

Zgarba, Angela

From: Zgarba, Angela
Sent: Friday, November 05, 2010 1:36 PM
To: 'Candido, Frank'
Cc: Harrison, Simone
Subject: RE: SGI Response to TLC Request for Clarifications - RFP #362-10-0001

Yes, I can open and download. Thank you!

Angela Zgabay-Zgarba
Contracts Administrator
Texas Lottery Commission
Ph: 512.344.5215
Fax: 512.344.5058

From: Candido, Frank [mailto:Frank.Candido@scientificgames.com]
Sent: Friday, November 05, 2010 1:33 PM
To: Zgarba, Angela
Cc: Harrison, Simone
Subject: SGI Response to TLC Request for Clarifications - RFP #362-10-0001
Importance: High

Ms Zgarba,

Please find attached to this email transmission Scientific Games International's response to the Texas Lottery Commission's Clarification Questions letter dated November 2, 2010.

If you have any issues accessing the attachment to this email (SGI's Responses) , please do not hesitate in contacting me directly. We would appreciate notice to advise us of your receipt of this email transmission and your successful download of the attachment.

Should the TLC have any questions on the submission , or require any more information on our technical proposal submission, please contact Simone Harrison at 678-624-4318 (cell number - 678-488-4269).

Thank you

Frank Candido
Senior Director Business Development
Sales and Global Marketing
Scientific Games International
1500 Bluegrass Lakes Parkway
Alpharetta, GA USA 30004
Phone: 770-664-3734
Cell: 210-601-0146
Fax: 770-772-7606
Email: frank.candido@scientificgames.com

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Zgarba, Angela

From: Lynn Becker [Lynn.Becker@intralot.us]
Sent: Tuesday, November 02, 2010 8:47 AM
To: Zgarba, Angela
Cc: Tom Little; John Pittman
Subject: INTRALOT Lottery Operations & Services RFP - 362-10-0001 - Clarification Response
Attachments: INTRALOT TX Questions Nov 2 2010 Final.pdf

Dear Angela,

On behalf of INTRALOT and Tom Little, attached please find INTRALOT's response to your letter and clarification request of Oct 28, 2010.

Please reply to me when you receive this so we know it didn't end up in the SPAM or something like that.

Let us know if you need any further assistance, and thank you for your efforts on our behalf.

Sincerely,

Lynn A. Becker
VP Business Development
Intralot, Inc.
11360 Technology Circle
Duluth, GA 30097
770-295-2463 Office
770-295-2590 Fax
678-925-7235 Mobile
Email: lynn.becker@intralot.us
www.intralot.com

From: Tom Little
Sent: Thursday, October 28, 2010 11:30 AM
To: Lynn Becker; John Pittman
Subject: Fwd: Lottery Operations & Services RFP - 362-10-0001 - Clarification on Proposal

FYI

Sent from Tom's iPhone

Begin forwarded message:

From: "Zgarba, Angela" <Angela.Zgarba@lottery.state.tx.us>
To: "Tom Little" <Tom.Little@intralot.us>
Subject: Lottery Operations & Services RFP - 362-10-0001 - Clarification on Proposal

Mr. Little:

Please see the attached time sensitive clarification letter regarding

INTRALOT's Proposal in response to the Lottery Operations & Services
RFP. Thank you.

Angela Zgabay-Zgarba

Contracts Administrator

Texas Lottery Commission

Ph: 512.344.5215

Fax: 512.344.5058

November 2, 2010

Angela Zgabay-Zgarba
Contracts Administration
Texas Lottery Commission
611 East 6th Street
Austin, TX 78701
Fax (512) 344-5444
Email: contracts@lottery.state.tx.us

Re: Your letter seeking clarifications dated October 28, 2010.

Dear Ms. Zgabay-Zgarba

INTRALOT is pleased to provide written clarifications to your letter dated October 28, 2010. We have included your original questions in dark blue font and inserted our response to each question in black font below each question.

INTRALOT is requesting confidential treatment for many of the clarifications provided below, mostly because various questions and the clarifications offered are related to a topic originally held as confidential in our proposal submission. INTRALOT greatly appreciates the Lottery's cooperation required in order to protect as confidential the trade secret and proprietary confidential information as identified below.

1. Part 4.2.1, pages 9 and 21 of the Proposal includes detailed Customer Charts, but different Terminal Counts. Please clarify the correct number of Terminal Counts.

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2. Please provide a complete list of all options included in INTRALOT's base proposal and those available at an additional charge.

The following items are included in INTRALOT's proposed base price:

1. Service Level Reporting and
2. Documented Standard Operating Procedures
3. Central System Information and Statistics
4. Retailer Management and Monitoring (
5.
 - Instant Game Management System
 - Administrator (LAU)
 - Back Office System (BOS)
 - Central System
 - Real-time Data Viewer –)
 - Viewer for game monitoring
6. Trusted Computer System Evaluation Criteria (TCSEC)
7. INTRALOT's Random Number Generator
8. INTRALOT's OnQ™ technology for managing promotions
9. host system and network service monitor
10. monitor and report on
11. Service Request application
12. system for Service Technicians and Lottery Sales Representatives
13. Monitoring System (with real time call monitoring and forensics)
- 14.
15. reporting tool
- 16.
17. Report development support (within quarterly batches)

