by the Texas Lottery and based on the records retention requirements in Section 3.74.	7.11.2.7

Table 62. ICS System and Vendor Response Requirements

RESPONSE REQUIREMENT	
1.	The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.
2.	The Proposer must describe the terminal functions supported by the Lottery Gaming System that meet the requirements of this Section.
3.	Each Proposer must provide information on the functionality or capability of all On-Line devices to interact with the back-office systems of Retailers.
4.	The Proposer must describe its System's capability to inquire and log ticket prize inquiries and validations from all Terminals to the Lottery Gaming System.
5.	The Proposer must describe its Terminals' capability (including Player Activated Terminals) to provide ticket prize inquiry communication of winning, non-winning and actual prize amount data.

Table 63. ICS System and Vendor Service Levels

SLR #	SLR NAME
3.60.40	Inability of the Lottery Gaming System to Confirm or Activate Instant Ticket Packs (All Retailers)
3.60.41	Inability of a Texas Lottery Retailer to Confirm or Activate Instant Ticket Packs (Single Retailer)
3.60.42	Inability of the Lottery Gaming System to Produce Accurate Terminal Reports or Make Terminal Reports Available

RESPONSE TO TABLE 62: SYSTEM SUPPORTED TERMINAL FUNCTIONS RESPONSE REQUIREMENTS

7.11.1 ACKNOWLEDGMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, and will comply, and often exceed, the detail requirements indicated in RFP Section 7.11.

7.11.2 LOTTERY GAMING SYSTEM TERMINAL FUNCTIONS SUPPORT

Response Requirement 2: The Proposer must describe the terminal functions supported by the Lottery Gaming System that meet the requirements of this Section.

The following sections provide descriptions of retailer and player terminal functions that are either controlled by or involved with the central system. More details about how these features manifest themselves at the WAVE™ retailer sales terminal can be found in our response to **Section 7.12**.

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7.11.2.1 FUNCTIONALITY (DRs 2, 5, 6, 7, 8, 9, 10, 11 and 12)

In satisfaction of RFP Table 61, Detail Requirement No. 2, will support sales and ticket validation of all Texas Lottery products through our WAVE™ retailer sales terminal. Included in this functionality are confirmation, activation, settlement, and return of all instant tickets. The terminal will also perform online ticket cancels, reports, instant ticket orders, user sign-ons, and user sign-offs.

We have designed our WAVE™ terminal and to handle a wide range of media and data representations. In satisfaction of RFP Table 61, Detail Requirement No. 5, our solution handles various media, variable form sizes, objects of various shapes/sizes, and optical mark code types. The WAVE™ and/or host identify the applications that would use, or be required to read, those codes. Our system can handle, at least, the following items:

- a. Instant ticket packs and single tickets
- b. Shipping boxes/cartons of instant tickets
- c. Instant tickets of various sizes
- d. Online playslips
- e. Online tickets
- f. Bar coded coupons
- g. Field service identification cards
- h. Survey tools
- i. System-generated gift cards

In satisfaction of RFP Table 61, Detail Requirement No. 6, the retailer sales terminal has a training mode that is controlled by the central system (LGS). We will configure the Texas system and terminals to prevent the production of any physical (i.e., printed) tickets or reports while in training mode. These tickets and reports, however, will be displayable graphically on the device's screen. This is accomplished by defining the screen as a virtual printer, causing anything that would normally be printed to go to the display instead.

As shown in Figure 7.11-1, the terminal screen is boldly bracketed by training mode indicators to minimize the chance of clerk confusion.



Figure 7.11-1: WAVE™ Screen Clearly Indicates Operation in Training Mode

When the retailer enters or exits training mode on the WAVE™, a special transaction is created, sent to the host for processing, and stored in the transaction file to provide an audit trail of the activity. In this way, the host is aware that the terminal is not operating in production mode. Data integrity of the central system is maintained because production data files are never updated with any training mode activity. All training transactions, most importantly ticket sales and winner redemptions, can also be logged on the central system as special "training mode" entries.

will satisfy RFP Table 61, Detail Requirement No. 7. A multi-draw or advanced online wager that is presented for validation on the WAVE™ will cause the host to generate and present on the terminal multiple draw-date results for the associated games to determine the prize amounts, if any, for which the ticket is eligible. The feature will support as many draws as supported by online game advanced wagering.

The central system complies with RFP Table 61, Detail Requirement No. 8 by extensively using parameters to define how the terminal should operate. Using GMS screens, a suitably privileged user may enable/disable or parameterize a wide range of terminal capabilities. The capability should allow easy restriction of certain terminals to inquiry-only mode, such as would be used at Claim Centers.

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complies with RFP Table 61, Detail Requirement No. 9 by offering multiple levels of secure access (sign-on), including access for LSRs, store managers, store owners, field technicians, and clerks. Each user type will be assigned a specific security setting that will, for example, restrict available functionality. One use of this would be to allow only store owners and managers to view retailer financial reports. All user access profiles and their associated system privileges will be consistent with Texas Lottery security policies.

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satisfies RFP Table 61, Detail Requirement No. 10 by tracking store information and clerk ID of the person who validated and paid the owner of a winning ticket worth between \$25 and \$599 inclusive. The system supports confirmation mode (also called "pay verify") to alert the retailer about prizes above certain monetary thresholds, allowing the clerk to determine if sufficient funds exist to pay the prize prior to completing the validation process. supports separate thresholds for each game, and there can be multiple warning levels leading up to the maximum payable.

similarly complies with RFP Table 61, Detail Requirement No. 11 by offering multiple configurable warnings about large online wagers. Again, the warnings can be assigned by game or even game characteristics, such as warning that a sale was requested for Power Play when buying a Powerball ticket. Figure 7.11-2 shows an example of a WAVE™ wager that has reached the warning threshold. The clerk is asked to acknowledge the sale before the tickets will be generated.



Figure 7.11-2: Example of WAVE™ Large Wager Warning

satisfies RFP Table 61, Detail Requirement No. 12 by processing, on a WAVE™ or other sales device, gift cards, players club cards, other commonly accepted transaction cards (e.g., debit cards), coupons, or other transaction items related to the processing of Lottery transactions.

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7.11.2.2 BAR CODES (DRs 13, 14 and 15)

Satisfying RFP Table 61, Detail Requirement No. 13, our _____ and WAVE™ terminal combination is able to read and interpret ISO/TEC industry standard bar codes. For instance, the terminal can read two-dimensional bar codes (e.g., PDF-417) to support keyless ticket inquiry and/or validation.

In satisfaction of RFP Table 61, Detail Requirement No. 14, the LGS (central system and WAVE™ combination) is able to produce numbers, various graphics (e.g., symbols and pictures), and ISO/IEC industry standard bar codes and outputting them to the high resolution thermal printer.

Scientific Games will comply with RFP Table 61, Detail Requirement No. 15 by obtaining the necessary rights (including, but not limited to, licensing rights from appropriate third parties) to cover the following:

- (i) allow the bar code to be printed on the face of Texas Lottery online tickets and underneath the play area covering of Texas Lottery instant tickets;
- (ii) use the bar-code technology to allow players to confirm, on their own, if a ticket is a winner and, if so, the amount of the prize;
- (iii) ensure that the foregoing rights are obtained on behalf of the Texas Lottery, its vendors, and all retailers, in compliance with the terms and conditions in Section 3.25 and Section 3.26 of this RFP (e.g., for incorporation of third party materials into the Works, to indemnify and hold the Texas Lottery and its vendors and retailers harmless therefore, and to provide remediation in the event the Scientific Games cannot obtain the necessary license rights).

We understand that the Texas Lottery reserves the right to review any language required to be printed on instant and online tickets by license rights obtained by us. We further understand and agree that the bar code technology will pass all tests performed by the Texas Lottery or its authorized designee for compliance with current Texas Lottery quality and security standards, including all changes to such standards during the term of the contract.

7.11.2.3 INVENTORY (DRs 16, 17, 18, 19 and 20)

_____ complies with RFP Table 61, Detail Requirement No. 16 by being able to assign and track online ticket stock from receipt at warehouse to delivery and assignment to each retailer. The LGS tracks the return of unused stock to the central distribution warehouse. The system performs this tracking in the same way and with the same statuses as it tracks instant tickets throughout their lifecycle. By using that same paradigm, the system is able to provide the Texas Lottery with reports showing the location and status history of each ticket stock shipping carton.

Typically, security concerns prevent the system from knowing exactly which paper security serial numbers are included in each shipment, but it is well aware of the count of rolls and their ID numbers.

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satisfies RFP Table 61, Detail Requirement No. 17 by being able to show the location of each instant ticket pack. The system can report on which packs have been received at the destination retailer, whether they have been activated or settled, and which packs (or loose tickets) are being returned. We can supply location and status history information for each pack. We will ensure that the system tracks survey data and other materials in the same manner.

satisfies RFP Table 61, Detail Requirement No. 18 by supplying WAVE™ retailer terminal screens which will allow LSRs to change the status of full packs being returned to the warehouse. Alternatively, the representative can transition that pack into his/her own inventory to transport it to a retailer that can use the tickets. This LSR "swap" capability significantly reduces the volume of field packs moving into the warehouse(s).

in concert with retailer WAVE™s, supports on-terminal orders for instant tickets, thus satisfying the RFP Table 61, Detail Requirement No. 19. By using the high resolution screen, the retailer can quickly "touch-in" his/her desired pack counts. This process is designed to cooperate, rather than interfere with, telemarketing orders. If a retailer places a terminal order after a telemarketing order, the system will prevent the two orders from being added — the final count of packs will always make sense and be within the designed "maximum pack count" for each game for each retailer. On the other hand, if the retailer's order is placed prior to the telemarketing call, the telemarketer will see the counts ordered at the terminal and the system will adjust his/her suggested order counts accordingly.

The Scientific Games LGS satisfies RFP Table 61, Detail Requirement No. 20 by providing an inventory system, accessed through the WAVE™, to track and maintain inventory of all signage and related Lottery equipment (e.g., playstations, neon signs, etc.).

7.11.2.4 MESSAGING (DRs 21, 22, 23 and 24)

Scientific Games satisfies RFP Table 61, Detail Requirement No. 21 by implementing a Texas Lottery-approved programmable message screen saver to be displayed whenever the WAVE™ has not been used for "n" minutes (where "n" is a globally settable parameter).

Scientific Games will configure the WAVE™ retailer sales terminals to satisfy RFP Table 61, Detail Requirement No. 22. We will ensure that the terminals support the sending of network messages (which may include streaming video) or video file downloads to in-terminal persistent storage. The downloaded content can then be displayed on the player viewable screen(s) controlled by the terminal. The content also will be viewable on the clerk's screen.

The recipient retailers are selected by characteristic filters, such as ZIP Code, business type, chain affiliation, sales level, county, games sold, equipment type, etc. Retailer selection may also be done by user-built retailer groups, which may be a single retailer chosen by retailer ID.

We will deliver the capability to send Amber, Silver, and/or Blue Alert messages, or any other emergency message required by the Texas Lottery. These alerts will be transmittable and displayable concurrently with other Texas Lottery approved message (i.e., the terminal will support multiple messaging accesses). We will size the terminal's persistent storage appropriately to guard against message deletion caused by the reception of subsequent messages.

Our solution satisfies RFP Table 61, Detail Requirement No. 23 because the WAVE™ design requires it to never miss a transmitted message. If the terminal is powered off or the link to the host has been disrupted when a message is broadcast, it will still receive it as soon as someone signs in to the host.

complies with RFP Table 61, Detail Requirement No. 24 by supporting both deferred and immediate retailer terminal messages. When a message is sent as "immediate," the terminal's clerk must read and acknowledge it before continuing his/her activity. If the message is designated "deferred" by the sender, it does not need to be read right way but will be queued for later review.

7.11.2.5 CONTENT MANAGEMENT SYSTEM (DR 25)

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Scientific Games proposes our exciting and versatile digital content management solution, called TM to satisfy RFP Table 61, Detail Requirement No. 25. We agree with the Lottery that this communication medium will be one of the most effective means, both in terms of costs and exposure, of communicating with players in the years to come. Lotteries are quickly discovering that while the technology is exciting, it is what marketers do with the technology that truly makes the difference. In the end, it provides the Lottery with a direct voice to the player.



Our proven allows message content to be sent to and displayed on high resolution LCDs connected through our WAVE™ terminal at all, specific, or defined groups of retailers, allowing the Lottery to deliver messages customized to cities, regions, or even chains (see below for the complete list of retailer selection criteria).

Our solution includes rapid distribution of content to the retailer terminals and the driving of high resolution displays. With this capability the Lottery will be able to implement new marketing and sales strategies within minutes of making a corporate decision, instead of the typical two-week cycles associated with print media.

With the future of how we market new, unique games is readily at hand. The Lottery can quickly show any of the following information:

- Texas Lottery Commission branded products
- Latest promotion(s) of the week
- Photos of the latest high profile jackpot winner(s)
- Latest jackpot roll
- Instant games that are about to sell out
- Most exciting top instant ticket prizes still available
- Newest instant-online game(s)
- Responsible gaming messages and help group contact information

The system will support the broadcast of Amber, Blue, and Gray Alerts (as required by Section 7.11 Detail Requirement 22) as we do today in other jurisdictions. Because of the high network bandwidth required for the dissemination of streaming video, we

will work with the Texas Lottery to precisely define the requirements for the display of content such as news, sports, and weather broadcasts.

**Confidentiality Claimed
Not released**

Confidentiality Claimed
Not released

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Not released**

**Confidentiality Claimed
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Not released

**Confidentiality Claimed
Not released**

7.11.2.6 MESSAGING

The WAVE™ complies with RFP Table 61, Detail Requirement No. 26 through its support of communicating with ticket checkers and remote signage across wired and wireless connections. In each case, we use a connection method and protocol mandated by the remote device. To the retailer terminal, the connection is considered just another USB port.

7.11.2.7 REPORTING (DRS 7, 28, 29, 20, 31 and 32)

F offers a complete suite of retailer terminal reports summarizing online and instant ticket game activity, financial position, and general information content that easily satisfies RFP Table 61, Detail Requirement No. 27. Reports include cashing activity (i.e., validations), inventory activity, and online sales. Many of the reports allow the user to specify a from-to time or date range, resulting in a report for a single business day, week, or month. Other reports, such as the Clerk Shift report, offers a history of activity performed by a user during the current sign-on (i.e., user code) period or a time range during a given day.

The following list of retailer terminal instant ticket reports illustrates that our – WAVE™ combination will provide retailers with a wealth of reporting capabilities:

- Weekly Invoice (online + instant) **Information Redacted**
- Daily Activity Summary **§552.101/466.022/552.139**
- Winning Numbers
- Latest Transactions
- Week-to-Date Activity
- Inventory Summary
- Inventory Detail
- Packs in Stock
- Active Packs (In-Use)
- Pack Settlement Detail
- Shipment Report (Manifest)
- Full Pack Returns
- Partial Pack Returns
- Inventory History
- Weekly Settled Packs
- Game Info
- Games on Sale
- Adjustment History
- Clerk Sign-on
- Customer Display Message
- Winner Awareness
- Broadcast Messages (current and past)
- Cashing Activity
- Instant Ticket Sales
- Partial Pack Transitions
- Stolen Pack Transitions
- End of Game Liability
- Cash Draw Balancing
- Game Aging
- Packs in Transit
- Sales Detail
- Activity Detail (online + instant)

Term: 359165		26 Jul 2008 11:06	
History			
07/26/08			
11:06	C Sell	CASH5 01-15-XX-XX-XX	\$1.00
11:06	C Sell	mix&match 19-13-XX-XX-XX	\$2.00
11:06	C Sell	MATCH6 04-09-XX-XX-XX-XX	\$10.00
11:06	C Sell	PPLAY 03-09-XX-XX-XX-XX	\$2.00
11:05	C Sell	PBALL 03-26-XX-XX-XX-XX	\$1.00
11:04	C Sell	QUINTO NITE OP X8760 B4	\$1.00
11:04	C Sell	QUINTO NITE OP 6222X F4	\$1.00
11:04	C Sell	QUINTO NITE OP XX142 B3	\$1.00
11:04	C Sell	QUINTO NITE OP 136XX F3	\$1.00
11:04	C Sell	QUINTO NITE OP XXX98 B2	\$1.00
11:04	C Sell	QUINTO NITE OP 79XXX F2	\$1.00
11:04	C Sell	QUINTO NITE OP 02098	\$1.00
11:04	C Sell	QUINTO NITE OP 93195	\$1.00
11:03	C Sell	BIG4 NITE OP 5337 Box	\$1.00
11:03	C Sell	BIG4 NITE OP 9922 Straight	\$0.50
11:03	C Sell	TDN NITE OP 833 Straight	\$0.50
11:03	C Sell	TDN NITE OP 751 Box	\$0.50
11:03	C Sell	TDN NITE OP 812 StrBox	\$1.00
11:03	C Sell	TDN NITE OP X45 BP	\$0.50
11:03	C Sell	TDN NITE OP 23X PP	\$0.50
11:03	C Sell	TDN NITE OP 071 SpStr	\$18.00
11:02	E Pk MGT	PACK NOT ON FILE	6
11:02	E Pk MGT	PACK NOT ON FILE	6
11:00	E Rpt	MIX & MATCH CANCEL LAST N	
11:00	E IN5 CSH	CANNOT PROCESS	7
10:59	E IN5 CSH	INCORRECT PIN NUMBER	7
10:58	E Cash-V	Voucher not found on file	
10:58	E Cancel	CANCEL TIME EXPIRED	
10:58	E Cash	Drawing Not Final	
10:57	C Rpt	27	
10:57	C Rpt	26	
10:57	C Rpt	13	
10:57	C Rpt	2	
10:57	C Rpt	21	
10:57	C Rpt	81	
10:57	C Rpt	1	
10:57	C Sell	mix&match 10-15-XX-XX-XX	\$2.00
10:56	C Sell	MATCH6 06-09-XX-XX-XX-XX	\$10.00
10:56	C Sell	MATCH6 21-29-XX-XX-XX-XX	\$10.00
10:55	C Sell	PBALL 20-11-XX-XX-XX-XX	\$1.00
10:53	C Sell	PPLAY 11-27-XX-XX-XX-XX	\$10.00
10:52	C Sell	THUNT 02-16-XX-XX-XX-XX	\$75.00
10:52	C Sell	CASH5 11-15-XX-XX-XX-XX	\$3.00
10:52	C Sell	QUINTO NITE XXX12 B2	\$3.00
10:51	C Sell	BIG4 DAY OP 9690 Box	\$5.00
10:51	C Sell	TDN NITE 12X PP	\$1.00
10:47	C Close		\$0.00
10:47	C IGM In		
10:47	C Signon	359165	

Figure 7.11-9: WAVE™ Terminal Transaction Printed Report

- Active Packs
- Orderable Games
- Remaining Top Prizes
- Sales by Price Point
- Sales Comparison
- Outstanding Packs
- Retailer Info
- Clerk Shift Activity
- Retailer Ranking
- Commissions (online + instant)
- Year-to-Date Earnings
- Zero Sales

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As noted above, our [redacted] – WAVE™ combination produces an adjustment history, thereby satisfying RFP Table 61, Detail Requirement No. 28.

Scientific Games will provide terminal reporting capability to mirror sales period activity to support retailer locations, thereby satisfying RFP Table 61, Detail Requirement No. 29.

Scientific Games will ensure that RFP Table 61, Detail Requirement No. 30 is satisfied by providing a WAVE™ terminal capability to audit/review the retailer's account, including, but not limited to, all Lottery transactions and financial transactions. Examples include: validations, cash payments, posted adjustments, and inventory. One example of this auditing capability is the transaction detail report (shown in Figure 7.11-9), listing in chronological order all of the terminal's activity for the day.

[redacted] will satisfy RFP Table 61, Detail Requirement No. 31 by incorporating a WAVE™ feature that allows the retailer to review, monitor, manage, and report on his/her bonus and/or incentive payment status.

In compliance with RFP Table 61, Detail Requirement No. 32, Scientific Games will provide retailers, chain headquarters, corporate accounts, and Lottery staff with invoice statements through content channels optimized to the requester's data, access method and available hardware.

Scientific Games will ensure that the Texas Lottery [redacted] data warehouse will retain at least 36 months of statement data throughout the contract period, and other financial, inventory, sales, and general statement data retention will comply with policies and practices presented in Section 3.74 of the RFP.

Retailer Sales Terminal – Retailers are able to both display their weekly statements (i.e., invoice) on their WAVE™ retailer sales terminal and output the data to the thermal printer.

Exceeding the RFP requirement for a weekly statement, also will provide an itemized financial statement at any time during the accounting week to support a cash drawer balancing process. Figure 7.11-10 provides an example of the detail available on this (printed) report and how useful it can be to the clerk or store manager. Additionally, we will provide a wide range of retailer reports through the terminal; these report names are listed in Section 7.11, Detail Requirement No. 27.

Also beyond the requirement, we will provide LSRs with reporting capabilities on the WAVE™ terminals during store visits.

Retailer Corner Website – Retailers, plus key, corporate, and chain accounts will be able to acquire statements for themselves or their constituent retailers through our dedicated website, Retailer Corner. Headquarters staff can sign on to the site using a user ID and secret password string. Each ID will have the security privilege to view only the stores defined for the organization and generate a roll-up of all stores within the company.

Figure 7.11-11 shows a statement being taken through the Retailer Corner reports screen. All stores belonging to the master account are listed in the lower left pane; in this particular case, the user has requested the weekly statement for a single retailer, but he/she could have requested the report for multiple stores or all stores belonging to the account.

We also offer a version of the weekly statements showing data detail similar to the Cash Drawer Balance Report, with additional fields, such as credits, debits, fees, recurring charges, bonus commissions, and special incentive awards posted to the retailer's account.

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PLAY HOLLY JOLLY JACKPOT AND YOU COULD WIN UP TO \$90,000! For current drawing results call Des Moines(515)323-4833		
WED DEC 02 09 01:37:55 NOT A TICKET CASH DRAWER BALANCE DEC 02 2009 RETAILER 180782		
ON-LINE		
\$100K		0.00
FREEPLAY REPLAY		0.00
PBALL		0.00
PICK3		0.00
PICK4		0.00
IOWA RAFFLE		0.00
ROLL		0.00
HOT LOTTO		0.00
GIFT		0.00
SALES		0.00
CANCELS		0.00
CASHES		0.00
COUPONS		0.00
PROMOS		0.00
FREE TKTS		0.00
ON-LINE NET		0.00
INSTANT		
SALES		0.00
CASHES		0.00
COUPONS		0.00
INSTANT NET		0.00
PULLTAB		
SALES		0.00
CASHES		0.00
COUPONS		0.00
PULLTAB NET		0.00
CASH IN		0.00
CASH OUT		0.00
BALANCE		0.00
NOT FOR SALE		

Figure 7.11-10: Cash Drawer Balance Report

The screenshot shows a web browser window displaying the 'RETAILER'S CORNER' website. The page title is 'Retailer Corner Reports - Windows Internet Explorer'. The browser address bar shows 'retailercorner.com'. The page content includes a navigation menu on the left with options like 'Reports', 'Lottery Reports', 'Overall Sales', 'Retailer Reports', 'Activity Sales Detail', 'Pack Status', and 'Partial Returns'. Below the menu is a 'Report Parameters' section with 'Start Date' (Saturday, April 03, 2010) and 'End Date' (Saturday, April 10, 2010). A 'Select Retailer' section lists various 'QuikTrip' stores with checkboxes. The main content area displays a table with the following data:

Date	Store ID	Store Name	Address	Total Amount
3/4/2010	100007	QuikTrip #11	4042 N. Lewis Avenue Tulsa 74112	\$2,917.21

At the bottom of the page, there is a footer with the text 'Scientific Games Corporation 2007 Last updated: Saturday, April 24, 2010' and a 'Go' button.

Figure 7.11-11: Weekly Statement Generated on Retailer Corner Website

Invoices can be taken for a specified accounting period for the desired group of stores. The user can display the statement on a screen, output the report to a printer, or export the data to a desktop application, such as Microsoft Word, Excel, Access, or Power Point.

Electronic Files – Scientific Games can arrange to have weekly statements emailed to specified addresses to ensure that key, corporate, or chain management has the needed data in an appropriate format.

Printed Statements – In order to solve situations where an electronic invoice is not suitable, we can make special arrangements to provide statements in printed form to key, corporate, and chain account management.

RETAILER CORNER

As previously stated, retailers and corporate management can acquire statement data through our web presence, Retailer Corner. But this resource provides much more than simple access to invoice data. We exceed requirements by offering a wide variety of report content and formats.



Figure 7.11-12 shows one report example, a table of instant ticket inventory held by a single retailer during a specified date range (the accounting period of April 3, 2010 to April 10, 2010). Generating the company-wide roll up of this report would quickly document all inventory present on company premises during a given period.

Chain	Store ID	Store Name	Game Number	Game Name	Pack	Received	Activated	Settled	Settled By	Partial Returns
QuikTrip Corporation	100107	QuikTrip #11	102	LUCKY 7'S	3927	03/06/2010	04/01/2010	04/04/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	102	LUCKY 7'S	4075	04/05/2010	04/21/2010			
QuikTrip Corporation	100107	QuikTrip #11	107	LUCKY DIAMONDS	4994	03/19/2010	03/23/2010	04/05/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	108	KING OF CASH	3770	03/06/2010	03/28/2010	04/03/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	108	KING OF CASH	4834	04/05/2010	04/22/2010			
QuikTrip Corporation	100107	QuikTrip #11	170	HARLEY-DAVIDSON	8864	03/19/2010	03/29/2010	04/07/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	171	TWISTED SIX'S	2680	03/06/2010	04/05/2010	04/12/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	172	X BARKS THE SPOT	2808	03/06/2010	04/06/2010	04/13/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	172	X BARKS THE SPOT	3073	04/09/2010	04/13/2010	04/16/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	173	20X THE MONEY	2516	03/06/2010	04/03/2010	04/10/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	173	20X THE MONEY	4390	04/08/2010				
QuikTrip Corporation	100107	QuikTrip #11	144	CROSSWORD	21304	04/05/2010	04/11/2010			
QuikTrip Corporation	100107	QuikTrip #11	106	BINGO NIGHT	8857	03/18/2010	04/08/2010			
QuikTrip Corporation	100107	QuikTrip #11	107	LUCKY DIAMONDS	4885	03/18/2010	04/05/2010	04/16/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	108	KING OF CASH	5291	04/02/2010	04/05/2010	04/12/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	171	TWISTED SIX'S	2889	03/06/2010	04/01/2010	04/05/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	172	X BARKS THE SPOT	2942	03/06/2010	04/01/2010	04/07/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	172	X BARKS THE SPOT	3074	04/09/2010	04/16/2010	04/18/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	173	20X THE MONEY	2577	03/06/2010	04/10/2010			
QuikTrip Corporation	100107	QuikTrip #11	102	LUCKY 7'S	4071	04/06/2010	04/16/2010	04/21/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	100	DOUBLE DOLLAR BONS	6739	03/13/2010	04/10/2010			
QuikTrip Corporation	100107	QuikTrip #11	101	DOLLAR BONS	5027	02/18/2010	03/18/2010	04/03/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	105	9BALL PAYOFF	5377	03/13/2010	03/23/2010	04/07/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	170	TREASURES OF THE PIRATE	3636	03/06/2010	04/10/2010	04/16/2010	100107	
QuikTrip Corporation	100107	QuikTrip #11	102	LUCKY 7'S	4196	04/02/2010	04/04/2010	04/11/2010	100107	

Figure 7.11-12: Pack Inventory Report for a Single Retailer

Retailer Corner can make a variety of data available, including full and partial pack returns, cashing detail, Tel-Sell orders, settled packs, and year-to-date earnings. Data from all of these reports can be exported to the user's desktop with a few quick mouse clicks.

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7.11.3 ONLINE DEVICE INTERACTION WITH BACK-OFFICE SYSTEMS OF RETAILERS

Response Requirement 3: Each Proposer must provide information on the functionality or capability of all On-Line devices to interact with the back-office systems of Retailers.

Scientific Games will satisfy Table 62, Response Requirement No. 3 by implementing a standard protocol link between the central system and retailers' back office systems. We will work with Texas retailers to define the interface and provide

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the support/guidance needed to complete the connection. The interface will be similar to the web services (client-server) connection we will have between _____ and the Lottery's ICS processors.

Alternatively, we can work with major accounts to interconnect our on-site WAVE™ sales terminal with stores' cash register system. We have successfully completed this type of system interconnect with major retailer organizations in other jurisdictions and we look forward to working with the Texas Lottery to do the same for Texas retailers.

7.11.4 TICKET PRIZE INQUIRIES VALIDATIONS

Response Requirement 4: The Proposer must describe its System's capability to inquire and log ticket prize inquiries and validations from all Terminals to the Lottery Gaming System.

Essentially every gaming and system control processing event on _____ is in response to a transaction. In satisfaction of RFP Table 61, Detail Requirement No. 3, the system logs all of these transactions in a secure file on the production system. Included in this file are transactions representing activity on both retailer and player-activated terminals.

In fact, the _____ primary production system immediately transfers all terminal and gaming system activity as electronic messages across the network and stores those data records in transaction files on multiple persistent media. When a transaction is received by the primary system, it is logged and forwarded to the other "hot" back-up systems. Only after all active backup systems have acknowledged the receipt of the transaction does the primary send a response back to the terminal. Games Management System (GMS) activity and database reads and writes are similarly saved on multiple systems in multiple, secure journal files. These files retain both successful and unsuccessful (error conditions) transactions.

A sufficiently privileged user at a management terminal is able to query the contents of the transaction log, as well as filter by terminal type, location, or time of day.

7.11.5 TICKET PRIZE INQUIRY COMMUNICATION

Response Requirement 5: The Proposer must describe its Terminals' capability (including Player Activated Terminals) to provide ticket prize inquiry communication of winning, non-winning and actual prize amount data.

_____ complies with RFP Table 61, Detail Requirement No. 4 by providing a process to all terminals (retailer and player-activated) by which inquiry on ticket prizes of winning tickets, including each actual prize monetary amount can be performed. Non-winning tickets do not have an associated prize, but a validation request can be issued by these field devices to determine whether the ticket is, indeed, a winner or non-winner.

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A WORLD OF POSSIBILITIES

JANINE WHITEMAN

Senior Director
Retail Solutions Marketing



A MESSAGE FROM JANINE WHITEMAN

Senior Director

"Scientific Games' Retailer terminals, Self-Service terminals, and peripherals have been designed to meet Retailer and Player needs and to maximize sales. Thousands of hours of input from retailers and every level of our company resulted in our new line of terminals. Our flagship, the WAVE™ full-function retailer terminal, made its debut before a global lottery audience at the 2008 World Meet. Since that time, over 34,000 units have been deployed in Pennsylvania, Connecticut, Indiana, Delaware and Italy. Scientific Games has orders for over 4,000 additional terminals for other lottery markets. The WAVE terminal represents a sizeable investment in the future of Scientific Games. It is a very visible investment - for the online lottery terminal is the most visible piece of equipment to lottery management, retailers, and players.

The development process which gave rise to the WAVE terminal truly made the difference. In an unprecedented 18 months, the phase gate development process helped us to define, focus-group test, engineer, build prototypes, field test, and release a superior product that delivers ease of use and speed of service in a well engineered, easy-to-service, and modern-looking package.

Retailer reaction to the WAVE has been great! Lottery retailers love the enhanced speed of operation and ease of use. I know that you will be impressed with our offerings. I, and our entire company, stand behind them."

A handwritten signature in cursive script that reads "Janine".



7.12 SALES TERMINALS AND RELATED SYSTEM SALES EQUIPMENT

Scientific Games has over 30 years of terminal engineering and manufacturing experience. We have manufactured and delivered well over 100,000 lottery and pari-mutuel wagering devices to our customers worldwide. This includes retailer terminals and player-operated terminals (such as lottery vending machines). We have the experience, the knowledge, and the procedures to deliver a quality product while continuously improving the product and manufacturing processes.

With a strong history of terminal design and an ear to retailers needs, we have once again provided the industry with first-class terminals. Today our successful WAVE™ and PlayCentral terminals are extremely popular with our client's retailers. We have kept the retailer's and player's needs as our number one design criterion. We continue to take advantage of current, proven technology in our designs with an eye towards new but totally mature technology for inclusion in our future designs. This way we can assure the Lottery that you will be receiving terminals with leading edge, not bleeding edge, technology. With Scientific Games as the provider of your terminals and peripherals, the Texas Lottery will enjoy the benefits of:

- The WAVE™, the fastest and most exciting retailer terminal in the industry.
- The fastest document scanner and printer available; over 40 playslips can be processed in one minute.
- The smallest countertop footprint of any full-function terminal available: just 253 square inches.
- A fast, simple to use, fully customizable user interface with a choice of touch screen technologies.
- A wireless 2-D bar code reader that offers incredibly fast, efficient, and convenient speed of service, benefiting both retailers and players alike.
- Open, standards-based XML protocol, which offers ease of integration and customization unparalleled by any other terminal in the industry.
- Broad security features, including enhanced tracking of online ticket stock.

We feel confident that the Texas Lottery will agree, after reviewing our terminal offerings throughout Section 7.12.0, that our equipment is best in class.

RFP Requirement: The Lottery Operator provides a variety of Retailer Sales Terminals and related System sales equipment used to support all Texas Lottery Products. Diverse business footprints and sales environments require a range of solutions. The Texas Lottery currently has Retailer and Player-Activated Sales Terminals, Instant Ticket Vending Machines and Check-A-Ticket Terminals (also known as Player-Activated Self Check Terminals). The following table identifies requirements for the Retailer Sales Terminals and related System sales equipment to be provided.

Scientific Games considers this RFP requirement to be informational, therefore no response is required.

