

Zgarba, Angela

From: Candido, Frank [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
Attachments: Response to Texas Clarification Questions 11-5-10.pdf

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

This communication (including any attachments) is intended for the use of the intended recipient(s) only and may contain information that is confidential, privileged or legally protected. Any unauthorized use or dissemination of this communication is strictly prohibited. If you have received this communication in error, please immediately notify the sender by return e-mail message and delete all copies of the original communication. Thank you for your cooperation.



November 5, 2010

Angela Zgabay-Zgarba
Contracts Administrator
Texas Lottery Commission
P. O. Box 16630
Austin, TX 78761-6630

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

Dear Ms. Zgabay-Zgarba:

Scientific Games International, Inc. is pleased to provide its response to the Texas Lottery Commission's Request for Clarifications, dated November 2, 2010.

We welcome this opportunity to clarify our proposal for Lottery Operations and Services, and to respond in writing to those requests that were addressed during our oral presentations and the Commission's site visits in Alpharetta, Georgia and Harrisburg, Pennsylvania.

Please let me know if you require any additional information.

Sincerely,

A handwritten signature in cursive script that reads "Simone Harrison".

Simone Harrison
Vice President, Business Development
1500 Bluegrass Lakes Parkway
Alpharetta, GA 30004
Phone: 770-624-4318
Cell: 678-488-4269
Fax: 678-624-4115
Email: simone.harrison@scientificgames.com

Scientific Games International, Inc.
1500 Bluegrass Lakes Parkway Alpharetta, GA USA • 30004 • 770.664.3700 • Fax: 678.624.4115
www.scientificgames.com

Information Redacted
§552.101/466.022/552.139
§552.110

– CONFIDENTIAL INFORMATION BEGINS HERE –

– CONFIDENTIAL INFORMATION ENDS HERE –

Question:

2. Page 4.2-28 (first bullet) of the Proposal states: "Currently housed on our corporate campus in _____, the NRC will be relocated to an _____." The organization chart on page 4.3-47 shows the _____ Regional Call Center with a dotted line to the National Response Center in _____. Please clarify if the Texas National Service Center is replacing the National Response Center in _____.

Response:

Yes, the _____ National Service Center will replace the National Response Center in _____.

As an Offered Option included in the Base Price and within the first year of operations with the Texas Lottery, Scientific Games will establish the _____ National Service Center in an _____. The National Response Center, currently housed on our corporate campus in _____, will relocate to the _____ National Service Center.



– CONFIDENTIAL INFORMATION BEGINS HERE –

– CONFIDENTIAL INFORMATION ENDS HERE –

Question:

4. Pages 4.3-29 and 101 (Resumes tab) of the Proposal provide a summary of Tony Molica's experience; however, there is no mention of Mr. Molica's relationship with Crestwood Associates. Please clarify the relationship and his continuing obligations, duties or responsibilities, if any, with respect to the allocation of his time between Crestwood and the Texas Lottery account.

Response:

Tony Molica previously provided consulting services to Crestwood Associates prior to May 2007. Tony Molica has had no professional relationship, continuing obligations, duties or responsibilities with Crestwood Associates since May 2007. We understand Mr. Molica's professional biographical information is currently on the Crestwood Associates website. However, Mr. Molica has no continuing obligations with this firm. Upon award to Scientific Games, Mr. Molica will allocate 100% of his time to the Texas Lottery account.



Question:

5. Page 4.3-45 of the Proposal is the TLC Data Center/Operations organization chart. The chart includes LA Specialist and one (1) Database Specialist positions. The Proposed Staffing Schedule on page 4.3-61 includes "LAN/Database Specialists ()" positions. Please clarify the number of LAN and Database Specialist positions.

Response:

The correct number of proposed positions includes: LAN Specialist and Database Specialist.

Question:

6. Page 4.3-47 of the Proposal is the TLC Call Center organization chart. The chart includes Call Center Leads positions. The Proposed Staffing Schedule on pages 4.3-61-63 does not include any Call Center Leads positions. Please clarify the number of Call Center Leads positions.

Response:

The correct number of proposed positions includes: Call Center Leads.

Question:

7. Page 4.3-49 of the Proposal is the TLC Sales and Marketing organization chart. The chart includes Flash Developer position. The Proposed Staffing Schedule on page 4.3-63 states "LIM Flash Developer ()" positions. Please clarify the number of LIM Flash Developer positions.

Response:

The correct number of proposed positions includes:) LIM Flash Developer.

