

**Zgarba, Angela**

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**From:** Lapinski, Joseph [Joseph.Lapinski@GTECH.COM]  
**Sent:** Friday, October 22, 2010 3:32 PM  
**To:** Zgarba, Angela  
**Subject:** RE: Lottery Operations & Services RFP 362-10-0001 - HSP Clarification

Ms. Zgabay-Zgarba,

We have received the clarification letter and will provide a response as required.

Thank you,

Joe Lapinski

Deputy ADM  
GTECH - Texas  
Office: (512) 908-4226  
Mobile: (512) 740-0199  
e-mail: [joseph.lapinski@gtech.com](mailto:joseph.lapinski@gtech.com)

---

**From:** Zgarba, Angela [mailto:Angela.Zgarba@lottery.state.tx.us]  
**Sent:** Friday, October 22, 2010 2:10 PM  
**To:** Lapinski, Joseph  
**Subject:** Lottery Operations & Services RFP 362-10-0001 - HSP Clarification

Mr. Lapinski:

Please see the attached time sensitive clarification letter regarding GTECH'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

CONFIDENTIALITY NOTICE: The contents of this email are confidential and for the exclusive use of the intended recipient. If you receive this email in error, please delete it from your system immediately and notify us either by email, telephone or fax. You should not copy, forward, or otherwise disclose the content of the email.

Mary Ann Williamson  
*Chairman*

J. Winston Krause  
*Commissioner*



## TEXAS LOTTERY COMMISSION

Gary Grief, *Executive Director*

Philip D. Sanderson, *Charitable Bingo Operations Director*

October 20, 2010

Joe Lapinski  
GTECH Texas  
5301 Riata Park Court  
Bldg. E, Suite 100  
Austin, TX 78727

Via facsimile: 512.339.0405  
E-mail: joseph.lapinski@gtech.com  
**TIME SENSITIVE**

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

Dear Mr. Lapinski:

The Texas Lottery Commission (TLC) is reviewing the Proposal submitted by GTECH Corporation (GTECH) 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 GTECH's formal written response.

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2. Some options are noted at an additional charge, others are noted as included in the base price and some are not indicated. Please provide a complete list of all options included in GTECH's base proposal and those available at an additional charge.
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4. GTECH's response to section 3.44 of the RFP (see Exhibit 14, Lottery Liquidated Damages through Calendar Year 2010)

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

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

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5. On page 4-8 of GTECH's proposal, it states (as **CONFIDENTIAL**): ‘
6. Section 4.2.3, page 4-6, on Figure 4-3, please explain the seven-hour, go-live delay in Chile.
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(emphasis added). Is this application feature included in GTECH's base proposal or an offered/invited option?

21. Page 7.6-79 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?
22. Pages 7.6 - 94-99 of the Proposal. Are the items referred to on these pages included in the base system proposed or part of the Renaissance Program?
23. Pages 7.6 - 108-113 of the Proposal. Are the GTECH G2 Games included in the base system proposed or part of the Program?
24. Page 7.9-14 of the Proposal states: "We take the information from these systems and load the data into a structured format within the data warehouse." How frequently is transaction data exported to the data warehouse?
25. Page 7.10-4 of the Proposal states: "The typically uses a continuous balancing approach, which audits and balances the against the GTECH at each checkpoint." What is the typical checkpoint schedule?
26. Page 7.11-3 of the Proposal states: "[p]rovides (the) ability to customize message content such as weather alerts, AMBER/Silver/Blue Alerts, as well as news and other emergency messages as required." Please clarify if the feeds include weather and local/national news.
27. Page 7.11-14 of the Proposal states: "Our proposed system will continue to process all tickets produced during the term of the existing contract without issue. No license is required to process these tickets using the current method. For tickets produced during the new contract period, GTECH is pleased to propose an alternative: a new, two-scan, self-check ticket checking process based on our ... Because GTECH owns this patent, there will be no need to procure a license from any third party." Please confirm GTECH will continue to license and print the PDF417 barcode under the new contract if required by TLC.
28. Page 7.11-19 of the Proposal states: "In the current pilot test of the system in Texas, our analysis shows that s 97 percent more accurate at predicting inventory levels than any other method in use today." Please provide test results, together with related documents, to support this statement.
29. Page 7.11 -26 of the Proposal states: "The download will typically take place without interfering with any wagering or other functions of the terminal." What does "typically" mean? In what circumstances does a download interfere with any wagering or other functions of the terminal? When will downloads occur?
30. Page 7.12-15 of the Proposal. Does the Altura GT 1200 SFT support all wired and wireless signage?
31. Page 7.12-50 of the Proposal. Please describe where the peripherals on the Altura GT1200 (i.e., key pad, smartcard reader [page 7.12-66]) are mounted?