18. ITIL (Incident Management, Service Desk, Problem Management, Asset Management, Service Level Management, Network and Data Center Management, Application Management, Configuration Management, Financial Management, Business Continuity Management, Change Management, Security Management, Release Management, Availability Management, and Performance and Capacity Management processes.
19. Service Desk Troubleshooting Reference Guide
20. Facilities: of American with Disabilities Act complaint office and warehouse space in ten facilities including
21. security monitoring
22. access control systems
- 23.
- 24.
- 25.
26. Continuity Planning Software
27. Off-Site storage of backed up copies of critical files, software, and data
28. Automated Order Placement System (Sorter)
29. Instant ticket distribution
30. Retailer Training during conversion and post conversion
31. Secure rack storage of instant ticket pallets
32. Biweekly retailer visits (weekly for top tier) by LSRs
33. Biweekly retailer calls by the Instant Service Desk
34. Partial and full instant ticket book returns
35. Next business day delivery of instant ticket orders for orders placed by 5:00PM
36. Full inventory tracking – a perpetual inventory management System that can be monitored and controlled by the Lottery
37. The ability to enter an unlimited number of statuses for tracking tickets
38. The capability to handle up to regional office locations and provide reports and inquiries needed for managing regional office inventory
39. The ability to allow retailers to return unlimited ranges of tickets per pack
40. Audit trails to account for all activity related to a specific game, pack, or ticket

41. The ability to issue the lowest available pack number in a given warehouse
42. The ability to have variable options in issuing inventory
43. The ability to generate invoices after picking tickets
44. Controls to prevent issuing out-of-stock inventory
45. The capability to monitor, track, and account for point-of-sale material
46. Secure destruction of ticket stock
47.)
48. Robust, highly modifiable parameter based Retailer Management software
49. , the Texas Lottery Office of the Controller and
at each Texas Lottery Claim Center
50. The accounting of multiple retailer terminals associated with one retailer account
51. Ability to identify and report sales for a location even if it has undergone a change of ownership.
52. Sales commission parameters
53. Supports variable retailer allowance rates for:
 - Tickets issued in error,
 - Various rates may be triggered by terms and conditions of retailer contracts,
 - By retailers meeting sales objectives
 - Combined instant and on-line product accounting for retailer taxes
 - Automated retailer financial and credit limits
 - Payment and cancellation limits
54. Terminal messaging
55. Amber and Silver Alert messaging
56. 24x7/365 system availability
- 57.
58. Gaming System capacity to support
59. Sunday to Sunday billing period support

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- 60. Support for , Sell, validation, cashing, and cancel transactions per minute, supporting Instant Ticket Games and multiple On-Line jackpots
- 61.
- 62.
- 63.
- 64.
- 65.
- 66.
- 67. All data access commands issued by management terminals are logged and included on security reports
- 68
- 69. 1042-S Financial Data
- 70. 1099/W2G Financial Data
- 71. Bank Sweep Files
- 72.
- 73. Electronic Check List
- 74. Fulfillment Tracking System
- 75. LD Check Draft
- 76.
- 77. Penalty / Interest Retailer Adjustments
- 78. REP File for WTS & Website
- 79. Retailer Service Center on Website
- 80. Retailer Management System
- 81. Texas Lottery Data Warehouse
- 82. Vendor Hold System (Debt to the State)
- 83. Winning Ticket System

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- 84. Promotions: Free play, Cross Promotions, Bonus Draw, Bonus Payoff, Drawing Events, Sampler Ticket, Variable Commission Rates, Voucher Promotions, Retailer/Clerk Incentive Promotions, Nth Ticket, Entry Form Promotions, Raffle Promotions, Second Chance Drawings, Promotional Online Games, Partner Play, Retailer Coupons, Gift Certificates, Grouped Games, Terminal originated promotions, Trailer Ticket Promotions, Discounted Price Point Promotions, Trigger based Promotions, Priority Value Promotions, Serial Number Promotions, Multipliers, Single Use Coupons, and Dollar Value coupons.
- 85. Player subscriptions
- 86. Player Account Management
- 87. All the equipment for the listed in section 7.6 Central
System Component Level Bill of Materials
- 88. Disaster Recovery Plan
- 89.

- 92. Terminal Training Mode (without ticket print)
- 93. All reports found on the DVD that accompanies the technical proposal.
- 94. All computer hardware, software and any other costs or services for the provision and support of ICS Systems to the Lottery
- 95. Bet slips
- 96. Ticket Stock

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97. Terminal Hardware and Peripherals:

- 17,000 Photon (with branding) or Microlot+ terminals
(with 17,000 A6 play slip scanners with branding)
- 500 Microlot+ mid range terminals (with branding)
- 3,500 Winstation 25 Bin push button iPick online game selector Vending Machine, plus ticket validation with machine credit
- 17,000 Coronis Self Check Terminals
- 40 INTRALOT Portable Terminals
- 17,500 Wireless 2D barcode readers from Honeywell
- 17,000 thermal printers for Photon (Lottery choice of
- 17,500 Flat Panel (17") Player Advertising Displays

98. 17,500 Camanah jackpot signs, single or two game

99. 17,500 Neon lottery signs

100. INTRALOT Turnkey Route Sales Management

101. On Counter Clear Plastic Instant Ticket Dispensers

102. 17,500 Play Stations with mountings for ticket checker and Advertising display