Question:

8. Page 4.3-51 of the Proposal is the TLC Warehouse and Distribution Team organization chart. The chart includes Inside Sales Representative positions. The Proposed Staffing Schedule on page 4.3-61 states "Inside Sales Rep (Total-positions). Please clarify the number of Inside Sales Representative positions.

Response:

The correct number of proposed positions includes: Inside Sales Representatives.

Question:

9. Page 4.3-63 of the Proposal is the Proposed Staffing Schedule. The Schedule does not include numbers in the "Months Prior to Conversion" column for the Lottery in Motion Content Manager, Training Coordinator/Web Master, and the Corporate/Chain/Key Account Liaison (Total-) positions. Please clarify when these positions will be filled.

Response:

The numbers in the "Months Prior to Conversion" column for the requested positions are noted below:

- Lottery InMotion™ Content Manager
- Training Coordinator/Web Master -
- Corporate/Chain/Key Account Liaison -

Question:

10. Page 6.6-56 of the Proposal states: "Our central warehouse center is prepared to take delivery from other Lottery suppliers within the 8:00 a.m. to 5:00 p.m. Monday through Friday time frame when personnel are normally scheduled to work." Page 9.2-36 states: "At a minimum Scientific Games will work the hours specified in the RFP - . Monday through Friday. Scientific Games will do whatever it takes to package ticket shipments on time to meet Texas Lottery goals." Please clarify the hours for the central warehouse center.

Response:

The intended hours of operation of the central warehouse center is from . (Monday – Friday), and we will be able to take deliveries from other vendors from (Monday – Friday). Should a vendor making a delivery to the central warehouse need to schedule a delivery prior to (weekdays), Scientific Games will make every effort to accommodate the deliverer.

– CONFIDENTIAL INFORMATION BEGINS HERE –

– CONFIDENTIAL INFORMATION ENDS HERE –

Question:

12. Page 6.8-36 (third bullet) of the Proposal states: "The test tickets generated in training mode at training sessions are shredded at the completion of class by the training staff." Page 7.11-7 states: "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." Please clarify if physical tickets will be printed while in training mode.

Response:

In training mode, the system can be configured to either print physical training tickets, or to not print physical tickets and display a graphical representation of a ticket on the retailer's display. The Lottery may choose either. However we have recommended the following:

has a parameter setting that controls the printing of test tickets or reports in training mode. On the production system this parameter will be set to disallow the printing of test tickets or reports in training mode. Clerks who are in training mode on the system will see a graphic representation of the ticket on the terminal display but no physical tickets will be printed.

In a controlled environment such as a lottery sponsored retailer training session prior to conversion, this parameter could be set to allow test tickets to be produced during training if desired by the lottery. In this case all tickets produced would be clearly marked as training transactions, voided, and printed on blank ticket stock with blank transaction numbers. If the lottery were to decide to allow test tickets to be produced during lottery sponsored retailer training sessions prior to conversion, these tickets would be shredded at the end of the class.

Question:

13. Page 7.2-53 of the Proposal states: "Scientific Games is the only vendor to continue Advanced Draws through recent conversions." Can support multi draws and advance draws during TLC's conversion? Will the Texas Lottery need to implement an advance play countdown as part of the conversion process?

Response:

Yes, can support multi draws and advance draws during TLC's conversion.

No, the Texas Lottery will not need to implement advance play countdown as part of the conversion process.

Question:

14. Page 7.3-9 of the Proposal. Under the Italy subtitle, the second bullet states "9.3 Billion Euros billion annual instant ticket sales" and the fifth bullet states "\$33 million a week (\$1.74 billion per year) in instant ticket sales." Please clarify the sales amounts for Italy.

Response:

The reference to "9.3 Billion Euros annual instant ticket sales" is correct.

The correct sales amount was 178.8 million Euros a week (9.3 billion Euros per year) in instant ticket sales.

Question:

15. Page 7.4-7 of the Proposal states: "Scientific Games will provide the Texas Lottery with check writing laser printers each at 16 Claim Centers and in the Texas Lottery Office of the Controller). We will also deliver to the Lottery, desktop PCs with high resolution monitors to act as check writing workstations." Please clarify if the check writer printers require dedicated PCs or can a general use workstation be configured to the check writer printers.

Response:

The Check Writer Application can run on any PC workstation. For security reasons we recommend that the Check Writing workstation and the associated printers be dedicated solely to processing check payments. No other workstations will have access to the check writing printers.