Table 64. Sales Terminals and Related System Equipment Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Provides Retailer Sales Terminals and/or related System sales equipment for Texas Lottery Retailers.	X	

Table 64. Sales Terminals and Related System Equipment Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
2. Provides Player Activated Self Check Terminals at Retailer locations	X	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)	
HARDWARE		
3. The Successful Proposer must provide standard and mid-range Retailer Sales Terminals that incorporate the latest technology and meet Texas Lottery requirements. All Retailer Sales Terminals must print and validate On-Line Tickets, validate Instant Tickets, perform Instant Ticket pack management, and accounting and reporting functions, and meet all other requirements as identified in this RFP and the Contract.	7.12.0.2	
4. The Successful Proposer must provide Player-Activated Sales Terminals that incorporate the latest technology and meets Retailer and Texas Lottery requirements. All Player Activated Sales Terminals must print On-Line Tickets, sell Instant Tickets, perform Instant Ticket pack management, and accounting and reporting functions, and meet other requirements as identified in this RFP and the Contract. The Instant Ticket bins included in the Player Activated Sales Terminals must be scalable to allow a range (e.g., 8 to 24 or more bins) of Instant Ticket packs to be available for sale. The terminals must employ a bill acceptor for payment and allow for purchases using a debit card. Player Activated Sales Terminals must meet all of the requirements for Retailer Sales Terminals, except those pertaining to validation of tickets. These machines shall provide ticket prize inquiry functionality to include communication of winning, non-winning and actual prize amount data. Player Activated Sales Terminals must have age verification functionality (using a State of Texas or other State or Federal Government issued identification card). These terminals shall be equipped with a remote on/off mechanism that will operate from a minimum of fifty (50) feet in a typical business environment. These terminals must comply with all applicable Americans with Disabilities Act standards.	7.12.0.2.4	
5. The Successful Proposer must provide Player Activated Self Check Terminals. The Player Activated Self Check Terminal is a stand-alone device that allows players to check their own Instant and On-Line Tickets for winners. The Terminal must indicate if a ticket is a winner, but not validate the ticket. The terminals shall provide ticket prize inquiry including communication of winning, nonwinning and actual prize amount data via a video display.	7.12.0.2.5	
6. The Successful Proposer must provide Handheld Terminals. The Handheld Terminal is a wireless mobile device that produces On-Line Tickets.	7.12.0.2.6	

DETAIL REQUIREMENTS	RESPONSE SECTION(S)
HARDWARE	
<p>7. The Successful Proposer must provide, as an initial deployment, the following Terminal devices:</p> <p>Retailer Sales Terminals (standard) – 17,000</p> <p>Retailer Sales Terminals (mid-range) – 500</p> <p>Player Activated Sales Terminals – 3,500</p> <p>Player Activated Self Check Terminals – 17,000</p> <p>Handheld Terminals – 40</p>	7.12.0.2
<p>8. The Successful Proposer shall work with the Texas Lottery to jointly develop deployment criteria and requirements for Retailer Sales Terminals and related System sales equipment. For the term of the Contract, the Successful Proposer must provide Retailer Sales Terminals and related System sales equipment, beyond the initial deployment above, for all new Retailers in accordance with Texas Lottery-approved deployment requirements. The Texas Lottery reserves the sole right to approve the Retailer Sales Terminal and related System sales equipment recommended by the Successful Proposer for each Retailer or retail venue. At a minimum every Retailer shall have the capability to sell Lottery tickets and allow players to check their tickets.</p>	7.12.0.2
<p>9. The Successful Proposer shall be required to provide Terminals of each type deployed in the State for use at Texas Lottery Claim Centers and for other Lottery uses including internal testing and testing with other Texas Lottery vendors.</p>	7.12.0.2
<p>10. The design and operating characteristics of all Terminals must emphasize ease of use and efficient selection of transaction type. The Retailer Sales Terminal must require minimal training for effective use and provide for easily changed consumables.</p>	7.12.0.2
<p>11. The Successful Proposer must provide all thermal paper for the printing of On-Line tickets from the sales Terminals. The thermal paper must be front- and back-coated and able to withstand a temperature of up to 180 degrees Fahrenheit.</p>	7.12.0.2.7
<p>12. No manufacturer's logos are allowed on Terminals. Terminals may include serial number tags and bar coding or other inventory coding for tracking purposes.</p>	7.12.0.2.8

FUNCTIONALITY	RESPONSE SECTION(S)
<p>13. Terminals must handle various media and code types, and identify the applications that may use such. The media and codes include, but are not be limited to, the following:</p> <ul style="list-style-type: none"> a. Packs and single tickets; b. Boxes/cartons of tickets; c. Instant Tickets of various sizes; d. Play slips; e. On-Line Tickets; f. Bar coded coupons; g. Field service identification cards; h. Survey tools; and i. System generated gift cards. 	7.12.0.2
<p>14. Terminals must provide visual and aural notifications on winning tickets and non-winning tickets. At a minimum, Terminals must support four (4) distinct aural tones to let players know the status of their winning and non-winning tickets. Each time a ticket is scanned for inquiry or validation a distinct tone must identify one of the following results:</p> <ul style="list-style-type: none"> a. Prize-winning tickets under six hundred dollars (\$600) and win-a-free-ticket prizes; b. Prize-winning tickets of six hundred dollars (\$600) and higher and non-cash prizes. These prizes can only be paid at a TLC Claim Center; c. Non-winning tickets; and d. Retailer cannot validate (variety of reasons such as inactive pack, expired ticket, previously paid, etc.). 	7.12.0.2.2.g

FUNCTIONALITY	RESPONSE SECTION(S)
<p>15. All Retailer Sales Terminals must provide a customer-oriented display (flat-panel monitor) to communicate the outcome of each transaction conducted on the terminal to include:</p> <ul style="list-style-type: none"> a. Sales transaction data; b. Validation data to include winning, non-winning and prize amount data, if applicable; and c. Displays must also be capable of broadcasting video resident on the terminal, downloaded from the Content Management System, between terminal transactions. <p>In retailer environments, where displays (flat-panel monitors) capable of video broadcast cannot be deployed, a customer oriented display must provide:</p> <ul style="list-style-type: none"> a. Sales transaction data; b. Validation data to include winning, non-winning and prize amount data, if applicable. 	7.12.0.2.9
16. At the Texas Lottery's request, the Proposer's Retailer Sales Terminals must have the capability to be equipped with smart card readers.	7.12.0.2.2.k
17. As the Texas Lottery's request, the Proposer's Retailer Sales Terminals must have the capability to perform ticket branding during validation transactions on Retailer Sales Terminals.	7.12.0.2.2.l
18. Terminals and related System sales equipment must have bar code readers capable of reading ISO/IEC industry standard barcodes to allow keyless validations. The Terminal readers must provide a first read rate of not less than ninety-eight percent (98%).	7.12.0.2.2.e
19. Terminals and related System sales equipment must have printers capable of producing numbers and graphics (symbols and pictures) and ISO/IEC industry standard barcodes. All barcodes produced must be of such a quality as to support not less than ninety-eight percent (98%) first reads from scanning equipment.	7.12.0.2.2.c
20. The Successful Proposer's Terminal architecture and equipment must be flexible to allow for upgrades to new industry standard bar coding.	7.12.0.2.2.e
MESSAGING	RESPONSE SECTION(S)
21. Terminals must be able to display a message and emit a program-controlled audible alarm to indicate errors or anomalies to the Retailer.	7.12.0.2.2.g 7.12.0.2.2.m
22. When Terminals are not being used, the Retailer interface must display a Texas Lottery-approved programmable screen saver for the Retailer's view.	7.12.0.2.2.m

MESSAGING	RESPONSE SECTION(S)
23. Retailer Sales Terminals must have the capability to receive, store and play back graphic-rich media content for broadcast of Retailer/player training and/or marketing content.	7.12.0.2.2.m
24. The Successful Proposer's Retailer Sales Terminals must be capable of receiving, storing and transmitting wired and wireless messaging to other messaging communication devices deployed in the retail environment.	7.12.0.2.2.m
DOCUMENTATION	RESPONSE SECTION(S)
<p>25. The Successful Proposer must provide the following training materials for each Terminal type:</p> <ul style="list-style-type: none"> a. English and Spanish training/operational manuals on the correct use of the Terminal, and the Texas Lottery Retailer policies and procedures in English and Spanish; b. Manuals must contain, at a minimum, information and instructions on replacing supplies (e.g., changing paper and terminal ribbons), making minor adjustments to the Terminals, placing each transaction, obtaining each report, call center procedures, use of play slips, claim forms, adjustment forms and settlement forms; and c. Manuals must be updated when new Lottery Products are introduced and/or other changes are made and must be distributed to Retailers prior to the start of the new game(s) and/or the effective date of the change(s). <p>This information must be made available on all Retailer Sales Terminals (or in hard copy for equipment where this functionality is unavailable) and provided to the Texas Lottery in a format for posting to the Texas Lottery's Retailer Web site.</p>	7.12.0.4

Table 65. Sales Terminals and Related System Sales Equipment Response Requirements

RESPONSE REQUIREMENT
1. The Proposer must acknowledge and accept the roles and responsibilities and all detail requirements indicated in this section.
2. The Proposer must describe the proposed Retailer Sales Terminals and related System equipment that meets the requirements defined in this section. Proposers must offer the broadest diversity of terminals and related System sales equipment options for deployment in support of current and future Texas Lottery retail venues. Proposers must fully describe all solutions and how the proposed equipment would support the Texas Lottery's current retail environment, as well as new retail venues. Proposers should indicate if the proposed Retailer Sales Terminals and related System equipment have been successfully deployed in other jurisdictions.

Table 65. Sales Terminals and Related System Sales Equipment Response Requirements

RESPONSE REQUIREMENT
3. The Proposer shall include information on the functionality or capability of all Terminal devices to interact with the back-office systems of Retailers.
4. The Proposer must provide a sample of its Retailer Training Manual and explain other options for training Retailers such as including an online training manual within the Terminal.
SPECIFIED AND INVITED OPTIONS
5. This RFP requirement was deleted by the Lottery as Amendment 20 to the Texas Lottery's Responses to Proposers' Questions and Amendments to the RFP dated February 26, 2010.
6. As a Specified Option, the Proposer must offer in-lane solutions designed for use in multi-lane stores such as supermarkets. The Proposer shall thoroughly describe the design, installation, maintenance and functionality of the solution. If the Texas Lottery exercises this option, the Proposer must install and maintain the solutions.
7. As an Invited Option, the Proposer may offer specialty terminals and equipment, to include new and emerging technology, for future deployment. Proposers shall not include terminals or equipment for video lottery, casino gaming, internet-based lottery sales, or other activities not authorized by law.

RESPONSE TO TABLE 65: SALES TERMINALS AND RELATED SYSTEM SALES EQUIPMENT RESPONSE REQUIREMENTS

7.12.0.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and all detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, and will comply, and often exceed, all detail requirements indicated in RFP Section 7.12.

7.12.0.2 RETAILER SALES TERMINALS AND SYSTEM EQUIPMENT (DRs 3, 7, 8, 9, 10 and 13)

Response Requirement 2: The Proposer must describe the proposed Retailer Sales Terminals and related System equipment that meets the requirements defined in this section. Proposers must offer the broadest diversity of terminals and related System sales equipment options for deployment in support of current and future Texas Lottery retail venues. Proposers must fully describe all solutions and how the proposed equipment would support the Texas Lottery's current retail environment, as well as new retail venues. Proposers should indicate if the proposed Retailer Sales Terminals and related System equipment have been successfully deployed in other jurisdictions.

Scientific Games has a broad product portfolio of retailer and player operated terminals and peripherals that will allow the Lottery to provide exceptional service and flexibility to your retailers and players, as well as enhance sales to produce greater profits for your beneficiaries. Our clerk operated and player self-service terminal choices, along with available signage and self-

service ticket checkers, will allow the Lottery to continue to improve your partnership with your retailers and players and position the Lottery for continued growth.

Scientific Games will work with the Texas Lottery to jointly develop deployment criteria and requirements for retailer sales terminals and related system sales equipment. We will provide retailer sales terminals and related system sales equipment, beyond the initial deployment, for all new retailers, for the term of the contract and in accordance with Texas Lottery-approved deployment requirements. We understand that the Texas Lottery reserves the sole right to approve the retailer sales terminal and related system sales equipment recommended by Scientific Games for each retailer or retail venue.

At a minimum, every retailer terminal will have the capability to print and validate online tickets, validate instant tickets, perform instant ticket pack management, perform accounting and reporting functions, and meet all other requirements as identified in the RFP and contract. This satisfies RFP Table 64, Detail Requirement Nos. 3 and 8.

Scientific Games will provide, as part of the initial deployment and in satisfaction of RFP Table 64, Detail Requirement No. 7, the following terminal devices:

- Retailer Sales Terminals (standard) – 17,000 WAVE™ terminals
- Retailer Sales Terminals (mid-range) – 500 WAVE™ terminals
- Player Activated Sales Terminals – 3,500 PlayCentral Terminals
- Player Activated Self Check Terminals – 17,000 Ticket Checkers
- Handheld Terminals – 40 handheld terminals

These terminals are shown in Figure 7.12-1 through Figure 7.12-4 and will be described in detail below.

TERMINAL PROGRAM TO SUPPORT RETAIL OPTIMIZATION AND EXPANSION

In addition to the terminals Scientific Games will provide, as part of the initial deployment and in satisfaction of RFP Table 64, Detail Requirement No. 7, we will make a further investment to support retailer optimization and expansion, as follows:

- Retailer Sales Terminals (standard or mid-range) 500 WAVE™ or Flair™ Terminals

These terminals are an Offered Option included in the base price.



**OFFERED
IN BASE PRICE**



Figure 7.12-1: The WAVE™ Full-Function Retailer Sales Terminal



Figure 7.12-2: Sample Classic PlayCentral with Texas Wrap



Figure 7.12-3: Handheld Terminal



Figure 7.12-4: Ticket Checker

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Scientific Games will provide additional terminals of each type deployed in the state of Texas for use at Texas Lottery claim centers and for other uses, including internal testing and testing with other Texas Lottery vendors. We also agree to provide additional terminals of each type to accommodate future Texas Lottery retail venues. This satisfies RFP Table 64, Detail Requirement No. 9.

The WAVE™, PlayCentral, Ticket Checkers, and handheld terminals are currently deployed in other Lottery jurisdictions.

The design and operating characteristics of all terminals emphasize ease of use and efficient selection of the transaction type, satisfying RFP Table 64, Detail Requirement No. 10. The retailer sales terminals require minimal training for effective use, and provide for easily changed consumables. Training is detailed in **Section 6.8**. Full, interactive retailer training modes are available on all of Scientific Games retailer terminals

All terminals are capable of reading various media types and bar code formats, including, but not limited to, the following:

- a. Packs and single tickets
- b. Boxes/cartons of tickets
- c. Instant tickets of various sizes
- d. Online tickets
- e. Bar coded coupons
- f. Field service identification cards
- g. System generated gift cards

All terminals but the handheld terminal can read:

- h. Playslips
- i. Survey tools

This satisfies RFP Table 64, Detail Requirement No. 13.

WAVE™ RETAILER TERMINAL (STANDARD AND MID-RANGE)

Scientific Games' full-function WAVE™ terminal has been available less than three years and it is already making a name for itself throughout the lottery industry. Praised by retailers, consistently scored high in retailer evaluations, even the subject of a news broadcast in Connecticut, the WAVE™ retailer terminal is the online terminal that more and more lottery jurisdictions are selecting to meet the demands of their retailers and customer base. We currently have over 33,000 WAVE™ terminals installed in ten jurisdictions.

The WAVE™ is a full-function retailer sales terminal and will print and validate online tickets, validate instant tickets, perform instant ticket pack management, perform accounting and reporting functions, and meet all other requirements identified in the RFP and contract. We will provide, as an initial deployment, 17,500 WAVE™ (standard and mid-range) retailer sales terminals.

Within the baseline price, we will also supply additional terminals for training, testing, and spares. We also agree to supply additional units for anticipated growth of the Texas Lottery retailer population.

The Texas Lottery and its retailers will rapidly realize the total advantage of the WAVE™'s remarkable speed, compact size, peripherals, and hyper functionality. Retailers immediately feel the enhanced ergonomic design and expanded functionality the WAVE™ terminal brings to the retail environment. It's the fastest, smallest, and easiest to use full-function lottery terminal on the market and, as such, represents the very best choice for the Texas Lottery.

The WAVE™ terminal's compact footprint leaves much more open counter space than a traditional terminal, and the superior placement of the main components and peripherals are designed for user-ease and comfortable reach.

7.12.0.2.1 WAVE™ OVERVIEW

We believe it is important to provide an overview of the comprehensive design process we followed to bring the WAVE™ retail terminal to market. We also provide a summary of the overwhelming endorsement WAVE™ received during retailer focus groups, its success in Connecticut, Pennsylvania, and Delaware retail store locations, and outline the Offered Options available to the Lottery for WAVE™ customization. We also detail the key reliability features included in WAVE™'s design and present how WAVE™'s future-proof, modular design fully supports component upgrades as technology evolves over the next ten years.



Figure 7.12-5: WAVE™ Retailer Terminal

As a testament to retailer and player acceptance of our WAVE™ terminal, we have included a news broadcast from WTNH in Connecticut that aired during a period of Powerball “jackpot fever”. The file is titled “WTNH Broadcast”, and it’s located on the DVD called “Connecticut Powerball and New Devices”. The DVD can be found behind the Electronic Media tab card. As can plainly be seen in this broadcast, retailers are pleased by WAVE™’s ease of use, and players are happy to have their transactions processed so quickly.



Also behind the Electronic Media tab card is a DVD titled “WAVE™ Demonstration” that contains an introduction to the WAVE™ titled “WAVE™ Terminal in a Retail Environment” as well as videos on the “WAVE™ User Interface” and the “Serviceability of the WAVE™ Terminals”.

We encourage the Texas Lottery to view the video and to experience for yourself the WAVE™’s features and performance on the WAVE™ terminal during a site visit.

Confidentiality Claimed
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7.12.0.2.2 WAVE™'S FEATURES AND FUNCTIONS

Retailer operated terminal features and functions will include, but not be limited to, those required by the RFP.

7.12.0.2.2.A SIZE

The WAVE™ terminal has a best-in-class compact footprint, taking up much less counter space than traditional full-function terminals. The small size of the WAVE™ minimizes the counter space required while maximizing the functionality for the retailer, including high volume retailers. The terminal, which contains the system electronics, document scanner, touchscreen, and document tray, has been designed from the ground up to be compact while still offering superior placement of the peripherals within easy reach of the operator. The WAVE™ terminal's printer, which houses the wireless bar code reader, is modular in design to allow retailer placement selection.

The following discusses the specific size parameters of the WAVE™ terminal, and its unique cabling design.

- The physical specifications, dimensions, and weight for the WAVE™ terminal are 17.40" high, 11.23" wide, and 14.85" deep.
- The terminal weighs 27 pounds.
- The printer measures 8.85" high, 6.0" wide, and 14.45" deep and weighs only 6.25 pounds.
- The terminal footprint, combined with the printer, is only 253 square inches.

As seen in Figure 7.12-10, the WAVE™ terminal has the smallest footprint in the industry for a full function terminal. This size advantage makes the WAVE™ the perfect terminal for most retailer formats.

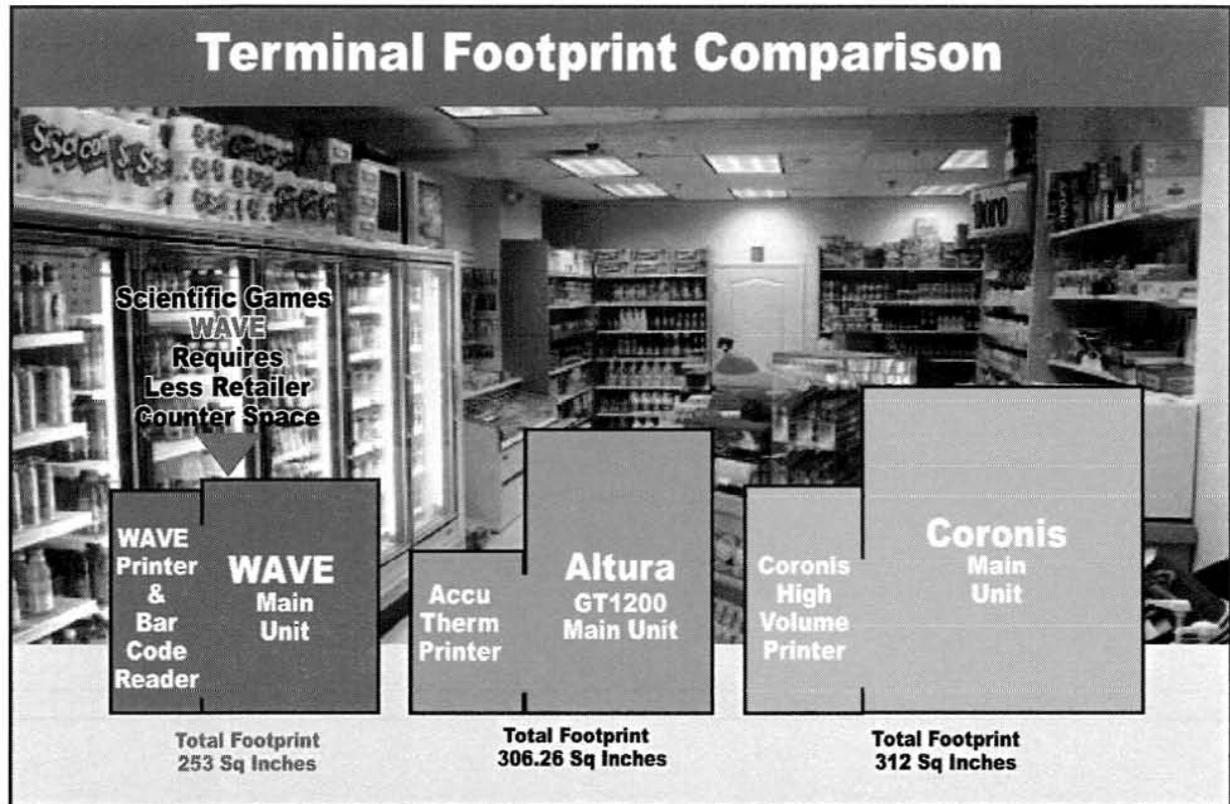


Figure 7.12-10: Terminal Footprints Comparison

The printer communication and power is provided using a single cable from the main unit, which helps keep cabling clean and neat. Further, the rear cover of the WAVE™ terminal conceals all ports and connectors, providing superior cable management and aesthetics. Separate cables are required to support data communications and customer displays. Please see Figure 7.12-11 for a view of the WAVE™ terminal's cable management capabilities.



Figure 7.12-11: WAVE™ Terminal Rear Cover and Cable Management Capabilities

Confidentiality Claimed Not released

The WAVE™ terminal can be supplied with a printer integration plate, which connects the printer to the terminal. In this integrated configuration, the printer is placed on the left side of the terminal offering the benefits of an all-in-one unit while still providing an attractive footprint. We purposely designed the WAVE™ terminal with this level of configuration flexibility – stand alone and integrated printer option – as some retailers prefer integrated printers, and some prefer standalone.

Scientific Games offers the integration plate as an Offered Option included in the base price to provide Texas retailers with the ability to make the choice of a modular or integrated WAVE™.



7.12.0.2.2.B TOUCHSCREEN

With our new, advanced, graphics-rich user interface and our diverse touchscreen technology offerings, the WAVE™ terminal provides the ultimate solution for usability and retailer satisfaction. The WAVE™ terminal features a large 12.1" LCD with a touchscreen overlay for the retailer interface. The display accommodates text, graphics, and video.

Human Factors Engineering Consultants from NCR Corporation reviewed WAVE™'s Graphical User Interface (GUI) and offered expert recommendations on how to minimize key strokes, maximize efficiencies and speed, and achieve simple lottery transaction steps.

The WAVE™ terminal's touchscreen is designed to allow easy fast and efficient ticket sales. Due to its configurability, the touchscreen also provides easy access to scratch ticket inventory transactions (issue, transfer, activation and settlement), scratch ticket validations and receipts, reports and printed messages for both online and scratch ticket games. The terminal application's design allows for ease of customization to meet the Lottery's specific requirements. The touchscreen is designed to withstand heavy use in a retail environment.

Available Touchscreen Technologies – The Texas Lottery has the choice of Five-Wire Resistive Touch or Surface Acoustic WAVE™ (SAW) technologies as part of our standard offering. The Lottery can choose the solution that best fits its retailer base.

Five-Wire Resistive Touch – Resistive touchscreen technology utilizes a simple plastic-on glass construction with a durable polyester cover that is very responsive to touch, while still being resistant to scratching. Resistive touch technology operates drift free, does not require calibration, and provides a very good screen image.

Durability is rated at approximately 35 million touches; resistive offers added durability due to its resistance to spills and dirt buildup since the screen is sealed by the top polyester coating. Resistive touchscreens respond readily to the widest range of objects, including a long fingernail, pen or pencil, bare finger, gloved hand, key, and stylus. As a result, resistive touchscreens are widely used in restaurant terminals, convenience stores, kiosks, and medical devices.

Surface Acoustic WAVE™ – The SAW touchscreen technology utilizes a clear glass panel with no coating over the touchscreen, providing an environment that is typically not affected by scratches on the screen. SAW touchscreens operate drift free, do not require calibration, and provide an excellent bright image.

Durability is rated at approximately 50 million touches. SAW screens react readily to a bare finger or gloved hand and in, some cases, to a soft-tip stylus, but will not respond if touched with a long fingernail, key, pen, or pencil.

When we presented this choice in touchscreen technology to the Connecticut Lottery Corporation, they first selected SAW-based touchscreens, but then, following usability tests, opted to implement resistive touch technology with the WAVE™ terminal. The Pennsylvania Lottery, Delaware Lottery, and Hoosier Lottery have also chosen resistive touch technology for their WAVE™ installations.

As an Offered Option, the Lottery can choose a 15" Acoustic Pulse Recognition (APR) wide screen display. APR is a new and unique touchscreen technology that uses a glass overlay mounted in front of the display, together with a small electronic controller board that recognizes the sound created when the glass is touched. APR effectively combines the ultimate in optical qualities and durability of SAW with the touch responsiveness and flexibility offered with resistive touchscreens. APR technology was selected by SISAL for use on WAVE™ terminals in Italy.

Currently there are approximately 15,000 APR touchscreens installed. The APR 15" touchscreen is a separately priced option.

Regardless of the touch technology selected, the WAVE™ terminal's large, high-resolution retailer interface provides the features described below.

Display Features – The display of retailer messages, reports, and transactions, including lists of past transactions using such readability features as fonts, colors, and screen layouts is accomplished by simply touching the applicable virtual button on the screen. Input screens are presented to the retailer through an easy-to-use and simple-to-understand GUI. There is a logical grouping of related items on a single screen to maximize presentation of information in a single view. This results in a display that is easy to use and quick to operate.

In satisfaction of RFP Table 64, Detail Requirement No. 22, to ensure optimal speed of service, the WAVE™ terminal's main screen always defaults to the sale screen as shown in Figure 7.12-12, showing available games and options. To minimize keystrokes and ensure ease of use, there are special function tabs across the top of the main sales screen. These tabs are used to



quickly and easily access functions such as validations, canceling online tickets, instant ticket inventory transactions, instant ticket validations and receipts, as well as provide access to the reports menu. These function tabs, along with the main sales screen, will be jointly planned and reviewed by Scientific Games and the Texas Lottery. After a specified period of inactivity, a Texas Lottery-approved programmable screensaver will be displayed on the screen. If the Texas Lottery requires it, the retailer must log-in again to reactivate the terminal.

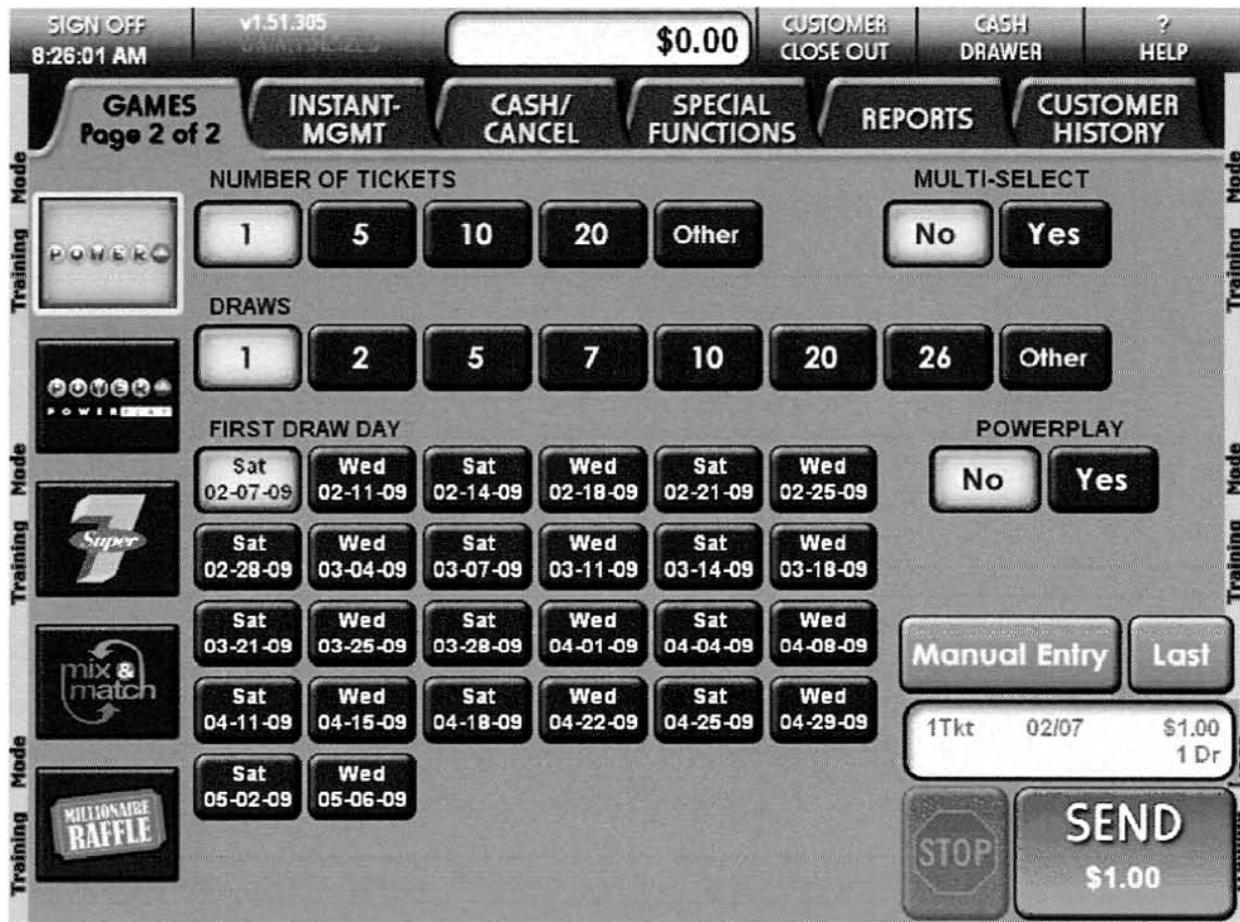


Figure 7.12-12: Typical WAVE™ Ticket Sell Screen

Reasonable Screen Function Expansion – Our WAVE™ touchscreen interface allows for complete flexibility of display characteristics, including:

- **Screen Colors** – Background, text, graphic elements, icons, and buttons
- **Layout** – Position of text, icons, buttons, and status indicators
- **Graphic Elements** – 3-D effects, interactions and movement
- **Text** – Language, special symbols, font style, size, color, and movement
- **Buttons** – Effective positioning, highlighting and reaction to touches

Because all of these display elements are completely software controlled, screen content has the flexibility to be changed in the future to support expansion into new games, game types, play rules, or numbers matrix. For major changes, new screens can be easily added to the WAVE™ terminal with access through menu entries and/or function tabs. New play options can be offered by the addition of new touchscreen buttons with appropriate labels and color coding.

Figure 7.12-13 shows a jurisdiction's ticket sell screen that originally supported four active games. In preparation for the release of a new game (Quinto), a new "faded" logo was added to the game column on the left side of the screen. The logo reminds the clerks that the new game is coming and familiarizes them with the game's placement. On game launch day, the Quinto logo on all terminal screens will be enabled and displayed in full, bright color indicating that tickets can now be sold, redeemed and (perhaps) canceled. The screen design easily allowed for the expansion to a fifth game. Additional games can be added by adding additional pages to the Games tab.

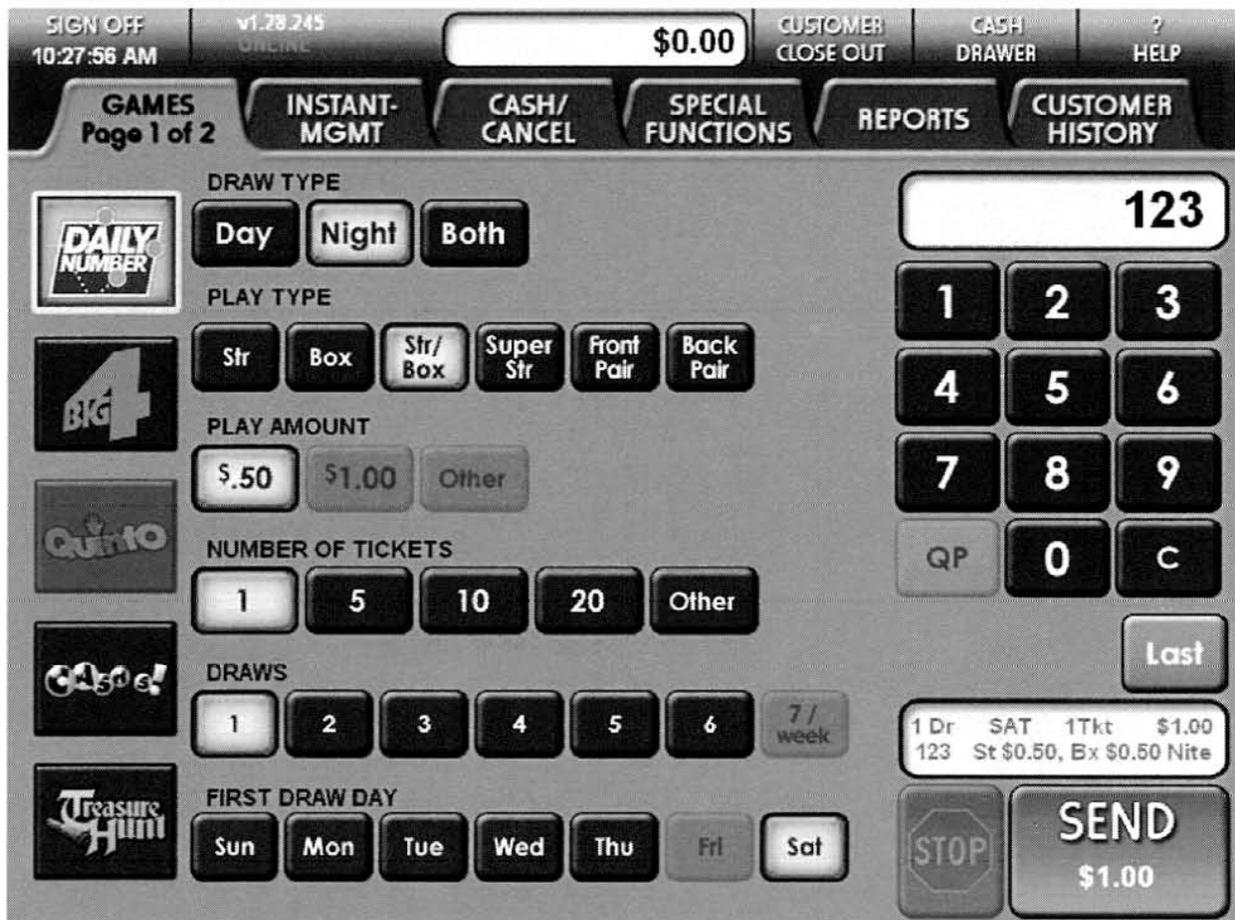


Figure 7.12-13: WAVE™ Sell Screen with Future Game

The screen image in Figure 7.12-13 shows that we are viewing the first screen (of two) of games. Touching the Games tab will switch the display to "Games – Page 2 of 2" with enough room for five additional online games. By successively adding pages, the WAVE™ terminal's sell screens can support essentially as many individual games as the Lottery requires.

We will work with the Texas Lottery to make sure that future changes and expansions are clearly communicated to the retailer. One of the most effective ways of smoothly transitioning to new procedures is the effective use of on-screen guidance and error text. Pop-up help windows can be assigned to every screen and each can be modified to include information about terminal usage changes.

Screen Functionality – Together, our touchscreen Graphic User Interface (GUI) and WAVE™ terminal software allow for complete flexibility of screen colors, layout, graphics, text, games expansion, etc. By employing virtual buttons and submenus, the WAVE™ terminal's user interface allows for a nearly infinite expansion capability (i.e., new games or functionality can be added as a new virtual button or as a submenu grouped under a master virtual button). Help pop-ups are available from each screen. The WAVE™ terminal's interface presents logical groupings of related items on a single screen to maximize presentation of information in a single view and minimize the number of keystrokes required to complete transactions. For examples of our screen functionality, please refer to the DVD named "WAVE™ Demonstration" provided behind the Electronic Media tab card.