32. Page 7.12-66 of the Proposal states: "The Altura Family of Terminals play-slip scanners support ticket branding during validation transactions on the retailer sales terminals." Please clarify what support is included and confirm that ticket branding is part of the base system and price proposed and will be available upon terminal installation.
33. Page 7.12-108 of the Proposal states the Altura comes with 1 GB of flash memory. Please explain the memory availability and free space in terms of supporting additional online games and the ability to store advertising images, videos, and animations.
34. Page 7.12-113 of the Proposal. Are all Player Activated Sales Terminals constructed for exposure in outdoor deployments (hardened for environmental conditions) upon rollout?
35. Page 7.12-113 states the "has a built-in advertising screen." The table on page 7.12-115 of the Proposal states the is an "Option at the time of order." Please confirm the for the ermal is included in the base system and price proposed.
36. Page 7.12-115 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 some on-line game buttons are disabled, can other on-line 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?
37. Page 7.12-122 of the Proposal states: "The number of Quick Pick push buttons can be upgraded quickly and easily: you can choose to include four, five, or six." Can you have Powerball and Powerplay on the same button? If yes, how does it work?
38. Page 7.12-156 of the Proposal states the Mobile Handheld Terminal employs a wireless cell technology service (General Packet Radio Service). Are there locations around Texas where the service could be unreliable?
39. Page 7.12-159 of the Proposal states: "In training mode, transactions that generate ticket facsimiles remove the game logo and replace it with 'Void,' 'Demo,' 'Not for Sale,' or equivalent." Page 6.8-13 of the Proposal states: "No physical tickets will be printed in training mode." Please confirm if physical tickets are produced in training mode.
40. Page 7.12.2-9 of the Proposal states: "The 15 locations and numbers of FSTs deployed are shown in the following figures." Figure 7.12.2-5 of the Proposal depicts 13 locations and Figure 7.12-10 of the Proposal identifies 16 locations. Please clarify these discrepancies.
41. Page 7.12.2-10 of the Proposal states: "We also increased the overall number of FSTs to improve responsiveness to high-volume retailers and position the TLC for the coming impact of on retailers." Why is more staff needed to ?

42. Page 7.12.2-18 of the Proposal states: "GTECH will establish a more stringent threshold of *three* calls in a 90-day period to begin monitoring and escalate emerging chronic problems for prompt resolution and followup." Page 7.12.2-19, numbers 2, 4 and 5 of the Proposal reference a 30-day period. Will calls be monitored over a 30-day period, a 90-day period, or both?
43. Page 7.13-20 of the Proposal refers to silent monitoring of calls handled by GTECH Texas call center staff. Can silent monitoring be performed on Texas calls taken at the Rhode Island call center? Also, please confirm that all Texas calls will be monitored regardless of where they are routed.
44. Page 7.13-32 of the Proposal states: "We currently have 104 call center associates trained to respond to Texas Lottery retailers...." However, the GTECH Texas Organizational Chart identifies 26 call center associates. Please clarify.
45. Page 7.14-14 of the Proposal. Nominal bandwidth varies widely across different communications media. For example, \_\_\_\_\_ is much slower than the others. How do different communications media affect the ability for retailers to get normal downloads, emergency downloads and perform daily operations?
46. Page 7.14-16 of the Proposal states: "The network will have adequate bandwidth and lines for connectivity to and between all designated Texas Lottery facilities...." Will more than one lottery share receiver space on the satellites or will the bandwidth be reserved specifically for TLC? Are there potential performance conflicts (for example, when lotteries are doing downloads simultaneously) and if so, how will they be mitigated?
47. Page 7.14-16 of the Proposal references three satellites. Exhibit 15, page 3 and Figure 7.14-3 of the Proposal show two satellites. Please clarify the number of satellites being proposed.
48. Page 8.4-4 of the Proposal states: "We are adding two Senior Sales, Merchandising, and Business Development Managers...." Figure 8.4-3, Regional Sales Team, North shows one Senior Sales, Merchandising, and Business Development Manager and Figure 8.4-4, Regional Sales Team, South shows two Senior Sales, Merchandising, and Business Development Managers, for a total of three. Please clarify.
49. Page 8.4-13, Figure 8.4-11 of the Proposal identifies GTECH's proposed Retailer to LSR staff ratio as 127:1. The GTECH Texas Organizational Chart shows 108 LSR routes (51 North, 57 South). Assuming 16,648 retailers (from Figure 8.4-11), the Retailer to LSR staff ratio would be 154:1. Please explain how you determined the number of LSRs, the ratio of LSRs, and how swing representatives will fit in.
50. Page 8.4-102 of the Proposal. How is the \_\_\_\_\_ associated with the returns bag? Can the tag be overlooked, become dislodged or damaged? If so, what happens at the warehouse when the return is processed by the scanning system?
51. Page 8.6-19 of the Proposal. How many promotional trailers are being proposed?