Question:

16. Page 7.4-10 of the Proposal states SGI "[w]ill maintain previously validated online ticket data on the system for not less than following validation (and award)," adding SGI "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 days after close - for the game's tickets)." Please clarify if online ticket data is maintained for or .

Response:

The retention period for ticket data is controlled by a parameter on the AEGIS-EF system. This parameter will be set for per the Lottery's business rules. Please note, it can be increased or decreased as required if the Lottery's business rules change at some point in the future.

Question:

17. Page 7.5-10 of the Proposal states: "When requested by the Texas Lottery, Scientific Games will enable [redacted] to accept online submissions of original and [renewal] retailer applications through our web-based retailer support site." Are any other jurisdictions presently using SGI's web-based retailer support site for original and renewal retailer applications?

Response:

No, but when requested by the Texas Lottery, Scientific Games will enable [redacted] to accept online submissions of original and renewed retailer applications through our web-based retailer support site.

Question:

18. Page 7.6-53 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?

Response:

Yes, the [redacted] system can support simultaneous promotions on the same game to incent the clerk and player.

Yes, the [redacted] can support more than one promotion at a time on the same game with the same trigger.

— CONFIDENTIAL INFORMATION BEGINS HERE —

– CONFIDENTIAL INFORMATION ENDS HERE –

Question:

20. Page 7.8-8 of the Proposal, item 7.8.2.1.M states: "Scientific Games will configure our Texas solution to receive and store transactions on at least three separate systems housed in different geographic locations (i.e.,)" The chart on Page 7.8-14 states: "Copies of the Transaction file on multiple (systems." Please clarify the number of systems used to store transactions.

Response:

systems are used to store transactions in our proposed solution: at the primary and at the backup site. Scientific Games recommends that 'at least and preferably all systems be run as systems.

Question:

21. Page 7.12-8 of the Proposal states: "At a minimum, every retailer terminal will have the capability to print and validate online tickets" Please clarify if SGI can validate tickets by reading the Z bar code currently utilized by GTECH in Texas.

Response:

Yes, the WAVE™ terminal is fully capable of reading and validating multiple bar code types, including the Z bar code.



Question:

22. Page 7.13-23 of the Proposal states: "We will have more than Technical Service Representatives (TSRs) on staff comprised of help desk (and dispatch operators (to ensure timely, professional, and accurate responses." The organizational chart on page 4.3-41 and the Proposed Staff Schedule on pages 4.3-61-3 do not include Technical Service Representatives. Where do the Technical Service Representatives fit in the proposed organizational chart and staff schedule?

Response:

The Technical Service Representatives (TSRs) are included on the organizational chart on page 4.3-41 as "Call Center Operators" and on the Proposed Staff Schedule on page 4.3-62 as "Call Center Operator (Total Additionally, the Technical Service Representatives (TSRs) are included on the organizational chart on page 4.3-47 as "Call Center Operators (

Question:

23. The chart titled Instant Ticket Services Program on page 9.1-3 of the Proposal shows SGI provides Field Sales in and to Please describe the field sales services provided to each jurisdiction and how the services relate to SGI's proposed sales force in Texas.

Response:

In general, the Field Sales services provided by Scientific Games in and to the can be categorized as retailer setup and training, supply and inventory management, and sales and marketing, and other services.

Retailer Setup and Training

- Recruits new Retailers on an ongoing basis
- Conducts site visit and determines optimal equipment display configuration
- Begins process to setup and install lottery equipment at Retailer location
- Build customer displays for instant games, review any retailer needs for training, place point-of-sale, consumables, durable signage
- Educates Retailers on new lottery products
- Trains Retailers on new upcoming lottery products
- Trains Retailers on terminal operations, and lottery processes/procedures
- Orders, delivers, installs playstations, instant ticket bins, signage, POS and materials
- Assists Retailer with the display of promotional material and signage
- Pick up instant games and review accounting with retailer, break down displays, remove any usable point-of-sale for reuse

Supply and Inventory Management

- Conducts a physical inventory of instant tickets and online ticket stock and calls in ticket orders as needed
- Manage optimal ticket inventory levels; verify that every dispenser is filled and that all dispensers are in a visible area for customer viewing; pick up and return any tickets that are closing or excessive inventory
- Optimizes the inventory mix at retail locations through pack transfers to other retail locations and returns upon the request of the Retailer
- Picks up instant tickets from retailers
- Uses Retailer sales terminal to process returns of instant ticket inventory according to processes approved by the lottery
- Returns tickets to the central warehouse or delivers to other Retailer(s)