To ensure the most flexible system possible, Scientific Games' GUI design and menu options are data driven using extensible Markup Language (XML) technology, which allows for a greater level of customization and flexibility based on retailer and Lottery requirements. The colors, locations, graphics, and text labels will be approved by the Lottery.

Screen Readability – The WAVE™ terminal's screen is readable from a variety of user distances and viewing angles and under various lighting conditions. With one hand, the retailer can adjust the screen's pitch angle to accommodate varying operator height, glare issues from strong sunlight, and other environmental/ergonomic conditions. The viewing angle is further enhanced with active display technology.

As illustrated in Figure 7.12-14, the WAVE™ terminal's retailer touchscreen is mounted in a manner that allows the operator to adjust the screen's pitch-angle to a nearly infinite number of positions between 25° and 90°. The screen also has a 70° horizontal, 50° up from center (vertical), and 60° down from center viewing angles to make it easy to read from many positions.

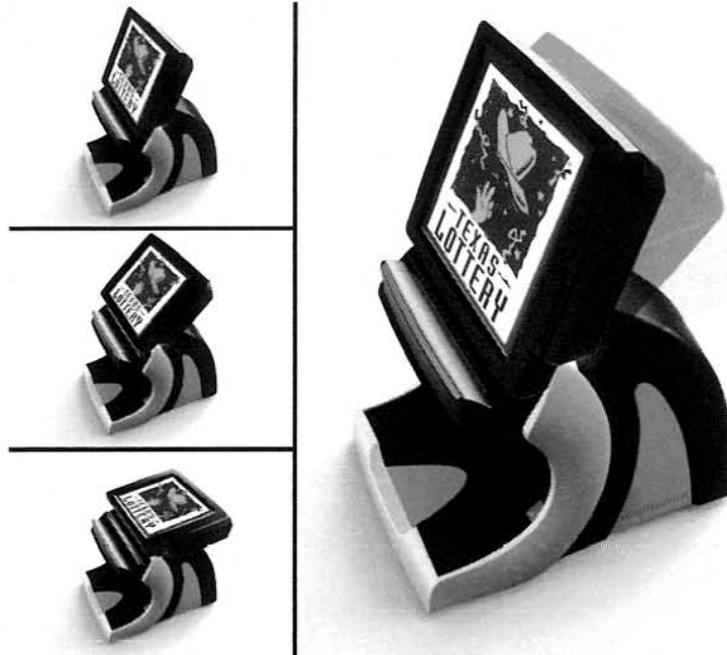


Figure 7.12-14: Retailer-Adjustable Touchscreen

Multi-Language Capability – As an Offered Option, retailer terminals have the capability to support multiple languages. In addition to English, we have provided Spanish and Korean to other U.S. lotteries. Any (written) language can be provided. Since the same retailer terminal may be used by employees with different language skills, the terminal will provide the capability of toggling easily between languages upon user request. To select the desired language, the retailer simply touches the appropriate language icon on the sign-on screen as shown in Figure 7.12-15.

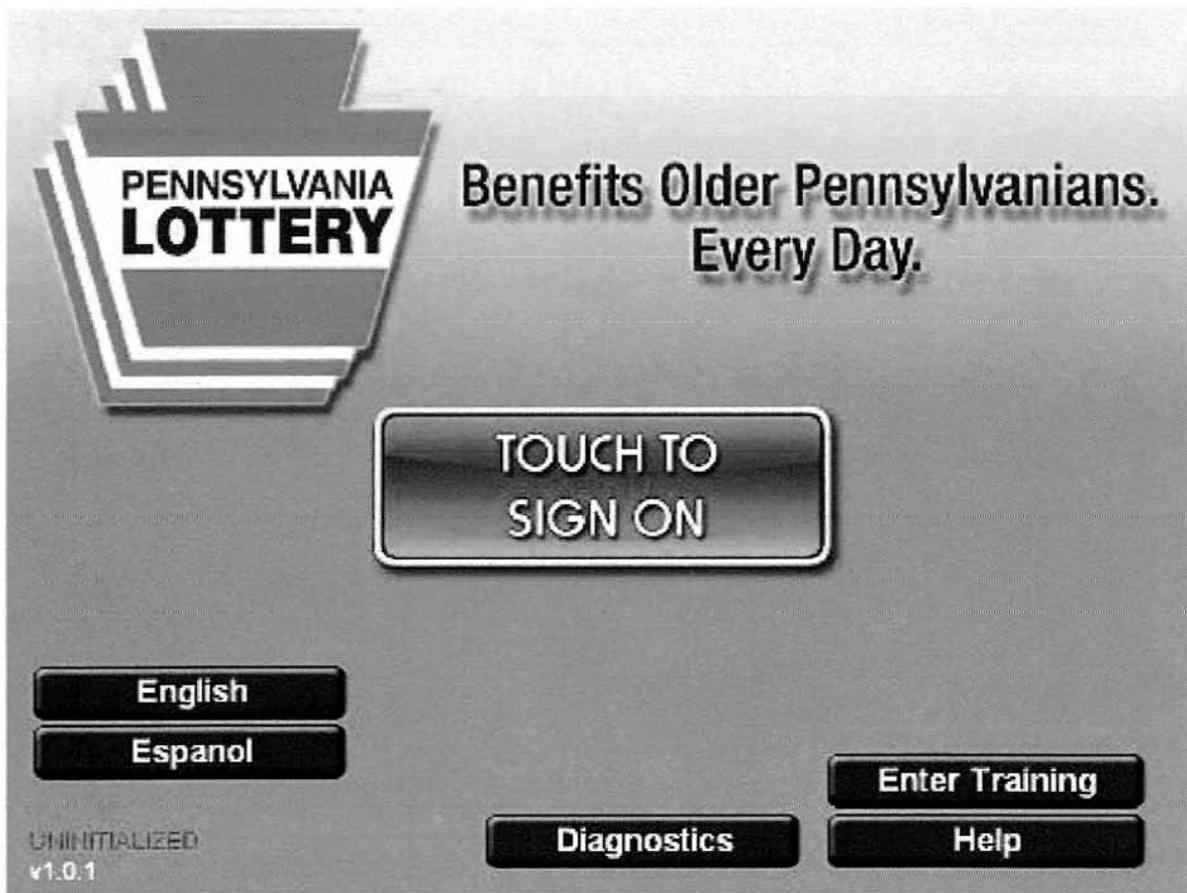


Figure 7.12-15: Pennsylvania Lottery Sign-On Screen

The foreign language capability applies to the terminal display, help screens, and possibly to certain retailer reports, as determined by the Lottery, but not to tickets. The Lottery can choose what portions of the screens and reports are presented in both languages. Scientific Games offers English and one additional language as an Offered Option included in the base price. Additional languages are offered as separately priced Offered Options.



7.12.0.2.2.C TICKET AND REPORT PRINTER (DR 19)

The WAVE™ terminal's high-speed thermal printer, shown in Figure 7.12-16, is the next generation of a widely deployed, highly reliable printer that has been used by Scientific Games for years.

The printer's cutter mechanism is self-sharpening, adding to the reliability and overall satisfaction of the unit. The printer interfaces with the WAVE™ through a single cable containing both its USB data and 24 volt power cords, reducing cable clutter on the retailer's counter. The printer is modular, providing the retailer the option of placing the printer in a location that is best suited for the specific store environment.

Features of the printer include:

- Very fast printing at up to 8" per second
- 7" paper roll
- Sensors, including paper low, paper out, lid open
- High resolution, easy to read alphanumeric characters in a variety of types and fonts; 200 dpi images suitable for rendering logos and symbols as well as play data
- Full graphics capability, including high quality bar codes or coupons for cross promotion
- A paper path that provides jam-free operation and simple paper loading
- Quiet operation
- Ability to print fixed or variable length tickets
- Grade A bar code quality



Figure 7.12-16: WAVE™ Terminal Thermal Printer

The WAVE™'s printer was designed to make changing paper as easy as possible. As depicted in Figure 7.12-17, all a retailer needs to do is:

1. Pull the handle on the front of the chassis to release the cover
2. Pull the roll out to remove and discard it
3. Place the new roll into the base of the printer unit, feeding from the bottom, and pull out the leading edge of the roll so that it extends a few inches beyond the paper cutter
4. Close the printer cover

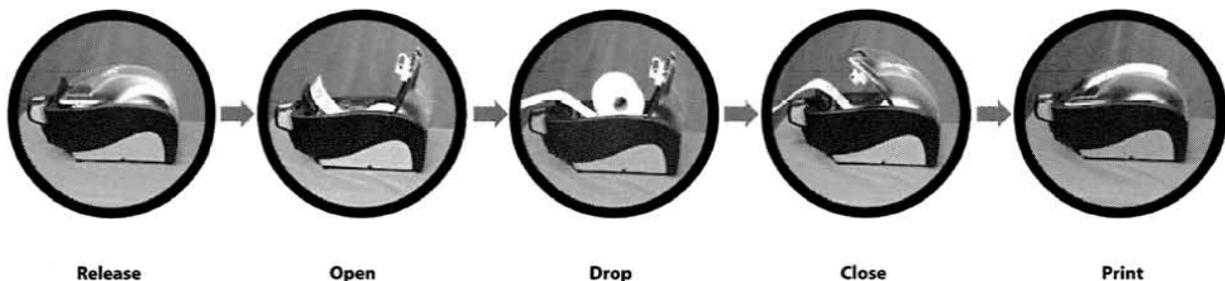


Figure 7.12-17: Changing Paper is Easy with WAVE™

The design of the WAVE™ printer means there is no need for the retailer to thread of paper. To see how easy it is to change paper, please see the enclosed "Retail Environment" video on the DVD name "WAVE™ Demonstration" provided behind the Electronic Media tab card.



Variety of Fonts – A large variety of fonts contribute to flexibility in creating attractive, crisp looking tickets and reports, including promotional advertisements. By standardizing on open source TrueType fonts, we can offer the Lottery a wide range of text styles.

Graphics, such as lottery logos, game logos, and promotional coupons are produced easily. Please see Figure 7.12-18 and Figure 7.12-19 for sample graphics that can be printed on the WAVE™ printer, and examples of promo coupons that can be generated on the WAVE™ printer. Scientific Games understands that all fonts, icons, promotional coupon formats, and logos must be approved by the Lottery.

The printer provides full graphics printing capability, of coupons and high quality UPC and bar codes, including PDF-417 and DataMatrix codes. It can also print alphanumeric characters in up to 72-point font, and crisply print graphical symbols and pictures.

In satisfaction of RFP Table 64, Detail Requirement No. 19, the WAVE™ and all other related system sales equipment will have printers capable of producing numbers and graphics (symbols and pictures) and ISO/IEC industry standard bar codes. All printers produce bar codes that have a first read rate from scanning equipment of at least 98%.

<p>VISIT OUR WEB SITE AT WWW.IALOTTERY.COM For current drawing results call: Des Moines (515) 323-4633 Cedar Rapids (319) 393-7884 Term: xxxxxx xxxxxx xxxxxxxxxxxxxx-x xxxxxxxx 11:11</p> <p>KRUEGER'S CONVENIENCE STORES</p> <p>FREE 32 OZ. FOUNTAIN DRINK</p> <p>Your \$5 lottery purchase entitles you to a free 32 oz. fountain soft drink at any of the six Des Moines area Krueger's BP locations.</p> <p>This coupon may only be redeemed at the addresses listed below and is not redeemable for cash or other purchases.</p> <ul style="list-style-type: none"> • 5120 NE 14th Street • 630 SW 9th Street • 11304 NW 54th Street (Hwy 141, Grimes) • 3401 SE 14th Street • 6300 Hickman Road • 1272 8th Street (West Des Moines) 	<p>VISIT OUR WEB SITE AT WWW.IALOTTERY.COM For current drawing results call: Des Moines (515) 323-4633 Cedar Rapids (319) 393-7884 Term: xxxxxx xxxxxx xxxxxxxxxxxxxx-x xxxxxxxx 11:11</p> <p>On The Go</p> <p>\$2 off a single car wash</p> <p>Your \$5 lottery purchase entitles you to a \$2 discount on a car wash at the Guppy's On The Go locations listed below:</p> <ul style="list-style-type: none"> • 605 Lindale Drive in Marion • 235 Edgewood Road NW in Cedar Rapids <p>This coupon is not redeemable for cash or other purchases and is only good toward the purchase of a car wash.</p>	<p>VISIT OUR WEB SITE AT WWW.IALOTTERY.COM For current drawing results call: Des Moines (515) 323-4633 Cedar Rapids (319) 393-7884 Term: xxxxxx xxxxxx xxxxxxxxxxxxxx-x xxxxxxxx 11:11</p> <p>Dyno's </p> <p>FREE 20 OZ. FOUNTAIN DRINK</p> <p>Your \$5 lottery purchase entitles you to a free 20 oz. fountain drink at any of the Dyno's Convenience store locations listed below:</p> <p>Milford, Emmetsburg, Pocahontas, Hartley, Sanborn, Paulina, Spirit Lake, Storm Lake and both Spencer stores.</p> <p>This coupon is not redeemable for cash or other purchases.</p>
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Figure 7.12-18: Graphic Capabilities of the WAVE™ Printer

7.12.0.2.2.D PLAYSリップ AND DOCUMENT READER/SCANNER

While other vendors may provide a low cost, single playslip Digital Document Reading device, Scientific Games' WAVE™ terminal includes a high speed, contactless image sensor document scanner that offers the highest speed of service and ease of use playslip reader of all terminals in the industry. The WAVE™ terminal exceeds performance of other lottery terminals as it processes playslips faster and uses intelligent stacking.

The WAVE™ terminal's newly-designed document scanner, with its 8.5" wide paper path is the fastest in the industry and has been optimally placed so that the document insertion point is located at the front of the terminal within comfortable and easy reach of the retailer.

The WAVE™ terminal's playslip document scanner uses Contactless Image Sensor (CIS) technology with true document scanning via Optical Character Recognition (OCR) to read player-completed playslips and other relevant documents. Its CIS technology reduces the frequency of scanner cleaning and virtually eliminates the possibility of scratching the glass, which protects the image sensor. The scanner automatically recognizes the differences between a playslip and game ticket.

As seen in Figure 7.12-21, the playslips are stacked in the document tray close to the retailer, and out of reach of the player, eliminating the possibility of a player grabbing the playslips before the retailer is ready to hand them back.

The WAVE™ consistently stacks 30+ playslips with ease in the same order that the tickets are printed on the printer. With two sets of drive rollers and a short paper path, your retailers will experience enhanced throughput and better handling of multiple playslips. To see the WAVE™ in action, please refer to the "WAVE™ Terminal in a Retail Environment" video on the DVD named "WAVE™ Demonstration" provided behind the Electronic Media tab card.

Online ticket validation and online ticket cancellations are also supported by the WAVE™ terminal's document reader. The document scanner mechanism features a single, high reliability stepper motor and, solid state document insertion detection. When servicing or replacing the scanner module, there are no exposed cables that can be damaged or accidentally disconnected. Return to selling is quicker than ever.

The WAVE™ terminal supports scanning of various sized playslips or other documents up to an A4 size.

Reader Flexibility – The WAVE™ playslip reader is extremely flexible in terms of its ability to read various colors and graphics on the playslips, and the latitude it allows for markings by players. The Contactless Image Sensor scanner in the WAVE™ terminal provides all of the functionality of a traditional Optical Mark Reader (OMR) along with many other capabilities. Since this type of scanner creates an image of the ticket, playslip, or document being scanned, the processing of the image is placed under terminal software control. Contactless Image Sensor scanners do not require any special marking utensils with the



Figure 7.12-21: WAVE™ Document Stacking Feature



exception that they are unable to process playslips completed with red or yellow marks. This limitation is due to the color of the scanner's built-in (red) illumination lights and is typical of most lottery scanners.

The WAVE™ terminal supports scanning of various sized playslips or other documents in any orientation (i.e., full 360° positioning). As shown in Figure 7.12-22, this means playslips can be literally dropped into the scanner vertically, horizontally or any angle and still experience superior performance. The scanner accepts and decodes playslips in any rotation, as long as they are inserted face down. If the WAVE™ terminal has difficulties reading a slip, it will eject the slip for reinsertion. A pop-up message is also displayed on the screen to instruct the retailer to reinsert the slip.



Figure 7.12-22: Playslips can be Scanned at any Orientation

A great deal of human factors were taken into consideration during the engineering and industrial design of the document scanner's functions, and, as retailers in Connecticut, Delaware, Indiana, and Pennsylvania have told us, the WAVE™ terminal delivers!

Jam Resistant – The two-roller, short paper path scanner is not only easy to operate, but it is also highly jam-resistant. Figure 7.12-23 shows how easy the scanner opens in the event that a jam occurs.

The document scanner provides a first read scan rate of not less than 98% when reading grade A bar codes.

The “WAVE™ Terminal in a Retail Environment” video on the DVD named “WAVE™ Demonstration” provided behind the Electronic Media tab card contains a visual demonstration of this advanced design feature.

7.12.0.2.2.E BAR CODE READER (DRs 18 and 20)

In satisfaction of RFP Table 64, Detail Requirement Nos. 18 and 20, the WAVE™ terminal includes a wireless, handheld 2-D bar code reader, as shown in Figure 7.12-24.

The WAVE™ terminal supports all standard one and two dimensional (matrix) bar code symbologies by using a true two-dimensional reader. The bar code reader (and document scanner) and terminal software process a wide range of bar codes, including interleaved 2 of 5 (Code 25), UPC (subsets A through D), PDF-417, DataMatrix, and the world standard EAN-13 product bar code.

The bar code reader is capable of scanning an ISO/IEC 2-D bar code printed under the scratch-off coating of an instant ticket (after the coating has been removed) for the purpose of keyless validation of the ticket.

Both the bar code reader and document scanner provide a first read scan rate of not less than 98%.

The bar code reader also supports reading of 1-D bar codes and the manual entry of codes found under the scratch coating for validations as well as complete manual entry of the validation information.

In addition, the bar code reader supports administrative activities, including instant ticket inventory control and reading age verification or other ID cards.

The wireless handheld bar code reader can also read online tickets for cashing and canceling. Cancellation parameters such as game limitations are defined by the Texas Lottery.



Figure 7.12-23: Retailer Clearing Scanner Jam

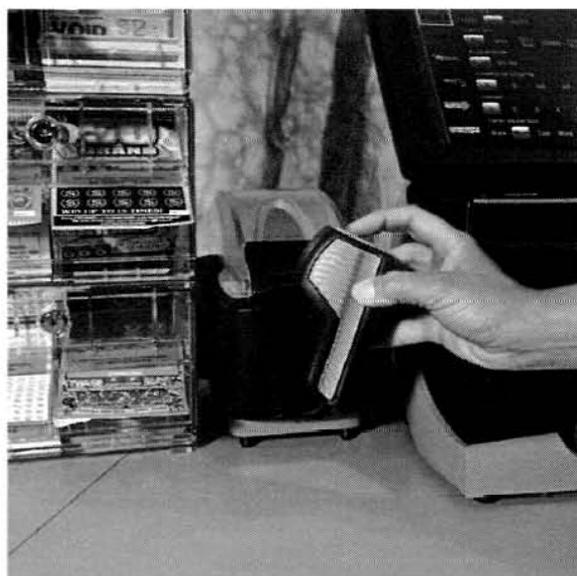


Figure 7.12-24: Handheld Bar Code Scanner

Complying with the RFP Table 64, Detail Requirement 20, Scientific Games' terminal architecture and equipment allows for upgrading to new industry standard bar coding.

7.12.0.2.2.F UNIVERSAL SERIAL BUS (USB) AND PERIPHERAL SLOTS/PORTS

Scientific Games' Engine Card, which serves as the lottery peripheral control board, provides connectivity for traditional lottery peripherals offered by the Lottery today, while supporting open ports, as required for future expansion. Ports for connecting peripherals (player self check units, player activated transaction displays, jackpot signs, and player advertising displays) are supplied by the WAVE™ terminal, which has a variety of ports and interfaces that allow for future expansion. The available port types, quantities, and usage are indicated in Figure 7.12-25.

Figure 7.12-25: The WAVE™ Terminal's Peripheral Interfaces

PORT TYPE	QUANTITY	USE
USB 2.0	6 external (plus 4 internal)	The internal USBs are used for the scanner, printer, and touch display. The external USB ports can be used for mice, keyboards, expansion storage, auxiliary displays, and peripherals (ticket checkers and jackpot displays) or wireless options.
Serial Ports	4 (including 1 powered)	Ticket checkers, jackpot displays, and customer transaction displays.
PCI	1	Expansion video, multimedia or other PCI options.
MiniPCI Express	1	Internal wireless options (Bluetooth, WiFi).
VGA	1	LCD panel customer displays, and external video displays.
Cash Drawer	1	Cash Drawer.

As shown in Figure 7.12-26, the ports are secured by the locking back cover and only accessible by Field Service Technicians.

7.12.0.2.2.G SOUND GENERATOR (DRs 14 and 21)

In satisfaction of RFP Table 64, Detail Requirement No. 21, the WAVE™ terminal uses integrated SoundBlaster™ compatible hardware for producing software-controlled, audible tones and alarms (e.g., human voice, musical tunes, or simple tones) when certain transactions or functions are performed or specified events occur, as defined by the Lottery. The sounds can also be triggered by pop up messages in error or anomaly situations. The sounds never delay the transaction processing time. The WAVE™ terminal fully supports volume level adjustments to be applied by authorized users. The WAVE™ has two internal speakers but can also support auxiliary speakers as a peripheral device. As a separately priced Offered Option, Scientific Games can provide auxiliary speakers.

Depending on the Lottery's preferences, the retailers can be given the ability to fully control the WAVE™ terminal's speaker volume.

Alternatively, if preferred by the Lottery, the ability to adjust this volume can be placed in a restricted area of the terminal function screens to prevent retailers from accessing this capability, or the retailers' access can be controlled to only allow volume level adjustments to be made within Lottery predefined volume ranges to ensure that retailers cannot turn off the sound.

In satisfaction of RFP Table 64, Detail Requirement No. 14, the WAVE™ terminal and all terminals provided by Scientific Games will provide aural notifications on winning tickets and non-winning tickets. At a minimum, our terminals will support four distinct aural tones to let players know the status of their winning and non-winning tickets. Each time a ticket is scanned for inquiry or validation a distinct tone must identify one of the following results:

- a. Prize-winning tickets under \$600 and win-a-free-ticket prizes
- b. Prize-winning tickets of \$600 and higher and non-cash prizes. These prizes can only be paid at a TLC claim center
- c. Non-winning tickets
- d. Retailer cannot validate (variety of reasons such as inactive pack, expired ticket, previously paid, etc.)

7.12.0.2.2.H ENVIRONMENTAL FITNESS

The WAVE™ terminal was specifically designed with difficult and unique retailer environmental conditions in mind, including climate and environmental conditions in Texas retail locations. The WAVE™ terminal's modular printer provides flexibility of placement in stores with limited counter top spaces. WAVE™ terminals run on a 110V 15 amp electrical circuit and do not require a dedicated circuit. There are limited horizontal or flat surfaces that will allow retailers or customers to rest anything on the



Figure 7.12-26: The WAVE™ Terminal has a Securely Locked Back Cover



WAVE™ terminal. The terminal case is made of durable plastics that can be easily wiped clean to help protect the WAVE™ terminal from moisture, dust, grease, and operator abuse. Designed with collaborative input from NCR on retail best practices, the WAVE™ terminal is sized specifically for high retail acceptance in countertop placement.

The WAVE™ terminal has been inspected for safety and has been certified by a reputable testing laboratory to be compliant with the EN60950 safety standard (equivalent to UL950). It is also in compliance with FCC regulations suitable for retail terminals and peripherals.

The WAVE™ terminal is equipped with integrated surge/brownout protection and can operate under virtually all normal urban and rural conditions and does not require its own dedicated power outlet.

The WAVE™ terminal is designed to operate in temperatures from 32 degrees to 113 degrees Fahrenheit.

7.12.0.2.2.I MEMORY AND STORAGE

For Texas, the WAVE™'s standard 512 MB memory will be upgraded to 1GB as an Offered Option included in the base price. The additional memory will provide flexibility to support new functionality and peripherals in the future.

To provide the most flexibility for terminal customization, the Lottery can choose to have the WAVE™ terminal configured with either a Solid State Storage Module (8 GB minimum) or a standard Hard Disk (160 GB minimum).

As an Offered Option, separately priced, solid state storage can be increased to 32 GB.



OFFERED
IN BASE PRICE



OFFERED

7.12.0.2.2.J CASEWORK

The WAVE™ terminal and its peripheral casework are molded from polycarbonate plastic, one of the toughest and most color resilient commercial plastics available. Since the color is actually infused as part of the housing plastics, the WAVE™ terminal's case is uniform in color and appearance and will not fade or change with exposure to environmental conditions. The base casework of the WAVE™ terminal and peripherals is dark gray. Custom colored accent kits for the WAVE™ are available in any Pantone Matching System color desired by the Lottery at no additional cost.

As shown in Figure 7.12-27, the accent kits on the front of the WAVE™ terminal are strategically placed to draw the attention of the user to the device areas where there is user interaction.

There are also accent colors on the rear of the terminal as shown in Figure 7.12-28. The custom colored accents kits on the WAVE™ terminal are also clear polycarbonate plastic coated on the back to protect the colored surface from scratching or chipping. Custom color arrangements can be accommodated upon request.



Figure 7.12-27: Accent Color – Front of the WAVE™ Terminal



Figure 7.12-28: Accent Color – Rear of the WAVE™ Terminal

Detailed specifications for the WAVE™ retailer terminal can be found with the Supplemental Documentation at the end of **Part 7**, as well as on the Supplemental Documentation CD behind the Electronic Media tab card.

7.12.0.2.2.K SMART CARD READERS (DR 16)

In satisfaction of RFP Table 64, Detail Requirement No. 16 as amended by amendment 33, Scientific Games' retailer sales terminals will be equipped with smart card readers.

The WAVE™ smart card reader is integrated into the right side of the touchscreen housing as shown in Figure 7.12-29. The smart card provides the capability to read alternative media cards such as prepaid gift and VIP cards, and identification cards.

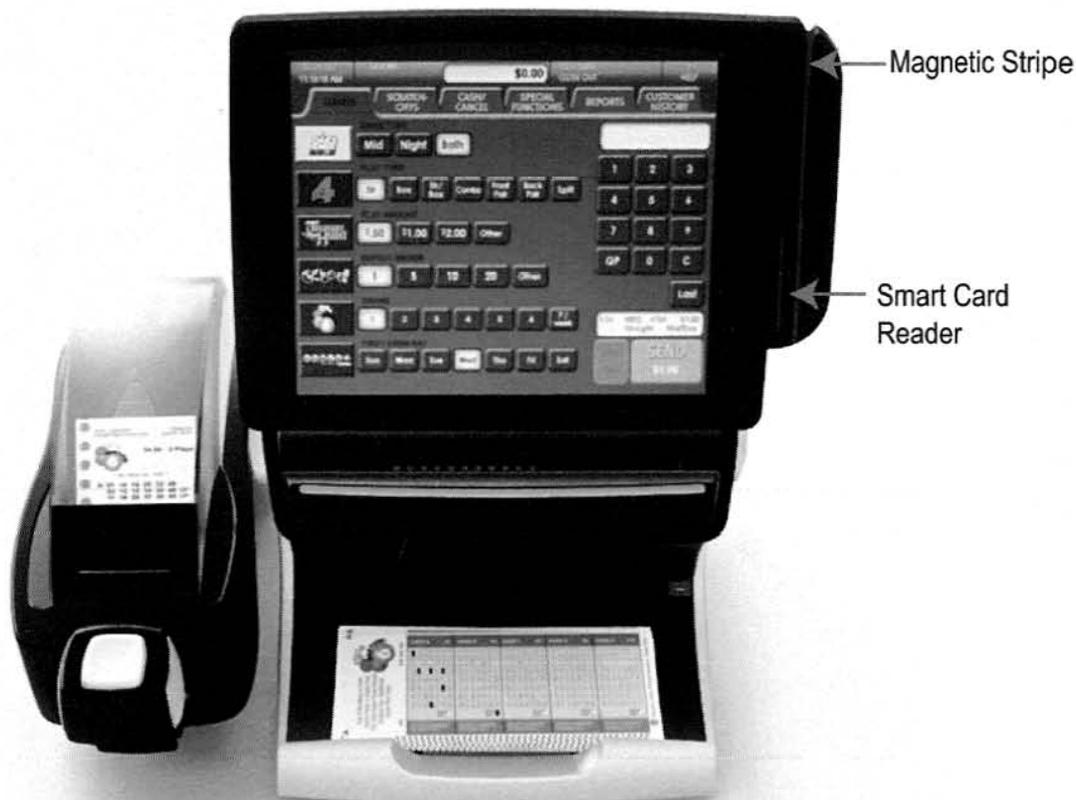


Figure 7.12-29: Magnetic Stripe and Smart Card Readers

As a separately priced Offered Option, a magnetic stripe reader can also be integrated into the terminals right side.



7.12.0.2.2.L BRANDING (DR 17)

In satisfaction of RFP Table 64, Detail Requirement No. 17, at the Texas Lottery's request, Scientific Games' WAVE™ retailer sales terminals will have the capability to perform ticket branding during terminal validation transactions.

For example, the proposed WAVE™ terminal document scanner supports ticket branding on the front of the ticket for cancellations and validations. When branded, the online ticket will be marked distinctively to indicate its "processed" status.

The thermal branding head in the document scanner brands the front of tickets with programmable messages per Lottery requirements. The brand typically is marked with a status such as "PAID" or "CANCELED" and the date. Branding is an important security feature for lottery tickets. A branded ticket is shown in Figure 7.12-30.

7.12.0.2.2.M MESSAGING (DRs 21, 23 and 24)

In satisfaction of RFP Table 64, Detail Requirement Nos. 21, 23, and 24:

- Terminals will be able to display a message and emit a program-controlled audible alarm to indicate errors or anomalies to the retailer.
- When terminals are not being used, the retailer interface will display a Texas Lottery-approved programmable screen saver for the retailer's view.
- Retailer sales terminals will have the capability to receive, store, and play back graphic-rich content for broadcast of retailer/player training and/or marketing content.
- Retailer sales terminals will be capable of receiving, storing, and transmitting wired and wireless messaging to other messaging communication devices deployed in the retail environment.

The WAVE™ terminal and software was designed with communication to the retailer and player in mind. Pop-up messages are displayed for error or anomaly conditions. Figure 7.12-31 shows the pop-up displayed when the back cover of the WAVE™ is opened.



Figure 7.12-30: Branded Ticket Sample



Figure 7.12-31: Screenshot with Error Pop-Up

The WAVE™ terminal software supports training videos to demonstrate and explain how to do different tasks on the WAVE™, such as changing the paper. In addition to showing the Video screen, Figure 7.12-32 also shows the HELP button. The HELP button is available on every screen and gives the retailer detailed instructions for the active screen, as shown in Figure 7.12-33.



Figure 7.12-32: Training Video Screen

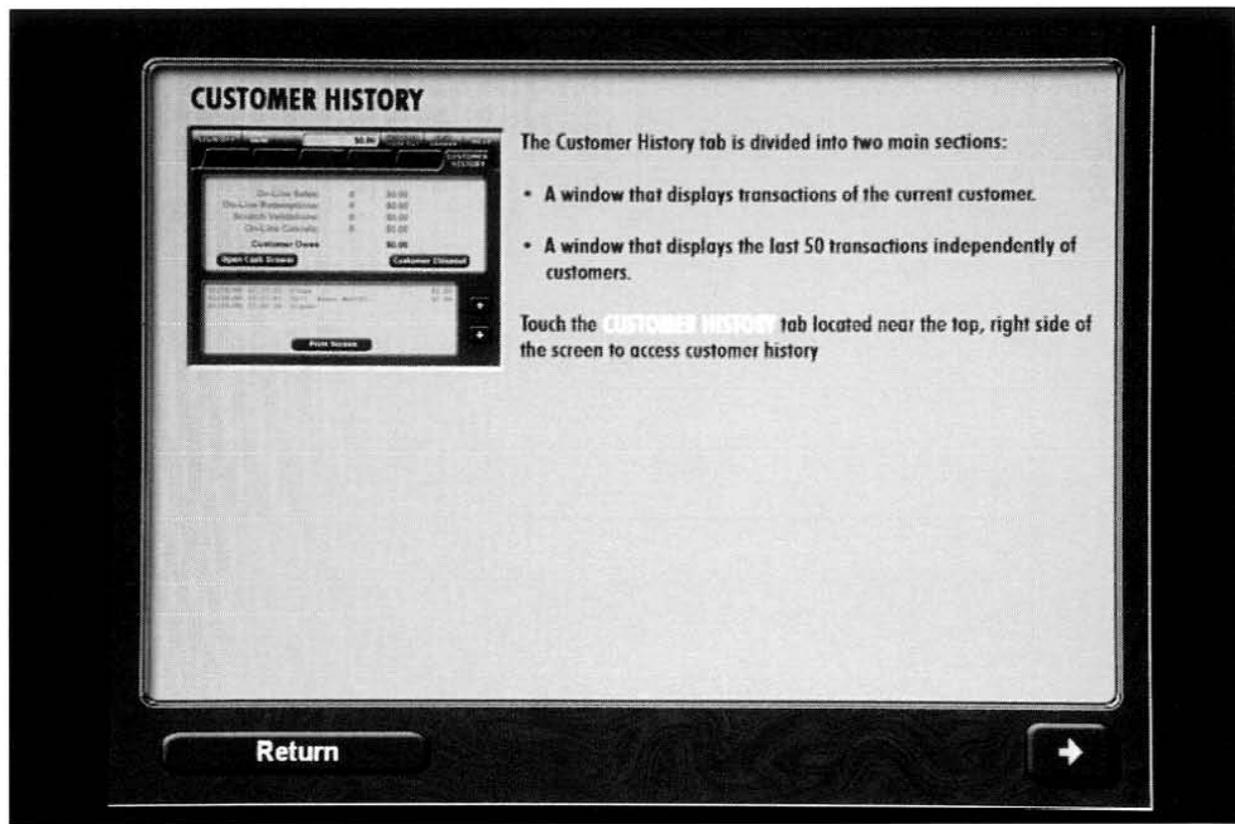


Figure 7.12-33: Help Screen

After a specified period of inactivity, a Texas Lottery-approved programmable screensaver will be displayed on the screen. If the Texas Lottery requires, the retailer can be prompted to log-in again after touching the screen to reactivate the terminal.

Scientific Games' Virtual Download System (VDS), in conjunction with Lottery InMotion, is used to deliver retailer messaging, graphic rich media files, retailer/player training content, play lists, and application updates. VDS is used to broadcast or 'push' data to the terminals in lieu of the traditional process where the terminal requests data using a messaging protocol.

Section 7.11.2.5 describes Scientific Games' Lottery InMotion (LIM) content management system in detail. Content files are stored on the terminals storage media (hard drive or solid state storage module).

The WAVE™ terminal is also capable of communicating with third party vendor wireless and communication devices such as Jackpot and LED signs. These signs are particularly effective in store windows or large retail locations for communicating jackpot amounts and scrolling messages. The wireless signs use a transceiver connected to a USB port on the WAVE™ terminal to provide a secure connection.

7.12.0.2.3 MID-RANGE TERMINAL

Scientific Games is also offering the WAVE™ terminal, described above, as the mid-range terminal. The WAVE™ terminal was designed specifically to provide full functionality in a compact footprint.

**Confidentiality Claimed
Not released**

Confidentiality Claimed
Not released

**Confidentiality Claimed
Not released**

7.12.0.2.4 PLAYER ACTIVATED SALES TERMINAL (DR 4)

In satisfaction of RFP Table 64, Detail Requirement No. 4, we are proud to offer our PlayCentral[®] player activated sales terminal that sells both online and instant product as shown in Figure 7.12-36 and Figure 7.12-37. Maturing and profitable lotteries in the U.S. all face a similar reality at some point. That is, their increasingly saturated retailer base makes it more difficult to find new retailers that are willing to sell their products, or have a reasonable chance of success in doing so.