103. Terminal installation, maintenance and moves

104. 24X7X365 Texas Dedicated Retailer Service Desk (Call Center)

105. Instant Ticket Desk and Warehouse staffing

106. Retailer Terminal Wide Area Network and Network Management

107. INTRALOT's SPECTRUM™ Game Library

108. Online, interactive game testing by Independent Lottery Research (ILR)

109. Interactive Research and interactive Internet-based research program.

110. Annual Marketing Research Study

The following options are proposed at additional cost:

1. Single instant ticket accounting
2. Photon Smart Card Readers
3. Photon Magnetic Card Readers
4. Photon Finger Print Readers
5. Microlot Smart Card Readers
6. Microlot Integrated Bar Code Readers
7. Stylot In Lane Solution
8. Catalina In Lane Solution
9. Microlot+ In Lane Solution
10. Triton Transaction In Lane Solution
11. Coronis MP Self Service Online Terminal
12. View Sonic 26" LCD HDTV
13. View Sonic 37" LCD HDTV
14. Horizon Video Controller
15. PoolingPLUS™
16. GAMEPLAN™ interactive research techniques
17. WinStations greater than 3500

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3. Part 4.2.5(b), page 23 of the Proposal. Please provide a detailed explanation of the "two incidents of potential liquidated damage assessments" that occurred in Nebraska, including an explanation as to why no liquidated damages were assessed.

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4. Part 4.2.5(b), page 23 of the Proposal. Please provide a detailed explanation of the March 24 incident of alleged system downtime in Ohio and the status of any liquidated damages assessed or waived.

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As of November 1, 2010 a \$66,000 potential system liquidated damage had not been waived nor has it been assessed.

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5. Part 4.2.5(f), page 24 of the Proposal states: "INTRALOT has not been and is not currently involved in any material civil or criminal litigation or indictment either threatened or pending as fully described in Section 3.43." How did INTRALOT define "material" for purposes of responding to the litigation/indictment reporting requirement?

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6. Page 2 of the Organization Chart included in Part 4 identifies Deputy Chief Marketing Officer (to be filled by Karen Porter) and Director of Marketing positions that will each report directly to the Chief Marketing Officer (to be filled by Patricia Koop). The Organization Chart on Page 24 of Section 8.3 includes a Director of Marketing position that reports to the Deputy Chief Marketing Officer (Karen Porter), who will report to the Texas Chief Marketing Officer (Patricia Koop). Please clarify the reporting hierarchy for the marketing positions. Additionally, Section 8.3, page 19 refers to Ms. Porter as "a Deputy Marketing Director." Please clarify the position title for Ms. Porter.

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7. Section 6.6, page 8 of the Proposal includes a diagram of the Primary Site Distribution Center which shows five Page 2 of the Floor Plans,
included after page 18, shows Please clarify how
many manual pick and pack stations INTRALOT is proposing for

Our will start out with
in addition to the packing stations supporting the automated sorter.
INTRALOT will add additional manual pick and pack stations as required as instant
ticket sales grow over the life of the contract.

The Lottery's section 3.60.18 requirement is to give written notice to and get written
approval from the Texas Lottery access by any
visitors to the central distribution warehouse. INTRALOT intends to exceed that
requirement by submitting visit requests early enough to receive written permission for
those visits

9. Section 6.8, page 5 of the Proposal states: "... [r]etailers that do not attend the
centralized training will be fully trained in store at the time of or just after their terminal is
installed." Please provide a detailed explanation of how retailer in-store training will be
accomplished during the conversion process, including who will provide the training. If
LSRs are to provide the training, please explain how this will be accomplished based on
the proposed LSR hiring and terminal installation schedules.

Centralized retailer training will occur simultaneously with terminal deployment, for
example starting in the north and working to the south, or starting in the East and
working to the West following a sort of wave across the state, therefore deep
staffing is not required in all parts of the state at the same time and the rollout and
training becomes manageable.

Retailers will be notified in many ways regarding the locations and dates that they
may attend centralized Trade Show format retailer training sessions. Training event
schedules and locations will be published in retailer newsletters, on the Lottery web
site, and by individual invitations for Training which are sent by regular mail and
email. Retailers will be called on the telephone by the call center staff and help

desk and reminded to come to training sessions just in advance of the sessions in their geographical area.

The call center staff will be used to schedule and track installations and training of the retailers during the conversion project and to call and remind them to attend training. Call Center Staff hiring will begin early enough for them to be trained on these rollout functions and the service desk functions for supporting the terminals being deployed in the field.

INTRALOT's Lottery Service Representative hiring will also begin significantly before the go-live date. We anticipate that many of GTECH's current sales staff will apply to work with INTRALOT, but they may not be available until Go Live. Because Trade Show centralized retailer training is a very efficient method for retailer training, INTRALOT should not need to hire temporary personnel for centralized training, however, in the event that an adequate number of the desired staff can not be engaged for training before go live because they have not been released by GTECH, INTRALOT will use temporary staffing from area temp agencies to fill in where needed.