Sales and Marketing

- Visits Retailers based on the agreed upon sales cycle schedule
- Displays new promotional materials, checks that promotional signage is properly displayed, optimizes placement of instant ticket dispensers, checks brochure and play slip inventory, ensures playstations are neat and orderly, and checks the inventory of other supplies
- Determines signage or promotional material needs for the next scheduled visit
- Works with Retailers on in-store merchandising efforts, marketing and sales techniques to promote lottery products
- Evaluate the individual retailer's sales and prepare an action plan to drive incremental sales based on targeted growth
- Support all system-based promotions with the distribution and assembly of point of sale and related retailer training
- Coordinate the planning, design, and monitor of all individual in-store promotions based on targets, and provide a summary of results to Scientific Games and the Lottery
 - create a designated lottery space including a sit-down area, lottery board with all pertinent updates and winning information, enforce the proper instant game display according to Plan-o-Gram and by number order; hang additional point of sale and use a customized counter wrap or voided tickets to enhance the image of the front counter; secure door or window space that clearly identifies lottery product and place approved outdoor signage
- Work in conjunction with the lottery to support product presence at special events like state fairs and festivals
- Maintain and update with all new information and changes pertaining to retailer information and provide a planned call schedule for each day

Other Services

- — Unique to the sales reps maintain the ITVMs including all aspects of machine replacement parts (i.e. bursters, boards, etc.)
- — Unique to pick up and register weekly sales reports for every retailer

The Field Sales services provided by Scientific Games to and to the are highly consistent with the required Field Sales services in Texas.



Question:

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

Response:

Scientific Games is committed to meeting the RFP conversion date of August 31, 2011.

Below are the revisions reflected in the conversion schedule table submitted in our response Section 10.5. This is reflective of the updated conversion schedule, Texas Project Schedule V16 16-Sep-2010, that we delivered to Mr. Andy Marker, member of the Texas Lottery delegation at the Alpharetta visit of October 5, 2010 at your request. A copy is also attached to this document.

MILESTONE DESCRIPTION	MILESTONE DATE	CALENDAR DAYS FROM AWARD ANNOUNCEMENT
1. Identify and make available to the Texas Lottery on TLC's premises the Conversion Project Manager (Project Kickoff Meeting)	9 December 2010	27
2. Creation and delivery of detailed Conversion Plan	6 January 2011	55
3. Lottery Gaming System software available for TLC User Acceptance Testing (UAT)	1 June 2011	201
4. Successful UAT Testing and System Acceptance Signoff by the Texas Lottery	18 August 2011	279
5. System fully operational and Retailer's selling Lottery Products	1 September 2011	293

Question:

25. Page 8.4-3 of the Proposal identifies SGI's proposed LSR to Retailer staff ratio as . Please explain how SGI determined the number of LSRs and the ratio of LSRs to Retailers.

Response:

Based on retailer data provided by the Texas Lottery Commission during the procurement process (on or about January 30, 2010) which outlined the retailer equipment deployed by retailer, we determined that there were "unique retail locations" with either full-service terminals as well as locations with either a Self-Service Terminal (SST), Game Point devices, or mid-range terminals deployed. We then assumed that LSRs would be visiting "unique retail locations", regardless of the configuration of equipment deployed. Knowing that retailer counts change on a daily basis because of numerous factors, we adjusted the number of "unique retail locations" up to . Our target was to have each LSR responsible for retail locations or approximately visits per day on a -week call cycle, based on industry best practices. In other words, we took "unique retail locations" divided by retailers per LSR to determine our proposed LSRs in total.



Instead of simply adding even more LSRs to the sales team to further reduce the LSR to retailer ratio, we chose to enhance the broader sales and marketing group by adding a team of Lottery Marketing Representatives (LMRs) who would be solely dedicated to enhancing the marketing and retail execution in the top 2-3 deciles of TLC retailers. This would allow the LSR team to provide balanced support to their entire customer list to ensure the smooth operations of the mechanics of the lottery sales process, and have the LMR team provide the customized and more time-intensive support that the highest performing retailers demand and justifiably warrant.

Question:

26. Page 7.6-38 of the Proposal states: "Scientific Games has sized the Texas systems to support RFP Table 41, Detail Requirement No. 11 for the support of active online sales and system inquiry devices. The system will be able to handle up to devices during the contract period." How will the devices be supported (i.e., immediately at start-up or is the system capable of growth up to with upgrades)?