The Pennsylvania Lottery faced this same challenge and saw a great opportunity in early 2004 when Scientific Games approached them with a plan to supply 1,000 PlayCentral Player Activated Terminals (PATs) to sell both online and instant tickets. The self-service terminal offered the Lottery the opportunity to reach out once again to potential retailers who had passed on selling lottery products before, largely because the sales process, in their opinion, was too labor intensive and was a hindrance on speed of service. The PlayCentral terminal provided the Lottery with a new tool to return to the marketplace and approach these reluctant retailers with a more compelling product offering that require minimal clerk intervention.

Devising a comprehensive plan to recruit and train retailers and then site survey, install, and promote the new PlayCentral was a collaborative effort between Scientific Games and the Pennsylvania Lottery. This undertaking took dedication and teamwork not only from the local staff, but a commitment from Scientific Games' corporate resources to supply additional support.

The overall commitment to the product and a teamwork approach has allowed the Lottery to place the player activated terminals, with over 90% installed into new lottery retailers. Sales generated from these new retailers have surpassed \$175 million since inception and the weekly average sales continue to increase. The successful deployment of PlayCentral self-service terminals, offering both online and instant tickets, has helped with the achievement of this goal, and ultimately contributed to the almost \$3.1 billion dollars in sales that the Pennsylvania Lottery achieved in Fiscal Year 2009.



Figure 7.12-36: PlayCentral Ticket Vending Machine



As the Lottery is well aware, and as further supported in the 2009 industry report from Frost & Sullivan, future growth opportunities in non-traditional locations such as Big Box stores and large national chains require a different technical solution than the current online terminal and instant ticket bridge – the PlayCentral device is a key part of the alternative offering that can open new doors to an expanded retailer base in Texas.

PlayCentral “Firsts”

- First lottery kiosk to dispense online and multiple instant games in the same unit
- First lottery kiosk to offer second advertising display/Keno Monitor
- First lottery kiosk to use an intuitive, single touch screen interface
- Only lottery kiosk to support multiple functions with one user interface
- Only lottery kiosk to offer priority mapping and automatic placement of game icons
- First lottery kiosk to offer unique selling premises of games and help messages



Figure 7.12-37: PlayCentral Ticket Vending Machine

PlayCentral Opens New Retail Opportunities and Trade Styles

PlayCentral is based on field-proven and patented dispensing technology that cleanly separates and dispenses instant scratch-off tickets. Each dispenser is a separate unit and will continue to dispense tickets when other dispensers are disabled. It is ergonomically designed to display tickets to your customers, which means no more bending down to select tickets at the bottom of the machine.

Through its predecessors, the interface and general operation of our PlayCentral kiosk is backed by over 20 years experience in the marketplace and, more specifically, the lottery industry. Scientific Games has made great strides to enhance existing technology and bring it into the 21st century. With strategic placement of this innovative product, the Lottery can expand its customer base and ultimately increase revenue. Our interactive Liquid Crystal Display (LCD) touchscreen offers astounding resolution. Incorporating animated graphics and audio enhancements, PlayCentral will invite new lottery consumers to experience the entertainment and excitement that exists as part of this new system.

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Features and Benefits

PlayCentral is a proven, instant and online lottery vending machine that uses a single, simple, user-friendly touch screen interface to complete the purchase of instant and online tickets.

The PlayCentral includes many standard features:

- Up to 24 dispensers for scratch games – Offers players a wide variety of game choices. It also gives the retailers the ability to load popular games into more than one dispenser, eliminating the need to refill dispensers as often.
- Playslip/online ticket validation reader – for the convenience of players.
- 2-D bar code reader for instant ticket and online ticket prize inquiry, age verification and pack inventory management.
- Bill acceptor with 1,000 note cassette – for the convenience of retailers.
- U.S. Treasury currency downloads to PlayCentral ensures that new note designs will be accepted.
- Operation using a large, high-resolution, full color, 19" flat-panel, touchscreen display provides an easy to use, intuitive user interface for players
- Consistent user interface for the purchase of both instant and online products reduces player confusion.
- Custom door panels in up to two different injection molded colors-for attractive, eye catching TVMs as shown in Figure 7.12-36.
- Remote control device provides the retailer with the ability to discreetly disable the kiosk from a distance of up to 100 feet until they are able to verify the age of the customer.
- Retailer interface for performing instant ticket management functions, accounting, and reporting functions.
- Custom graphic wrap will be designed in conjunction with the Lottery.

As stated above, PlayCentral can be configured with up to 24 dispensers (bins). Normally, dispensers are added in four dispenser increments in a drawer. A benefit of the PlayCentral is that within the drawer, each dispenser works independently and is not dependent or affected by other bins in the drawer. If a dispenser device needs to be replaced, the single dispenser is replaced without affecting the other dispensers in the same drawer. Adding and removing dispensers and drawers can be accomplished in the field, providing configuration flexibility.

To meet the Lottery's anticipated bin requirements and provide for additional flexibility, Scientific Games will provide for an average of 20 bins (5 drawers) per machine. Additional four dispenser (bin) drawers can be purchased as a separately priced Offered Option.

Our latest PlayCentral design complies with the International Disability height standard of ISO 9241-20 requirements as shown in Figure 7.12-38. These standards are actually more stringent and exceeds those in the ADA standards. We also took the opportunity to let the designers give the PlayCentral a fresh new look and new features.



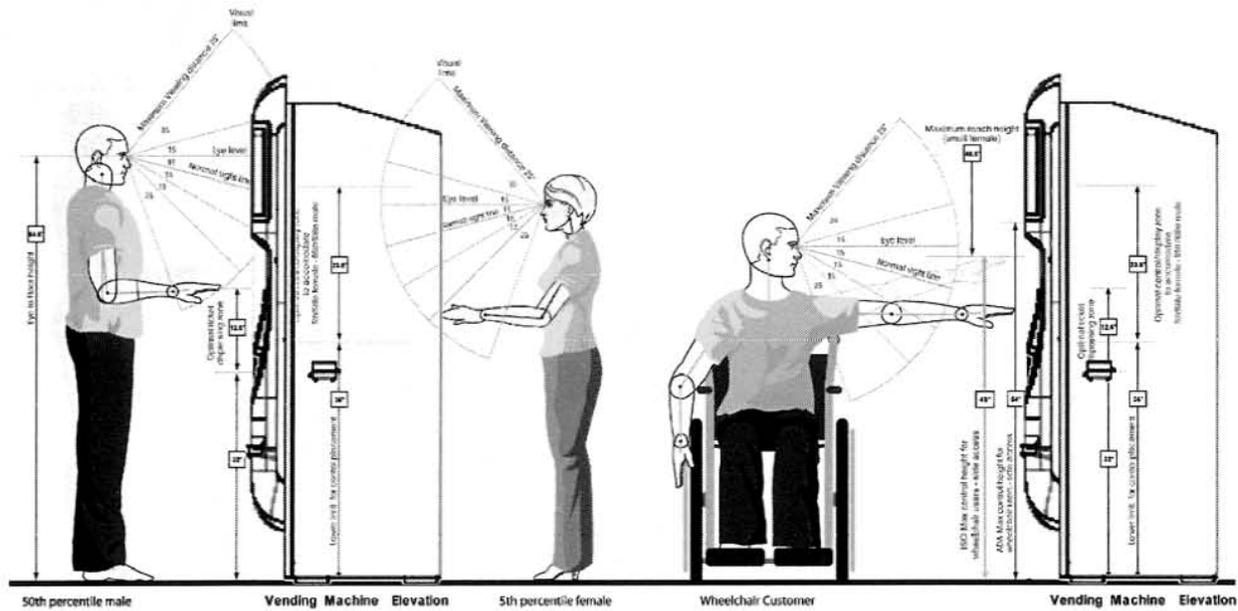


Figure 7.12-38: PlayCentral's Design Complies with the International Disability Height Standard Requirements

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New features include:

- Updated "Inside Pack Load" capability. Provides easy and fast pack loading for retailers without the need to use the touch screen on the front of the door.
- New Drawer Slides. Provides easier and faster pack loading.
- 2-D Bar Code Reader. To be used for future player identification, age verification, coupon redemption, and instant ticket prize checking/validation.
- WAVE™ generation electronics and base software application. This commonality of components reduces software development and test time.
- Larger capacity bins.

As a standard feature, the PlayCentral has a large back-lit, easily changed advertising panel at the top of the device as shown in Figure 7.12-39.

terminal. All activities and events are communicated to the central system, including sales of online and scratch tickets, empty bins, full cash boxes, jammed tickets, and error messages such as low paper stock.

As an Offered Option, Scientific Games can provide an additional 22" high resolution, LCD monitor in place of the back-lit panel. The monitor can be used to play Flash animations initiated from PlayCentral or can be used in conjunction with Scientific Games' content management system. The monitor can also be used as a game monitor for PlayCentrals that are installed in monitor game locations. This option provides a powerful, attention-getting



advertising and promotion device that can benefit the Lottery by increasing awareness of Lottery's products and increasing sales and revenue. This is a separately priced Offered Option.

Scientific Games currently provides Connecticut and Pennsylvania with age verification applications using 2-D bar codes.

A magnetic stripe/smart card reader is provided for reading VIP cards, ID cards, or debit cards.

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For debit card transactions, a PCI compliant PIN pad is also integrated into the PlayCentral. The player scans their debit card and enters their PIN. The player may then be prompted for the amount of money to be debited.

their account is debited, and the PlayCentral is credited for that amount of money for the purchase of Lottery product. Additionally, convenience fees may be collected from the player to cover the cost of the transaction.

Statics show that 40% of all transactions in grocery and convenience stores are done via a debit card. This percentage will continue to grow since more and more people are preferring to pay with debit cards rather than cash. Scientific Games looks forward to working with the Texas Lottery to implementing this feature on our PlayCentral.

With the PlayCentral, online and instant tickets can be checked to see if they are winners. Optionally, tickets may be validated by players up to prize value restrictions (i.e., \$599) set by the Lottery. If a ticket is determined by the system to be a valid winner, credit can be added to the PlayCentral balance. The player can then purchase Lottery products or request a voucher for the total remaining balance. The voucher receipt can be re-inserted in a PlayCentral at a later time or "validated" by the retailer on the WAVE™ terminal for cash.

PlayCentral's software-driven functionality offers the most robust flexibility of any self-service device in the industry, giving it the optional capability to support promotions, advanced age control, validation, and accept gift cards as a payment media.

The PlayCentral uses an intuitive and consistent user interface for selling both instant and online products. Each screen includes a help button if the player needs more instructions on how to use the machine.

Figure 7.12-39 shows sample game selection screen from the PlayCentral model currently being used by the Pennsylvania Lottery. For the Lottery, the screen would be customized to reflect Texas Lottery games and logos.



Figure 7.12-39: Main Menu Game Selection Screen

Instant Ticket Purchase

While traditional instant ticket vending machine technology features one game per display window with a maximum 4"x 4" display ticket, PlayCentral has leaped ahead by incorporating a screen layout with ample room to display up to 24 game logos. The order in which the games appear – the plan-o-grams – controlled by the Lottery using a priority map for the games. Game placement is not dependent upon where the retailer loads the game. All games are displayed on the screen, thus eliminating the need to bend down to see all the games.

PlayCentral operates with a two-level interface for making instant ticket purchase decisions. The first level of the interface, the game selection screen, is illustrated in Figure 7.12-40. This screen incorporates up to 24 different game tickets, four of which may be specified dynamically as "New Tickets" or "Featured Games." Each ticket is represented by a "logo" and price point.

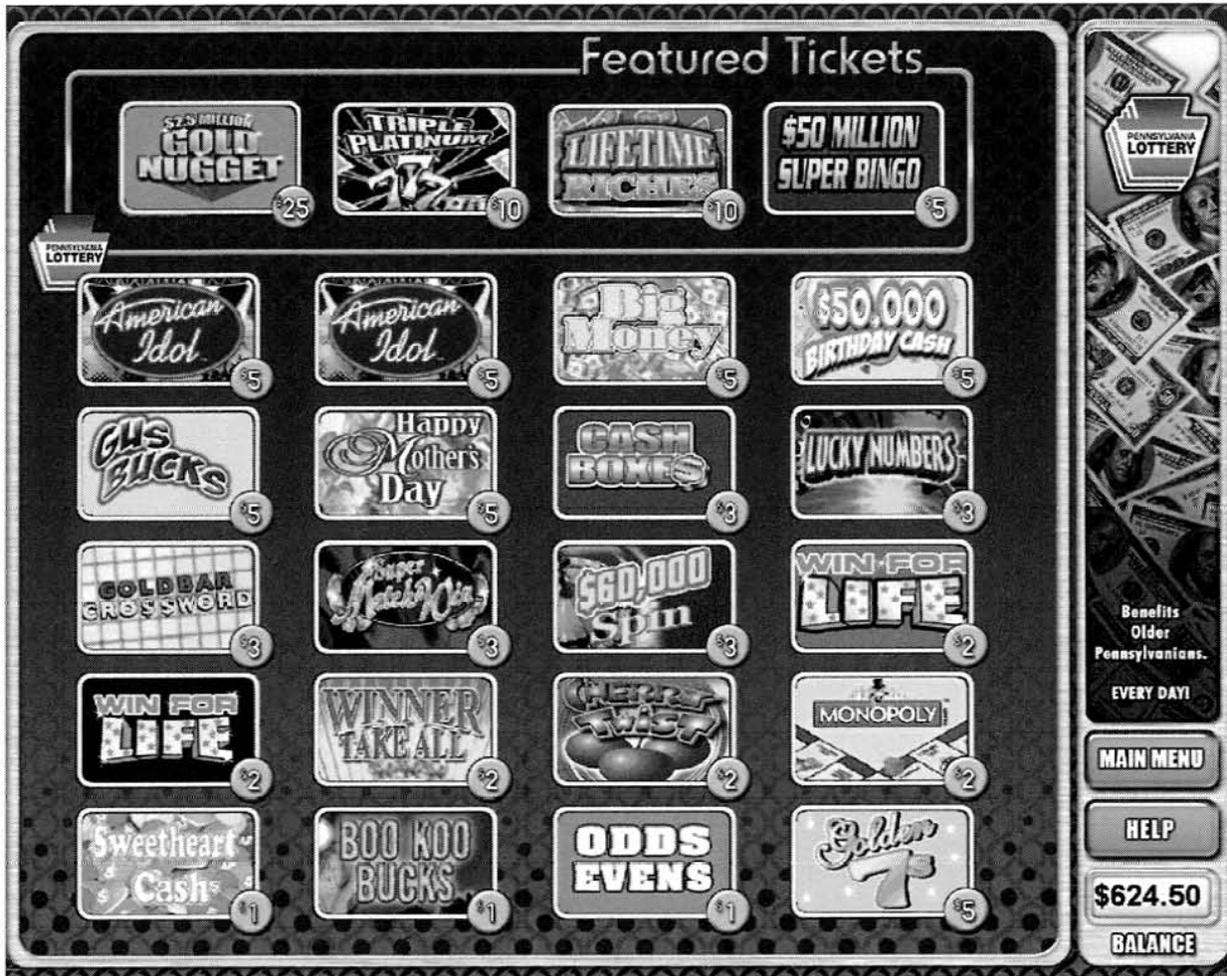


Figure 7.12-40: Instant Game Selection Screen

After "touching" a game logo, the ticket purchase screen is presented. This screen presents the game ticket appropriately scaled, in full size, along with its Unique Selling Premises (USP as shown in Figure 7.12-41). The purchase decision is made directly from this screen with just one touch! The graphic images, price points, ticket lengths, and the number of tickets in a pack for each instant game are downloaded from the central system as each game is introduced.

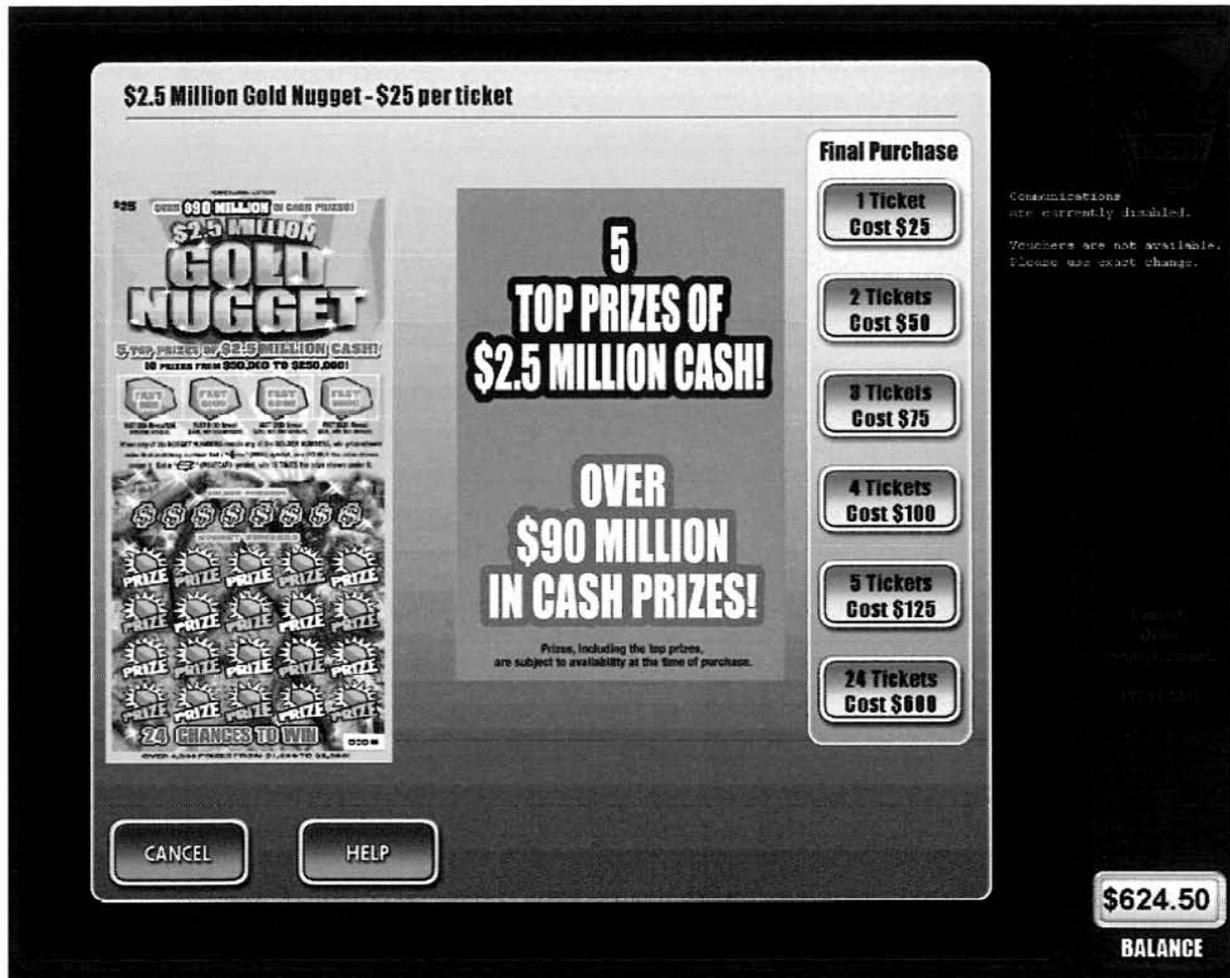


Figure 7.12-41: Ticket Purchase Screen

This makes it very easy for the retailer to load the tickets and allows the PlayCentral to deliver much more information to the player concerning each game than that provided by a conventional vending machine with "tamper-resistant windows."

Tickets printed in landscape format are automatically displayed in the proper orientation.

Confidentiality Claimed
Not released

Confidentiality Claimed Not released

Online Game Purchase

To begin the online game purchase, the player can press the icon of the game to be played or can insert a completed bet slip for the game. If the icon is selected, the player then selects either to Quick Pick or Play Your Way. The game play screen for Daily Number is shown in Figure 7.12-43.

If Quick Pick is selected, the next screen to display is the final purchase screen as shown in Figure 7.12-44.

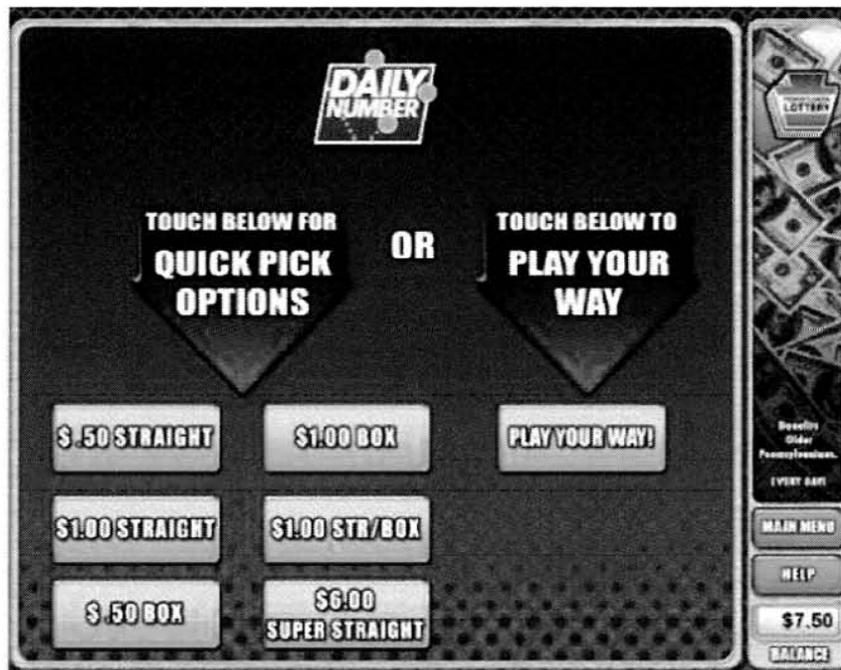


Figure 7.12-43: Online Game Play

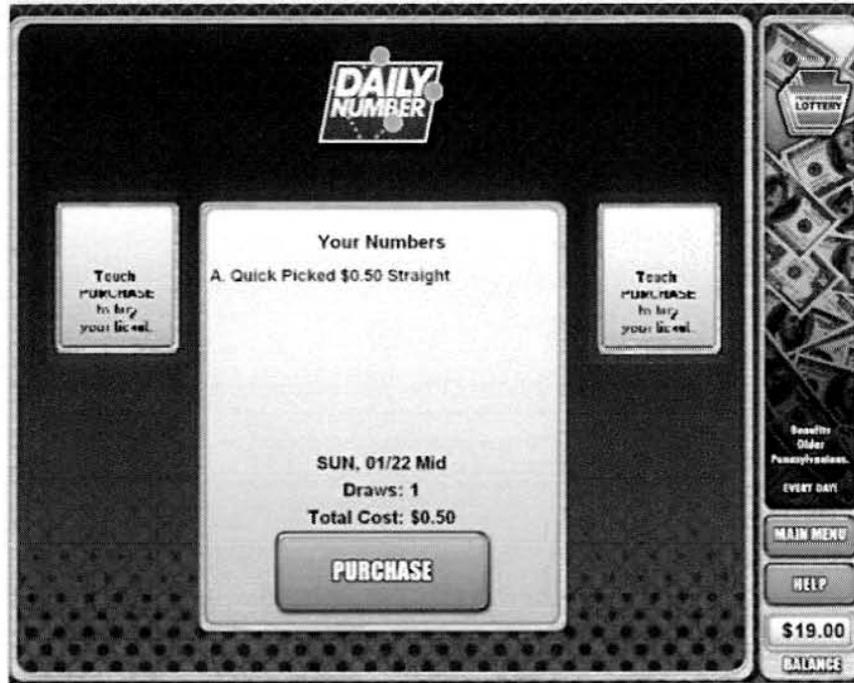


Figure 7.12-44: Final Purchase Screen

PlayCentral focus group feedback has consistently indicated that players prefer a final purchase confirmation step – much like they experience while shopping on the internet.

If Play Your Way is selected, a screen is presented with the same flow as if completing a bet slip. Selections can be made and modified for each play, such as bet type, number of draws, advance draw, number selection, and bonus or kicker information.

When all selections have been made, the final purchase button is pressed to complete the transaction. Figure 7.12-45 illustrates the Play Your Way screen a player sees after choosing to play Daily Number.



The image shows a digital interface for purchasing a 'DAILY NUMBER' lottery ticket. The screen is divided into several sections:

- Draw Type:** Buttons for 'Day' and 'Night'.
- Play Type:** Buttons for 'Str', 'Box', 'Str / Box', 'Super Str', 'Front Pair', and 'Back Pair'.
- Play Amount:** Buttons for '\$.50', '\$1.00', '\$2.00', '\$3.00', '\$4.00', and '\$5.00'.
- Number of Tickets:** Buttons for '1', '5', '10', '20', and 'Other'.
- Draws:** Buttons for '1', '2', '3', '4', '5', '6', and '7'.
- First Draw Day:** Buttons for 'Sun', 'Mon', 'Tues', 'Wed', 'Thurs', 'Fri', and 'Sat'.
- Selection Area:** A 'Select Your Numbers' section with a numeric keypad (1-9, 0, QP, ←) and a 'Total Purchase Cost: \$0.50' display.
- Warning:** A message box stating 'Please add an additional \$0.50 to complete your purchase'.
- Right Sidebar:** Features the 'PENNSYLVANIA LOTTERY' logo, a stack of money, the text 'Benefits Older Pennsylvanians. EVERY DAY!', and buttons for 'HELP', 'MAIN MENU', '\$0.00', and 'BALANCE'.
- Bottom Center:** A large 'PURCHASE' button.

Figure 7.12-45: Sample Daily Number Purchase Screen

We look forward to customizing the PlayCentral play screens based on the Texas Lottery games and play features.

Detailed specifications for the PlayCentral can be found with the Supplemental Documentation at the end of **Part 7**, as well as on the Supplemental Documentation CD behind the Electronic Media tab card.

7.12.0.2.5 PLAYER ACTIVATED SELF CHECK TERMINAL (DR 5)

In satisfaction of RFP Table 64, Detail Requirement No. 5, Scientific Games will provide player activated self check terminals, is a stand-alone device that allows players to check their own instant and online tickets for winners. The terminal will indicate if a ticket is a winner, but not validate the ticket. The terminal will provide ticket prize inquiry, including communication of winning, non-winning, and actual prize amount data via a display.

Scientific Games proposes our self-service Ticket Checker as the online terminal peripheral that allows customers to check their own online or instant tickets for winners. This device interfaces to the WAVE™ terminal, providing ticket processing in a timely, secure, and efficient manner. With this self-service ticket checker, players can check the status of their online gaming tickets as well as instant tickets with 2-D bar codes without requiring clerk intervention and without updating validation information on the computer system. When a ticket has been successfully scanned, the self-service ticket checker will make an audible beep. A message indicating the ticket is a winner or non-winner displayed. Some jurisdictions show the winning amount up to certain levels. If the ticket is a winner, the player would take the ticket to the clerk or to the Lottery for payment.

The self-service ticket checker includes a 2-D bar code reader and a 4" x 20" character LCD display located on top of the module. This screen is used to display messages relating to the outcome of the inquiring attempt. It can also display the amount won. The ticket checker is capable of using a variety of bar code types on the instant or online tickets to determine winning status.

The read rate for the proposed self-service ticket checker is greater than 98%, thereby ensuring that the Lottery's players will be able to scan their tickets in the units quickly and learn whether or not they are holding a winning ticket.

The unit can be positioned at various locations throughout the retail environment and comes with a detachable stand for countertop placement or a detachable wall mount bracket for wall placement as shown in Figure 7.12-46. The standard cable length for the ticket checker is 30".



Figure 7.12-46: Self-Service Ticket Checker

As an Offered Option included in the base price, Scientific Games will provide wireless capability for the ticket checkers. Wireless capability provides for ease of placement within a retailer location.

The WAVE™'s wireless ticket checkers use proprietary spread spectrum radio technology with a 48 bit key to communicate to the WAVE™. This technology provides reliability and security in applications prone to high noise such as Lottery retailers.

When you watch the DVD containing the news segment aired on WTNH in Connecticut (found behind the Electronic Media tab card), you can see how easy it is for a player to use the player activated self check terminal. Detailed specifications for the self-service ticket checker can be found with the Supplemental Documentation at the end of **Part 7**, as well as on the Supplemental Documentation CD behind the Electronic Media tab card.

Each WAVE™ terminal has the ability to support up to eight wireless ticket checkers.

To provide flexibility in deployment of ticket checkers and to benefit players and retailers, Scientific Games, as an Offered Option included in the base price, offers 500 additional ticket checkers for use in high traffic and high volume retailer locations.



OFFERED
IN BASE PRICE



OFFERED
IN BASE PRICE

As an Offered Option, in addition to the 17,500 ticket checkers (plus units for spares, testing, training and Lottery claim centers) provided in the base price, additional ticket checkers can be provided. This is a separately priced option.

7.12.0.2.6 HANDHELD TERMINAL (DR 6)

In satisfaction of RFP Table 64, Detail Requirement No. 6, Scientific Games will provide handheld terminals (and printers). The handheld terminal is a wireless mobile device capable of producing online tickets. These handheld terminals and printers are shown in Figure 7.12-47. The touchscreen terminals can communicate via wireless CDMA to the AEGIS-EF system.

Scientific Games has supplied over 90,000 similar handheld terminals to Lottery retailers and distributors in China. The printer holds a 2.65" paper roll of 3.24" width paper. The printer comes equipped with a belt clip, a case, and shoulder strap as shown in Figure 7.12-48.

Detailed specification sheets for the handheld terminal can be found with the Supplemental Documentation at the end of **Part 7**, as well as on the Supplemental Documentation CD behind the Electronic Media tab card.



Figure 7.12-47: Handheld Terminals and Printers

Figure 7.12-48: Optional Shoulder Bag

7.12.0.2.7 THERMAL PAPER (DR 11)

In satisfaction of RFP Table 64, Detail Requirement No. 11, Scientific Games will provide all thermal paper for the printing of online tickets from the sales terminals. The thermal paper will be front- and back-coated, and able to withstand a temperature of up to 180 degrees Fahrenheit.

Scientific Games has partnered and formed long lasting relationships with several vendors in the thermal paper manufacturing industry, mainly powerhouse companies such as Appleton, Kanzaki, Nashua, and Mitsubishi. This allows us to proudly offer the Lottery all of the current – as well as the new generation – top-coated lottery-grade thermal papers on the market. In order to meet the challenges of multiple extreme conditions set forth by the Lottery and the other lotteries we serve, Scientific Games requires that all vendors' top-coated lottery grade papers are:



- Premium front and back coated (exceeding the RFP requirement), capable of withstanding at least a minimum of 180 degrees Fahrenheit ambient temperature for greater than four hours.
- Resistant to several exposures, such as, but not limited to, heat, moisture, light and other elements, all while providing exceptional environmental stability.
- Capable of providing rich, dark images and bar codes, and a quality ticket feed.

Additionally, all of our vendors' lottery grades are fully compliant with all multi-jurisdictional security standards (e.g., Mega Millions, MUSL, and NASPL) and all are fully qualified by multiple thermal printer OEMs and compatible with many lottery terminal manufacturers worldwide. All vendors' lottery grade papers will maintain their legibility and ability to validate for a minimum of 365 days.

These lottery grades have been used successfully throughout North America and/or around the globe for many years. In an effort to always keep the Lottery up to date with the newest advancements and/or changes in the thermal paper manufacturing arena that may represent a benefit for the Lottery, Scientific Games will continue to inform the Lottery of the newest available thermal paper grade stocks from our multiple vendors that not only meet, but also exceed the properties of the Lottery paper in use. A charge for improved stock may be negotiated.

Specification sheets of paper stocks provided by the companies mentioned above can be found with the Supplemental Documentation at the end of **Part 7**, as well as on the Supplemental Documentation CD behind the Electronic Media tab card.

Ticket Stock Security Features – Scientific Games will provide our proven and secure SciGuard system to verify high-tier ticket cashes and ensure that the ticket stock the ticket was printed on was delivered to the retailer who sold the ticket. More information on SciGuard can be found in **Section 7.8.3**. Additional information on ticket security can be found in the following confidential information.

**Confidentiality Claimed
Not released**

7.12.0.2.8 TERMINAL IDENTIFICATION (DR 12)

In satisfaction of RFP Table 64, Detail Requirement No. 12, no manufacturer logos will be allowed on any terminals.

For maintenance and logistics purposes, each terminal will have a unique identity. We will affix both human readable and bar coded serial numbers on each terminal that will not be visible to the public. On the back of the WAVE™ (player side) there is a Lottery signage/marketing area as shown in Figure 7.12-49. Space on the WAVE™ can also be provided for a permanent information piece that displays system support phone numbers for Scientific Games and the Lottery. Please reference Figure 7.12-50 for an example of the Pennsylvania Lottery Information Sticker.

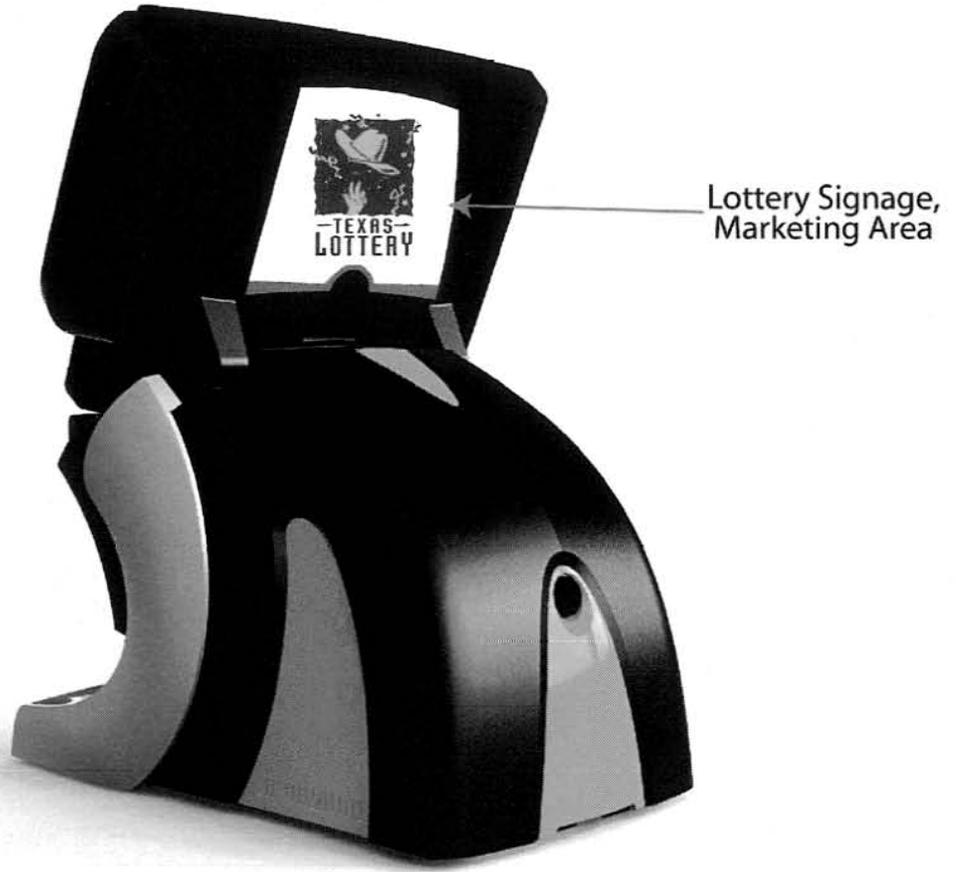


Figure 7.12-49: Lottery Signage/Marketing Area



Figure 7.12-50: Pennsylvania Information Sticker

7.12.0.2.9 CUSTOMER-ORIENTED DISPLAY (DR 15)

In satisfaction of RFP Table 64, Detail Requirement No. 15, all retailer sales terminals will provide a customer-oriented video display (flat-panel monitor) to communicate the outcome of each transaction conducted on the terminal, including:

- a. Sales transaction data;
- b. Validation data to include winning, non-winning, and prize amount data, if applicable; and
- c. Displays must also be capable of broadcasting video resident on the terminal, downloaded from the Content Management System, between terminal transactions.