52. Page 8.7-30 of the Proposal states: " systems will be distributed across Texas to Lottery retailers selected based on analysis...." Page 7.12-65 of the Proposal states: "Included in our base offer where is not desired or not a viable option...." Section 7.12, Detail Requirement #15 of the RFP states: "All Retailer Sales Terminals **must provide** [emphasis added] a customer-oriented video display (flat-panel monitor) to communicate the outcome of each transaction conducted.... In retailer environments, where displays (flat-panel monitors) capable of video broadcast cannot be deployed, a customer oriented display must provide...." Please explain what systems will be provided to retailers and how the systems will be distributed in relation to the RFP requirement.
53. Page 8.8-31 of the Proposal states: "A license that will let designated PrimeLocation users provide LSRs with detailed predictive sales reports. This license is available as an **Offered Option**." Please provide further details about what is included in this option.
54. Page 8.8-42 of the Proposal states: "Dan is responsible for administering market research to support GTECH's worldwide strategic marketing...." Please explain Mr. Morales' duties/responsibilities with respect to the Texas Lottery and the allocation of his time to the Texas account versus other corporate responsibilities.
55. Page 10.1-10 of the Proposal states: "...[w]e will perform approximately two weeks (two invoice periods) of parallel processing," but page 10.4-7 states: "More than 36 months of historical data will be available within the Data Warehouse for reporting along with a full 45 days of transactions processing...." Please clarify the period for parallel processing.
56. Page 10.3-19 of the Proposal. Potentially how many other sites are supported at the NRO? How will the NRO operate?
57. Page 10.4-47 of the Proposal states: "GTECH will utilize its proven NRO, including a Texas-based War Room...." However, page 10.3-20 states: "[t]he War Room will be located in Rhode Island...." Please clarify where the war room will be located.
58. Section 10.5 of the Proposal contains Conversion Milestones. Please provide written assurance that, if selected as the Apparent Successful Proposer, GTECH will meet the Texas Lottery's August 31, 2011, conversion date. Also, please provide all revisions, if any, to the conversion schedule as proposed.
59. 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 GTECH will handle such responsibilities. The Strategic Plan is available at:  
[http://www.txlottery.org/export/sites/default/About\\_Us/Publications/Strategic\\_Plans.html](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 **2:30 p.m. CST on Monday, October 25, 2010**. Your response may be submitted via facsimile to (512) 344-5444 or e-mail to [angela.zgarba@lottery.state.tx.us](mailto: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" and last name "Zgarba" being more prominent than the middle name "Zgabay".

Angela Zgabay-Zgarba, CTPM  
Contracts Administrator

10/20/2010 14:31 FAX 512 344 5444

TX-LOTTERY PURCHASING

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\*\*\* TX REPORT \*\*\*  
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TRANSMISSION OK

TX/RX NO	4912	
CONNECTION TEL		93390405
CONNECTION ID	EXECUTIVE	
ST. TIME	10/20 14:27	
USAGE T	03'17	
PGS. SENT	8	
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 20, 2010

Joe Lapinski  
GTECH Texas  
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Austin, TX 78727

Via facsimile: 512.339.0405  
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**TIME SENSITIVE**

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**Zgarba, Angela**

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**From:** Zgarba, Angela  
**Sent:** Wednesday, October 20, 2010 2:27 PM  
**To:** Lapinski, Joseph <GTech>  
**Subject:** Lottery Operations & Services RFP 362-10-0001 - Clarification on Proposal  
**Attachments:** GTECH Clarification Letter on Proposal.pdf

Mr. Lapinski:

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*Angela Zgabay-Zgarba*  
Contracts Administrator  
Texas Lottery Commission  
Ph: 512.344.5215  
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**Subject:** RE: Lottery Operations & Services RFP 362-10-0001 - Clarification on Proposal  
**Attachments:** Clarification Ltr to GTECH Proposal 102010 FINAL.docx

Yes. Please see attached.

*Angela Zgabay-Zgarba*  
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**Sent:** Wednesday, October 20, 2010 3:39 PM  
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**Importance:** High

Ms. Zgabay-Zgarba,

Is it possible for the Lottery to provide a copy of the clarification request in MSWord format?

Thanks,

Joe

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October 20, 2010

Joe Lapinski  
GTECH Texas  
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Austin, TX 78727

Via facsimile: 512.339.0405  
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- (emphasis added). Is this application feature included in GTECH's base proposal or an offered/invited option?
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  22. Pages 7.6 - 94-99 of the Proposal. Are the items referred to on these pages included in the base system proposed or part of the Renaissance Program?
  23. Pages 7.6 - 108-113 of the Proposal. Are the GTECH G2 Games included in the base system proposed or part of the Program?
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  31. Page 7.12-50 of the Proposal. Please describe where the peripherals on the Altura GT1200 (i.e., key pad, smartcard reader [page 7.12-66]) are mounted?