INTRALOT will begin hiring Lottery Sales Personnel at the same time we begin preparing to deploy our terminals and communications systems in the field. All Customer Service Technicians and all Lottery Sales Representatives will be trained and certified in their job responsibilities. During the conversion project both CSTs and LSRs will train retailers who do not receive training at a Trade Show training event locations during the conversion project. During training both CSTs and LSRs will train new retailers as follows:

- How to use their new equipment
- How to best merchandise Lottery products
- Teach the new retailers how each game is played
- Teach lottery rules, policy and procedures as may be required.

Retailers that do not attend centralized training will receive terminal training by the service technician performing the installation of terminal equipment. INTRALOT installation personnel will also provide training materials such as retailer manuals and quick reference cards for the retailers trained in store. INTRALOT LSRs will ensure all retailers and employees are fully trained on our equipment, merchandising, lottery policies, rules and procedures.

10. Section 6.8, page 24 of the Proposal states: "INTRALOT works to minimize the longest estimated drive time is no more than 50 minutes" Page 26 states: "Ideally retailers will have to drive no longer than 50 miles" Please clarify if INTRA LOT is proposing training locations be located within *50 minutes* or *50 miles* of Texas Lottery retail sales agents' locations.

INTRALOT intends to conduct "Trade Show" training and class room training in hotel conference rooms throughout the state. We intend to begin conducting training sessions as soon as we begin deploying our terminals in the field. Multiple training sessions will be held in densely populated areas and fewer training session for less populated areas (see example training locations in section 6.8 of our proposal). In areas with minimal population it may make sense to go to the retailer and give those remote retailers personal training by our CST and LSR staff. Overall our intent is to schedule training in locations that will keep retailer travel to less than an hour (50 minutes) by car whenever practical.

II. Section 6.8, page 43 of the Proposal.

It is a check where winners are verified against a

12. Section 7.6.3, page 91 of the Proposal. Can the system support simultaneous promotions on the same game to incent the clerk and player? Can the system support more than one promotion at a time on the same game with the same trigger?

Yes, the system supports simultaneous promotions on the same game to incent the clerk and player and yes, the system supports more than one promotion at a time on the same game with the same trigger.

13. Section 7.6.3, page 112 of the Proposal states that when using the LOTOS "... high-tier winners may be paid by _____ Please explain the process utilized to pay high-tier winners by _____

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14. Section 7.6.3, page 118 of the Proposal. Please clarify when the Texas Web-based 2nd Chance Drawing and related promotional modules would be available (i.e., go-live, "x" months after conversion, etc.).

The Texas Web-based 2nd Chance Drawing and related promotional modules will be available at Go Live.

15. Section 7.11, page 4 of the Proposal states: "... [o]ur content management system streams content and information.... "Does streaming video content challenge the network bandwidth provided for retailer terminals to the extent that ticket and report response time could be affected?"

No, streaming video content does not challenge the network bandwidth provided for retailer terminals to the extent that ticket and report response time are affected. Video streaming bandwidth rates are controlled

16. Section 7.11, page 23 of the Proposal states: "INTRALOT will validate winning on-line tickets that have been sold prior to conversion from the outgoing vendors system,

Please clarify if INTRALOT can validate tickets by reading the Z bar code currently utilized by GTECH in Texas.

Yes, provided that the Texas Lottery Commission can ensure that GTECH will cooperate as stated under GTECH's proposal under the current contract as taken from section 3.51.1, page 41, part 3 "Cooperation may include, but not be limited to, sharing of liability files and cross-validation of winning tickets."

INTRALOT has successfully validated GTECH's online tickets from ISYS terminals in Western Australia. The ISYS terminals in Texas

are readable by INTRALOT's barcode readers.

INTRALOT

so that INTRALOT terminals can successfully
validate winning tickets sold on GTECH systems

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11360 Technology Circle, Duluth, Georgia 30097, USA T + 1 770 295 2580 F + 1 770 295 2590
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Alternatively, retailers can validate winning tickets by This process was used recently in Louisiana and New Mexico. There, the vast majority of all winning ticket validations occurred in the first three days after conversion, with only a few manual validations required thereafter.

17. Section 7.11, page 23 of the Proposal states: is capable of processing winning tickets produced by the Lottery's current vendor. This includes producing replacement tickets for winning multi-draw wagers." Please describe how replacement tickets for multi-draw wagers produced by the Lottery's current vendor will be generated. Will the Texas Lottery need to implement an advance play countdown as part of the conversion process?

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18. Section 7.12, page 10 states "...this is why almost 10,000 terminals with Photon cameras will be deployed in 2010 as follows: Netherlands 5,500; Louisiana 2,800; Vermont 750; and District of Columbia 625." Please clarify the difference between statements on page 10 with the chart on page 5 of this section.

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19. Section 7.12, page II states: "The PHOTON offers ticket branding for canceled tickets." (emphasis added). Please clarify if branding is included in the base price or as an offered option for the PHOTON and MicroLOT+ terminals. Also, please describe how each terminal will achieve ticket branding. Is branding a separate process from validating a ticket?

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Page 20

20. Section 7.12, page 26 of the Proposal includes a specification sheet for the which states: "Stacker in order to stack up to 50 tickets." Page 28 states: "100 tickets will stack without operator intervention." Please clarify the number of tickets that will stack on the printer without operator intervention.

100 tickets will stack on the printer without operator intervention. The statement on page 25 of Section 7.12 was from the manufacturer's brochure. INTRALOT has tested the and stacked more than 100 tickets without issues.