In retailer environments, where video displays (flat-panel monitors) capable of video broadcast cannot be deployed, a customer oriented transaction display will provide:

- a. Sales transaction data;
- b. Validation data to include winning, non-winning and prize amount data, if applicable.

Scientific Games proposes the utilization of 19" class flat panel widescreen LCD monitors for each online retailer location. Widescreen displays are the newest designs on the market – they are the format used by HDTVs. Scientific Games recommends the Lottery carefully consider selecting a widescreen LCD for deployment in retail signing environment. The physical shape of a widescreen displays convey an image of new, fresh technology. Traditional 17" displays are already beginning to look dated. A few short years from now, that screen shape probably won't convey the contemporary image the Texas Lottery desires.

- A 19" (diagonal) widescreen display offers the Lottery over 10% more screen display space in a physical package that's almost the same size as a conventional 17" display. Figure 7.12-51 shows the Pennsylvania Lottery content expanded to 19" widescreen format.
- At some point over the expected 10-year life of this contract, all broadcast advertising, including the Lottery's, will migrate to HDTV's 16:9 aspect ratio (widescreen format). A 19" widescreen LCD is better suited to display this content than a traditional 17" display.
- The widescreen display can also be positioned in portrait mode, providing for the same amount of advertising space but in a vertical arrangement, much like a printed page. In this configuration the LCD takes up even less retail counter space.



Figure 7.12-51: Pennsylvania Lottery 19" Widescreen Display

To accommodate the wide diversity of available space in retailer locations, the flat panel displays can be installed with either a height adjustable stand or a wall mount bracket. The display's orientation may also be portrait or landscape for the most effective use of space. The exact location of the player display will be decided by the Lottery in conjunction with the retailer on an individual retailer basis to optimize visibility.

The WAVE™ terminal is capable of storing sound, static image files, videos, and animations.

Sound is available through the integrated terminal speakers. As a separately priced Offered Option, auxiliary speakers can be provided for the WAVE™. Auxiliary speakers connect to the WAVE™ via an audio jack and do not require the use of a terminal serial port or USB port for connectivity.

Detailed specifications for the flat panel display can be found with the Supplemental Documentation at the end of **Part 7**, as well as on the Supplemental Documentation CD behind the Electronic Media tab card in Book 1 of the Technical Proposal.

As an Offered Option included in our base price, Scientific Games is pleased to be able to offer a 22" widescreen flat panel LCD that can be positioned in either a landscape or portrait mode. The larger screen offers the Lottery additional display area and the opportunity to display larger images, making content viewable from a greater distance. The larger screens are ideal for larger venues such as grocery stores.

Each retailer (with the approval of the Lottery) will have the option of either the 19" or the 22" wide display based on which works best in their retail environment.

Please see **Section 7.11.2.5** for a detailed discussion of transaction information on the flat panel display as shown in Figure 7.12-52. Figure 7.12-52 shows the Pennsylvania Lottery Display without transaction information.

7.12.0.2.10 PLAYER TRANSACTION DISPLAY

For retailers with limited space that may not be able to accommodate a 19" or 22" widescreen display, Scientific Games is offering the smaller Player Transaction Display (PTD). The Texas Lottery can choose the 19" or 22" flat panel display or the PTD described below on a retailer by retailer basis. This flexibility is provided to the Texas Lottery at no additional cost.

The WAVE™ terminal's PTD is a backlit, monochrome Liquid Crystal Display with full graphics capability of 240 x 64 pixels. The display's pitch angle and pole height can be adjusted for optimum viewing. The display is an individual-oriented display for the player conducting the current transaction. Detailed specifications for the Player Transaction Display can be found with the Supplemental Documentation at the end of **Part 7**, as well as on the Supplemental Documentation CD behind the Electronic Media tab card.



Information Redacted
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can support the display of

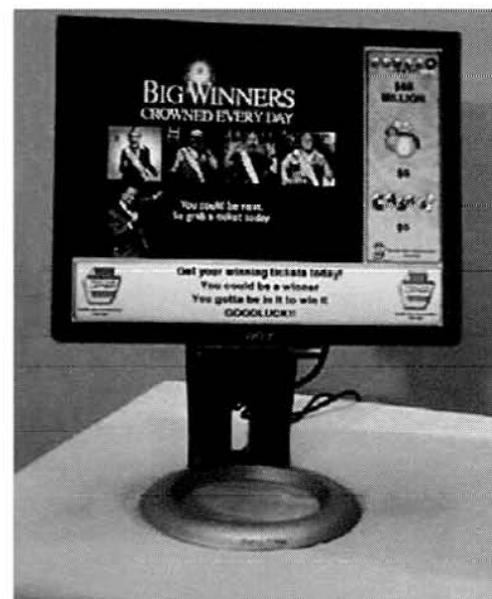


Figure 7.12-52: Pennsylvania Lottery Display

The display can communicate the amount for the current transaction and notify the player that he or she has a winning ticket. The amount of the win or other informational messages can be displayed. We understand that the Lottery must approve the display design and messages. As a separately priced Offered Option, a Player Transaction Display can also be provided for each retailer location deploying to a player flat panel display.

As an Offered Option included in the base price, an integration plate can be provided for permanently affixing the Player Transaction Display to the WAVE™ terminal. Figure 7.12-53 shows the PTD position when mounted on the integration plate.

7.12.0.3 INTERACTION WITH RETAILER BACK-OFFICE SYSTEMS

Response Requirement 3: The Proposer shall include information on the functionality or capability of all Terminal devices to interact with the back-office systems of Retailers.

Over the years several approaches have been explored to allow connectivity between lottery terminals and retailer POS systems for the purposes of accounting for lottery sales. These solutions have been proven unviable for a number of reasons including lottery security issues and variable technical capability of retailer POS systems.

All Scientific Games retailer terminals are able to print a UPC code that contains a product code and price on each online ticket as shown in Figure 7.12-54. The UPC can then be scanned at the POS before giving the ticket to the player. Product codes can be defined for online tickets as we do for instant products. For online products, the UPC would use an in-store format similar to that used for variable weight or price items. The product codes must be loaded into the stores POS terminals or back office system before they can be accounted for just like any other product in the store. The UPC is a 12-digit code with a fixed format. The first digit is the prefix code and the final digit is a check digit. A prefix 2 indicates that it is an in-store defined UPC. This is the same format that is used for meats, vegetables, and fruits where the price or weight is variable.

Additional information on the connectivity of Scientific Games Lottery InPlay and ConvenienceCentral products can be found in **Section 7.12.0.6** and **Section 7.12.0.7** respectively.



Figure 7.12-53: WAVE™ Terminal Rear Cover and Cable Management Capabilities



Figure 7.12-54: Sample Ticket with Retailer UPC

Format for the UPC follows:

FORMAT FOR UPC		
Prefix	"2"	Indicates in-store Code
Product Code	PPPPP	Unique code for Lottery Product
Price	PPPPP	The leading digit indicates if the following four are a weight or price. Price of ticket in pennies.

The WAVE™ printer produces a quality UPC bar code that has a first scan rate of 98%.

7.12.0.4 RETAILER TRAINING MANUAL AND OTHER OPTIONS (DR 25)

Response Requirement 4: The Proposer must provide a sample of its Retailer Training Manual and explain other options for training Retailers such as including an online training manual within the Terminal.

When retailers receive their terminal, they also receive a Retailer Training Manual and retailer best practices containing instructions on how to use the terminal. These materials will be made available on all sales terminals (or in hard copy for equipment where this functionality is unavailable) and provided to Texas Lottery in a format for posting on the Texas Lottery's retailer website.

A sample of Scientific Games' retailer training manual can be found with the Supplemental Documentation at the end of **Part 7**, as well as on the Supplemental Documentation CD behind the Electronic Media tab card. Additional information related to retailer training is discussed in detail in **Section 6.8**.

As required by the RFP, Scientific Games will provide the following training materials for each terminal type:

- a. English and Spanish training/operational manuals on the correct use of the terminal, and the Texas Lottery retailer policies and procedures in English and Spanish;
- b. Manuals will contain, at a minimum, information and instructions on replacing supplies, making minor adjustments to the terminals, placing each transaction, obtaining each report, call center procedures, use of playslips, claim forms, adjustment forms and settlement forms; and
- c. Manuals will be updated when new Lottery products are introduced and/or other changes are made and must be distributed to retailers prior to the start of the new game(s) and/or the effective date of the change(s).

This information will be made available on all retailer sales terminals (or in hard copy for equipment where this functionality is unavailable) and provided to the Texas Lottery in a format for posting to the Texas Lottery's retailer website.

This satisfies RFP Table 64, Detail Requirement No. 25.

WAVE™ Retailer Terminal Training Mode – A full, interactive retailer training mode is available on the WAVE™ terminal. It offers the retailer a simulation of all activity without actually producing live (production) tickets or transactions. While in

training mode, the WAVE™ terminal displays “Training” on the screen to clearly differentiate between training mode and live selling mode as shown in Figure 7.12-55.



Figure 7.12-55: The WAVE™ Screen can Clearly Differentiate Between Training Mode and Live Selling Mode

Training mode will always be available and updated prior to a new game start.

Simulated transactions are processed locally at the terminal and all resulting sample tickets are printed with clear markings, such as “TRAINING – VOID – DEMO – NOT FOR SALE.” In addition, tickets can be branded with bold text as shown on the left-most sample in Figure 7.12-56.



Figure 7.12-56: Training Mode Tickets Clearly Marked

Scientific Games understands that RFP Table 61, Detail Requirement No. 6, must not allow for the production of physical “test” ticket, therefore this WAVE capability is optional.

When the retailer enters or exits training mode at a retailer-site terminal, a transaction is created, sent to and stored on the central system log to provide an audit trail of the activity. In this way, the host is aware that the terminal is not operating in production mode. Data integrity of the central system is maintained since production data files are never updated with any training mode activity. All training transactions, most importantly ticket sales and winner redemptions, can also be logged on the central system as special “training mode” entries.

The WAVE™ terminal will support multiple training modes for multiple user types (e.g., retailer, Lottery DSR, field technician).

For added security, numerical data fields can be printed with X’s, instead of sample numerals to ensure that a training mode wager ticket can never be confused with an actual player ticket. Alternatively, data fields can contain valid numeric strings or fields, and bar code content can be set to all zeroes or all nines. Figure 7.12-56 shows how ticket data fields can be displayed. We will work with the Lottery to customize the presentation of training tickets.

Clearly labeled training tickets leave no doubt that the clerk is operating the terminal in a non-production mode. We will work with the Lottery to make sure that training tickets conform to business and security policies.

A help button is located in the upper right hand of every screen and provides context sensitive help for the screen being displayed, as shown in Figure 7.12-57. If the clerk presses the help icon on the Customer History screen, a help screen with information on customer history is displayed as shown in Figure 7.12-58. This allows the clerk to get assistance with any related functions without having to go searching for it.

The WAVE™ terminal’s training mode provides a store clerk with the ability to experience the operation of all transaction types prior to his or her first actual sale without updating production files such as the winner file. It is also a valuable resource for subsequent refresher training.

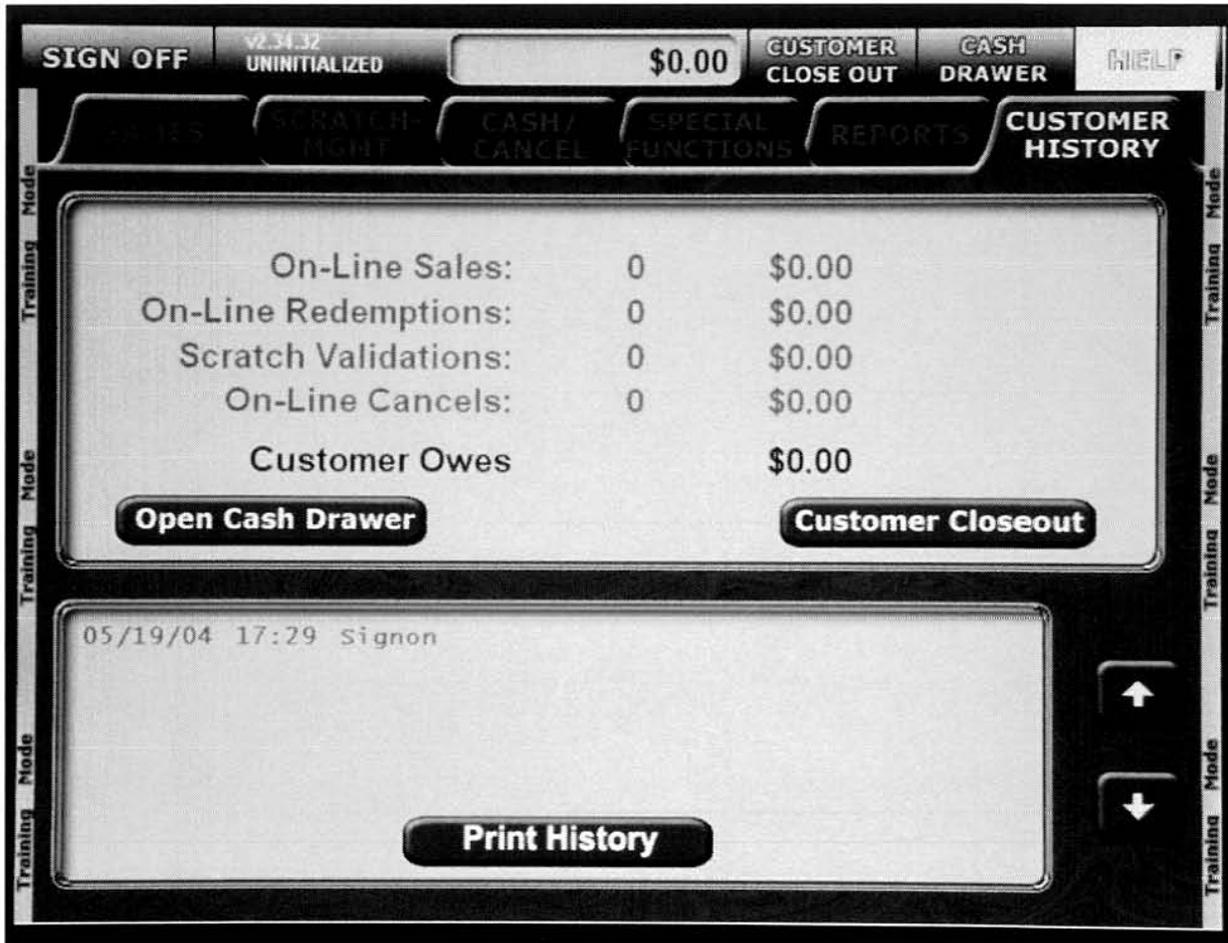


Figure 7.12-57: Customer History Screen

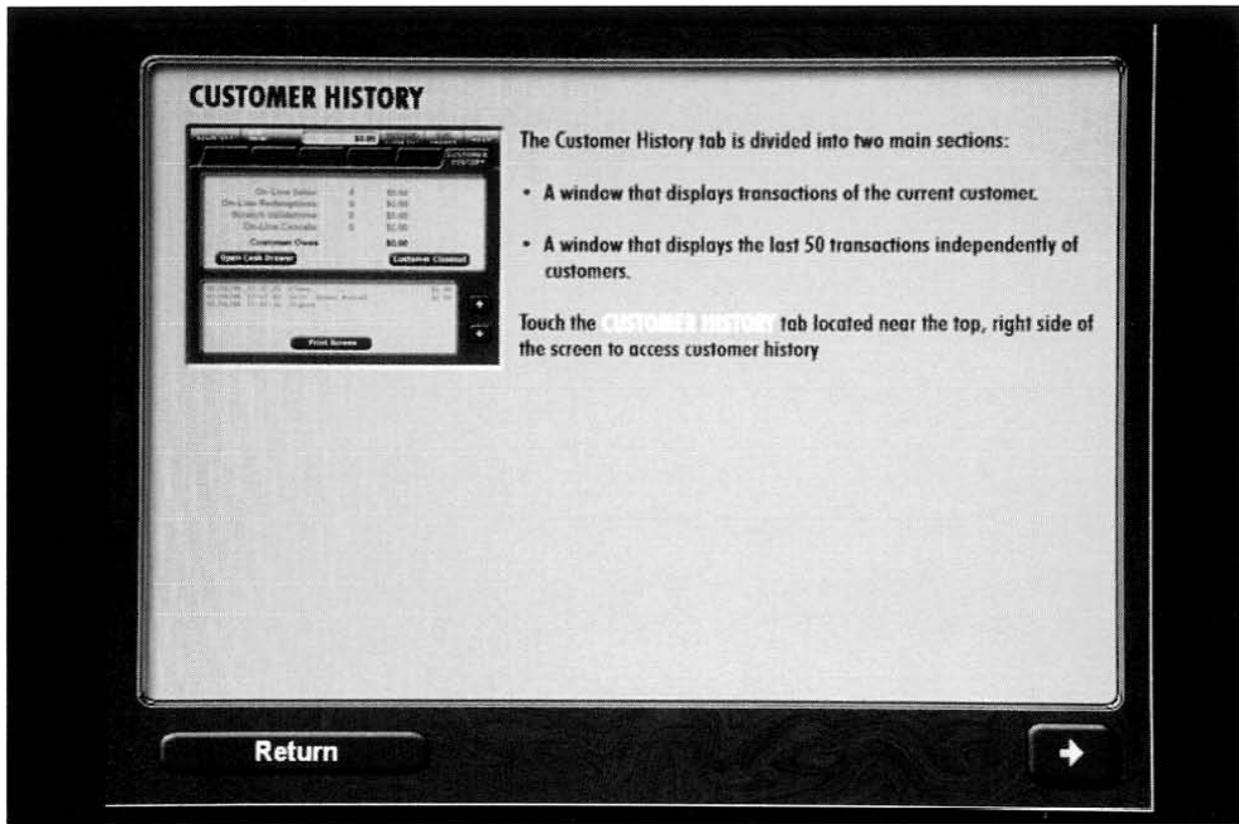


Figure 7.12-58: Help Screen for Customer History

7.12.0.5 IN-COUNTER TICKET DISPENSING UNIT

The RFP requirement related to this Specified Option was deleted by the Lottery as Amendment 20 to the Texas Lottery's Responses to Proposers' Questions and Amendments to the RFP dated February 26, 2010.

7.12.0.6 IN-LANE TERMINALS

Response Requirement 6: As a Specified Option, the Proposer must offer in-lane solutions designed for use in multi-lane stores such as supermarkets. The Proposer shall thoroughly describe the design, installation, maintenance and functionality of the solution. If the Texas Lottery exercises this option, the Proposer must install and maintain the solutions.

As a Specified Option, Scientific Games offers Lottery InPlay, our in-lane solution for use in multi-lane stores. The design, installation, maintenance, and functionality of Lottery InPlay is described below. We understand that if the Texas Lottery exercises this option, we are required to install and maintain the in-lane terminals.

Our Lottery InPlay product was built utilizing our extensive knowledge of Point-of-Sale systems, retail computing, and the lottery industry to deliver the most flexible multi-lane lottery solution



Confidentiality Claimed
Not released

**Confidentiality Claimed
Not released**

Confidentiality Claimed
Not released

**Confidentiality Claimed
Not released**

7.12.0.7 SPECIALTY TERMINALS AND EQUIPMENT

Response Requirement 7: As an Invited Option, the Proposer may offer specialty terminals and equipment, to include new and emerging technology, for future deployment.

Responding to the RFP's Invited Option, Scientific Games describes our specialty terminals and equipment below, including new and emerging equipment for future deployment.

CONVENIENCECENTRAL AUTOMATED DISPENSING AND INVENTORY CONTROL

As an Invited Option, Scientific Games offers the Lottery our enhanced ConvenienceCentral system. This system delivers the ultimate retail solution that consistently improves speed of service and security of instant tickets while automatically tracking sales and inventory of instant and online lottery products. ConvenienceCentral uniquely combines the retailer's existing cash register system with the automatic dispensing and inventory management of our proven PlayCentral product. A lottery purchase is triggered when the retailer inputs lottery items into the cash register, either by scanning a bar coded token that corresponds to a specific instant ticket or quick pick online game, or by key-entering or touching the specific lottery product icons on the cash register screen.



Once the payment is received by the cash register, the specific instant tickets and online quick pick tickets are dispensed/printed by the ConvenienceCentral product.

Retailer reaction to ConvenienceCentral has been extremely positive. The system has been tested in multiple retail trade styles, including high volume convenience store, grocery store, and airport kiosk locations. In every case, we have proven that the automated sales and inventory functions in ConvenienceCentral decreased the administrative time of manually tracking instant tickets by as much as 1.5 hours per day, per store. Transaction times for selling multiple instant lottery tickets were reduced by as much as 50% and the theft of instant tickets was also reduced, while sales volumes have trended higher.

Since the ConvenienceCentral uses a unique loosely coupled software interface to the cash register system with all the software running on the Scientific Games system, retailers understand there is no risk to the performance of their POP system and are open to working with lotteries to implement ConvenienceCentral. Making room for the automatic dispensers under the retailers counter is not perceived as a big issue, especially when more counter space is freed by removing on-counter instant ticket dispensers. Figure 7.12-64 shows an under-counter configuration. Implementing a single step process for selling all instant and online quick pick games drives home the operational efficiency of the system.

ConvenienceCentral is a proven performer that helps retailers streamline the selling of lottery products while providing the Lottery access to daily sales and inventory levels of instant tickets. Interface to a retailer's POP system takes weeks, not years to implement. ConvenienceCentral is a perfect product to help reward top retailers, as well as an excellent product to assist the Lottery in account recruitment activities. ConvenienceCentral is available as a separately priced option. Detailed specifications can be found in the Supplemental Documentation at the end of **Part 7**, as well as on the Supplemental Documentation CD behind the Electronic Media tab card.

ConvenienceCentral is a separately priced Invited Option.

BETJET

As an Invited Option, Scientific Games offers our BetJet Online Self-Service Terminal, which is shown in Figure 7.12-65. The BetJet Self-Service Terminal offers players a convenient device on which to place online bets, validate online tickets, and receive vouchers for online winning tickets. The BetJet is installed today in Scientific Games' racing and lottery businesses. Since the BetJet shares common electronics with our WAVE™ and PlayCentral LTVM, the same application and user interface that is deployed in the PlayCentral terminal for online games can be used in the BetJet.



Figure 7.12-64: ConvenienceCentral Under Counter Configuration



The BetJet Self-Service Terminal is a smaller footprint unit that can be offered to retailers that don't have the space for a LTVM but desire the convenience of an online self-service terminal. The BetJet has been retail hardened with thousands of installations. Detailed specifications for the BetJet can be found behind with the Supplemental Documentation at the end of **Part 7**, as well as on the Supplemental Documentation CD behind the Electronic Media tab card in Book 1 of our Technical Proposal.

Scientific Games recognizes that over the term of the contract, new and emerging equipment and technologies may become available. As an Invited Option, Scientific Games offers deployment of such equipment and technologies.



Figure 7.12-65: BetJet Online Lottery Self-Service Terminal

Please note that, as with all of our internet offerings, the offerings described herein are limited to activities that are consistent with all applicable laws and Scientific Games' governance processes. We work with our lottery customers to ensure compliance with both local and federal law.

**Confidentiality Claimed
Not released**

Please note that, as with all of our internet offerings, the offerings described herein are limited to activities that are consistent with all applicable laws and Scientific Games' governance processes. We work with our lottery customers to ensure compliance with both local and federal law.

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Not released**

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**Confidentiality Claimed
Not released**

7.12.1 INSTALLATION, RELOCATION AND REMOVAL

RFP Requirement: *The Lottery Operator pursues Retailer sales leads across the State; thus, allowing the Texas Lottery's market to increase. The Texas Lottery expects to grow its retail footprint over time in both existing and new trade styles. The Lottery Operator works with the Texas Lottery and Retailers to coordinate the installation, relocation and/or removal of all Lottery equipment.*

Scientific Games will pursue retailer sales leads across the state of Texas, thereby allowing the Texas Lottery's market to increase, and meet its expectation of growing its retail footprint over time in both existing and new trade styles.

Scientific Games understands that it is the Texas Lottery's goal to responsibly grow its retailer base and that a primary responsibility of the Sales and Business Development teams is to achieve that goal through successful retailer identification and recruitment. Scientific Games believes a continuous retailer recruitment cycle is a vital component of a Lottery's success; consequently, a portion of the LSR's incentive plan is tied to retailer recruitment. Additionally, the in-state Director of Business Development, described in detail in **Section 8.2.2**, and his team's full-time responsibility is to proactively identify new selling and business opportunities.

The first step in retailer recruitment is conducting a Retailer Optimization Analysis to determine the optimal mix of retailers by trade style and the best fit for the market. During the Retailer Optimization Analysis, a study of each postal ZIP Code is conducted to determine the optimal number of lottery retailers for each of those areas. Next, the market's household segmentation is analyzed to determine which business trade styles best meet the needs of each player segmentation group. Finally, a list of new lottery retailer prospects is generated. Once these potential lottery retailers are identified, it is the responsibility of LSRs and the Business Development team in cooperation with the Texas Lottery to pursue these leads so that they become lottery retailers, thereby allowing the Texas Lottery's market to increase in both existing and new trade styles.

We will work with the Texas Lottery and retailers to coordinate the installation, relocation, and/or removal of all lottery equipment. This is a standard field service that we provide to our online jurisdictions.

Table 66. Installation, Relocation and Removal Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
INSTALLATION		
1. Notifies the Successful Proposer that a Retailer has been licensed and that installation of equipment can begin		X
2. Gathers information to setup, install, and activate Retailers	X	
3. Performs site visit and determines needs of each Retailer	X	
4. Recommends the type of terminal(s) to be installed at the Retailer	X	
5. Reviews and approves the type of terminal(s) to be installed at the Retailer		X
6. Coordinates with the Retailer for the date and time of the equipment delivery and installation	X	

Table 66. Installation, Relocation and Removal Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
7. Performs all aspects of setting up a new Retailer in order for the Retailer to be able to sell all Lottery Products. This includes but is not limited to: <ul style="list-style-type: none"> a. sales terminals (shipping, installation, and testing); b. communication network access (ordering, installation, and testing); c. playstations (shipping and installation); and d. Instant Ticket bins (shipping and installation), etc. 	X	
8. Notifies the Texas Lottery of any problems during delivery or installation	X	
RELOCATION OR REMOVAL	RESPONSE SECTION(S)	
9. Makes request to the Successful Proposer to relocate or remove equipment	7.12.1.2	
10. Coordinates with the Retailer for the date and time of the relocation or removal	7.12.1.2	
11. Relocates or removes existing terminal and/or related sales equipment	7.12.1.2	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)	
12. The Successful Proposer shall secure a dated, authorized signature from the Retailer on a form approved by the Texas Lottery confirming the lottery equipment was installed, is operational and the Retailer training requirements are met.	7.12.1.2	
13. The Successful Proposer shall relocate or remove sales /validation and non-sales/validation lottery equipment in Retailer locations within three (3) Working Days of notification by the Texas Lottery, unless the Texas Lottery, in its sole discretion, shortens or extends the time requirement under certain circumstances (e.g., specified removal date, retailer out of business, etc.).	7.12.1.2	
14. Under certain circumstances (e.g., change of ownership, store remodels, equipment relocation or retailer additions/deletions, etc.), the Successful Proposer shall be required to store Lottery equipment.	7.12.1.2	

Table 67. Installation, Relocation and Removal Response Requirements

RESPONSE REQUIREMENT	
1.	The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.
2.	The Proposer must describe how it will meet the equipment installation, relocation and/or removal requirements.

Table 68. Installation, Relocation and Removal Service Levels

SLR #	SLR NAME
3.60.43	Failure to Install, Relocate or Remove Lottery Sales and/or Validation Equipment
3.60.44	Failure to Install, Relocate or Remove Lottery Non-Sales and/or Validation Equipment

RESPONSE TO TABLE 67: INSTALLATION, RELOCATION AND REMOVAL RESPONSE REQUIREMENTS

7.12.1.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, and will comply with, and often exceed, detail requirements indicated in RFP Section 7.12.1.

7.12.1.2 EQUIPMENT INSTALLATION, RELOCATION AND/OR REMOVAL REQUIREMENTS (DRs 9, 10, 11, 12, 13 and 14)

Response Requirement 2: The Proposer must describe how it will meet the equipment installation, relocation and/or removal requirements.

RETAILER CARE CENTER (RCC) AND RETAILER CARE SPECIALISTS (RCSs)

As demonstration of our commitment to superior provisioning services, we will provide the Texas Lottery with a dedicated Retailer Care Center (RCC). The RCC will be staffed locally by four Retailer Care Specialists (RCSs), who will work directly with local retailers and Lottery personnel, as well as interface between in-state teams and our National Rollout Office (NRO), Texas Regional Call Center, and National Response Center (NRC).

While each RCS will have a primary area of responsibilities, each will be cross-trained and ready to undertake all functional disciplines of the RCC.



Information Redacted
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The RCC a dedicated retailer-focused team—will be responsible for coordinating the communication, training, delivery, installation, activation, relocation, and removal activities. The RCC also will act as a focal point for all Lottery inquiries, providing a team of “go to” experts for virtually all aspects of retailer related activities.

Scientific Games shares the belief that the retailer's first impressions of their dealings with the Texas Lottery and Scientific Games' services leave long lasting impressions that set the tone for a true partnership for years to come. Our RCSs will undoubtedly set a positive tone through excellent provisioning management and by going the extra step to place follow-up calls to each retailer after the initial installation to verify satisfaction and reinforce our service level commitments.

Using technology, RCSs will have a suite of tools to address all retailer and Lottery reported issues. For example, RCSs will utilize technology in addition to email, teleconferences, and computer upload/download of critical information to investigate and help resolve retailer problems or concerns. As needed, the RCS will provide the area-appropriate District Sales Manager, Field Service Manager, Lottery Sales Representative (LSR), and appropriate Field Service Technical (FST) with a report highlighting any service-related issues or concerns that took place during the installation, relocation and/or removal process. Our Field Service Manager will then update the District Field Manager(s) and District Sales Managers to discuss the status of any outstanding items. Please note that Smart Services technology is described in detail in **Section 7.12.2**.



Typical RCS responsibilities include:

- Providing services from the RCC and a direct line of contact with the Texas Regional Call Center (TRCC) in
- Provisioning of new retailers, ownership changes, equipment moves and removals.
- Direct integration to the Lottery business functions, access and update of the Lottery back office system.
- Coordination of ITVM installation.
- Order terminal telecommunications and circuits.
- Cross-functional back-up for other members of RCC staff.

The flexibility of our network solution, which is detailed in **Section 7.14**, permits an RCS or FST to install the communications equipment, terminal, and all associated peripherals in just one visit. This flexibility allows a Lottery retailer to sell tickets within the timeframe required by the Lottery, and will increase Lottery revenue by eliminating the time needed to wait for a data circuit installation.

RETAILER SALES LEADS

During sales calls, initial recommendations for equipment will be made and provided to the Texas Lottery for approval.

INSTALLATION

Upon notification from the Texas Lottery that a retailer has been licensed, terminal type(s) have been approved, and installation of equipment can begin, Scientific Games will gather the information to set-up, install, and activate the retailer(s). We will perform an on-site survey and work with the retailer (and/or chain headquarters) to determine optimum equipment placement.

After the survey is completed, an install schedule will be developed for Lottery and retailer approval. A letter will be sent to the retailer (and chain headquarters, if appropriate) outlining the installation process and dates. In addition, an operator at the TRCC will follow-up with a reminder call one day prior to the installation.

A form will be used that contains, at a minimum, the following information:

- Site name and address
- Retailer ID
- Serial numbers for all equipment to be installed
- IP address
- Digital photos (interior and exterior)
- Installation date
- Retailer Contact, Title and phone
- Site survey (attachment)
- Installer name(s)
- Comments related to the installation
- An authorization letter from a chain headquarter, as needed

Scientific Games will work closely with the Lottery on retailer installations to ensure that all of the information related to the installation process is communicated to all the appropriate parties.

Scientific Games believes that a terminal installation is complete, whether it involves an installation or a relocation, when it has been installed at the designated location; is in good working order; is connected by communications services to the central computer; is capable of issuing tickets, conducting validations, and producing reports; performs all other terminal functions as specified in the RFP; and, when the retailer has received terminal training that is deemed satisfactory by the Lottery. We realize that provisioning activities must be conducted on a timely schedule and that liquidated damages may apply for non-compliance.

Scientific Games will perform all activities related to setting up a new retailer to sell all Lottery authorized products. This delivery and installation will include, but not be limited to, the following:

- a. Sales terminals (shipping, installation, and testing)
- b. Communication network access (ordering, installation, and testing)
- c. Playstations (shipping, installation, and testing)
- d. Instant ticket bins (shipping and installation)

If there are any problems encountered during delivery, installation, or testing, the Texas Lottery will be notified.

Scientific Games will secure a dated, authorized signature from the retailer on a form approved by the Texas Lottery confirming the lottery equipment was installed, is operational, and the retailer training requirements are met. This satisfies RFP Table 66, Detail Requirement No. 12.

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RELOCATION AND REMOVAL

Scientific Games' Austin-based Technical Services Manager, Dan Gholson, in conjunction with our Field Service Manager, Kyle Tolkacevic and his team will relocate or remove existing terminals and/or related sales equipment from a retail location upon receipt of a request from the Texas Lottery. We will adhere to the Lottery's policies, procedures, and timeframes for equipment relocation and removal. We will coordinate with the retailer for the optimum date and time to perform the relocation or removal. If the retailer's schedule does not allow relocation or removal to occur within the Lottery's mandated time, we will advise the Lottery in writing of the reason for the delay. This satisfies RFP Table 66, Detail Requirement Nos. 9, 10 and 11.



Dan Gholson

EQUIPMENT STORAGE

Should the need arise, for example in the case of a store remodel or ownership change, Scientific Games will store any equipment that is removed from a retailer until such time as the equipment can be installed. This satisfies RFP Table 66, Detail Requirement No. 14.

7.12.2 MAINTENANCE AND REPAIR

RFP Requirement: The Lottery Operator is responsible for maintaining all Lottery equipment to ensure maximum possible uptime. Equipment maintenance activities include the ongoing support, maintenance and repair of all Terminals and related sales equipment to include hardware, software and network connectivity. The following table identifies the requirements for equipment maintenance.

Scientific Games will accept responsibility for maintaining all Texas Lottery equipment to ensure the maximum possible uptime. Our equipment maintenance activities will include ongoing support, maintenance, and repair of all terminals and related sales equipment, including hardware, software, and network connectivity.

Scientific Games fully understands the importance of having highly reliable and well-maintained equipment available for Lottery retailers to use. In order to promote and maintain a positive lottery experience for retailers, it is imperative that all of the lottery equipment be readily and consistently operational for the purpose of selling and validating lottery tickets. This is why it is part of our standard retailer equipment maintenance program that we only use replacement parts and services approved, recommended, or recognized by the original equipment supplier as being effective.