32. Page 7.12-66 of the Proposal states: "The Altura Family of Terminals play-slip scanners support ticket branding during validation transactions on the retailer sales terminals." Please clarify what support is included and confirm that ticket branding is part of the base system and price proposed and will be available upon terminal installation.
33. Page 7.12-108 of the Proposal states the Altura comes with 1 GB of flash memory. Please explain the memory availability and free space in terms of supporting additional online games and the ability to store advertising images, videos, and animations.
34. Page 7.12-113 of the Proposal. Are all Player Activated Sales Terminals constructed for exposure in outdoor deployments (hardened for environmental conditions) upon rollout?
35. Page 7.12-113 states the [redacted] has a built-in [redacted] advertising screen." The table on page 7.12-115 of the Proposal states the [redacted] is an "Option at the time of order." Please confirm the [redacted] for the [redacted] a terminal is included in the base system and price proposed.
36. Page 7.12-115 of the Proposal. If some [redacted] 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 on-line game buttons are disabled, can other on-line 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?
37. Page 7.12-122 of the Proposal states: "The number of Quick Pick push buttons can be upgraded quickly and easily: you can choose to include four, five, or six." Can you have Powerball and Powerplay on the same button? If yes, how does it work?
38. Page 7.12-156 of the Proposal states the Mobile Handheld Terminal employs a wireless cell technology service (General Packet Radio Service). Are there locations around Texas where the service could be unreliable?
39. Page 7.12-159 of the Proposal states: "In training mode, transactions that generate ticket facsimiles remove the game logo and replace it with 'Void,' 'Demo,' 'Not for Sale,' or equivalent." Page 6.8-13 of the Proposal states: "No physical tickets will be printed in training mode." Please confirm if physical tickets are produced in training mode.
40. Page 7.12.2-9 of the Proposal states: "The 15 locations and numbers of FSTs deployed are shown in the following figures." Figure 7.12.2-5 of the Proposal depicts 13 locations and Figure 7.12-10 of the Proposal identifies 16 locations. Please clarify these discrepancies.
41. Page 7.12.2-10 of the Proposal states: "We also increased the overall number of FSTs to improve responsiveness to high-volume retailers and position the TLC for the coming impact of [redacted] on retailers." Why is more staff needed to

42. Page 7.12.2-18 of the Proposal states: "GTECH will establish a more stringent threshold of *three* calls in a 90-day period to begin monitoring and escalate emerging chronic problems for prompt resolution and followup." Page 7.12.2-19, numbers 2, 4 and 5 of the Proposal reference a 30-day period. Will calls be monitored over a 30-day period, a 90-day period, or both?
43. Page 7.13-20 of the Proposal refers to silent monitoring of calls handled by GTECH Texas call center staff. Can silent monitoring be performed on Texas calls taken at the Rhode Island call center? Also, please confirm that all Texas calls will be monitored regardless of where they are routed.
44. Page 7.13-32 of the Proposal states: "We currently have 104 call center associates trained to respond to Texas Lottery retailers...." However, the GTECH Texas Organizational Chart identifies 26 call center associates. Please clarify.
45. Page 7.14-14 of the Proposal. Nominal bandwidth varies widely across different communications media. For example, \_\_\_\_\_ is much slower than the others. How do different communications media affect the ability for retailers to get normal downloads, emergency downloads and perform daily operations?
46. Page 7.14-16 of the Proposal states: "The network will have adequate bandwidth and lines for connectivity to and between all designated Texas Lottery facilities...." Will more than one lottery share receiver space on the satellites or will the bandwidth be reserved specifically for TLC? Are there potential performance conflicts (for example, when lotteries are doing downloads simultaneously) and if so, how will they be mitigated?
47. Page 7.14-16 of the Proposal references three satellites. Exhibit 15, page 3 and Figure 7.14-3 of the Proposal show two satellites. Please clarify the number of satellites being proposed.
48. Page 8.4-4 of the Proposal states: "We are adding two Senior Sales, Merchandising, and Business Development Managers...." Figure 8.4-3, Regional Sales Team, North shows one Senior Sales, Merchandising, and Business Development Manager and Figure 8.4-4, Regional Sales Team, South shows two Senior Sales, Merchandising, and Business Development Managers, for a total of three. Please clarify.
49. Page 8.4-13, Figure 8.4-11 of the Proposal identifies GTECH's proposed Retailer to LSR staff ratio as 127:1. The GTECH Texas Organizational Chart shows 108 LSR routes (51 North, 57 South). Assuming 16,648 retailers (from Figure 8.4-11), the Retailer to LSR staff ratio would be 154:1. Please explain how you determined the number of LSRs, the ratio of LSRs, and how swing representatives will fit in.
50. Page 8.4-102 of the Proposal. How is the \_\_\_\_\_ tag associated with the returns bag? Can the tag be overlooked, become dislodged or damaged? If so, what happens at the warehouse when the return is processed by the scanning system?
51. Page 8.6-19 of the Proposal. How many promotional trailers are being proposed?