21. Section 7.12, page 67 of the Proposal states: "The training mode allows production of physical test tickets. Graphical representations of test tickets are the (sic) displayed on the terminal screen or as the Lottery may require." Section 7.11, Table 61, Item 6 of the RFP states "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." Please clarify if physical test tickets are produced in training mode. Can you suppress the printing capability as described in INTRALOT's Proposal? ,.

Yes, this is a selectable parameter . INTRALOT will customize the training mode to the Lottery's requirements which would include suppressing test tickets from printing and will provide only for the display of these tickets on the screen according to the Lottery's requirements.

22. Section 7.12, page 80 of the Proposal states the Photon and MicroLOT+ terminal

" Are there system or equipment limitations that prohibit storage and/or playback of longer animations?

No, animations are easily accommodated.

Our description was trying to demonstrate our system's versatility and the vast number of lengthy animations each terminal can store.

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23. Section 7.12, page 95 of the Proposal. If some WINSTATION features are broken, how does that affect the functioning of others? For example, if the bill acceptor is down, can winning tickets still be checked? If some online game buttons are disabled, can other online games be played? If the playslip reader has failed, can quick picks still be purchased? If communications to central is lost, can instant tickets still be sold?

Yes, if the bill acceptor is inoperative winning tickets can still be checked and if the win is \$25 or less the player may also receive credit so the player may purchase additional tickets. If one or more online quick pick buttons is inoperative, yes, the other online and instant games may still be purchased and played. Yes, at any time if communications with the central system is lost instant tickets can still be purchased.

24. Section 7. 12, page 147 of the Proposal. Has the Stylot In-lane Solution been installed in any INTRA LOT client lotteries?

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25. Section 7. 1 2, page 175 of the Proposal states: "The Repair Depot will support the Service Centers collocated with our ten district sales offices." However, the chart on the same page identifies 16 Service Center Cities. Please clarify the numbers and locations of the district sales offices and the service centers.

INTRALOT intends to provide Service Centers and District Sales offices according to the following table:

City	Service Center (16)	District Sales Office (10)
Abilene	Yes	Yes
Amarillo	Yes	
Austin	Yes	Yes
Beaumont	Yes	
Corpus Christi	Yes	
Dallas	Yes	Yes
El Paso	Yes	Yes
Fort Worth	Yes	
Houston	Yes	Yes
Laredo	Yes	
Lubbock	Yes	Yes
McAllen	Yes	Yes
Odessa	Yes	
San Antonio	Yes	Yes
Tyler	Yes	Yes
Victoria	Yes	Yes

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26. Section 7.12, page 175 of the Proposal states the Service Organization "...will comprise of approximately personnel under the direction of the Customer Service Director...." The table on the same page identifies positions. The INTRALOT Texas Staff Plan in Section 4 identifies positions. Please clarify the correct number of service organization positions.

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27. Section 7. 12, Page 184 of the Proposal states: "INTRALOT is confident that through the utilization of our proposed solution the Lottery will realize increased service levels and throughput." Section 7. 14, page 4 of the Proposal states: "INTRALOT proposes the use of

technologies that may base suit (sic) specific communications needs." Please clarify INTRALOT's plan for the use of mesh radio in Texas.

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28. Section 7.13, page 2 of the Proposal states: "INTRALOT will provide a dedicated instant ticket inventory management customer service call center Monday through Friday from 7 AM to 6 PM Central Time." Page 22 states: "The Instant Ticket Service desk will operate Monday through Friday from 7AM to 10 PM, and Saturday 7AM to 6PM, Central Time. Page 27 states: "Normal CSR call hours are 7AM to 5PM CST, Monday Friday and Saturday 7AM to 6PM." Please clarify the operating hours for the instant ticket customer service call center.

The Instant Desk will normally operate from 7:00 am to 5:00 pm Monday through Friday. This allows the creation of a queue of orders each day before the warehouse begins work. New orders created by 5:00 PM will be delivered the following business day.

Whenever there is a workload requirement or a request from the Lottery, INTRALOT will be happy to adjust the normal hours of operation for both the Instant Ticket Service Desk and the instant warehouse to meet the needs of the Lottery as sometimes work load of high tempo warehouse operations driven by multiple initial orders combined with high reorder levels may necessitate working extended hours or on weekends or holidays.

29. Section 7.13, page 4 of the Proposal states: "INTRALOT's

" Page 5 states: "INTRALOT will utilize
." Please clarify which call will
be used.

INTRALOT uses both systems across our North American client base and we could use either in Texas. Both systems offer state of the art functionality. We demonstrated the

30. Section 7. 13, page 5 of the Proposal states: "In the unlikely event the Austin
is not working for any reason, the calls will be routed to the
Ohio." Please
provide a detailed explanation on how calls will be routed to , how the
will be staffed, and how call center staff in either or both locations will be

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trained to handle Texas retailer calls. Please clarify if the
dedicated to Texas.

will be fully

will be
dedicated to Texas. All associates who answer Texas inbound Service Desk calls will
have previously received security clearance by the Texas Lottery Commission and
they will be certified in Texas Incident Management and Troubleshooting by the
INTRALOT Texas staff. Overflow calls from

INTRALOT associates and managers who will be trained
and certified to conduct Service Desk Incident Management retailer assistance calls.