Response:

The system as delivered will support devices.

Question:

27. Page 7.12 -108 of the Proposal states: "For nonvolatile storage, we offer the choice of a minimum , or a rugged, high reliability, minimum ." What have other jurisdictions opted for storage?

Response:

and the Lottery have opted for the solid-state storage device. All other lottery jurisdictions that have the WAVE retailer terminal have opted to go with the hard disc drive. Please note, however, that there has been a greater inclination toward solid-state storage devices lately given advancements in solid-state memory capacity.

Question:

28. Page 7.12-47 of the Proposal. If some 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 online games are disabled, can instant 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?

Response:

The terminal application software is designed in a modular fashion to allow features and functions to operate independently. For example, winning tickets can still be validated if the bill acceptor is disabled. Instant tickets can still be sold if online games are disabled or communications are unavailable to the central system. Quick pick tickets can still be sold if the play slip reader is not operational.

Question:

29. Page 7.12-62 (first bullet) of the Proposal states "[P]remium front and back coated" The proposal text indicates both top and back coatings on the thermal paper stocks. However, the paper specification for [redacted] and [redacted] indicate they are top-coated only. Please clarify if the [redacted] and [redacted] thermal paper are both top- and back-coated.

Response:

The [redacted] thermal paper stock includes an additional protective coating over the thermal layer on the top of the stock. Additionally, [redacted] stock has a coating on the back of the stock. Enclosed in this submission is a confirmation letter from Kanzaki.

The [redacted] thermal paper stock includes an additional protective coating over the thermal layer on the top of the stock. Additionally, the [redacted] stock has a coating on the back of the stock. Enclosed in this submission is a confirmation letter from [redacted].

Question:

30. Page 7.12-110 of the Proposal. In the tiered preventative maintenance program, the Bronze Service states: "Lower [redacted] % of retailers) - a 365-day interval. This group generates less than [redacted] % of annually online sales; [redacted] PMs per year is typically sufficient (this group represents [redacted] % of total sales)." Please clarify whether Bronze Service includes [redacted] or [redacted] preventative maintenance visits annually.

Response:

Bronze Service includes [redacted] preventative maintenance visit annually.

Question:

31. Section 7.14 of the Proposal. Are there potential performance conflicts with satellite system bandwidth (for example, when lotteries are doing simultaneous downloads) and if so, how are they mitigated?

Response:

No, Scientific Games has several mechanisms in place to ensure there are no potential performance conflicts with satellite system bandwidth. First of all, unlike CDMA or DSL, satellite technology broadcasts downloads to all VSAT terminals simultaneously, which makes the data transfer more efficient than point to point technologies. Physical and Network Quality of Service (QoS) technology separate each jurisdiction's communications to prevent simultaneous traffic interference. By assigning a Committed Information Rate (CIR) and a Maximum Information Rate (MIR) per jurisdiction, each individual jurisdiction is guaranteed their capacity and prevents overutilization, which would cause jurisdictional interference.

As an additional failsafe, Scientific Games is able to throttle software downloads faster or slower from the central system depending on the urgency of the download, time of day, transaction load, or network utilization. This flexibility, along with our real-time terminal network monitoring tool, ensures that Scientific Games has complete control of downloads at all times and can prevent any potential performance issues before they happen.

Question:

32. 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 2011-2015 Strategic Plan, and the TLC wants to make sure all Proposers have a common understanding of the term. Please describe how SGI will handle such responsibilities. The Strategic Plan is available at:
http://www.txlottery.org/export/sites/default/About_Us/Publications/Strategic_Plans.html

Response:

Scientific Games acknowledges that we have an improved understanding of the term "route sales" as defined in the Texas Lottery Commission's 2011-15 Strategic Plan. Scientific Games is firmly committed to working with our customers to seek and optimize new retailer relationships.

Effective retail expansion is just one of the many critical revenue growth areas that the proposed annual \$2.5 million Texas Research and Development Investment Plan was designed to encompass. To reiterate our commitment to revenue growth and retail development, the primary objective of this plan is to support revenue-enhancing initiatives including retailer and player development, pilot programs, retail sales programs, research, game development, marketing point of sale, and advertising.