52. Page 8.7-30 of the Proposal states: “ systems will be distributed across Texas to Lottery retailers selected based on analysis....” Page 7.12-65 of the Proposal states: “Included in our base offer where is not desired or not a viable option....” Section 7.12, Detail Requirement #15 of the RFP states: “All Retailer Sales Terminals **must provide** [emphasis added] a customer-oriented video display (flat-panel monitor) to communicate the outcome of each transaction conducted.... In retailer environments, where displays (flat-panel monitors) capable of video broadcast cannot be deployed, a customer oriented display must provide....” Please explain what systems will be provided to retailers and how the systems will be distributed in relation to the RFP requirement.
53. Page 8.8-31 of the Proposal states: “A license that will let designated PrimeLocation users provide LSRs with detailed predictive sales reports. This license is available as an **Offered Option**.” Please provide further details about what is included in this option.
54. Page 8.8-42 of the Proposal states: “Dan is responsible for administering market research to support GTECH’s worldwide strategic marketing....” Please explain Mr. Morales’ duties/responsibilities with respect to the Texas Lottery and the allocation of his time to the Texas account versus other corporate responsibilities.
55. Page 10.1-10 of the Proposal states: “...[w]e will perform approximately two weeks (two invoice periods) of parallel processing,” but page 10.4-7 states: “More than 36 months of historical data will be available within the Data Warehouse for reporting along with a full 45 days of transactions processing....” Please clarify the period for parallel processing.
56. Page 10.3-19 of the Proposal. Potentially how many other sites are supported at the NRO? How will the NRO operate?
57. Page 10.4-47 of the Proposal states: “GTECH will utilize its proven NRO, including a Texas-based War Room....” However, page 10.3-20 states: “[t]he War Room will be located in Rhode Island....” Please clarify where the war room will be located.
58. Section 10.5 of the Proposal contains Conversion Milestones. Please provide written assurance that, if selected as the Apparent Successful Proposer, GTECH will meet the Texas Lottery’s August 31, 2011, conversion date. Also, please provide all revisions, if any, to the conversion schedule as proposed.
59. 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 GTECH will handle such responsibilities. The Strategic Plan is available at:  
[http://www.txlottery.org/export/sites/default/About\\_Us/Publications/Strategic\\_Plan.html](http://www.txlottery.org/export/sites/default/About_Us/Publications/Strategic_Plan.html)



Your complete response to all questions, including any additional information requested herein, must be provided to me no later than **2:30 p.m. CST on Monday, October 25, 2010**. Your response may be submitted via facsimile to (512) 344-5444 or e-mail to [angela.zgarba@lottery.state.tx.us](mailto: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

**Zgarba, Angela**

---

**From:** Lapinski, Joseph [Joseph.Lapinski@GTECH.COM]  
**Sent:** Monday, October 25, 2010 1:39 PM  
**To:** Zgarba, Angela  
**Cc:** Eland, Alan  
**Subject:** Texas Lottery Commission's Request for Clarifications  
**Attachments:** Texas\_Clarification\_Response.pdf

**Importance:** High

Ms. Zgabay-Zgarba,

Attached is GTECH's response to the Texas Lottery Commission's Request for Clarifications dated October 20, 2010. Hard copy of this document will be hand-delivered today.

Should you have any questions or require additional information please contact me at your convenience.

Thank you,

Joe Lapinski

Deputy ADM  
GTECH - Texas  
Office: (512) 908-4226  
Mobile: (512) 740-0199  
e-mail: [joseph.lapinski@gtech.com](mailto:joseph.lapinski@gtech.com)

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October 25, 2010

Ms. Angela Zgabay-Zgarba, CTPM  
Contracts Administrator  
Texas Lottery Commission  
RE: Request for Proposals (RFP) for Lottery Operations and Services,  
RFP #362-10-0001; Request for Clarifications

Dear Ms. Zgabay-Zgarba:

GTECH respectfully submits the following responses to the Texas Lottery Commission's (TLC's) Request for Clarifications dated October 20, 2010:

- 1. The page immediately following GTECH's Cover Page contains a copyright notice and statement of confidentiality. This statement, among other things, purports to prohibit copying of GTECH's proposal. TLC reserves the right to copy the proposal for evaluation purposes. Although the TLC will not release any information during an open procurement process, once the procurement is officially closed (either contract award or cancellation), GTECH's proposal is subject to disclosure under the Texas Public Information Act.**

GTECH acknowledges that the Texas Lottery may copy its proposal for evaluation purposes and, after the close of the procurement process, copy and disseminate certain portions of GTECH's proposal in order respond to requests made under the Texas Public Information Act.

The copyright designation in GTECH's proposal serves only as notice to third parties that GTECH is the original author of the work. Nothing in GTECH's Cover Page statement is intended to prohibit the Lottery from copying GTECH's proposal or disclosing portions of it in accordance with procurement rules, the Texas Public Information Act, the public interest and other applicable federal and state laws.

- 2. Some options are noted at an additional charge, others are noted as included in the base price and some are not indicated. Please provide a complete list of all options included in GTECH's base proposal and those available at an additional charge.**

A complete list of all options included in GTECH's base proposal and those available at an additional charge is attached as **Exhibit 1, Texas Options**.