The 800 number

become disabled or under extreme circumstances cannot handle the
call volume due to a major disaster or other cause.

31. Section 7. 13, page 6 of the Proposal states:

be

" Please

clarify if the Texas Lottery can monitor live calls. If yes, please explain how the live
monitoring is accomplished.

Yes, INTRALOT will provide the Texas Lottery with

32. Section 7. 14, page 12 of the Proposal states:

k

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§552.110

33. Section 8.2, page 12 of the Proposal states: "Phil (Sherwood) will report to our INTRALOT Texas Chief Marketing Officer, and Deputy Marketing Director, Karen Porter" In Section 4, page 2 of the Organization Chart, Mr. Sherwood, as the Director of Sales, reports directly to the Chief Marketing Officer. Please clarify who the Director of Sales will report to.

START of Confidential, Proprietary and Trade Secret Information

END of Confidential, Proprietary and Trade Secret Information

~~§552.101/§466.022~~
~~§552.139~~

§552.110

34. Section 8.3, page 18 of the Proposal states: "Our corporate Chief Marketing Officer (CMO) in Texas will lead the INTRALOT Texas marketing team." Please clarify the CMO's role in managing the Texas Lottery account. Will the CMO be located in Texas and assigned exclusively to the Texas Lottery account? If not, please provide the estimated percentage of time the CMO will spend on corporate marketing functions separate from her responsibilities overseeing the Texas Lottery account.

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END of Confidential, Proprietary and Trade Secret Information

35. Section 8.4, page 35 of the Proposal identifies INTRALOT's proposed LSR to Retailer staff ratio as 1:99. Please explain how INTRALOT determined the number of LSRs and the ratio of LSRs to Retailers.

START of Confidential, Proprietary and Trade Secret Information

END of Confidential, Proprietary and Trade Secret Information

36. Section 8.4, Page 48 of the Proposal states "... we recognize the Pareto Principal's 80/20 rule and we will make it a priority to ensure that the top-selling retailers have additional support." Please explain how additional support to these retailers will affect or impact the average retailer visits.

START of Confidential, Proprietary and Trade Secret Information

END of Confidential, Proprietary and Trade Secret Information

37. Section 8.5, page 102 of the Proposal. Are there bank fees for the Player Account Management System used to support the subscription program?

The answer is yes or no and depends on how the Lottery would like to setup or provide the capability for players to fund a subscription. As demonstrated during the Site visit the answer is No, if the Lottery allows retailers to sell the subscriptions to the players (like New Hampshire is doing), in which case there would not be bank commissions or fees charged to the Lottery as the retailer would pay them if they allow the player to use a debit or credit card for the purchase.

If the Lottery allows players to use debit or credit cards to deposit funds directly into the Player Account Management System in order to fund a subscription using the internet, the answer is yes as both credit cards and debit cards have transaction processing fees associated with them.

38. Section 8.7, page 129 of the Proposal. Is INTRALOT offering the concept play station that provides mounting for the ticket checker and a LCD monitor in the base price?

Yes, the concept play station that provides mounting for the Ticket Checker and a LCD is included in the base price.

\$552.101/\$466.022
\$552.139

39. Section 8.7, page 13 1of the Proposal. Are the single and/or two game Carmanah jackpot signs included in the base price?

Yes, both the single game or the two game Carmanah jackpot signs are included in the base price under the assumption that INTRLAOT will provide one Carmanah sign per retailer of either style.

40. Section 8.7, page 132 of the Proposal states:

41. Section 8.7, page 135 of the Proposal states: "... Retailer Sales Terminals

§552.110

42. Section 10.5 of the Proposal contains Conversion Milestones. Please provide written assurance that, if selected as the Apparent Successful Proposer, INTRA LOT will meet the Texas Lottery's August 31, 2011, conversion date. Also, please provide all revisions, if any, to the conversion schedule as proposed.

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~~§552.110~~

43. Under Section 8.2, Tables 78 (Detail Requirement 13) and 79 (Response Requirement 4) of the RFP, the TLC requires the Successful Proposer provide route sales to support Key, Corporate and Chain Retailer locations, and the TLC asked Proposers to describe their route sales model. "Route sales" is defined in the Texas Lottery Commission's 2011 to 2015 Strategic Plan, and the TLC wants to make sure all Proposers have a common understanding of the term. Please describe how INTRALOT will handle such responsibilities. The Strategic Plan is available at:
<http://www.txlottery.org/export/sites/default/AboutUs/Publications/StrategicPlans.htm>

START of Confidential, Proprietary and Trade Secret Information

END of Confidential, Proprietary and Trade Secret Information

INTRALOT appreciates this opportunity to provide clarification and we thank you for your efforts on our behalf.

Sincerely,

Thomas F. Little
President and CEO
INTRALOT, Inc.
11360 Technology Circle
Duluth, GA 30097
Direct line: 770-295-2433
Fax: 770-295-2590
Email: tom.little@intralot.us

Mary Ann Williamson
Chairman

J. Winston Krause
Commissioner



TEXAS LOTTERY COMMISSION

Gary Grief, *Executive Director*

Philip D. Sanderson, *Charitable Bingo Operations Director*

October 28, 2010

Tom Little
CEO and President
INTRALOT
11360 Technology Circle
Duluth, GA 30097

Via facsimile: 770-295-2590
Via e-mail: tom.little@intralot.us
TIME SENSITIVE

RE: Request for Proposals (RFP) for Lottery Operations and Services,
RFP #362-10-0001; Request for Clarifications

Dear Mr. Little:

The Texas Lottery Commission (TLC) is reviewing the Proposal submitted by INTRALOT in response to the above-referenced RFP, and pursuant to RFP Section 2.20, requests clarifications as set forth below. Please note some of these requests were addressed during oral presentations and site visits and are included again here so TLC can receive INTRALOT's formal written response.