Table 69. Maintenance and Repair Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Develops and maintains detailed plans and procedures for maintenance and repair of all equipment to meet the SLRs	X	
2. Performs diagnostics and maintenance on all Lottery Gaming System components including hardware, software, peripherals, networks and special purpose devices	X	
3. Provides all replacement parts or new equipment to ensure continued operation of equipment	X	
4. Performs preventative maintenance on all equipment	X	
5. Maintains all maintenance and repair records per Section 3.74	X	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)	
6. The Successful Proposer shall resolve all Terminal and related sales equipment problems and return the equipment to service within four (4) hours as required under section 3.61.7. The Successful Proposer shall maintain all Terminals and related sales equipment seven (7) Days a week, three hundred sixty-five (365) days a year.	7.12.2.2	
7. The Successful Proposer shall resolve all non-sales and/or non-validation equipment problems and return the equipment to service within three (3) days of notification as required under section 3.60.45.	7.12.2.2	
8. The Successful Proposer must keep all maintenance records for twenty-four (24) months and make the records available to the Texas Lottery upon request.	7.12.2.2	
9. If a Retailer location has a chronic equipment problem, the Texas Lottery may request that the Successful Proposer monitor the Retailer location closely and keep in contact with the Retailer for a specified period of time to assure the problem is corrected. 'Chronic' is defined as four (4) or more service calls for any reason in a consecutive ninety (90) Day period. At the sole request of the Texas Lottery, the Successful Proposer promptly shall remove equipment with chronic problems and replace with new equipment.	7.12.2.4	

Table 70. Maintenance and Repair Response Requirements

RESPONSE REQUIREMENT
1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Table 70. Maintenance and Repair Response Requirements

RESPONSE REQUIREMENT	
2.	The Proposer must describe in detail the proposed plan and procedures for the maintenance and repair of all Terminals and related sales equipment. The plan must include a preventative maintenance schedule.
3.	The Proposer must indicate its proposed staffing levels to cover repair functions and the planned location of staff.
4.	The Proposer must describe in detail its proposed plan and procedures to address resolution of chronic equipment problems.
5.	The Proposer must describe its capabilities to remotely monitor all deployed equipment at the system level for proper operational functionality and identification of equipment malfunctions or failure.

Table 71. Maintenance and Repair Service Levels

SLR #	SLR NAME
3.60.45	Failure to Resolve a Lottery Non-Sales and/or Validation Equipment Problem within the Specified Timeframe
LIQUIDATED DAMAGES	
3.61.7	Failure to Resolve Terminal and Related Sales Equipment Problems

RESPONSE TO TABLE 70: MAINTENANCE AND REPAIR RESPONSE REQUIREMENTS

7.12.2.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, and will comply with, and often exceed, detail requirements indicated in RFP Section 7.12.2.

Scientific Games understands that, if selected as the successful proposal, we will be responsible for maintaining all lottery equipment to ensure maximum possible uptime. We understand and will provide equipment maintenance activities, including the ongoing support, maintenance, and repair of all, terminals and related sales equipment, including hardware, software, and network connectivity.

7.12.2.2 MAINTENANCE PLAN AND PROCEDURES (DRs 6, 7 and 8)

Response Requirement 2: The Proposer must describe in detail the proposed plan and procedures for the maintenance and repair of all Terminals and related sales equipment. The plan must include a preventative maintenance schedule.

Scientific Games fully understands the importance of having highly reliable and well-maintained equipment consistently available for Texas Lottery retailers to use. In order to promote and maintain a positive lottery experience for retailers, it is imperative that all terminals and equipment (including all attachments and peripherals) be readily and consistently operational for the purpose of selling and validating lottery tickets. This is why it is part of our standard retailer equipment maintenance program that we only utilize replacement parts and services approved, recommended or recognized by the original equipment supplier as being effective.

ITIL® AND ITSM “BEST PRACTICES”

The Field Service organization uses Information Technology Infrastructure Library (ITIL) and Information Technology Service Management (ITSM) “best practices” as the foundation from which to provide “best-in-class” customer service. Although Scientific Games’ approach to customer service at both the local and corporate level has been successfully tested and proven, we are always searching for ways to improve. This is why we have integrated the ITIL and IT Service Management (ITSM) best practices and automation tools into the way we do business. This adds value to the services we provide to our customers and is designed to not just exceed your requirements, but your expectations as well.

ITIL is a best practices framework and presents the consolidated learning and experience of organizations worldwide, providing insight on how to best manage IT services to meet business expectations. It is the most widely used standard for service management in the world, much like ISO 9001:2000 for manufacturing businesses. The concept of ITSM is at the heart of ITIL, and Scientific Games has used this guide to develop an infrastructure that streamlines IT services.

The Texas Lottery will benefit from ITSM through:

- Facilitated realization of business-IT objectives.
- Alignment of IT with business needs.
- Improved ability to absorb rapid change.
- Improved cycle time for changes and greater success rate.

Our NDC (previously described in **Section 6.6**) and our Center of Excellence corporate campus in Alpharetta, Georgia have been working within the ITIL framework for several years. We have adapted it to our service delivery methodology and support planning processes, which contributed greatly to our two NASPL QA best practices certification awards.

The service management teams’ core functions include the establishment of performance standards, overseeing processes and best practices, and ensuring operating efficiencies for online data centers and retail operations. The service management team adopted ITIL and ITSM as the foundation upon which to model our organization.

As illustrated in Figure 7.12-74, Service Support generally concentrates on the day-to-day operation and support of IT services, while Service Delivery looks after the long-term planning and improvement of IT service provisioning for customers. The service lifecycle approach is the best practice approach to service management.

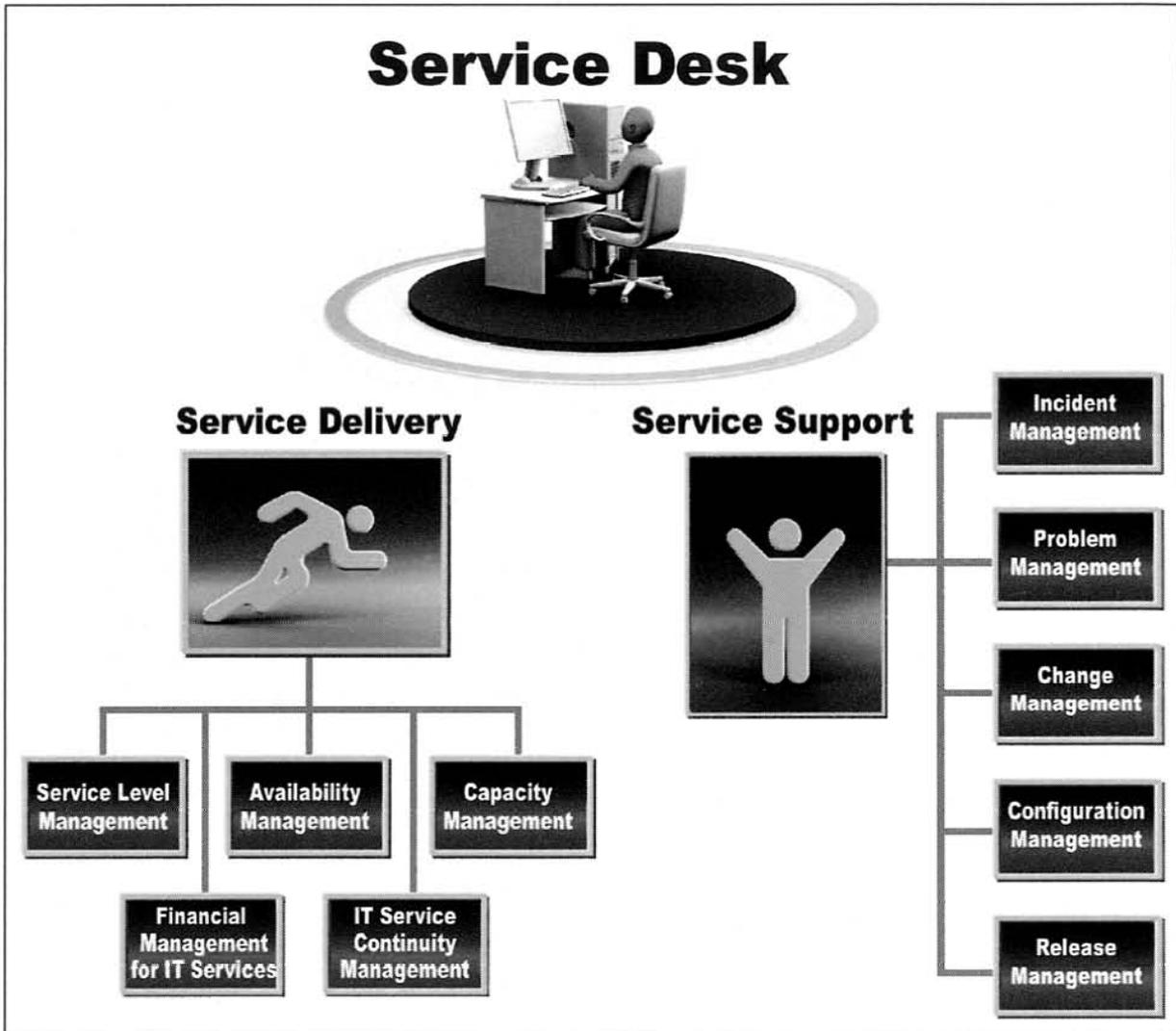


Figure 7.12-74: Scientific Games' Service Management Model

ITIL provides value to the Texas Lottery by aligning business with technology so that each brings out the best in the other. It ensures that every stage of the service lifecycle stays focused on the business aspect and interrelates all companion process elements that follow. By focusing on delivery and control process activities, a highly desirable, steady state of managing services for the Texas Lottery can be achieved on a day-to-day basis.

Scientific Games' use of ITIL and ITSM solutions provide a disciplined, holistic approach that addresses all three key components of service management: people, process, and technology. Through the use of ITSM methodology, we have further evolved into a

strategic, business-aligned service provider that has helped our customers achieve improved technology agility, efficiency, and greater service levels to their retailers.

How Does This Benefit The Texas Lottery?

Simply put, it allows Scientific Games and the Texas Lottery to become more efficient while improving service levels to the Texas Lottery, your staff, and your retailers through process automation and service delivery-level speed. By investing in additional automated tools and employing a staff of the highest caliber, we are able to offer more efficiency, reliability, and dependability.

Service Management Group – When Scientific Games took the very important step of basing services on the ITIL methodology, we created a new service management group under the direction of David Douglas, our Senior Director of Service Management. David's lottery-specific experience dates back 23 years and he is responsible for supporting the Lottery by implementing best practices, tools, and metrics for field service operations across all sites.



David Douglas

There are two divisions in the Service Management group responsible for coordinating the efforts of our Texas Support Team:

1. **Field Operations** – Under the guidance of Jessie Pack, Senior Manager of Field Operations, this group has the responsibility of standardization and enforcement of best practices to further infuse integrity and professionalism in all aspects of service management and service delivery. This additional corporate support, focusing on daily operations, allows the TLC Account Team to focus on our collective goal of innovative ways to sell more tickets. Details related to field services can be found below.
2. **The Texas Regional Call Center (TRCC)** – The TRCC, under the guidance of Donna Marshall, is responsible for call center, dispatch, incident escalation management, and Smart Services Management System. Donna has 11 years of call center experience with the Texas Department of Information Resources and Continental Airlines.



Jessie Pack

The TRCC handles customer service calls from the Texas retailers. During the conversion, we will have additional staff dedicated to the Texas Lottery retailer base since it is normal to have an increased call volume when new terminals are initially being used. Details related to the TRCC can be found in **Section 7.13** and related subsections.



Donna Marshall

Confidentiality Claimed
Not released

**Confidentiality Claimed
Not released**

Scientific Games' maintenance plan for the Texas Lottery is based on the following four components that comprise our field service methodology:

1. **Pro-Active Hotline** – Service history recorded and analyzed using a state-of-the-art monitoring system, Remedy, and Smart Services, to provide early warning of terminal and communication problems.
2. **Preventive Maintenance (PM) Program** – PMs performed on a sales-based schedule to ensure that all equipment is properly functioning with added emphasis on high sales retailers.
3. **Field Service Program** – Quality service provided by FSTs to ensure equipment is functioning properly through both scheduled and unscheduled visits to the retailer.
4. **Maintenance Data** – Service-related issues database history is maintained, including time of installation, time of removal, all service activity, cradle-to-grave life cycle of all components, and performance metrics. A maintenance card accompanies each terminal to provide a quick and easy on-site reference of all service activity.

**Confidentiality Claimed
Not released**

**Confidentiality Claimed
Not released**

**Confidentiality Claimed
Not released**

RETAILER EQUIPMENT MAINTENANCE

Scientific Games will resolve all terminal and related sales equipment problems and return the equipment to service within four hours as required under **Section 3.61.7**. Scientific Games will maintain all terminals and related sales equipment seven days a week, 365 days a year. This satisfies RFP Table 69, Detail Requirement No. 6.

The training focuses on more than just “fixing equipment.” It addresses — and stresses — retailer service and building relationships. The following provides a general outline of our ServiceMax training program. As with all of our proposed training, we will modify the program contents to address specific Texas Lottery issues and needs.

Program Topics

Technical Training

- Recognizing and addressing retailer' technical needs
- Overview of all Lottery-specific equipment
- Lottery-specific training on the WAVE™ retailer terminal and other optional terminals
- Lottery-specific training on all communication types and equipment
- Lottery-specific training on all peripheral devices
- Specific board level and sub-assembly repairs (bench tech only)
- Smart Services training on handheld units and back end portal
- Recognizing and addressing retailer technical needs
- Tracking consumables

Showing Retailers We Care

- Combining technical know-how with interpersonal skills
- Recognizing and addressing retailer non-technical needs
- Integrating ethics and values into the field service environment

Making a Positive Impression

- Projecting a positive image
- Using simple, positive language
- Understanding the power of body language

Establishing a Relationship

- Creating a professional impression when greeting retailers
- Setting retailer expectations for service
- Building rapport with retailers



All FSTs attend the ServiceMax training program that has nine program topics that prepares them to best serve retailers and lotteries.

Understanding Retailer Needs

- Using an effective questioning strategy
- Honing your listening skills
- Confirming your understanding

Evaluating and Managing the Situation

- Classifying and working the problem
- Handling requests for increased scope of work
- Briefing the retailer

Ending the Service Call

- Adding value and closing the call
- Documenting the call
- Following-up after the call

Managing Challenging Situations

- Adjusting expectations
- Cooling down challenging situations
- Escalating the call

Following Lottery Policy and Procedures

- Lottery Policies
- Handling Lottery-related questions
- Lottery Contact Information

Continuous Improvement for Sustained Impact

Our coaching program, Coach's Toolkits, motivational items, and certification program helps us sustain the valuable skills that lead to improved retailer satisfaction and increased profitability. It provides the highest value from our training investment by continually improving performance.

FSTs use both proven and new service procedures while providing maintenance, repair service, and customer support to retailers. In addition to terminal and related equipment care, our technicians place a high priority on achieving 100% customer satisfaction during each and every retailer visit.

All field personnel will attend the Texas-specific train-the-trainer program. This is done in preparation for the ongoing training needs after conversion. FSTs are certified as trainers and are able to facilitate training for retailers and their staff.

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CORRECTIVE MAINTENANCE STEPS FOR ROUTINE SERVICE CALLS

Our FSTs strive to ensure a positive retailer experience. With the aid of our _____, ServiceMax training and the easy WAVE™ terminal maintenance and assembly replacement, we effectively reduce our FSTs travel and on-site time. By minimizing travel and repair time, and consistently giving prompt, courteous, and professional service, Scientific Games will be second to none in providing the best possible service to the Texas Lottery retailers. This is fundamental to achieving our primary objective, which is to always strive for 100% customer satisfaction 100% of the time.

The following are the six steps each FST follows to perform corrective actions during a service call:

To see the ease with which subassemblies are replaced on the WAVE™ terminal, please view the video demonstration located on the DVD behind the Electronic Media tab card.

Preventive Maintenance Schedule

To ensure PM goals are met, Scientific Games typically performs PMs on all terminals and peripherals on a rotating cycle based on the quantity of transactions. Another scheduled interval will be arranged should the Texas Lottery prefer to use an alternative scheduling criteria. We are proposing that the schedule be at least every 120 days.

Retailer input is a key factor in maintaining a positive relationship with and enhancing the "Lottery Experience" of the retailer. On all PM calls, our field service team will seek out retailer input to ensure all of their needs are met. As an ongoing field service policy, we do not schedule PM visits during busy retailer periods, including peak sales hours or high jackpot situations.

Scientific Games would like to point out that the WAVE™ terminal uses a thermal printer with a state-of-the-art self sharpening cutter/stacker. This has a profound impact on a number of areas that will benefit Lottery retailers:

- Little, if any, paper dust
- No buildup of ink in the print head
- No moving print head
- Little to no paper slivers

Another immediate benefit of using a thermal printer will be the dramatic reduction of unscheduled service calls for printer related issues, allowing the retailer to sell more tickets with less interruption.

SCIENTIFIC GAMES PREVENTIVE MAINTENANCE APPROACH

As an Offered Option within the base price, Scientific Games highly recommends a PM program that is tailored to positively impact your retailers and sales in general rather than meet a commitment of quantity. The recommended PM cycle is based on transactions (and ultimately sales) rather than calendar days. With the days of multiple moving parts, gears and pulleys relegated to the past, time can be better utilized being proactive with our field staff. With our automated terminal reporting system in place, we recommend a schedule that enhances performance and interaction with your top selling retailers. This tiered service plan gives high-volume retailers the special attention they deserve.

We look forward to discussing this option with the Texas Lottery, but in broad terms we recommend a tiered PM schedule, with the grouping assignment determined by sales levels, reviewed on a quarterly basis to ensure that your top retailers get the ultimate service:

- **Platinum Service:** Top 20% of retailers – a 90-day interval (this group represents 47.25% of total sales).
- **Gold Service:** Middle 40% of retailers – a 180-day interval (this group represents 40.07% of total sales).



- **Bronze Service:** Lower 40% of retailers – a 365-day interval. This group generates less than 13% of annually online sales; two PMs per year is typically sufficient (this group represents 12.68% of total sales).

Ultimately this Offered Option will greatly enhance service for a large portion of retailers while still providing sufficient proactive service for the remaining retailer base. On a time-based preventive maintenance cycle, you are treating the retailer averaging more than \$6,000 per week in online sales the same as those retailers averaging less than \$100 per week. In general terms, the top 800 retailers would be categorized as a "Platinum Service" location and be visited almost three times as frequently as a "Bronze Service" retailers outside of unscheduled service calls. As an additional bonus, Scientific Games FSTs perform PM each time they visit a retailer for a service call. We will work with the Lottery to determine actual Platinum, Gold, and Bronze service levels and benefits.

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TERMINAL PARTS SUPPLY

Terminals, sub-assemblies, parts, and retailer supplies that are required to support the retailer base and sustain the service and maintenance of supplied terminals throughout the term of the contract will be supplied from our [redacted] and to our [redacted].

Each technician will be provided with a service vehicle properly outfitted with equipment, tools, and supplies to ensure the timely completion of all service calls and supply deliveries. Each vehicle will have adequate room for all tools and spare components, including spare WAVE™ terminals and sub-assemblies, all peripherals, and retailer consumable supplies, including playslips and ticket stock paper.

The initial planned spare levels will be 4%. Spare part levels are managed weekly and adjusted as needed for each local location.

TERMINAL REPAIR AND MAINTENANCE REPORTING

The Lottery will have access to terminal repair and maintenance reports through our [redacted] via the Intranet using a management workstation. Through Smart Services customer portal, Texas Lottery staff can access reports, as needed, from a management workstation. These maintenance records will be readily available to the Lottery and stored for no less than 24-months.

All terminals, assemblies and peripheral devices:

[redacted]: This ensures that upon repair, all parts meet or exceed Original Equipment Manufacturer (OEM) specifications. All depot repairs are also entered into a database from which various reports related to equipment repair can be provided.

7.12.2.3 PROPOSED STAFFING LEVELS

Response Requirement 3: The Proposer must indicate its proposed staffing levels to cover repair functions and the planned location of staff.

Scientific Games' Field Services teams are comprised of experienced professionals and include Field Service Technicians, PAT Technicians, Comms Technicians, and Retailer Care Specialists. The FST teams will be able to respond as quickly as necessary to meet the service level requirements in **Section 3.61.7**.

For ongoing operations, Scientific Games will ensure there is a sufficient number of FSTs strategically positioned throughout Texas to respond to service calls as they arise. Tentative staffing locations are illustrated in Figure 7.12-78.

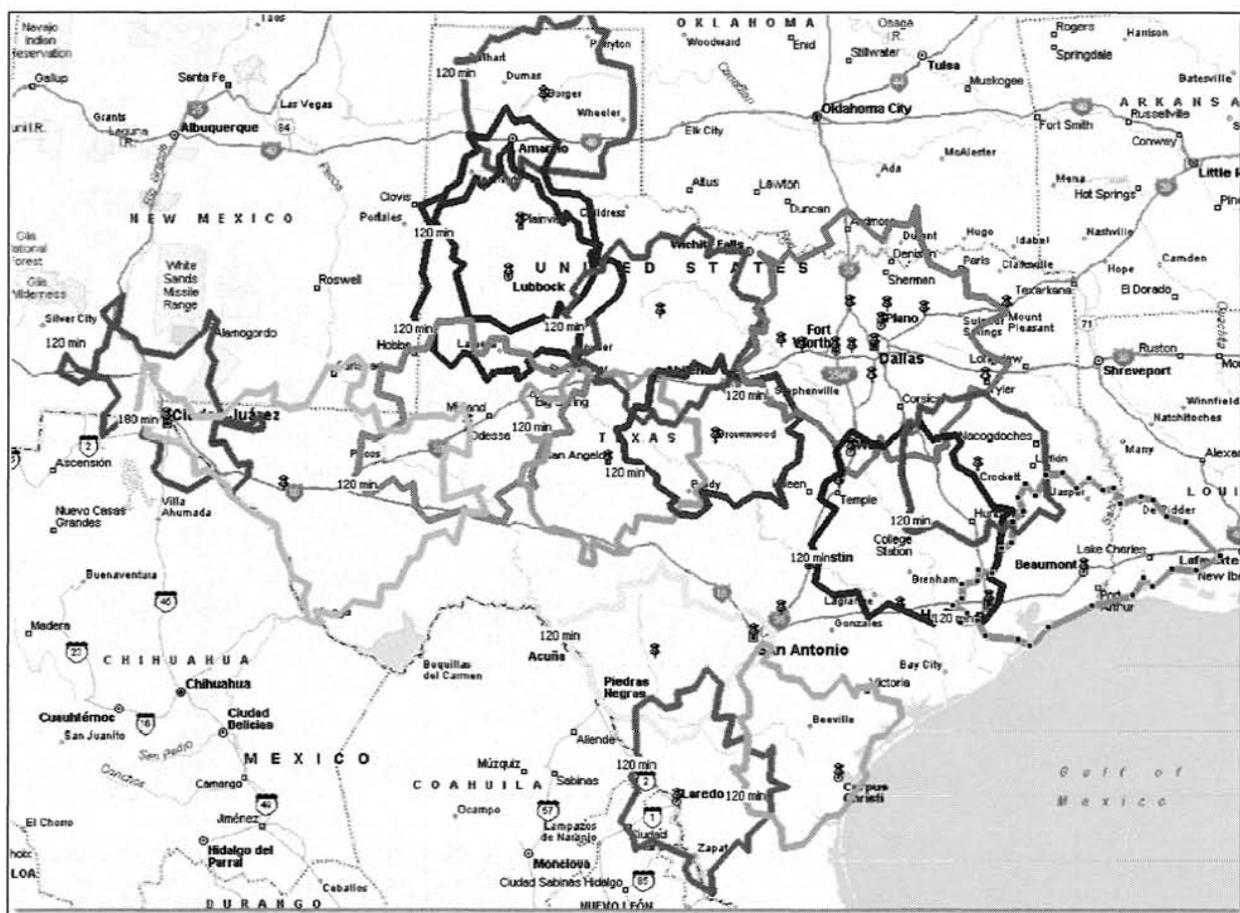


Figure 7.12-78: Tentative Field Service Technician Staffing Locations

With a highly trained, professional field support team in place, Scientific Games will provide exceptional support to Texas Lottery retailers through proactive visits. Our extensive industry experience will allow us to shape an extremely effective Field Services Team that has the optimum staff to retailer ratio. When combined with the performance reliability of the WAVE™ retailer terminals, the Texas Lottery can be assured that your retailers will receive outstanding support from Scientific Games that will be enhanced through the introduction of new tools and technology.

Scientific Games' proposed positions and staffing levels are as follows:

- 1 Field Services Manager
- 1 Field Operations Manager
- 3 District Field Managers
- 55 Field Service Technicians
- 15 PAT Technicians
- 10 Communications Technicians
- 1 Bench Repair Manager
- 1 Bench Repair Supervisor
- 12 Bench Technicians
- 1 Depot Manager
- 1 Warehouse Supervisor
- 1 Depot Supervisor
- 4 Retailer Care Specialists
- 2 Couriers

For descriptions of each position, please see the Job Descriptions table in **Section 4.3**.

David Douglas and his field operations team have drafted a complete FST schedule for Texas field operations. The schedule demonstrates Scientific Games' ability to provide comprehensive planning for field service operations that will fully support the Texas Lottery and your retailers. The draft FST schedule contains 12 zones and will be subject to Texas Lottery approval upon award of contract. This FST schedule can be found with the Supplemental Documentation at the end of Part 7. It can also be found on the Supplemental Documentation CD behind the Electronic Media tab card. It is also known as the Field Service RFP.

7.12.2.4 RESOLUTION OF CHRONIC PROBLEMS (DR 9)

Response Requirement 4: The Proposer must describe in detail its proposed plan and procedures to address resolution of chronic equipment problems.

Scientific Games understands if a retailer location has a chronic equipment problem, the Texas Lottery may request that Scientific Games monitor the retailer location closely and keep in contact with the retailer for a specified period of time to assure the problem is corrected. Chronic is defined as four or more service calls for any reason in a consecutive 90 day period. At the sole request of the Texas Lottery, Scientific Games will remove equipment with chronic problems and replace with new equipment. This satisfies RFP Table 66, Detail Requirement No. 9.

Should a retailer experience a chronic problem, the Texas Regional Call Center, Customer Care Representatives will monitor the situation by contacting the retailer on a weekly basis or as needed. Once a retailer is placed on the 'chronic list' Scientific Games will assign the case to our "Task Force" that will take ownership of this situation until resolution. Scientific Games will provide detailed weekly status reports to Texas Lottery until an agreement is made to remove them from the list. The Scientific Games Task Force comprises a group of our most senior members of our Field Services Management Team, Sales Force and a Representative from our Customer Care Center.



The [redacted] allows for automatic alerts be sent to the Field Service Managers, Field Technicians and Sales Team for any issues and as reminders on a predetermined scheduled. Calls can be placed at scheduled intervals during the day or week or month, whatever is determined to be the most effective for the situation. For example, after the second occurrence of a problem, the system can schedule a follow-up call twice weekly to inquire about the equipment's operation. Should the problem persist, the call schedule can be increased to daily or twice daily, if necessary.

Figure 7.12-79 is a sample email notification from [redacted] being used in Maryland:

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Chronic Retailer Alert! - Order SV1004060254@@@1 for ONE STOP CON & DE T1 * *

@scientificgames.com

This message was sent with Low importance.

Sent: Thu 4/8/2010 9:36 PM

To: Douglas, David; Baker, Bret; Pack, Jessie; Foshey, Steve; Sinclair, Paul

Retailer 75301001-MD ONE STOP CON & DE T1 * * had a call opened/closed at 4/8/2010 12:10:00 PM for:
 Problem Code and ID: 2900 Supplies - Agent Request
 Problem Description: Per Marketing Rep., Kimon Nordt - PAT is offline. Requeesting a tech to take a look
 Resolution Method and Description: 9992 0 - Not Operational
 Repair Code and ID: 56 Gen - Refer to Liason
 Resolution Text:
 By: mbeale

Figure 7.12-79: Sample Email Notification

In addition, through the monitoring capabilities of our [redacted], data center system operators will monitor individual terminal activity and functionality and generate reports that detail the activity of the terminal over a defined period of time. This will allow us to determine if the problem is related to the hardware, software, or communications and arrange for the appropriate resolution, such as dispatching a Field Service Technician to replace the equipment or a Communications Technician to test or replace the communications equipment.

7.12.2.5 REMOTE MONITORING OF DEPLOYED EQUIPMENT

Response Requirement 5: The Proposer must describe its capabilities to remotely monitor all deployed equipment at the system level for proper operational functionality and identification of equipment malfunctions or failure.

In today's dynamic and fast-paced Lottery technology world, business and IT need to become adaptive and synchronized to capitalize on change to achieve maximum performance and optimal sales growth. Scientific Games offers the Lottery the tools to continuously monitor all the deployed elements in the system and network and proactively alert the operators of service conditions and performance metrics, including transmission failures and outage events.

Our integrated management approach consolidates information representing the aggregate health of the overall gaming system. This provides a foundation for confidently providing and delivering Service Level Agreements (SLAs). Understanding the infrastructure resource relationships that comprise the overall gaming system will also facilitate quicker problem resolution and root-cause identification.

MONITORING TOOLS

Scientific Games' operations personnel will continuously monitor all systems and networks. System faults will be detected, diagnosed and corrected in a timely manner using tools as described in **Section 7.6.1**.

7.13 CALL CENTER SUPPORT

RFP Requirement: A Retailer can obtain certain types of support by contacting either the Lottery Operator call center (Retailer Hotline) or the Texas Lottery's Retailer call center. Retailers contact the Lottery Operator's call center to resolve technical issues and order Instant Tickets and supplies. Retailers contact the Texas Lottery call center to resolve licensing and accounting issues. The Texas Lottery call center also responds to complaints from Retailers, players or the general public and handles questions on any lottery-related issue of interest or concern. If either the Lottery Operator or the Texas Lottery receives calls related to the other party's responsibilities, the Retailer's call is transferred (warm transfer) to the responsible party. The Texas Lottery's Retailer licensee base includes a significant number of non-native English speaking licensees primarily of Asian, Middle Eastern and Hispanic descent.

The Lottery Operator's call center activities can be generally categorized as follows:

- **Incident Resolution and Field Dispatch Services** – This includes, but is not limited to, providing first line incident resolution for technical issues for all Terminals and related sales equipment and responding to requests for assistance (e.g., stolen tickets, game instructions, general Retailer support). This also includes dispatching field service technicians and/or Lottery Sales Representatives to a Retailer location to provide assistance, support or maintenance services. All maintenance activities are tracked and documented through the Lottery Operator's call center for audit purposes and SLR reporting.

Ticket Inventory and Supply Management – This includes, but is not limited to, intake activities for requests for Instant Ticket inventory, On-Line Ticket stock and supplies. This also includes a wide range of telemarketing activities for Instant Ticket inventory which can be customized for particular Retailers.

Scientific Games considers this RFP requirement to be informational, therefore no response is required.

Table 72. Call Center Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Provides and maintains an automated call center operation which includes all necessary software to support, at a minimum, call management, tracking, monitoring and reporting	X	
2. Provides a toll-free call center number and twenty-four by seven (24 hours a Day, 7 Days a week) support for Retailers to report stolen tickets and technical problems with the Lottery Gaming System	X	
3. Provides dedicated ticket inventory management personnel Monday through Friday from 7AM to 6PM, Central Time, at a minimum, to receive and process Retailer ticket orders	X	
4. Receives calls for general assistance, technical issues, and Instant Ticket and supply orders	X	
5. Determines if call should be transferred to the Texas Lottery and if so, performs a warm transfer to the Texas Lottery	X	
6. Processes orders for tickets or supplies, troubleshoots by phone, or dispatches technical support to Retailer	X	
7. Maintains an automated dispatch system for tracking all Retailer inquiries, service calls and maintenance activities	X	

Table 72. Call Center Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
8. Contacts Retailer with resolution and updates tracking system	X	
9. Provides reports to the Texas Lottery on daily staffing levels, call overload on the ACD(s) designated for use by Texas Lottery Retailers, each call time on hold, abandoned calls, and steps being taken to resolve any substandard performance	X	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)	
10. The Successful Proposer's staff must have sufficient bilingual (English and Spanish) representatives to support the Texas Lottery's diverse Retailer licensee base.	7.13.3 7.13.4	
11. The Successful Proposer's staff must be trained to diagnose network communication connections or terminal problems.	7.13.3.1	
12. The Successful Proposer's call center system must handle all incoming calls on the toll-free circuits. If all call center operators are busy, a pre-recorded message must be played and the calls must be queued.	7.13.2.1	
13. The Successful Proposer must document how the Texas Lottery Retailer call center will interface with the Successful Proposer's call center system for transferring calls.	7.13.2.1	
14. The Successful Proposer's call center operators shall attempt to resolve problems over the phone. Problem calls and resolutions must be documented for audit purposes.	7.13.2.1	
15. The Successful Proposer must: (a) answer a minimum of 95% of all calls (answered and abandoned) in forty-five (45) seconds or less; (b) support a minimum of 99% of all calls without a busy signal; (c) maintain a call abandonment rate less than or equal to 5%; (d) maintain a maximum hold time that does not exceed two (2) minutes per call; and (e) maintain call center availability so there is no more than fifteen (15) minutes of downtime in a seven-day period.	7.13.2.1	
REPORTING	RESPONSE SECTION(S)	
16. The Successful Proposer must provide the capability to perform remote silent monitoring from Texas Lottery headquarters, on calls to and from the Successful Proposer's call center. A communications system or separate access line is required to support the monitoring.	7.13.2.1 7.13.2.4	
17. The Successful Proposer must provide access to the Texas Lottery for its incident tracking system for Retailer issues.	7.13.2.1	

REPORTING	RESPONSE SECTION(S)
18. The Successful Proposer must provide real-time reports concerning call volume, staffing, call resolution and call length. The Successful Proposer must provide access to these reports for authorized Texas Lottery personnel for the purpose of monitoring the status of call volume and performance levels.	7.13.2.3
19. The Successful Proposer must maintain each call recording for a minimum of six (6) months from the Day the call is received and supply the Texas Lottery, in a format approved by the Texas Lottery, with the recorded calls upon request.	7.13.2.1
TICKET INVENTORY AND SUPPLY MANAGEMENT	RESPONSE SECTION(S)
20. The Successful Proposer must document the process, subject to Texas Lottery approval, to customize Retailer ticket orders including but not limited to services performed by telemarketing staff, LSRs, etc. The goal is to maximize inventory turnover and maximize Retailer ability to order Instant Tickets.	7.13.3.3
21. The Successful Proposer must provide for a process where Retailers or LSRs can order their own On-Line Ticket stock, Instant Tickets, or other supplies via phone, the Texas Lottery Retailer website or through the Retailer Sales Terminal.	7.13.10
22. The Successful Proposer's System must have a comment screen for notations (tied to the Retailer record) regarding specific Retailer needs for Instant Ticket orders.	7.13.2.4
23. The Successful Proposer must document and provide a plan for processing ticket orders on weekends, holidays, and other times based on ticket ordering activity and/or under special circumstances as required by the Texas Lottery.	7.13.2.4
24. The Successful Proposer must provide the Texas Lottery with the ability to obtain real-time updates on the ticket orders processed and/or packed.	7.13.2.4

Table 73. Call Center Response Requirements

RESPONSE REQUIREMENT
1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.
2. The Proposer must describe its call center system including its capabilities.
3. The Proposer must describe how the call center will be staffed and managed to ensure timely, professional, courteous and accurate response to all calls.