3. **Page 10.1 – 2, Figure 10.1-1 of the Proposal states that the conversion is 80% complete and GTECH has achieved a third-party certification of the system from Deloitte & Touche. Please provide a copy of the certification letter.**

GTECH engaged Deloitte & Touche to certify the new, converted system. A copy of the report prepared by Deloitte & Touche, entitled Results of ES Independent Testing, dated July 2010, is attached as **Exhibit 2, Report Results of ES Testing**.

4. **GTECH's response to section 3.44 of the RFP (see Exhibit 14, Lottery Liquidated Damages through Calendar Year 2010)**

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5. On page 4-8 of GTECH's proposal, it states (as **CONFIDENTIAL**):

**CONFIDENTIAL MATERIAL ENDS HERE.**

**6. Section 4.2.3, page 4-6, on Figure 4-3, please explain the seven-hour, go-live delay in Chile.**

Following a competitive procurement, GTECH converted its new customer, Chile Polla, from the system of the incumbent supplier, Intralot, to the GTECH system. As with all conversions, there were agreements between GTECH, Chile Polla and Intralot governing, amongst other things, file formats for data transfer from the Intralot system to the GTECH system. However, on the night of conversion, audits of files provided by the incumbent supplier turned up corrupt data as well as deviations from the previously agreed-upon file formats. As a result, GTECH had to spend the time necessary to address the corrupt data and incorrect file formats to ensure a conversion that would guarantee integrity of the data.



7. **Section 4.2.5.g states: “GTECH has never had a gaming license denied or revoked, or had any fines, penalties, sanctions, or liquidated damages assessed [sic] against its [sic] gaming license, contract, or operation.” However, under Exhibit 10, “GTECH Corporation Fines,” three fines and/or penalties were noted. Please clarify. Also, please provide an updated Exhibit 10, “Gaming Licenses Chart” with all changes shown through the date of your response to this request for clarifications.**

Although GTECH has never had a gaming license denied or revoked, the Lottery has correctly stated that the Company has, in fact, received a fine or penalty, as reflected in Exhibit 10, Fines, of GTECH's proposal.

Please disregard the inconsistency in GTECH's proposal response to Section 4.2.5(g), as this statement was made in error. Exhibit 10, as previously submitted, accurately reflects information related to each of the three fines GTECH has received. No additional fines have been assessed against GTECH since the date of proposal submission.

As requested, an updated chart of GTECH's gaming licenses is attached as **Exhibit 3, GTECH License Chart**. All changes since the date of GTECH's proposal submission have been highlighted in yellow for your convenience.

8. **Page 4-20 under Saysha Robinson's job description, the Proposal states: “Saysha will have accountability for all departments, including centralized services in Texas.” However, the GTECH Texas Organizational Chart indicates that Tom Stanek and Daisy Bolivar report directly to Joe Lapinski. Will all departments and personnel report directly to Saysha Robinson as the Assistant General Manager and not to the General Manager?**

No. As reflected in the organizational chart, Tom Stanek and Daisy Bolivar will report directly to Joe Lapinski. As the Assistant General Manager for GTECH, Saysha Robinson will coordinate with management from the Data Center of the Americas, National Response Center, Field Services, and Software Support to ensure that all service levels required by the Texas Lottery are met. Administrative and audit staff at GTECH Texas will report directly to Saysha Robinson.

9. **Section 4.3.1, the GTECH Texas Organizational Chart indicates there are 11 Distribution Representatives reporting to Chuck Faulkner, Distribution Manager, but the Proposal on page 4-31 states: “Chuck supervises a group of 13 Instant Ticket Specialists.” Please clarify how many representatives will report to Chuck Faulkner and their titles.**

The Organizational Chart is correct. There will be eleven (11) Distribution Representatives reporting to Chuck Faulkner. The eleven (11) Distribution Representatives will be assigned the titles of Instant Ticket Specialists I, II, or III, according to each individual's experience.

10. The Transition Team Organizational Chart shows Michael Thornton and Barbara Tedrow as co-Project Managers. On page 4-40, the Proposal states: “Barbara, working with Michael, will be the Texas-based project manager.” (emphasis added). In addition, Section 10.1-25 of the Proposal identifies Ms. Tedrow as “...your full-time Conversion Plan Project Manager, [she] is and will remain an integral member of the Texas leadership team long after the project is done.” Please clarify how Mr. Thornton’s and Ms. Tedrow’s project manager duties will be coordinated. Also, on page 10.1-27, the roles of Ms. Tedrow and Mr. Thornton appear to conflict with the roles defined in Part 4. Please explain their respective roles.

Barbara Tedrow will be the Project Manager responsible for the conversion in Texas and serve as the primary point of contact for Lottery staff to address all conversion activities. For large, complex conversions such as the one in Texas, it is common for GTECH to assign a secondary Project Manager to assist the primary Project Manager by acting as liaison between the Primary Project Manager and GTECH’s many resource groups. We find that this accelerates the assignment of necessary resources for the project. In Texas, Michael Thornton will assume this role.