1. Part 4.2.1, pages 9 and 21 of the Proposal includes detailed Customer Charts, but different Terminal Counts. Please clarify the correct number of Terminal Counts.
2. Please provide a complete list of all options included in INTRALOT's base proposal and those available at an additional charge.
3. Part 4.2.5(b), page 23 of the Proposal. Please provide a detailed explanation of the "two incidents of potential liquidated damage assessments" that occurred in Nebraska, including an explanation as to why no liquidated damages were assessed.
4. Part 4.2.5(b), page 23 of the Proposal. Please provide a detailed explanation of the March 24 incident of alleged system downtime in Ohio and the status of any liquidated damages assessed or waived.
5. Part 4.2.5(f), page 24 of the Proposal states: "INTRALOT has not been and is not currently involved in any material civil or criminal litigation or indictment either threatened or pending as fully described in Section 3.43." How did INTRALOT define "material" for purposes of responding to the litigation/indictment reporting requirement?
6. Page 2 of the Organization Chart included in Part 4 identifies Deputy Chief Marketing Officer (to be filled by Karen Porter) and Director of Marketing positions that will each

1
P.O. Box 16630 • Austin, Texas 78761-6630

Phone (512) 344-5000 • FAX (512) 478-3682 • Bingo FAX (512) 344-5142

www.txlottery.org • www.txbingo.org

report directly to the Chief Marketing Officer (to be filled by Patricia Koop). The Organization Chart on Page 24 of Section 8.3 includes a Director of Marketing position that reports to the Deputy Chief Marketing Officer (Karen Porter), who will report to the Texas Chief Marketing Officer (Patricia Koop). Please clarify the reporting hierarchy for the marketing positions. Additionally, Section 8.3, page 19 refers to Ms. Porter as “a Deputy Marketing Director.” Please clarify the position title for Ms. Porter.

7. Section 6.6, page 8 of the Proposal includes a diagram of the Primary Site Distribution Center which shows . Page 2 of the Floor Plans, included after page 18, shows . Please clarify how many manual pick and pack stations INTRALOT is proposing
8. Section 6.6, page 19 (first paragraph) of the Proposal states:

Please clarify if INTRALOT is proposing

9. Section 6.8, page 5 of the Proposal states: “...[r]etailers that do not attend the centralized training, will be fully trained in store at the time of or just after their terminal is installed.” Please provide a detailed explanation of how retailer in-store training will be accomplished during the conversion process, including who will provide the training. If LSRs are to provide the training, please explain how this will be accomplished based on the proposed LSR hiring and terminal installation schedules.
10. Section 6.8, page 24 of the Proposal states: “INTRALOT works to minimize the longest estimated drive time is no more than 50 minutes....” Page 26 states: “Ideally retailers will have to drive no longer than 50 miles....” Please clarify if INTRALOT is proposing training locations be located within **50 minutes** or **50 miles** of Texas Lottery retail sales agents’ locations.
11. Section 6.8, page 43 of the Proposal. What is the
12. Section 7.6.3, page 91 of the Proposal. Can the system support simultaneous promotions on the same game to incent the clerk and player? Can the system support more than one promotion at a time on the same game with the same trigger?
13. Section 7.6.3, page 112 of the Proposal states that when using the “...high-tier winners may be paid by .” Please explain the process utilized to pay high-tier winners by .
14. Section 7.6.3, page 118 of the Proposal. Please clarify when the Texas Web-based 2nd Chance Drawing and related promotional modules would be available (i.e., go-live, “x” months after conversion, etc.).
15. Section 7.11, page 4 of the Proposal states: “...[o]ur content management system streams content and information....” Does streaming video content challenge the network

bandwidth provided for retailer terminals to the extent that ticket and report response time could be affected?

16. Section 7.11, page 23 of the Proposal states: "INTRALOT will validate winning on-line tickets that have been sold prior to conversion from the outgoing vendors system,

Please clarify if INTRALOT can validate tickets by reading the currently utilized by GTECH in Texas.