Table 73. Call Center Response Requirements

RESPONSE REQUIREMENT	
4.	The Proposer must describe how the staffing and management of the call center will support the Texas Lottery's diverse Retailer licensee base.
5.	The Proposer must indicate how it will achieve the required performance levels for the call center.
6.	The Proposer must document how chronic problems will be handled.
TICKET INVENTORY AND SUPPLY MANAGEMENT	
7.	The Proposer must describe any innovative solutions it proposes to enhance inventory order and distribution beyond the noted requirements of this section.
8.	The Proposer must describe how the staffing and management of the ticket inventory and supply management functions will support the Texas Lottery's diverse Retailer licensee base.
9.	The Proposer must describe what procedures are included to process special, out of cycle, express, expedited, or emergency orders from Retailers.
10.	The Proposer must describe its range of automated systems to allow Retailers to order at anytime, rather than only ordering in response to a telemarketing call. Additionally, the Proposer must describe its ability to manage and place proper controls on this ordering process.

Table 74. Call Center Service Levels

SLR #	SLR NAME
3.60.46	Call Center Answer Time
3.60.47	Call Center Busy Signal Time
3.60.48	Call Center Abandonment Rate
3.60.49	Call Center Hold Time
3.60.50	Call Center Availability

RESPONSE TO TABLE 73: CALL CENTER RESPONSE REQUIREMENTS

7.13.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, and will comply, and often exceed, the detail requirements indicated in RFP Section 7.13.

7.13.2 CALL CENTER SYSTEM

Response Requirement 2: The Proposer must describe its call center system including its capabilities.

Quality, accuracy, and excellence are among Scientific Games' service goals and we meet or exceed those goals daily.

Scientific Games offers a unique approach to call center operations for our partner lotteries. Our plan represents a two-pronged approach whereby we will provide separate, distinct call center organizations for:

1. Incident Resolution and Field Dispatch Services; and
2. Ticket Inventory and Supply Management.

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Scientific Games will staff, operate and maintain an in-state Texas Regional Call Center (TRCC) located in _____ which will include 24/7 hotline functions for incident resolution and field dispatch services. The TRCC will be modeled after our highly successfully National Response Center (NRC) located _____ The TRCC will exceed requirements and will include features such as:

- Toll-free T-1 lines
- Automated telephone system
- IVR system
- Fully functioning sample Texas Lottery terminals
- New workstation PCs
- State-of-the-art applications for problem reporting and tracking, dispatch and report generation



Our TRCC support methodology provides the Texas Lottery and its retailers with two distinct call center operations: the Field Service Response Center (Hotline) and the Inside Sales Center. Each organization is staffed based on unique skill sets to ensure that your retailers receive the best possible service. The Inside Sales Team and the Response Team will each be staffed with trained professional service representatives that are dedicated to providing retailers and the Lottery with 100% customer satisfaction.

All call center activities will be operated from our proposed



Figure 7.13-1: Scientific Games' National Response Center

7.13.2.1 INCIDENT RESOLUTION AND FIELD DISPATCH SERVICES (DRs 12, 13, 14, 15, 16 and 17)

While our proposed staffing levels (refer to **Section 4.3** for details) are based on data from providing first-class hotline services to numerous lottery jurisdictions over many years, Scientific Games will adjust the staffing level as necessary to ensure that all in-bound calls from Lottery retailers are answered quickly and efficiently. 95% of all calls from Texas retailers will be answered within two minutes unless total call volume is affected by a force majeure event.

The TRCC hotline will be operational 24/7 and will be fully staffed with over 20 Technical Support Representatives (TSRs) that will include both technical support operators and dispatch operators. Staff will be fully trained to provide support on Texas equipment and to answer questions related to Texas Lottery-specific issues.

Each TSR will have a PC to provide helpful information to resolve retailer queries. The TRCC will also have functioning samples of all Texas terminals and peripheral devices as a resource to resolve terminal issues as shown in Figure 7.13-2 so that TSRs can attempt to resolve problems over the phone. Problem calls and resolutions will be documented for audit purposes as described later in this section. This satisfies RFP Table 72, Detail Requirement No. 14. Our commitment to excellent customer service enables us to strive for 100% customer satisfaction.

The Hotline's phone system will employ a voice and data recording system that will record the audio of each call and capture the screens on a per call basis. The system will store the information online for a minimum of 365 days, or as required by the Lottery. We will provide these records as requested throughout the life of the contract.

Call Center System and Toll-Free Circuits – Scientific Games will provide a call management capability that includes both a call system and toll-free circuits for the retailers, in satisfaction of RFP Table 72, Detail Requirement No. 12. The cost of toll-free circuits will be covered in the baseline price. The toll-free call center numbers will available 24/7/365 and provide support for retailers to report stolen tickets and technical problems with terminals and related equipment.

Scientific Games also supports Text Telephone (TTY) services. The Texas Lottery's retailers will be able to contact the TRCC using a single toll-free number, which will be backed by a significant pool of inbound lines to ensure that 99% of callers get through without hearing a busy signal. If all TSRs are busy, a pre-recorded message will be played and the calls will be queued, as required by the RFP.

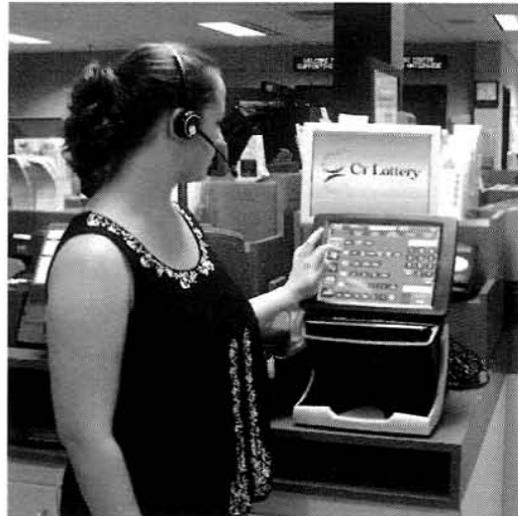


Figure 7.13-2: The NRC has fully functioning sample terminals that representatives use to resolve issues.

Scientific Games regularly monitors the inbound line pool margins to ensure that they remain within acceptable levels, maintaining the excellent service and support that our customers have come to expect from Scientific Games. Satisfying RFP Table 72, Detail Requirement No. 15, Scientific Games' TRCC will:

- a. Answer a minimum of 95% of all calls (answered and abandoned) in 45 seconds or less
- b. Support a minimum of 99% of all calls without a busy signal
- c. Maintain a call abandonment rate less than or equal to 5%
- d. Maintain a maximum hold time that does not exceed two minutes per call
- e. Maintain call center availability to ensure there is no more than 15 minutes of down time in a seven-day period

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The _____ allows notification of estimated hold times based on the number of calls in the queue. In a continuing effort to improve our services, the TRCC will be equipped with an Interactive Voice Response (IVR) system along with our Smart Services Management System, which is described below.

The IVR system was piloted in 2007 prior to company-wide roll out in 2008. We now have the ability to insert, modify, and remove customized outage messages through the secure web interface within seconds of receiving the necessary approvals. This interface is not only secure and user friendly, it allows the approved management staff to make changes from anywhere, anytime, utilizing a secure internet connection. This allows us to use our knowledge base to search all information repositories, regardless of sources, location, structure, format, or language.

Call System Reporting – The Texas Lottery will be able to monitor the calls received by the TRCC using a web browser. The data will include, but not be limited to, RFP requirements. It is through this web browser that the Texas Lottery will have the RFP required capability to perform remote silent monitoring from Texas Lottery headquarters on calls to and from the TRCC.

Scientific Games will provide access to the Texas Lottery for its incident tracking system for retailer issues, thereby satisfying RFP Table 72, Detail Requirement No. 17.

Remote call administration is provided accessed through a web page that allows authorized Texas Lottery users to log in and view any ISR or Hotline call. The user can listen to either an active or recorded call by clicking on the call. Call monitoring is silent and calls cannot be edited or deleted. Calls are visible on the web page for a minimum of six months. Once archived, older calls are available for review upon request from the Texas Lottery. This satisfies RFP Table 72, Detail Requirement No. 16.

In an effort to speed up response times to our retailers, we include additional options to the TRCC front end IVR message. As an alternative of having our retailers hold, only to be informed they would need to contact the Lottery, or inside sales, we would like to provide the option to transfer them as soon as they call in. This would only be in specific instances, and the option to be transferred to a TSR would be the first selection, along with being the default if they do not select a number.

This satisfies RFP Table 72, Detail Requirement No. 13.

Figure 7.13-3: Retailer Dial-In Options

TEXAS (SAMPLE)		
THANK YOU FOR CALLING SCIENTIFIC GAMES, IF YOU ARE CALLING REGARDING:	DTMF OPTION	NUMBER TRANSFERRED TO
For tech support please press # or remain on the line and the next available representative will be with you shortly.	1	Transfers to Scientific Games TRCC
Instant ticket orders	2	1-888-393-1234
Bad pack status	3	1-888-393-1234
Adding, removing, and relocating terminal equipment	4	1-800-692-4321
Change/update accounting information	5	1-800-692-4322
Acquire reports or more detailed report information	6	1-800-692-4323

Call System Reporting – Scientific Games currently utilizes the [redacted] to process incoming calls. This system is capable of providing periodic statistical summary reports for a user-identified time period or parameter. These reports are available either electronically or in paper format. In addition, we use the report generation package Call-Center Suite, to generate customer reports. Upon contract award, our staff will meet with the Texas Lottery to define your specific reporting requirements.

We currently generate reports that include, but are not limited to,

- Current date/time
- Calls received today
- Calls holding
- Average answer time
- Number of calls waiting
- Average and total holding times
- Number of calls abandoned and average abandon time.

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The reports are available online by hour, day, month, and year. The call management system will provide periodic summary reports to the Texas Lottery in a format and on a schedule that meets the needs of the Lottery. Reports are also available at any time upon request.

Scientific Games will provide reports to the Texas Lottery on daily staffing levels, call overload on the ACD(s) designated for use by your retailers, each call's hold time, abandoned calls, and steps taken to resolve substandard performance.

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Call Recording – A recording device will record all phone conversations on the hotline circuits. Recording of telephone conversations will adhere to all applicable Federal, State, and local laws. Scientific Games will provide the recording equipment and maintain each call recording for a minimum of six months from the day the call is received (satisfying RFP Table 72, Detail Requirement No. 19), and will supply the Texas Lottery – in a format approved by the Texas Lottery – with the recorded calls upon request. These calls can be pulled and emailed or burned to CD at the request of authorized Lottery staff. Conversation files will be transferable to the Texas Lottery within 24 hours of request. Additionally, as discussed previously, calls can be accessed through a secure web page.

The TRCC will use the Mercom digital recorder to record all telephone conversations transacted on the hotline call center circuits. Recording of telephone conversations always adhere to all applicable federal, state and local laws.

Primary Center Inoperability – Should the primary call center in [redacted] become inoperable, crisis management plans are in place to utilize back-up capabilities at Scientific Games [redacted]. In the event of an evacuation of the [redacted] or loss of communications at the TRCC, calls will be redirected to our NRC, which utilizes a back-up Automatic Call Distribution (ACD) System with secure voice recording. Additional operators will be contacted and directed to our NRC immediately to handle calls until the primary facility has been cleared to resume normal operations.

7.13.2.2 HDI CERTIFICATION

Founded in 1989 and headquartered in Colorado Springs, Colorado, the Help Desk Institute (HDI) is the world's largest technical service and support membership association and the industry's premier certification and training body. HDI is member-focused and remains vendor-neutral in its efforts to facilitate open, independent networking and information sharing within the association's global network.

Scientific Games utilizes HDI's best practices module and has been implementing process improvements based on the industry standards and best practices that have been identified by HDI. For example, HDI offers a variety of surveys that the NRC uses to consistently improve its performance and working environment. These surveys include department morale, departmental metrics standards and goals, and many more useful tools.

As another example, the NRC has implemented a new hire screening process based on HDI best practices that allows prospective candidates to be thoroughly evaluated for temperament, attitude, honesty, a willingness to succeed, and their customer service skills. With this process in place, the TRCC will be positively positioned to employ technical support representatives who meet the high standards Scientific Games expects from all of our employees.

As part of Scientific Games' continuous improvement efforts and the HDI certification process, the NRC is working to migrate existing processes and procedures into HDI's approved format. This has already begun to show great benefits and has enabled the NRC to better develop and mentor technical support representatives, and provide better, faster, more accurate service to our customers. The certification processes and procedures will be used at our TRCC to train on-site staff.

7.13.2.3 TRACKING AND REPORTING (DR 18)

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7.13.3 CALL CENTER STAFF AND MANAGEMENT (DR 10)

Response Requirement 3: The Proposer must describe how the call center will be staffed and managed to ensure timely, professional, courteous and accurate response to all calls.

The TRCC Manager will be Donna Marshall. She has 11 years of call center experience with the Texas Department of Information Resources and Continental Airlines.

The Texas Lottery's retailers can call the Texas Regional Call Center for assistance 24/7/365. We will have more than 20 Technical Service Representatives (TSRs) on staff comprised of help desk (18) and dispatch operators (6) to ensure timely, professional, and accurate responses. This around-the-clock staff will be part of our Retailer Services division.



Donna Marshall

The NRC will provide support the TRCC during the conversion and will reassign staff or take on temporary staff to handle any increased call volume during this critical time.

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In Texas, field service dispatch will be handled primarily by the exception management provided by the Texas Operations Staff, with monitoring and

The new TSRs will be trained by a corporate Training Specialist. The main focus of the Training Specialist is to provide a solid training curriculum to new hires, as well as follow-up training for current employees. They also create, develop, and maintain all training and QA processes with the assistance of TSR leads and a supervisor.

This staffing model will provide adequate hotline coverage 24 hours per day so that stolen tickets are reported and validation prevented. All hotline staff is fluent in spoken and written English and, it is our intent to have approximately 20% of the staff speak Spanish. In addition, multi-lingual support is available, as appropriate, through our This satisfies RFP Table 72, Detail Requirement No. 10.

ESCALATION PROCEDURES

Scientific Games has established escalation procedures to ensure that any threats or incidents that can adversely affect daily operations, such as the Primary Data Center becoming inoperable, is dealt with quickly and effectively. Scientific Games defines an incident as: "Any event that is not part of the standard operation of a service and which causes, or may cause, an interruption to, or a reduction in, the quality of that service."

Operations in the TRCC that are defined as an incident include degraded service of:

- Voice recording
- Communications delays
- Lottery online systems
- Internet service
- Phone lines
- Interactive Voice Response (IVR) System
- Outages at any site that cause call volumes to spike
- Excessive staff absenteeism
- Management tool)

In-house escalation procedures are in place for all of our current lottery customers.

Any time an incident occurs, the first level of support is contacted immediately to assess the situation and either remedy the situation or escalate the incident to the next level of support.

The first level of contact is the hotline or dispatch supervisor, depending on the nature of the incident and what group is most affected by the incident. Also, at this time, an email is sent to the call center management email group (which includes members of the TLC Operations Team) to notify them of the issue.

Any time an incident occurs and the first level of support has not returned a phone call or email within the allotted ten minute time frame, the second support level, who will assess the situation, is contacted.

For issues requiring corporate support, special support staff will confer across a conference bridge opened specifically for the current situation. The appropriate team and management personnel will receive email alerts instructing them to dial-in to the conference. Most issues are resolved by this initial team, but additional resources are contacted if necessary. The TLC Account Director, or designee, who by this time has already reported the issue to the Lottery, will contact all involved and bring them up-to-date.

Emergency System Support – Scientific Games has extensive experience in managing and maintaining complex lottery gaming systems of all kinds, including online and pari-mutuel. The nature of this business environment, including the integrity of the system and its sponsoring lottery organization, requires a technical support infrastructure that can respond quickly to emergency production issues. Accordingly, Scientific Games will use our NRC to spearhead our 24/7 emergency escalation support for the Texas Lottery gaming environment.

If an emergency arises that the on-site staff is unable to resolve, they can utilize a toll-free support number and be put in immediate contact with a technical operations support specialist who will coordinate resolution of the issue. In order to address the issue quickly and accurately the operations support specialist will have immediate access to on-call staff from all technical disciplines relating to the online lottery systems product.

Non-Emergency System Support – All problem calls are categorized into four levels to determine the speed of investigation and resolution. Scientific Games will address problems encountered with application programs, data corruption, company-supplied hardware, or any other situation where the customer demonstrates that the software does not perform as stipulated.

The problem call severity levels are as follows:

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Severity Level 1

Loss of Revenue and/or Production System Shutdown – These are the most critical errors or failures. While they rarely occur, the production support staff is prepared to deal with instances of system shutdown or complete loss of communications. Scientific Games will confirm receipt of notification and commence action immediately after being notified.

Severity Level 2

Production System is Impaired, but no Loss of Revenue – These issues are differentiated from Severity Level 1 issues because the system continues to operate and generate revenue. In these instances, Scientific Games will begin problem resolution efforts immediately, if possible but no later than the next business day following notification. Scientific Games' will provide a mutually agreed upon work around within 15 business days.

Severity Level 3

Production System is Impaired, but there is a Workaround – In these instances, Scientific Games will implement a workaround that keeps the system operating and generating revenue. System errors of lesser severity are resolved with the next periodic maintenance release of the software.

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Severity Level 4

Enhancements and General Business Improvements – Over the lifetime of the central site system contract, the Lottery may request changes in the system's functionality. Scientific Games will provide a proposal for all requested enhancements. Enhancements must be agreed to in writing by the Lottery prior to the start of work.

Scientific Games will provide processes for reporting all non-emergency issues. Issues will be logged and tracked via Scientific Games' trouble tracking and reporting system.

7.13.3.1 HOTLINE QUALITY ASSURANCE AND TRAINING PROGRAM (DR 11)

Following HDI standards, the NRC has developed a thorough and intense interview screening process that will be adopted in Texas. Viable candidates are identified and then put through a telephone pre-screening. During this telephone screening, candidates are informed of the basic requirements, job functions, and pay rate. If candidates meet the requirements and remain interested in the position, an interview is then scheduled.

Once a candidate arrives for an interview, the candidate is put through a series of tests to evaluate typing skills and written communications skills. Candidates also take a SELECT test as recommended by the HDI. The SELECT Associate Screening System is a family of related pre-employment tests designed to measure important, work-related, personality characteristics in applicants for entry-level jobs. These are personality-based tests tailored to the work personality requirements. Each of the SELECT tests have been designed to be used early in the employment selection process, after initial screening, but before the employment interview. Test results include interview suggestions and indications of unusual responses that should be probed during the interview.

This test evaluates the potential employee's:

- Energy levels
- Problem solving skills
- Multi-tasking skills
- Accountability
- Assertiveness
- Ability to collaborate with team members and/or customers
- Frustration tolerance

- Criticism tolerance
- Acceptance of diversity

The test also provides interview probes if a candidate scores low in a specific area. These probes help better identify if the candidate is a good fit. If the candidate successfully passes the typing skills, written communication skills, and the SELECT test they will move on to another interview.

Interview questions are crafted based on HDI recommendations, as well as from other resources. The interview questions remain static for every candidate to ensure uniform scoring. All responses to interview questions are recorded. Each interview consists of two members of management.

Once the interview has been completed, management conducts a post-interview assessment and then completes a scoring sheet for each candidate. The scores outline how each member felt the candidate reacted in the following areas:

- Satisfactory answers
- Proper grammar usage
- Specific examples
- Eye contact
- Cohesive answers
- Appropriate body language
- Self awareness in relation to personal characteristics and career pursuits
- Attitude
- Self-confidence
- Manners
- Effective verbal communication skills
- Customer service skills

These scores are then reviewed and a decision is made as to whether to accept or reject the candidate. If the candidate is accepted, he/she is then sent through state and federal background checks and a drug screening. If a candidate successfully passes all requirements, an offer of employment is made.

NEW CALL CENTER EMPLOYEE ORIENTATION AND TRAINING

Our new TRCC employees will undergo a three week training program consisting of multiple modules as outlined below.

The first is our Customer Service Module, which outlines the high expectations and level of service we insist on providing to our customers. Additionally, this module reviews techniques and tips from the HDI on customer satisfaction.

Trainees are then sent through the Software Module. This module reviews all software programs for which TSRs are responsible for maintaining and updating. A large portion of the Software Module is hands-on training, allowing employees to familiarize themselves with the look and feel of each application.

Another important component of our software training module includes detailed instruction on diagnosing and escalating communications issues, which satisfies RFP Table 72, Detail Requirement No. 11. Troubleshooting hardware and hardware connections, line issues, polling, and familiarization with error messages are just part of the communication training that the TSRs receive.

Next, the trainees are sent through the Terminal Module. During this module, employees actually learn about and work on terminal types and peripherals used by Texas Lottery retailers. An example is shown in Figure 7.13-16. Trainees are put through demonstrations of terminal function and the possible malfunctions they might experience. The Terminal Module is the most intense portion of training. One-on-one time is spent with each employee to ensure that they retain the knowledge and understand the concepts of the business. After each terminal's software and hardware functionalities are reviewed, the trainees are required to take and pass a test on terminal knowledge before they are allowed to advance through the program. This tiered program in the Terminal Module allows the trainer to quickly identify and resolve problem areas.



Figure 7.13-16: A TSR Trainee Practices on a Sample Terminal in the NRC

TSRs are then put through the Phone Skills Module. In this module, the trainer and trainee collectively take phone calls. The purpose of this process, however, is not to utilize the technical skills they have learned thus far, but to ensure that trainees have read, understood, and can apply the skills they learned within the Customer Service Module. If trainees successfully pass the Phone Skills Module, they move on to the Live Call Module.

During the Live Call Module trainees are placed with Senior TSRs and listen in to their calls. As they progress, the trainee begins taking on more responsibilities for the calls. Trainees will be documenting calls as the Senior TSR speaks with the customer. Once the trainee is fully confident with their ability to use each software program or other resource used during a call, they then move on to maintain the entire call.

The trainee is still with a Senior TSR, but they are now responsible for maintaining data entry, utilizing resources, and managing the call. This module can last from two to five days, based on the trainee's level of self confidence and their skill set.

The last phase of training is the QA Module, in which trainees are placed on the phones by themselves to manage calls. The trainer closely monitors progress by performing QA checks. The trainer reviews the day's results at the end of the shift and provides feedback to the trainee. If feedback is positive, then the trainee becomes a TSR. If the trainee still needs more training, he/she is placed back into the Live Call Module.

7.13.3.2 TICKET INVENTORY AND SUPPLY MANAGEMENT (INSIDE SALES) STAFF PLAN

The proposed Inside Sales staffing plan, under the guidance of the Instant Ticket Services Deputy Director, will consist of William "BJ" Nugent as the Inside Sales Manager, two Inside Sales Supervisors, and 27 Inside Sales Representatives.

We understand the importance of providing a constant level of exceptional customer service and our trained staff is dedicated to creating and maintaining positive relationships with all the Lottery's retail partners. Furthermore, our team is dedicated to increasing Lottery sales by delivering efficient service to retailers in a professional and enthusiastic manner.



William "BJ" Nugent

Retailer Service – The art of inside sales begins with our Inside Sales Representative (ISR). The ISR takes what the retailer thinks he or she may need and turns that information into a formula by retrieving from a weekly sales average on given games minus what is in-transit and received. This formula predicts how many packs the retailer needs to be properly stocked, which is typically a 10 – 14 day supply. Shaping the order with up-to-date, retailer specific sales information reduces or eliminates the need for retailers to call in for more products.

As mentioned earlier, is the industry's first inside sales system that allows ISRs to work collaboratively with retailers to shape orders, thus ensuring the right games are sent at the right time for the right retailers. This is what we do, and we have proven over the years that we are very good at it.

Over the years, much advancement has been incorporated into the system design to meet customer requirements and expand its core functionality. Today, the proposed system incorporates our Predictive Ordering System and other significant features designed to satisfy your retailer's needs, increase productivity and reduce any possibility of out-of-stock conditions.

All Scientific Games employees are trained in inside sales "Best Practices" that have been developed from our many years of inside sales experience. The ultimate goal is to become the resource center for each Texas Lottery retailer. The more knowledgeable each ISR is about what they are selling and what products each retailer should be carrying, the better the Lottery and the retailer's sales and commissions will be.

An overview of our "Best Practices" includes:

1. Review the retailer's inventory before placing a call.
2. Be professional at all times.
3. Be pleasant and quick.
4. Be knowledgeable.
5. Get to know your retailer from a business perspective.
6. Get to know your retailer from a personal perspective.
7. Shape orders, don't take orders!

8. Know the Lottery's policies and procedures.
9. Follow-up.
10. End your call correctly.

There are general guidelines that each ISR follows to maximize sales, which include, but are not limited to:

- Review of retailer inventory.
- Recommend orders generated by the Predictive Ordering System.
- Discuss the system's recommendation, then refine the order (if necessary).
- Make sure the retailer is carrying all the games that are popular in their region.
- Additionally, if the Texas Lottery is running a promotion that is game or price specific, make sure the retailers have ample stock before and during the promotion.

Scientific Games prides itself on the level of service we provide by selecting Inside Sales Representatives who have a pleasant and professional demeanor, are customer-focused, and develop good rapport with their retailers and LSRs.

Our knowledgeable ISRs understand and are fully apprised of:

- How sales are trending for the week.
- What games are selling best that week.
- When the next new games are arriving.
- What the next new games are (by name, price point, play style, top prizes, special features, etc.).
- Ongoing Lottery promotions.

Scientific Games works with all of our CSP customers to create effective plans to maximize sales and eliminate out-of-stock situations during the holiday season. As we have in all of our CSP locations, we will work closely with the Lottery District Managers and their staff, especially the Corporate Account Managers during the busy holiday season, to ensure all retailers are well stocked with the top selling games in that period.

In addition, ISRs are aware of when holidays occur and how these dates may affect delivery. They begin talking to their retailers well in advance of holidays to avoid out-of-stock situations. If requested, we can also insert flyers in orders notifying the retailers of the Holiday Order and Delivery schedule.

+SELL – Suggestive selling is performed at all times. Suggesting that the retailer displays the best selling games in a prominent location is a key method to generate incremental sales. We also +SELL (plus sell) games that are new, a hot seller, a soft launch, or back in-stock.

Each ISR is assigned a call list. The call list identifies which retailers are to be called at specific times and on specific days. In most cases the time and date for each call is mutually agreed upon between Scientific Games and the retailer. Scientific Games attempts to be as flexible as possible to ensure that each retailer is called when it is most convenient. In those cases when a

retailer is not ready to place an order when called, the ISR offers a call back at a time that is more acceptable. Once the order is taken, the ISR recaps the order with the retailer and communicates any special Lottery-approved messages.

Our ISRs quickly develop a positive working relationship with the retailers on their assigned call list. They are trained to listen to and resolve issues that are important to a retailer. For example, ISRs can address questions related to instant ticket management, such as difficulty receiving, activating, or settling a shipment or pack of tickets and provide step-by-step instructions rather than referring the retailer to another number for assistance.

Scientific Games' ISRs are aware that retailers are busy people with limited time to place orders. Therefore, the ISR is fully prepared to address all relevant issues when their retailer is on the phone. Calls typically do not take more than 2½ minutes and must, regardless of the situation, impart all important information quickly and efficiently.

Our Automated Call Distribution (ACD) phone system allows each call to be answered quickly in order to minimize wait or hold time. The ACD is also a visual monitoring tool for the Inside Sales Manager to ensure that a high level of customer service is provided and all calls are answered promptly.

7.13.3.3 CUSTOMIZED SCIENTIFIC GAMES' SERVICE PROGRAMS (DR 20)

LSR Chat Program – Years ago, we implemented our “Contact Your LSR” program. This program allows each ISR rep to contact their particular LSR on the day that they are calling retailers in that LSR’s area. This is a courtesy to inform him/her that their call route will be contacted to see if there are any special needs that should be addressed with any of the retail locations. In connection with this process, we recently introduced the low inventory alert call. As part of this program, the ISR will contact the LSR after completing that day’s call list and inform the LSR of any retailers that did not order, but appear to be in need of tickets. Based on this information, the LSR will then take action and visit the retail location and physically assess the retailer’s inventory.



Our Inside Sales Representatives and LSRs complement each other’s efforts and continue to build a cohesive and responsive team focused on TLC sales support and retailer needs as they work towards the same goal.

Customer Feedback Program – Should the Texas Lottery choose, we will implement our Ride-Along Program at no cost to the Texas Lottery. Each year we send our ISRs out into the field with each of their assigned LSRs to visit retail locations. This way, the ISR, LSR, and the retailer have real face-to-face contact. Comments and/or suggestions are given to the ISRs from the retailers or LSR on improvements that may be needed. We then take that feedback and discuss with our staff different ways of improving customer service. This also provides an opportunity for an expanded business relationship by sharing business perspectives between the Inside Sales Representative and LSR.

Another facet of this program consists of the district visits conducted by Scientific Games’ management. This program has given us the opportunity, when invited, to take part in Lottery weekly meetings with management and their staff, and is a time to address questions and issues the staff may have. This has been a very successful and positive program for Scientific Games and our lottery customers throughout the years.

7.13.4 CALL CENTER SUPPORT OF RETAILER LICENSE BASE (DR 10)

Response Requirement 4: The Proposer must describe how the staffing and management of the call center will support the Texas Lottery's diverse Retailer licensee base.

Spanish and English speaking hotline operators will be available at all times to take calls from Texas retailers. If dual language is needed for a retailer site, it will be recorded as a retailer data field accessible by the hotline service, thus language-matched service technicians, through our [redacted], can be dispatched appropriately. Figure 7.13-17 indicates the wide array of languages that the National Response Center has handled in recent months, which includes Asian, Middle Eastern, and Hispanic descent. This satisfies and exceeds RFP Table 72, Detail Requirement No. 10.



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Month	Language	Minutes	Calls	Avg Length of Call (Minutes)	% of Total (Minutes)	Avg Interpreter Connect Time (Seconds)
December-08						
	Spanish	42	5	8.4	24.9%	9
	Korean	36	4	9.0	21.3%	26
	Vietnamese	32	2	16.0	18.9%	13
	Mandarin	29	2	14.5	17.2%	15
	Hindi	12	1	12.0	7.1%	43
	Punjabi	9	1	9.0	5.3%	18
	Thai	7	2	3.5	4.1%	31
	Serbian	2	1	2.0	1.2%	15
		169	18	7.4	100.0%	170
January-09						
	Korean	102	1	9.3	62.2%	18
	Hindi	33	1	8.3	20.1%	30
	Spanish	20	6	3.3	12.2%	16
	Nepali	9	1	9.0	5.5%	42
		164	22	29.9	100.0%	106
February-09						
	Korean	56	8	7.0	36.4%	13
	Mandarin	29	3	9.7	18.8%	15
	Hindi	20	2	10.0	13.0%	33
	Vietnamese	19	2	9.5	12.3%	58
	Spanish	11	2	5.5	7.1%	9
	Gujarati	10	1	10.0	6.5%	32
	Nepali	9	1	9.0	5.8%	17
		154	19	60.7	99.9%	179
March-09						
	Korean	75	7	10.7	49.0%	27
	Mandarin	34	3	11.3	22.2%	21
	Spanish	27	6	4.5	17.6%	18
	Hindi	17	2	8.5	11.1%	114
		153	18	35.0	99.9%	180

Figure 7.13-17: NRC Language Line

7.13.5 CALL CENTER PERFORMANCE LEVELS

Response Requirement 5: The Proposer must indicate how it will achieve the required performance levels for the call center.

Monitoring reports are generated and evaluated each day by call center management. If a trend is found it is analyzed and, if it is adversely effecting performance, the staffing schedule is adjusted accordingly.

Scientific Games utilizes a call broadcasting service that is capable of proactively contacting the entire Texas retailer base, or a specific subset of the retailer base, to alert them of any incident or process that may impact their ability to conduct lottery operations. Because, during system incidents, retailer calls can quickly overload any Call Center, Scientific Games can reach out to these potentially affected customers to alert them of an issue before they may even be aware there is a problem. By taking this proactive approach to alerting our retailers of a possible impact to their operations, Scientific Games can potentially reduce the amount of callers to the Texas Regional Call Center, thereby minimizing the impact to service levels during peak call times.

7.13.6 CHRONIC PROBLEMS

Response Requirement 6: The Proposer must document how chronic problems will be handled.

Should a retailer experience a chronic problem (defined as four (4) or more service calls for any reason in a consecutive ninety (90) Day period), the Texas Regional Call Center (TRCC) Retailer Care Specialists will monitor the situation by contacting the retailer on a weekly basis or as needed. Once a retailer is placed on the 'chronic list', Scientific Games will assign the case to our "Task Force" that will take ownership of this situation until resolution. The Scientific Games Task Force comprises a group of the most senior members of our Field Services Management Team, Sales Team, and a Specialist from our Retailer Care Center.

The _____ will send automatic alerts on a predetermined schedule to the Field Service Managers, Field Technicians, and Sales Team for any issues and as reminders. Calls can be placed at scheduled intervals during the day, week, or month, whatever is determined to be the most effective for the situation. For example, after the second occurrence of a problem, the system can schedule a follow-up call twice weekly to inquire about the issue. Should the problem persist, the call schedule can be increased to daily or twice daily, if necessary. Scientific Games will provide detailed weekly status reports to the Texas Lottery until an agreement is made to remove the retailer from the chronic problem list.



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*automated chronic
 retailer alert.*

Below is a sample email notification from

being used in Maryland:

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Chronic Retailer Alert! - Order SV1004060254@@1 for ONE STOP CON & DE T1 * *

: @scientificgames.com

This message was sent with Low importance.

Sent: Thu 4/8/2010 9:36 PM

To: Douglas, David; Baker, Bret; Pack, Jessie; Foshey, Steve; Sinclair, Paul

Retailer 75301001-MD ONE STOP CON & DE T1 * * had a call opened/closed at 4/8/2010 12:10:00 PM for:
 Problem Code and ID: 2900 Supplies - Agent Request
 Problem Description: Per Marketing Rep., Kirmon Nordt - PAT is offline. Requeesting a tech to take a look
 Resolution Method and Description: 9992 0 - Not Operational
 Repair Code and ID: 56 Gen - Refer to Liason
 Resolution Text:
 By: mbeale

In addition, through the monitoring capabilities of our , data center system operators will monitor individual terminal activity and functionality and generate reports that detail the activity of the terminal over a defined period of time. This will allow us to determine if the problem is related to the hardware, software, communications, or a user issue and arrange for the appropriate resolution, such as dispatching a Field Service Technician to replace the equipment or a Communications Technician to test or replace the communications equipment or schedule retraining.

7.13.7 INVENTORY ORDER AND DISTRIBUTION ENHANCEMENTS

Response Requirement 7: The Proposer must describe any innovative solutions it proposes to enhance inventory order and distribution beyond the noted requirements of this section.

Our proposed plan for the Texas Lottery exceeds your ticket distribution requirements. SciTrak Ultra, our most advanced, robust and feature-rich supply management system provides the tools needed to maximize sales. Scientific Games' centralized inside sales program enhances the service levels of the retailer network by strengthening teamwork and enhancing the partnerships between ISRs, LSRs, and retailers. Our proposed inside sales and ticket ordering services include all the components necessary for success: professional, well trained and dedicated staff and a state-of-the-art system.



The inside sales team will be located at our new warehouse facility and will be dedicated to serving the ongoing needs of Texas Lottery retailers. By placing inside sales within the warehouse facility, the process of order packing and delivery is a smooth and seamless operation. All equipment, from the packing line to systems hardware and inside sales workstations, right down to the furniture and forklifts, will be new and unused.

As discussed earlier, is the lottery industry's first inside sales system that allowed ISRs to shape orders and work collaboratively with retailers. Over the years, many enhancements have been incorporated into its design to meet jurisdictional requirements and extend its core functions.