11. Page 6.8-45 of the Proposal states: “...[W]e are introducing a new position that will be held by 11 individuals throughout the state: Promotions and Training Representative.” The GTECH Texas Organizational Chart in Section 4.3.1 and page 8.6-27 indicate there are 10 promotions and training coordinators/representatives. Please clarify how many promotions and training representatives GTECH is proposing.

The organizational chart is correct. GTECH proposes to add ten (10) Promotions and Training Representatives.

12. Page 7.3-20 of the Proposal states: “Through                    technology, we will be able to implement a new status indicating that a package of returns has arrived at the warehouse before our warehouse team has processed the package.” Can you easily differentiate packages and identify those for manual returns?

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- 13. Page 7.3-37 of the Proposal shows a wireless bar code reader is proposed as an offered option. Is the wireless bar code reader based on a particular commercial product?**

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**What communications technology does the wireless bar code reader use and what is the range?**

The communications technology used on the proposed wireless bar code reader is Bluetooth, which has a range of up to 100 meters.

- 14. Page 7.4-15 of the Proposal states: “Super Retailers can register player information for first-time claimants through the GTECH sales terminal.” Is the terminal an Altura?**

Yes. Super Retailers can register player information for first-time claimants through the proposed Altura® GT1200 terminal and Altura GT1200 Small Footprint Terminal (SFT). The optional Super Retailer Play Center, player portal, and lottery claim centers will provide additional means for players to register their information.

**How is the first-time claimant information (i.e., name, address, date of birth, social security number) captured?**

There are two ways in which first-time claimant information can be entered via the Altura GT1200 terminal’s interface application. First, retailers can manually enter the information through the terminal’s touch screen, and second, the terminal can scan driver’s licenses to partially populate the database.

- 15. Page 7.4-40 of the Proposal describes check generation. Does the proposed check-generation system include a security verification routine for the USB stick with the signature?**

Yes. The proposed check-generation system includes a security verification routine for the stick with signature. The security verification routine for the is described on page 7.4-43 of GTECH’s proposal.

- 16. Page 7.5-46 of the Proposal describes terminal groups and states: “... the Lottery may create a dynamic group....” Who will be responsible for establishing and managing all terminal groups (i.e., GTECH or TLC)?**

GTECH will be responsible for establishing and managing terminal groups within the Lottery Gaming System, as defined by and under the direction of the TLC.

- 17. Page 7.5-52 of the Proposal shows the is proposed as an offered option. Are there other lottery clients currently employing the application?**

Yes. The California Lottery currently employs the



18. Page 7.6-11 of the Proposal states: “The \_\_\_\_\_ can support – as delivered – not only the \_\_\_\_\_ you need today but the \_\_\_\_\_ you envision for the coming contract period.” How will the \_\_\_\_\_ be supported (i.e., immediately at start-up or is the system capable of growth up to \_\_\_\_\_)?

Immediately at start-up, the proposed GTECH \_\_\_\_\_ will support

19. Section 7.6-25 of the Proposal states that in an instance where both \_\_\_\_\_ at the Primary Data Center (PDC) are disabled, failover from the PDC to the Backup Data Center is manually moderated (“with operator intervention”). Can the failover be achieved with no operator action at all from the PDC if that site is completely out of service?

Yes. Failover from the Primary Data Center to the Backup Data Center can be achieved with no operator action from the Primary Data Center at all, should the site be completely out of service.

20. Page 7.6-50 of the Proposal states: “In the future, should the TLC ever need additional interfaces and integration, for example, with outside third-party entities, GTECH can *potentially* offer \_\_\_\_\_ B2B for extensible connectivity to the \_\_\_\_\_ through open interfaces that can be tailored to each individual third-party interface requirement for transaction processing.” (emphasis added). Is this application feature included in GTECH’s base proposal or an offered/invited option?

This application feature is included in GTECH’s base proposal.

21. Page 7.6-79 of the Proposal. Can the system support simultaneous promotions on the same game to incent the clerk and player?

Yes. The proposed system can 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 proposed system can support more than one promotion at a time on the same game with the same trigger.

22. Pages 7.6 - 94-99 of the Proposal. Are the items referred to on these pages included in the base system proposed or part of the Renaissance Program?

The following items, which appear on pages 7.6 – 94-99, are included in the base system proposed:

- 7.6-94, Verification of Player Eligibility.
- 7.6-95, Subscription Length.
- 7.6-95, Merging Subscription Plays.
- 7.6-95, Funding Subscriptions.
- 7.6-96, Winner’s Identification.
- 7.6-96, Winner Payments.
- 7.6-96, Renewal Notices.

- 7.6-96, Change Tracking.
- 7.6-97, Advanced Play Adjustments.
- 7.6-97, Subscription Account Management by the Lottery.
- 7.6-98, How Web-Based Second Chance Drawings Work.

The following item is not included in the base system price, rather, it is being offered as part of the optional Renaissance Program:

- 7.6-99-100 How the Renaissance Card Works.