Scientific Games will continue to support the current store pilots cited in the Texas Lottery Commission's 2011-15 Strategic Plan with Scientific Games' systems technology and resources. Our dedicated in-state New Business Development organization and dedicated in-state Corporate Chain Accounts organization, in cooperation with our corporate support resources and our active involvement with the National Association of Convenience Stores (NACS), ensures Scientific Games is at the forefront of securing this type of non-traditional retailer relationship and effectively piloting updated sales models in the expansion of the retailer network. In conjunction with the Texas Lottery, Scientific Games will review the challenges of this unique sales model and closely monitor this program to determine the feasibility of expansion in this area.



November 3, 2010

Information Redacted
§552.101/466.022/552.139

Mr. Ruben Garcia
Scientific Games International
On-Line & Pari-Mutuel Printing Div.
110 Windsor Place
Central Islip, NY 11722

Subject: ”

Dear Mr. Garcia;

Please consider this confirmation that ” approved lottery grade, ”
does have a coating on the backside; in addition to the protective overcoat on the face (front).

Kanzaki is proud to be the leading supplier of lottery grades throughout North America.

If I can be of additional assistance, please do not hesitate to contact me anytime.

Sincerely,

Michael Lane
Product Manager, Gaming
Kanzaki Specialty Papers



Mitsubishi International Corporation
 Attn.: Mr Darren Hecht
 655 Third Avenue
 New York, NY 10017-5621
 United States Of America



04. November 2010

– SGI, USA
Barcode Readability after exposure for 4 hrs at 180°F

Dear Darren,

We herewith would like to confirm in writing that barcodes printed on the grade thermoscript
 can still be read after exposure for 4 hrs at 180°F.

As follows our test results:

	TL2000		TL2000		TL2000		TL2000		TL2000		
Atlantek 400 med energy [mJ/mm²]	start	after 4 hrs 180°F	start	after 4 hrs 180°F	start	after 4 hrs 180°F	start	after 4 hrs 180°F	start	after 4 hrs 180°F	Atlantek 400 med energy [mJ/mm²]
	A 3,7	B 2,6	A 3,7	B 2,6	A 3,8	B 2,7	A 3,5	B 2,9			(F9) 14,571
	A 3,7	B 2,6	A 3,7	B 2,6	B 3,3	B 2,6	B 3,4	B 2,7			(F8) 13,166
	B 3,3	B 2,5	A 3,5	B 2,6	B 3,2	B 2,6	B 3,4	C 1,9			(F7) 11,742
	B 3,4	C 2,3	B 3,3	C 1,9	B 3,2	B 2,0	C 2,7	D 1,1			(F6) 10,318
	C 2,0	C 1,9	C 2,0	C 1,9	C 2,0	C 1,9	C 1,9	C 1,8			(F9) 14,571
	C 2,0	C 1,9	C 1,9	C 1,5	C 1,9	C 1,5	C 1,9	C 1,6			(F8) 13,166
	C 1,9	C 1,7	C 1,5	D 1,2	C 1,8	D 1,4	C 1,6	D 1,4			(F7) 11,742
	C 1,8	D 1,4	D 1,2	D 0,9	D 1,3	D 1,1	C 1,5	D 0,8			(F6) 10,318

International ISO / IEC 15415					
	very good	good	fair	sufficient	not good enough
ANSI	A	B	C	D	F
CEN	3,5 - 4,0	2,5 - 3,5	1,5 - 2,5	0,5 - 1,5	0,0 - 0,5

CEN / ANSI Prüfnorm EN 1635

Furthermore we would like to reconfirm that our grade thermoscript TL2000 is a topcoated
 grade with a standard coating on the non-thermal / reverse side.

With best regards,


 W. Falk Jahns
 Area Sales Manager

Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
1 of 43







Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
4 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
5 of 43







Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
8 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
9 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
10 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
11 of 43





Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
13 of 43





Confidential



Confidential

Dec



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
15 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
16 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
17 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
18 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
19 of 23



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
20 of 23







Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
23 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
24 of 43





Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
26 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
27 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
28 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
29 of 43











Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
34 of 43





Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
36 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
37 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
38 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
39 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
40 of 43



Confidential



Confidential



Proprietary & Confidential
File Version: Texas Project Schedule V16 16-Sep-2010
41 of 43







Mary Ann Williamson
Chairman

J. Winston Krause
Commissioner



TEXAS LOTTERY COMMISSION

Gary Grief, *Executive Director*

Philip D. Sanderson, *Charitable Bingo Operations Director*

Information Redacted
§552.101/466.022/552.139

November 2, 2010

Simone Harrison
VP, Business Development
Scientific Games International
1500 Bluegrass Lakes Parkway
Alpharetta, GA 30004

Via facsimile: 678.624.4115
Via e-mail: simone.harrison@scientificgames.com
TIME SENSITIVE

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

Dear Ms. Harrison:

The Texas Lottery Commission (TLC) is reviewing the Proposal submitted by Scientific Games International (SGI) 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 SGI's formal written response.