17. Section 7.11, page 23 of the Proposal states: _____ is capable of processing winning tickets produced by the Lottery's current vendor. This includes producing replacement tickets for winning multi-draw wagers." Please describe how replacement tickets for multi-draw wagers produced by the Lottery's current vendor will be generated. Will the Texas Lottery need to implement an advance play countdown as part of the conversion process?
18. Section 7.12, page 10 states "...this is why almost 10,000 terminals with Photon cameras will be deployed in 2010 as follows: Netherlands 5,500; Louisiana 2,800; Vermont 750; and District of Columbia 625." Please clarify the difference between statement on page 10 with the chart on page 5 of this section.
19. Section 7.12, page 11 states: "The PHOTON offers ticket branding for canceled tickets." (emphasis added). Please clarify if branding is included in the base price or as an offered option for the PHOTON and MicroLOT+ terminals. Also, please describe how each terminal will achieve ticket branding. Is branding a separate process from validating a ticket?
20. Section 7.12, page 26 of the Proposal includes a specification sheet for the _____ which states: "Stacker in order to stack up to 50 tickets." Page 28 states: "100 tickets will stack without operator intervention." Please clarify the number of tickets that will stack on the printer without operator intervention.
21. Section 7.12, page 67 of the Proposal states: "The training mode allows production of physical test tickets. Graphical representations of test tickets are the (sic) displayed on the terminal screen or as the Lottery may require." Section 7.11, Table 61, Item 6 of the RFP states "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." Please clarify if physical test tickets are produced in training mode. Can you suppress the printing capability as described in INTRALOT's Proposal? ,.
22. Section 7.12, page 80 of the Proposal states the Photon and MicroLOT+ terminal

Are there system or equipment limitations that prohibit storage and/or playback of longer animations?

23. Section 7.12, page 95 of the Proposal. If some WINSTATION features are broken, how does that affect the functioning of others? For example, if the bill acceptor is down, can winning tickets still be checked? If some online game buttons are disabled, can other online games be played? If the playslip reader has failed, can quick picks still be purchased? If communications to central is lost, can instant tickets still be sold?
24. Section 7.12, page 147 of the Proposal. Has the Stylot In-lane Solution been installed in any INTRALOT client lotteries?
25. Section 7.12, page 175 of the Proposal states: "The Repair Depot will support the Service Centers collocated with our ten district sales offices." However, the chart on the same page identifies 16 Service Center Cities. Please clarify the numbers and locations of the district sales offices and the service centers.
26. Section 7.12, page 175 of the Proposal states the Service Organization "...will comprise of approximately personnel under the direction of the Customer Service Director...." The table on the same page identifies positions. The INTRALOT Texas Staff Plan in Section 4 identifies positions. Please clarify the correct number of service organization positions.
27. Section 7.12, Page 184 of the Proposal states: "INTRALOT is confident that through the utilization of our proposed solution the Lottery will realize increased service levels and throughput." Section 7.14, page 4 of the Proposal states: "INTRALOT proposes the use of
base suit (sic) specific communications needs."
Please clarify INTRALOT's plan for the use of
28. Section 7.13, page 2 of the Proposal states: "INTRALOT will provide a dedicated instant ticket inventory management customer service call center Monday through Friday from 7 AM to 6 PM Central Time." Page 22 states: "The Instant Ticket Service desk will operate Monday through Friday from 7AM to 10PM, and Saturday 7AM to 6PM, Central Time...." Page 27 states: "Normal CSR call hours are 7AM to 5PM CST, Monday-Friday and Saturday 7AM to 6PM." Please clarify the operating hours for the instant ticket customer service call center.
29. Section 7.13, page 4 of the Proposal states: "INTRALOT's
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" Please clarify which
will be used.
30. Section 7.13, page 5 of the Proposal states: "In the unlikely event the
is not working for any reason, the calls will be routed to the
Please provide a detailed explanation on how calls will be
how the will be staffed, and how call center staff in either
4

or both locations will be trained to handle Texas retailer calls. Please clarify if the
will be fully dedicated to Texas.

31. Section 7.13, page 6 of the Proposal states:

....” Please
clarify if the Texas Lottery can monitor live calls. If yes, please explain how the live
monitoring is accomplished.

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Your complete response to all questions, including any additional information requested herein, must be provided to me no later than **9:30 a.m. CST on Tuesday, November 2, 2010**. Your response may be submitted via facsimile to (512) 344-5444 or e-mail to angela.zgarba@lottery.state.tx.us. In accordance with Section 1.9 of the RFP, please mark any information considered confidential as such.

If you have any questions, you may contact me at (512) 344-5215. Thank you for your immediate attention to this matter.

Sincerely,



Angela Zgabay-Zgarba, CTPM
Contracts Administrator

*** TX REPORT ***

TRANSMISSION OK

TX/RX NO	4915	
CONNECTION TEL		917702952590
CONNECTION ID		
ST. TIME	10/28 09:29	
USAGE T	02'53	
PGS. SENT	6	
RESULT	OK	

Mary Ann Williamson
Chairman

J. Winston Krause
Commissioner



TEXAS LOTTERY COMMISSION

Gary Grief, Executive Director

Philip D. Sanderson, Charitable Bingo Operations Director

October 28, 2010

Tom Little
CEO and President
INTRALOT
11360 Technology Circle
Duluth, GA 30097

Via facsimile: 770-295-2590
Via e-mail: tom.little@intralot.us
TIME SENSITIVE

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Zgarba, Angela

From: Zgarba, Angela
Sent: Thursday, October 28, 2010 9:28 AM
To: Tom Little
Subject: Lottery Operations & Services RFP - 362-10-0001 - Clarification on Proposal
Attachments: Clarification letter to INTRALOT on Proposal 102810.pdf

Mr. Little:

Please see the attached time sensitive clarification letter regarding INTRALOT's Proposal in response to the Lottery Operations & Services RFP. Thank you.

Angela Zgabay-Zgarba
Contracts Administrator
Texas Lottery Commission
Ph: 512.344.5215
Fax: 512.344.5058