Today, the _____ incorporates significant features, including our Predictive Ordering System, all designed to meet and exceed industry and retailer expectations and to increase productivity.

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Confidentiality Claimed
Not released

7.13.8 TICKET INVENTORY AND SUPPLY MANAGEMENT SUPPORT OF RETAILER LICENSES BASE

Response Requirement 8: The Proposer must describe how the staffing and management of the ticket inventory and supply management functions will support the Texas Lottery's diverse Retailer licensee base.

Scientific Games understands the importance of a bilingual staff and the ability to communicate with the retailers in certain areas. We typically maintain a telemarketing staff that is 20% bilingual in Lottery jurisdictions, like the Texas Lottery, with this need.

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Scientific Games' _____ provides the capability for retailers requesting service to select the language of the technician visiting their location. Our Technical Representative has the ability to select the retailers preference for a Spanish (or any other language available) speaking technician. Through the _____, the software retains the capacity to assign service requests to our Field Service Technicians that's holds the specific language skill set requested by our retailers. By offering the option for Texas retailers to select their preferred language, Scientific Games can provide a closer, more personal level of service to the Texas Lottery and its customers.

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7.13.9 ADDITIONAL ORDER PROCESS PROCEDURES

Response Requirement 9: The Proposer must describe what procedures are included to process special, out of cycle, express, expedited, or emergency orders from Retailers.

Scientific Games processes special, out of cycle, express, expedited, or emergency orders from retailers using the same Ultra procedures that we use for processing daily orders (see **Section 9.3**). However, these orders are assigned a priority status when the order is placed and receives expedited processing based on their special circumstances.

Our first step is to always shape an order with up-to-date, retailer-specific sales information to properly stock each retailer with typically a 10 – 14 day supply. In addition, the dynamic capabilities of _____ can systemically identify the retailers who are selling at a rate faster than their inventory will support _____ providing for customized calling lists to respond to any Texas Lottery retailer need, allowing our ISRs to contact retailers on any priority-based need.

With current technology and the statewide infrastructure of our primary courier contractor, delivery to all retailer locations in the state of Texas can be accomplished within 24-36 hours We will work with _____, and other delivery sources to ensure this commitment is carried out.

7.13.10 AUTOMATED ORDERING SYSTEMS (DR 21)

Response Requirement 10: The Proposer must describe its range of automated systems to allow Retailers to order at anytime, rather than only ordering in response to a telemarketing call. Additionally, the Proposer must describe its ability to manage and place proper controls on this ordering process.

Scientific Games _____ telemarketing module includes an automated system to allow retailers to place orders at any time using an Interactive Voice Response (IVR) system. This state-of-the-art technology enables retailers to place orders at their convenience via a telephone touch-tone keypad _____ system responds with pre-recorded audio that directs retailers through a series of simple ordering instructions and menu options.

Once the retailer's IVR system order has been completed, it is transferred to the _____ system and held for order verification. A trained Inside Sales Representative (ISR) will review and confirm the order prior to fulfillment. This additional step provides an extra layer of security and ensures order accuracy by preventing duplicate orders.

Using our _____ system software, we maintain and manage the necessary controls on the ordering process to ensure that retailer orders are successfully and accurately completed and shipped.

Although we have or can develop multiple processes to submit orders, all of the inputs will go into the same order processing queue and orders placed through one method (terminal, system) will not inadvertently interfere with those placed through another. For example, if the system places an automated ("predictive") order, and the retailer then places a separate order (through the IVR), the two orders will not necessarily be added together, which would result in an unnecessarily large order. This means that if orders are placed by multiple methods within a delivery period, the system will still not allow the order counts to exceed maximum values assigned to that retailer for that game (or paper, POS, etc.).

This satisfies RFP Table 72, Detail Requirement No.21.

7.13.11 TEXAS NATIONAL SERVICE CENTER

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Scientific Games is committed to working in close cooperation with the Texas Lottery and the Texas State Department of Economic Development in our efforts to meet goals set by Texas State Certified Minority Owned Business Enterprises and the Texas State Certified Woman Owned Business Enterprises as subcontractors and suppliers in this proposed contract. In order to mitigate economic impact of the online vendor transition, Scientific Games has developed a plan intended to remain job-neutral with the incumbent vendor for Texas-based employees through increased staff dedicated to the Texas Lottery operation, as well as investment in corporate infrastructure based in Texas through Scientific Games and our affiliates. Upon award of the contract to Scientific Games, we are committed to establishing our Texas National Service Center in the _____ a. This is an Offered Option included in the base price.



Our Texas National Service Center will house several key components of our national service infrastructure and resources including:

- **National Response Center (NRC)** – Currently _____, the NRC will _____ area facility and will have oversight for all our national call center operations, dispatch, incident management, and the _____. The NRC, a 24/7/365 facility, currently handles customer service calls from 15 lotteries, including over 40,000 retailers. Within the first year of operations with the Texas Lottery, this facility will support over 57,000 retailers.
- **Terminal Maintenance Center (TMC)** – This newly established center will be an in-state electronics and hardware repair facility responsible for the maintenance and repair of all terminals and associated retailer peripheral equipment for the Texas Lottery and our online lottery partners throughout the United States. In all, we anticipate the TMC will support nearly 40,000 WAVE™ and other associated terminals operating across the United States within the first year of operations with the Texas Lottery.
- **System Delivery Center (SDC)** – This newly established center will house key skilled technology resources for dedicated Texas Lottery systems development and testing activities in addition to infrastructure for the potential operation of multi-jurisdictional systems operations.

The establishment of our Texas National Service Center will benefit the Texas Lottery, the Texas State Department of Economic Development, and the State of Texas in a number of manners, including;

Expanded Economic Opportunities – The Texas National Service Center will expand economic opportunities primarily in areas of facility rental, related facility build-out and ongoing support services; transportation and related courier/shipping services.

Expanded Opportunities for Texas State Certified Minority/Woman-Owned Business Enterprises in the State of Texas – Scientific Games will continue our efforts to meet the goals of the Texas State Department of Economic Development in all areas of the establishment and operation of the Texas National Service Center.

Expanded Employment Opportunities for Texas Citizens – Scientific Games anticipates the Texas National Service Center will employ nearly 100 high value, service-based resources for full, part-time, and education related training programs. From lower skilled entry level technicians and call center operators to highly skilled certified quality assurance technicians and software development and testing resources, the majority of these resources will be sourced from qualified Texas citizens.

Expanded Opportunities to Partner with Local Technical Training Institutes – As many of the new employment opportunities will require varying levels of proficiency with technology, the establishment of the Texas National Service Center will provide Scientific Games and the Texas Lottery with an opportunity to partner with local technical training institutes and establish cooperative employment opportunities and/or workforce re-training programs with students/employees.

Higher Skilled Resources Supporting the Texas Lottery – Higher levels of customer service can be achieved by greater investment in tools and resources in consolidating the functions in the Texas National Service Center. Higher skilled resources will now be hired, trained and retrained. Terminal repairs, typically completed to a modular level for an in-state repair facility, will now be completed to the component level because of the high concentration of technical talent and tools available in the facility. Greater investment can be achieved due to economies of scale recognized by this consolidated infrastructure.

Scientific Games understands that the Texas Lottery reserves the right to approve all locations and agrees to work with your designee in assuring that the Texas National Service Center location, procedures and our staffing plans meet with your approval.

As with all Scientific Games' facilities, the Texas National Service Center will be designed, constructed, and maintained to be consistent with state and local building codes, including but not limited to, specifications to meet the Americans with Disabilities Act (ADA) requirements. Additionally, the facility will be compliant with all multi-jurisdictional association standards throughout the life of the contract, including any extensions thereafter.

Quality, accuracy and excellence are among Scientific Games' service goals. While Scientific Games is not prohibited by our commitments to other customers under other contracts to locate the Texas National Service Center in the State of Texas, we fully understand our primary obligation is to meet the service level requirements of the Texas Lottery, its retailers, and players. We look forward to working with the Texas Lottery to ensure the service level requirements are fully achieved with the establishment of the Texas National Service Center including the confirmation of all required business continuity plans.

The establishment of the Texas National Service Centers enhances our ability to exceed the service level requirements of the Texas Lottery, provides expanded opportunities for the State of Texas and its citizens, and highlights the benefits of your selection of Scientific Games as the preferred choice for your lottery operations and services.

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A WORLD OF POSSIBILITIES

CORY BONOGFSKY

Senior Project Manager
Gaming System
Implementation & Support



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A MESSAGE FROM CORY BONOGFSKY

Senior Project Manager

"For over 33 years, Scientific Games has designed and implemented telecommunications networks for public and private gaming sectors. Our network engineering organization is comprised of over 20 qualified network professionals with certifications and professional affiliations, including

engineers have successfully harnessed emerging technologies to provide fast, secure, and reliable network solutions for hundreds of our lottery and pari-mutuel customers around the globe. With this proposal, we offer the Texas Lottery with superior speed, security, and redundancy that will connect each Texas Lottery retailer to the computer data center locations.

The terminal communications network we have designed for the state of Texas takes into consideration the diverse climate conditions, the physical constraints of your retailers, as well as local topology and carrier signal availability. What we are presenting is not a "one size fits all" solution, but rather a solution designed to meet the specific needs and conditions of Texas."

A handwritten signature in black ink that reads "Cory".



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7.14 COMMUNICATIONS NETWORK

RFP Requirement: The communications network is a satellite, radio, and land-based system that links all computer sites, including Primary and Backup Data Centers, the Texas Lottery headquarters and backup site, all warehouses, other Lottery Operator offices, Texas Lottery claim centers and Retailers. The following table identifies the requirements for the Communications Network.

Our design for the communications network will employ multiple technologies to gain the maximum amount of redundancy, diversity, and network efficiency. Extensive research was conducted for Texas, taking into account weather, topography, and technology availability in order to determine the most effective retailer communication solution. Scientific Games is proposing a



As described throughout this section, our lottery gaming system —
 F — will support all methods used to communicate with
 Lottery retailers. will provide a clear, open interface to
 end-point devices and any other Lottery support systems.

Scientific Games employ:

supports high-speed data transmissions and
 accommodates deployment of a wide range of interactive
 applications commercially available now.

**Scientific Games offers ONLY
 proven communications
 technologies.**

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Our experience has allowed Scientific Games to build proven relationships with equipment vendors and communications carriers at the local, national, and international levels – experience that will be leveraged to benefit the Texas Lottery.

Scientific Games possesses relevant experience designing and deploying best-value, reliable network solutions that securely process millions of online, real-time daily transactions from thousands of clerk-operated, self-service, and video lottery terminals, including mobile telephony devices, across five continents.

This diverse, proven experience – combined with our active, ongoing research program and extensive, unmatched knowledge base – provides a cost-effective, technically sound network solution for the Texas Lottery. As described in detail in our response to the requirements for RFP Section 7.14, we have combined our corporate communications knowledge with our years of experience delivering to propose a design that will give the Lottery a secure, reliable network that protects against connectivity outages.

NETWORK IMPLEMENTATION TEAM

Bill McArthur, Vice President of Information Services and Technology

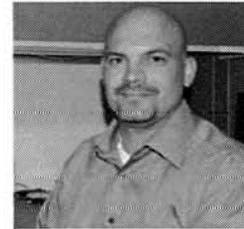
Bill McArthur will provide executive oversight over the management of the technical infrastructure, including the Communications Network Implementation. He has more than 11 years of lottery experience and has participated in more than ten implementations. Bill's domestic lottery experience includes Colorado, Connecticut, Delaware, DC, Florida, Indiana, Maryland, Michigan, New Mexico, Oklahoma, Pennsylvania, and West Virginia. Internationally he has participated in projects in Catalonia, Iceland, Mexico, Pacific Lottery, Puerto Rico, and Switzerland.



Bill McArthur

Cory Bonogofsky, Senior Project Manager

Cory Bonogofsky is a Project Management Professional (PMP) with certification from the Project Management Institute. He is also a Certified Project Manager from the International Association of Project and Program Management. Among his responsibilities as Senior Project Manager for the TLC Project Transition Team, Cory will manage the Network Implementation Team.



Cory Bonogofsky

He has over ten years of technical project management experience, and has led all Scientific Games successful online implementations for the past three years. Cory will interact with Dan Grace, the TLC Project Director, by being the single point of contact for technical infrastructure issues, pricing, scheduling, and status. He will be involved in internal and customer status meetings throughout the TLC Project Transition. Cory's prior roles at Scientific Games include Senior Software Quality Control Manager and Senior Project Manager for international online implementations.

Stan Doling, Telecommunications and Network Communications Manager

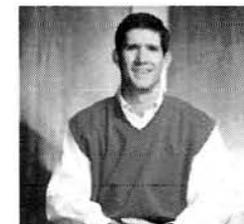
With nine years of lottery-specific experience, Stan will lead the Network Implementation team. Stan is responsible for the LAN and WAN architecture and installation, including the gaming system network at the primary and back-up facilities and the terminal networks.



Stan Doling

Tony Cooper, Senior Network Architect

With over three years of lottery-specific experience and 15 years of large scale network experience, Tony will provide technical design and review of all network communications hardware and configurations. He will also research and provide reviews of new, emerging technologies for efficiency and cost.



Tony Cooper

We are very proud of the highly qualified personnel within the communications group at Scientific Games. They possess many years of knowledge in the communications industry, and of even greater significance, within the lottery industry. They have carefully reviewed the requirements of this RFP and have designed a best-value network solution for the Lottery.

Some of the certifications our Network Implementation and Support Team has obtained are:

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Scientific Games' Network Implementation and Support Team is comprised of a unified team of highly skilled and certified lottery professionals.

Additionally, our personnel are highly-encouraged to increase their knowledge by continuing their education in this ever changing world of communications and technology. Supplementary training is provided at regular intervals.

As they did for the Pennsylvania, Connecticut, and Maryland Lotteries, and are currently doing in Indiana, our Network implementation Team will contribute their considerable skills and knowledge to ensure a smooth lottery gaming system transition for the Texas Lottery. The outstanding quality of their work, in one of the reasons that those lotteries entrusted Scientific Games with their mission critical conversion.

A MESSAGE TO THE LOTTERY

For over 33 years, Scientific Games has designed and implemented telecommunications networks for public and private gaming sectors. Our network engineering organization is comprised of over 20 qualified network professionals with certifications and professional affiliations.

As communications technology has evolved, our engineers have successfully harnessed emerging technologies to provide fast, secure and reliable network solutions for our lottery and pari-mutuel customers around the globe. With this proposal, we offer the Texas Lottery a with superior speed, security, and redundancy that will connect each Texas Lottery retailer

Carefully plotted in our project timeline is the build-out of the communications network, including landlord authorizations and installation of various communications devices to ensure the Lottery's new terminal network will be more secure, flexible and reliable than the current network.

The terminal communications network we have designed for Texas takes into consideration the diverse climate conditions, the physical constraints of your retailers, as well as local topology and carrier signal availability. What we are presenting is not a "one size fits all" solution, but rather a solution designed to meet the specific needs and conditions of Texas."

Table 75. Communications Network Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
1. Provides communications network connectivity from Successful Proposer's System to all Retailers and Texas Lottery locations	X	
2. Provides twenty-four by seven (24 hours a day, 7 Days a week) communications network support including break/fix technicians	X	
3. Documents and provides the network design	X	
4. Provides an operational communications network to handle the needs of the System and to accommodate growth in the Retailer network	X	
5. Provides a communications network management system capable of monitoring and performing diagnostics on network lines and equipment	X	
6. Provides detailed information and diagrams regarding the network topology and equipment configuration	X	
7. Responsible for the cost of implementing and operating all elements of the network including the addition of new Retailers, moving existing Retailers and any other issues relating to network changes	X	
8. Provides installation, maintenance, and ongoing support for all network equipment	X	
9. Specifies the rate at which new locations are added to the network		X
10. Documents detailed information on the procedures that will be followed to address network problems, including trouble reporting levels and escalation procedures	X	
11. Documents information on how the coordination effort (provisioning, monitoring and repair) will be handled with the network carriers and any other network providers and contractors that would be involved in the implementation, maintenance and operation of the network	X	
12. Provides notification of problems, incidents and/or changes (moves, adds, deletes, etc.) with the network to Texas Lottery	X	

Table 75. Communications Network Requirements

ROLES AND RESPONSIBILITIES	SUCCESSFUL PROPOSER	TLC
13. Approves changes to the network that could impact Retailers and/or sales		X
14. Provides qualified network personnel with telecommunication industry experience to address incidents and problems	X	
DETAIL REQUIREMENTS	RESPONSE SECTION(S)	
15. The Successful Proposer shall provide a communications network design that allows for maximum flexibility, growth, throughput, and cost-effectiveness with an emphasis on stability and operational availability.	7.14.2	
16. The Successful Proposer's communications network must connect all communications network devices to the Primary Data Center as well as the backup site. The communications network shall also be designed to support software downloads to Retailer Sales Terminals and video streaming.	7.14.2.1	
17. The Successful Proposer must obtain any federal, state, or local licenses and approvals necessary and pay any special tariffs for the development, operation and expansion of the communications network. The Successful Proposer must comply with all applicable laws regarding communications network standards, availability, costs, licenses, etc.	7.14.2.6	
18. The Successful Proposer shall include a clause in all contracts related to the communications network requiring vendors to permit assignment of such agreements by the Successful Proposer to the Texas Lottery or any entity designated by the Texas Lottery, upon request by the Texas Lottery.	7.14.2.6	
19. The Successful Proposer shall provide communications network diagrams that must identify the data routing and redundant communications paths and proposed locations of remote nodes, if any, and the level of equipment intelligence at those nodes. The Successful Proposer shall provide the location of where its communications network components connect to the public network or private network. The Successful Proposer is required to disclose any potential single points of failure in the communications network and provide potential solutions.	7.14.2 7.14.2.4	
20. The Successful Proposer's communications network system must be capable of providing an incident tracking system for all equipment and/or sites on the Lottery network from the time of the occurrence to the time of complete incident resolution and closeout.	7.14.2.3	

DETAIL REQUIREMENTS	RESPONSE SECTION(S)
21. The Successful Proposer’s communications network management system must provide the ability to segregate (and provide reporting to) Retailers who are down due to Terminal or communication malfunctions versus other anomalies not associated with the failure of the system to perform.	7.14.2.6
22. The Successful Proposer’s communications network must include adequate bandwidth and lines for connectivity to and between all designated Texas Lottery facilities, including but not limited to: the headquarters, claims centers, warehouse, etc.	7.14.2.2
23. The Successful Proposer’s communications network management system must provide the capability to show real-time and historical reports showing the status, incidents, etc., for the entire communications network. The ability to show the current status of a line, drop, node or backbone, etc., along with a historical trending report is required. The communications network information needs to be at the level to allow queries at an individual Retailer level. The ability to display and produce reports and/or graphs is desired.	7.14.2.3
24. The Successful Proposer’s communications network must support real-time video security monitoring and video teleconferencing with the Texas Lottery’s headquarters and all claim centers.	7.14.2.7
25. The Texas Lottery may, at its discretion, require the Successful Proposer procure an independent third-party vendor to perform traffic studies and provide recommendations regarding communications network performance.	7.14.2.7

Table 76. Communications Network Response Requirements

RESPONSE REQUIREMENT
1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.
2. The Proposer shall provide detailed information and communications network diagrams to address the performance capabilities of the communications network based on the Proposer’s System requirements and the Texas Lottery’s system requirements.

Table 77. Communications Network Service Level

SLR #	SLR NAME
3.61.6	Inability of the Texas Lottery Retailer Terminals to Communicate with the Lottery Gaming System

RESPONSE TO TABLE 76: COMMUNICATIONS NETWORK RESPONSE REQUIREMENTS

7.14.1 ACKNOWLEDGEMENT OF ROLES AND RESPONSIBILITIES AND DETAIL REQUIREMENTS

Response Requirement 1: The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

Scientific Games acknowledges and accepts the roles and responsibilities, and will comply, and often exceed, the detail requirements indicated in RFP Section 7.14.

7.14.2 COMMUNICATIONS NETWORK PERFORMANCE CAPABILITIES (DR 15)

Response Requirement 2: The Proposer shall provide detailed information and communications network diagrams to address the performance capabilities of the communications network based on the Proposer's System requirements and the Texas Lottery's system requirements.

COMPLIES: Scientific Games has read, understands, and complies with this RFP requirement.

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Scientific Games welcomes this opportunity to provide detailed information and communications network diagrams to address the performance capabilities of the communications network we are proposing. This communications network is based on requirements and the Texas Lottery's system requirements.

The communications network design will also provide the Texas Lottery with an operational communications network that will not only handle the present day needs of the system, it will also accommodate growth in the retailer network. It will allow for maximum flexibility, growth, throughput, and cost-effectiveness, yet emphasize stability and operational availability, thereby satisfying RFP Table 75, Detail Requirement No. 15.

At the end of **Section 7.14**, Scientific Games provides a diagram illustrating the network topology. This diagram will identify the data routing and redundant communications paths and proposed locations of remote nodes, if any, and the level of equipment intelligence at those nodes. The diagram provides the location where our communications network components connect to the public network or private network. There is no single point of failure in the communications network. This satisfies RFP Table 75, Detail Requirement No. 19. Please see **Section 7.14.2.4** for more information related to single points of failure.

Throughout this section you will also find other supplemental diagrams illustrating the network topology and equipment configuration.

All Scientific Games-provided configuration items are identified by manufacturer and model number in the Equipment List provided in the Supplemental Documentation at the end of Part 7. It can also be found on the Supplemental Documentation CD behind the Electronic Media tab card.

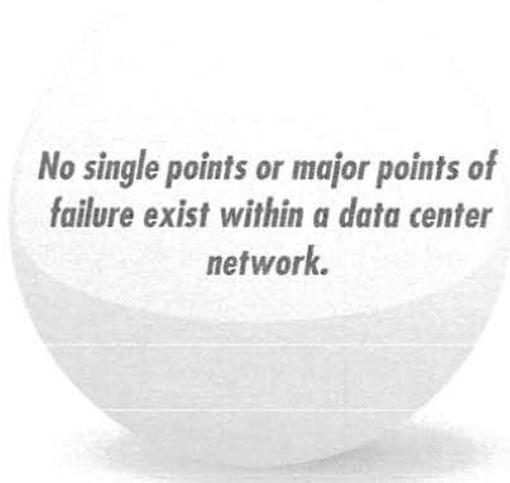
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Not released

**Confidentiality Claimed
Not released**

**Confidentiality Claimed
Not released**

7.14.2.2 SINGLE POINTS OF FAILURE (DRs 19 and 22)

Scientific Games' fault tolerant network design employs redundant equipment, circuits, and diverse routing to eliminate single points failure. Scientific Games' enterprise network offers the Texas Lottery the most redundant and diverse retailer network, which greatly minimizes any potential impact to the TLC's sales and resulting revenue stream.



No single points or major points of failure exist within a data center network.

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7.14.2.3 LOTTERY NETWORK MANAGEMENT SYSTEM (DRs 20 and 23)

Scientific Games understands that fault management consists of actions towards detection, isolation, and correction of faults in the network. This is why we provide 24/7/365 communications network support, including break/fix technicians.

Scientific Games' Lottery Network Management System (LNMS) monitors all devices on the network, including central system servers and retailers, to proactively notify authorized



personnel of error conditions, outages, or degraded performance utilizing **Information Redacted §552.101/466.022/552.139**). It is the incident tracking system for all equipment and/or sites on the Texas Lottery network from the time of occurrence to the time of complete incident resolution and closeout, thereby satisfying RFP Table 75, Detail Requirement No. 20.

System elements and diagnostic equipment are designed to immediately notify the LNMS suite, which in turn notifies authorized personnel of transmission errors or outages in real-time. These qualified network personnel have the telecommunications industry experience to address incidents and problems.

LNMS will provide notification to the Texas Lottery of problems, incidents, and/or changes (moves, adds, deletes, etc.) with the network.

LNMS is capable of monitoring and performing diagnostics on network lines and equipment.

Our LNMS provides full and feature-rich services for monitoring the network system, including equipment at the data center sites and the communications network, down to the retailer terminal level. Audio/visual alarms will warn of problems and indicate whether a failure has occurred.

Our LNMS provides an integrated, end-to-end management solution designed to enable our operators and technicians to manage the services across the gaming system more efficiently to better serve you and your retailers. LNMS improves efficiency by performing root-cause analysis quickly and accurately. It consolidates the health monitoring of the entire IT infrastructure from a services perspective and provides end-to-end management of heterogeneous environments from a centralized point of control.

It also presents an overview of the LNMS, including its dashboard-style interface layout for ease of use, and how it seamlessly integrates with other systems to provide a single point of entry for business operations management.

The following describes the network monitoring and fault resolution services Scientific Games will provide to the Texas Lottery and its retailers.

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**Confidentiality Claimed
Not released**

Confidentiality Claimed
Not released

Confidentiality Claimed
Not released

Confidentiality Claimed Not released

The systems at the back-up data center will be enabled to assume full operation of the Lottery environment in the event of a system failure at the primary site in

ensures that Lottery operations will continue if any natural disaster disrupts operations at the primary site.

Remote back-up site configuration is a standard component of Scientific Games' system configurations currently implemented in 12 domestic lottery jurisdictions where we have an uptime rate of 99.9%.

RESOLUTION COORDINATION

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Because we have well-established relationships with all telecommunications providers and equipment vendors, maintenance and support contracts exist for all equipment. Engineering support from these providers, both on-site and remotely, is available 24/7 through established chains, including web-based automated tools, to ensure that the most efficient and appropriate actions occur in the event of any issue. We begin escalation within each of these providers' organizations according to established and maintained procedures so that the proper effort continues until resolution. This efficient and proven structure ensures that Scientific Games conducts problem resolution on all issues identified by any retailer or Lottery employee in a consistent, thorough, and expeditious manner.

Scientific Games was the first to develop and bring to the Lottery industry a network management system that extends across multiple environments to deliver an integrated view of the gaming system and services environment. Our Lottery Network Management System (LNMS) provides a suite of tools for network and system performance management, proactive alert management, and configuration management integrated around a Solarwinds Orion environment. The LNMS provides a centralized service management solution for full network monitoring and fault resolution, delivering an efficient approach to operations management.

Escalation of a communications issue begins with the receipt of a notification or alert from our LNMS suite through the use of . The telecommunication vendors' proactive monitoring group will also notify Scientific Games concerning any issues. Scientific Games will work with the vendor troubleshooting the issue to isolate the cause. As previously described, a single circuit outage will not have any effect on any aspect of the network. However, to ensure outages do not linger, Scientific Games continues to escalate with the vendor. This escalation process is managed by our SYSCON process.

A SYSCON will be opened and the necessary Scientific Games personnel, telecommunication, and equipment vendor support teams will be contacted to join a bridge call to assist with the quickest resolution possible to resolve the issue. The

telecommunications and equipment support team supervisors will also be contacted to ensure that the issue has visibility up to the highest level of on-call support. The Texas Lottery will be kept informed of the progress to resolve the issue throughout the process.

During the bridge call, if it is determined that the issue is not reaching resolution, the SYSCON level will be elevated. With additional support within Scientific Games, the telecommunications and equipment vendors will be requested to join the bridge call. The next level of supervision within the telecommunications and equipment vendors will be notified to ensure that they are aware of the issue. The Texas Lottery will be continually informed regarding the status and steps being taken to resolve the issue.

Escalation of the SYSCON with additional assistance from the support groups within Scientific Games, as well as the telecommunications and equipment vendors will continue until the issue is resolved. As the issue escalates, the direct level of supervision will be contacted to include the highest levels at Scientific Games, and the telecommunications and equipment vendors.

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7.14.2.4 NETWORK PROBLEMS

The procedures that Scientific Games will utilize to address network problems, including trouble reporting levels and escalation procedures are detailed in **Section 7.13**, but basically our LNMS provides detailed system and terminal information to both the Texas-site resources at the primary data center and to our National Data Center (NDC) located in [REDACTED]. Their consoles display terminal status, giving hotline operator's detailed information such as terminal up or down status, retailer sign-on or off, and other relevant diagnostic information.

In addition to providing information to our Texas Lottery operations staff and to our NRC staff, our Texas site staff will also have access to LNMS to aid in provisioning and retailer performance monitoring. Scientific Games' NRC will be configured with a complete set of all retailer equipment installed at retail locations including WAVE™ terminals, communications devices of multiple types, and any PATs, TVMs, and peripheral devices used in Texas, such as customer displays, advertising signage, and ticket checkers. The configuration of this equipment will mirror that used in the field and will enable our NRC personnel to offer hands-on assistance to retailers during a trouble call.

7.14.2.5 COORDINATION EFFORT

**Confidentiality Claimed
Not released**

7.14.2.6 RETAILER SEGREGATION (DRs 17 and 21)

Scientific Games understands that we are responsible for the cost of implementing and operating all elements of the network, including the addition of new retailers, moving existing retailers, and any other issues relating to network changes.

We will also provide installation, maintenance, and ongoing support for all network equipment.

Scientific Games will obtain any federal, state, or local licenses and approvals necessary and pay any special tariffs for the development, operation, and expansion of the communications network. We will comply with all applicable laws regarding communications network standards, availability, costs, and licenses.

Scientific games will include a clause in all contracts related to the communications network requiring vendors to permit assignment of such agreements by Scientific Games to the Texas Lottery or any entity designated by the Texas Lottery, upon request by the Texas Lottery.

Scientific Games understands that the Texas Lottery may, at its discretion, require us to procure an independent third party vendor to perform traffic studies and provide recommendations regarding communications network performance.

7.14.2.7 REAL-TIME VIDEO SECURITY MONITORING AND VIDEO CONFERENCING (DRs 24 and 25)

**Confidentiality Claimed
Not released**

Scientific Games understands that the Texas Lottery may, at its discretion, require us to procure an independent third party vendor to perform traffic studies and provide recommendations regarding communications network performance, thereby satisfying RFP Table 75, Detail Requirement No. 25.

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TEXAS LOTTERY

PART 7: SUPPLEMENTAL DOCUMENTATION





PART 7 – SUPPLEMENTAL DOCUMENTATION

Throughout the sections that comprise **Part 7**, we have referenced multiple examples of Supplemental Documentation. Within this section you can find the following:

- Equipment List
- Server Specifications
 -
 - **Information Redacted**
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 -
- Operations Security Plan
- Terminal and Peripheral Specifications
 - WAVE™ Terminal
 - Flair Terminal
 - Flat Panel Display
 - Player Transaction Display
 - Self-Service Ticket Checker
 - Self-Service BetJet
 - ConvenienceCentral
 - Dual Function Ticket Vending Machine (PlayCentral)
 - WT8500 Portable Barcode Terminal
 - PB31 Rugged Mobile Receipt Printer
- Paper Specifications
- Field Service Technician Schedule
- Network Diagram



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EQUIPMENT LIST



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SERVER SPECIFICATIONS



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Scientific Games Operations Security Plan

Texas Lottery Corporation

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TERMINAL & PERIPHERAL SPECIFICATIONS



**CONFIDENTIAL INFORMATION BEGINS HERE.
WAVE TERMINAL SPECIFICATION SHEET**

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Flair Specifications

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FLAT PANEL DISPLAY SPECIFICATION SHEET

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PLAYER TRANSACTION DISPLAY SPECIFICATION SHEET

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SELF-SERVICE TICKET CHECKER SPECIFICATION SHEET

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SELF-SERVICE BET-JET SPECIFICATION SHEET

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CONVENIENCE CENTRAL SPECIFICATION SHEET

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PAPER SPECIFICATIONS



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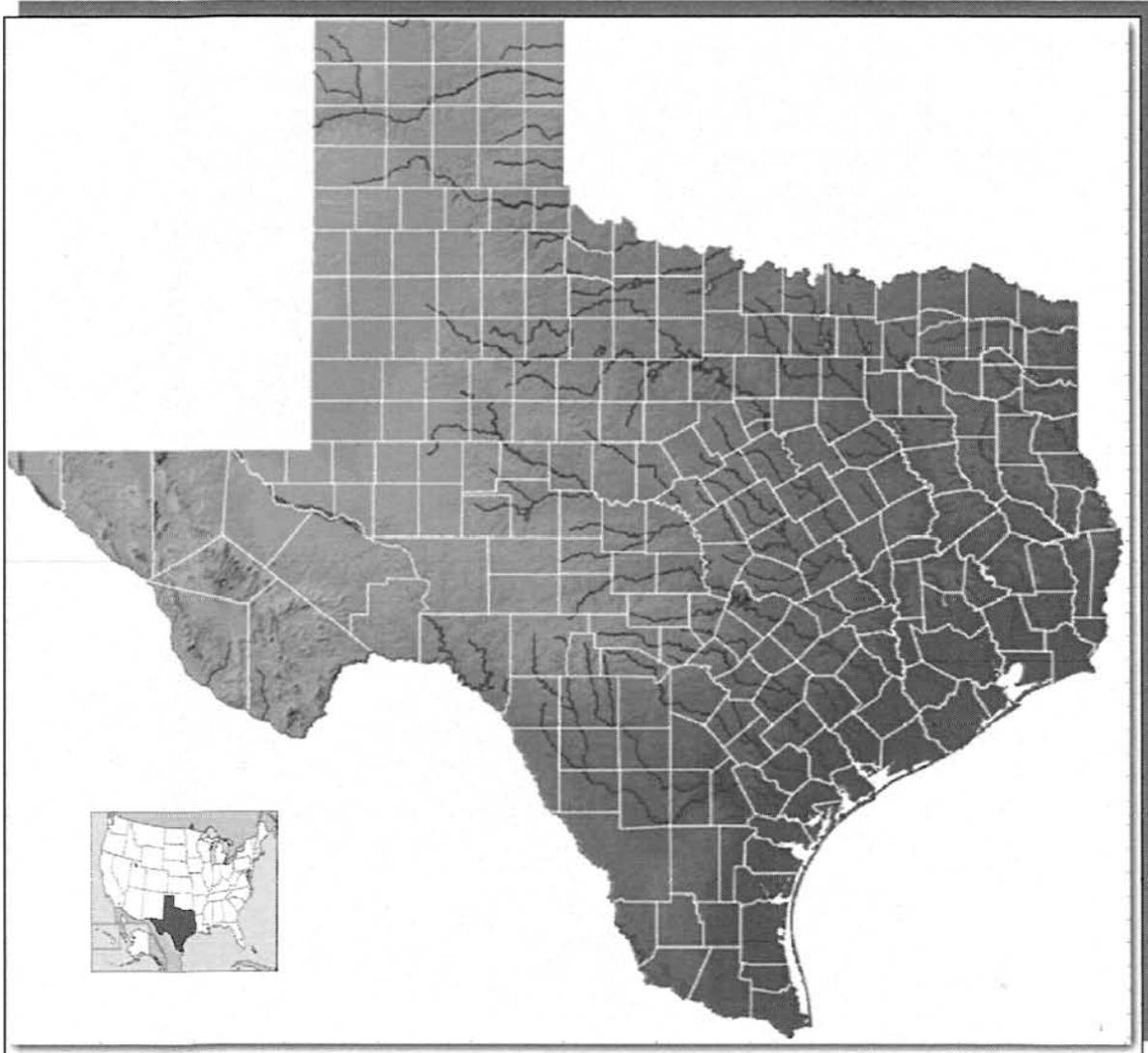
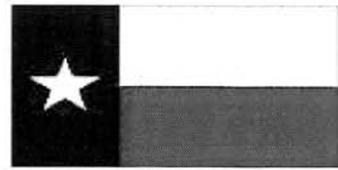


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FIELD SERVICES TECHNICIAN SCHEDULE



Scientific Games Texas - Field Service RFP



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NETWORK DIAGRAM



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1 OVERSIZE DRAWING