2. Page 4.2–28 (first bullet) of the Proposal states: “Currently housed on our corporate campus in _____, the NRC will be relocated to an Austin area facility....” The organization chart on page 4.3–47 shows the Texas Regional Call Center with a dotted line to the National Response

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

package ticket shipments on time to meet Texas Lottery goals.” Please clarify the hours for the central warehouse center.

- 11.
12. Page 6.8 – 36 (third bullet) of the Proposal states: “The test tickets generated in training mode at training sessions are shredded at the completion of class by the training staff.” Page 7.11–7 states: “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.” Please clarify if physical tickets will be printed while in training mode.
13. Page 7.2–53 of the Proposal states: “Scientific Games is the only vendor to continue Advanced Draws through recent conversions.” Can support multi draws and advance draws during TLC’s conversion? Will the Texas Lottery need to implement an advance play countdown as part of the conversion process?
14. Page 7.3–9 of the Proposal. Under the Italy subtitle, the second bullet states “9.3 Billion Euros billion annual instant ticket sales” and the fifth bullet states “\$33 million a week (\$1.74 billion per year) in instant ticket sales.” Please clarify the sales amounts for Italy.
15. Page 7.4–7 of the Proposal states: “Scientific Games will provide the Texas Lottery with check writing laser printers each at Claim Centers and in the Texas Lottery Office of the Controller). We will also deliver to the Lottery, with high resolution monitors to act as check writing workstations.” Please clarify if the check writer printers require dedicated or can a general use workstation be configured to the check writer printers.
16. Page 7.4–10 of the Proposal states SGI “[w]ill maintain previously validated online ticket data on the system for not less than 90 days following validation (and award),” adding SGI “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).” Please clarify if online ticket data is maintained for 90 days or 180 days.
17. Page 7.5–10 of the Proposal states: “When requested by the Texas Lottery, Scientific Games will enable to accept online submissions of original and [renewal] retailer applications through our web-based retailer support site.” Are any other jurisdictions presently using SGI’s retailer support site for original and renewal retailer applications?
18. Page 7.6–53 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?

19.

20. Page 7.8–8 of the Proposal, item 7.8.2.1.M states: “Scientific Games will configure our Texas solution to receive and store transactions on at least separate systems housed in different geographic locations (i.e., the primary and backup data centers). . . .” The chart on Page 7.8–14 states: “Copies of the Transaction file on multiple) systems.” Please clarify the number of systems used to store transactions.
21. Page 7.12–8 of the Proposal states: “At a minimum, every retailer terminal will have the capability to print and validate online tickets. . . .” Please clarify if SGI can validate tickets by reading the ode currently utilized by GTECH in Texas.
22. Page 7.13–23 of the Proposal states: “We will have more than Technical Service Representatives (TSRs) on staff comprised of help desk (and dispatch operators (to ensure timely, professional, and accurate responses.” The organizational chart on page 4.3–41 and the Proposed Staff Schedule on pages 4.3–61-3 do not include Technical Service Representatives. Where do the Technical Service Representatives fit in the proposed organizational chart and staff schedule?
23. The chart titled Instant Ticket Services Program on page 9.1–3 of the Proposal shows SGI provides Field Sales in Delaware, Oklahoma and to Loteria Electronica. Please describe the field sales services provided to each jurisdiction and how the services relate to SGI’s proposed sales force in Texas.
24. Section 10.5 of the Proposal contains Conversion Milestones. Please provide written assurance that, if selected as the Apparent Successful Proposer, SGI will meet the Texas Lottery’s August 31, 2011, conversion date. Also, please provide all revisions, if any, to the conversion schedule as proposed.
25. Page 8.4–3 of the Proposal identifies SGI’s proposed LSR to Retailer staff ratio as 1:120. Please explain how SGI determined the number of LSRs and the ratio of LSRs to Retailers.

26. Page 7.6–38 of the Proposal states: “Scientific Games has sized the Texas systems to support RFP Table 41, Detail Requirement No. 11 for the support of active online sales and system inquiry devices. The system will be able to handle up to devices during the contract period.” How will the devices be supported (i.e., immediately at start-up or is the system capable of growth up to with upgrades)?
27. Page 7.12 –108 of the Proposal states: “For nonvolatile storage, we offer the choice of a minimum , or a rugged, high reliability, minimum .” What have other jurisdictions opted for storage?
28. Page 7.12-47 of the Proposal. If some 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 online games are disabled, can instant 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?
29. Page 7.12-62 (first bullet) of the Proposal states “[P]remium front and back coated...” The proposal text indicates both top and back coatings on the thermal paper stocks. However, the paper specification for and indicate they are top-coated only. Please clarify if the and thermal paper are both top- and back-coated.
30. Page 7.12-110 of the Proposal. In the tiered preventative maintenance program, the Bronze Service states: “Lower % of retailers) – a 365-day interval. This group generates less than % of annually online sales; two PMs per year is typically sufficient (this group represents % of total sales).” Please clarify whether Bronze Service includes preventative maintenance visits annually.
31. Section 7.14 of the Proposal. Are there potential performance conflicts with satellite system bandwidth (for example, when lotteries are doing simultaneous downloads) and if so, how are they mitigated?
32. 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 2011-2015 Strategic Plan, and the TLC wants to make sure all Proposers have a common understanding of the term. Please describe how SGI will handle such responsibilities. The Strategic Plan is available at:
http://www.txlottery.org/export/sites/default/About_Us/Publications/Strategic_Plans.html

Your complete response to all questions, including any additional information requested herein, must be provided to me no later than **3:30 p.m. CST on Friday, November 5, 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,

A handwritten signature in black ink, reading "Angela Zgabay-Zgarba". The signature is fluid and cursive, with the first name "Angela" being more prominent and the last name "Zgarba" written in a similar style.

Angela Zgabay-Zgarba, CTPM
Contracts Administrator

*** TX REPORT ***

TRANSMISSION OK

TX/RX NO	4917	
CONNECTION TEL		916786244115
CONNECTION ID		
ST. TIME	11/02 15:28	
USAGE T	04'40	
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

November 2, 2010

Simone Harrison
VP, Business Development
Scientific Games International
1500 Bluegrass Lakes Parkway
Alpharetta, GA 30004

Via facsimile: 678.624.4115
Via e-mail: simone.harrison@scientificgames.com
TIME SENSITIVE

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

Dear Ms. Harrison:

The Texas Lottery Commission (TLC) is reviewing the Proposal submitted by Scientific Games International (SGI) 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 SGI's formal written response.

1. Binder 1 includes tables labeled 'Options Matrices' that identify all options included in the baseline costs and all options separately priced. Please clarify if the following options are included in the base price.
 - a. Page 7.2-45 of the Proposal states Second Chance Promotional Games is an offered option included in the base price; however, the Options Matrices (p. 3) and Page 7.2-50 show Second Chance Promotional Games are a separately priced Offered Option.

Zgarba, Angela

From: Zgarba, Angela
Sent: Tuesday, November 02, 2010 3:27 PM
To: Harrison, Simone
Subject: Lottery Operations & Services RFP 362-10-0001 - Clarification on Proposal
Attachments: SGI Clarificaiton on Proposal.pdf

Ms. Harrison:

Please see the attached time sensitive clarification letter regarding SGI'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

Zgarba, Angela

From: Harrison, Simone [Simone.Harrison@scientificgames.com]
Sent: Wednesday, November 03, 2010 7:38 AM
To: Zgarba, Angela
Cc: Candido, Frank
Subject: RE: Lottery Operations & Services RFP 362-10-0001 - Clarification on Proposal

Thanks. We will prepare a written response to these clarification questions as requested.

Kind regards,
Simone

From: Zgarba, Angela [mailto:Angela.Zgarba@lottery.state.tx.us]
Sent: Tuesday, November 02, 2010 3:27 PM
To: Harrison, Simone
Subject: Lottery Operations & Services RFP 362-10-0001 - Clarification on Proposal

Ms. Harrison:

Please see the attached time sensitive clarification letter regarding SGI'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

This communication (including any attachments) is intended for the use of the intended recipient(s) only and may contain information that is confidential, privileged or legally protected. Any unauthorized use or dissemination of this communication is strictly prohibited. If you have received this communication in error, please immediately notify the sender by return e-mail message and delete all copies of the original communication. Thank you for your cooperation.