**23. Pages 7.6 - 108-113 of the Proposal. Are the GTECH G2 Games included in the base system proposed or part of the Program?**

GTECH G2 Games, which are described in pages 7.6-108-113 of the proposal, are offered as part of the optional Program, and therefore not part of the base system price.

**24. Page 7.9-14 of the Proposal states: "We take the information from these systems and load the data into a structured format within the data warehouse." How frequently is transaction data exported to the data warehouse?**

Transaction data is transferred to the data warehouse in near real time (on average within two [2] minutes).

**25. Page 7.10-4 of the Proposal states: "The typically uses a continuous balancing approach, which audits and balances the against the GTECH at each checkpoint." What is the typical checkpoint schedule?**

The typical checkpoint schedule to audit and balance the ( against the GTECH

. However, checkpoint timing is configurable and can be adjusted according to the Texas Lottery's requirements.

**26. Page 7.11-3 of the Proposal states: "[p]rovides (the) ability to customize message content such as weather alerts, AMBER/Silver/Blue Alerts, as well as news and other emergency messages as required." Please clarify if the include weather and local/national news.**

will include weather and local/national news, once the requirements for providing these services are clearly defined. For example, it will be important to understand the source of the updates for each market, the frequency of updates, the message formats for updates, and the associated cost, if any, of providing the information.

27. Page 7.11-14 of the Proposal states: “Our proposed system will continue to process all tickets produced during the term of the existing contract without issue. No license is required to process these tickets using the current method. For tickets produced during the new contract period, GTECH is pleased to propose an alternative: a new, two-scan, self-check ticket checking process based on our patent.... Because GTECH owns this patent, there will be no need to procure a license from any third party.” Please confirm GTECH will continue to license and print the PDF417 barcode under the new contract if required by TLC.

GTECH will continue to license and print the PDF417 barcode under the new contract, if required by TLC.

28. Page 7.11-19 of the Proposal states: “In the current pilot test of the system in Texas, our analysis shows that is 97 percent more accurate at predicting inventory levels than any other method in use today.” Please provide test results, together with related documents, to support this statement.

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- 29. Page 7.11 -26 of the Proposal states: “The download will typically take place without interfering with any wagering or other functions of the terminal.” What does “typically” mean?**

The GTECH gaming system is configured so that downloads will not affect wagering or validation functions. When the time for a background download is not available, a foreground download process will be used, and the current show may be interrupted during the download time. This will not impact terminal wagering or validation functions.

**In what circumstances does a download interfere with any wagering or other functions of the terminal?**

There are no circumstances in which an content download will interfere with wagering or other functions of the terminal.

**When will downloads occur?**

All downloads will be at the direction and with the approval of the TLC. Typically, a new download will take place when there is a change or update to the content of the program.

- 30. Page 7.12-15 of the Proposal. Does the Altura GT 1200 SFT support all wired and wireless signage?**

**CONFIDENTIAL MATERIAL BEGINS HERE.**

**CONFIDENTIAL MATERIAL ENDS HERE.**

- 31. Page 7.12-50 of the Proposal. Please describe where the peripherals on the Altura GT1200 (i.e., key pad, smartcard reader [page 7.12-66]) are mounted?**

The Altura GT1200 offers flexibility with respect to where the keypad and smart card reader can be mounted. The external keypad comes in a 5-inch x 7-inch format, providing 35 programmable keys that plug into the PS/2 port at the rear of the terminal. The keypad can be configured in two ways:

- 1) It can be mounted to the right side of the Altura GT1200 Liquid Crystal Display (LCD) using a snap-on keypad bezel, as depicted in Figure 7.12 – 29 on page 7.12-50.
- 2) It can sit on its own, and be positioned by the retailer on the retail countertop in the most advantageous position.

In New York, where the keypad has been deployed to more than 2,000 retailers, the snap-on bezel configuration is used exclusively. The smart card reader was designed to be used by either the retailer or a player and is therefore a discrete peripheral that can be positioned in the way that is most advantageous to the retailer or the player (depending on the application). The smart card reader is small, measuring 5.16 inches in length by 2.05 inches in width by 1.46 inches in height, with a 60-inch cable.



32. Page 7.12-66 of the Proposal states: “The Altura Family of Terminals play-slip scanners support ticket branding during validation transactions on the retailer sales terminals.” Please clarify what support is included and confirm that ticket branding is part of the base system and price proposed and will be available upon terminal installation.

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33. Page 7.12-108 of the Proposal states the Altura comes with 1 GB of flash memory. Please explain the memory availability and free space in terms of supporting additional online games and the ability to store advertising images, videos, and animations.

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34. Page 7.12-113 of the Proposal. Are all Player Activated Sales Terminals constructed for exposure in outdoor deployments (hardened for environmental conditions) upon rollout?

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35. Page 7.12-113 states the \_\_\_\_\_ “has a built-in \_\_\_\_\_ advertising screen.” The table on page 7.12-115 of the Proposal states the \_\_\_\_\_ is an “Option at the time of order.” Please confirm the \_\_\_\_\_ for the \_\_\_\_\_ terminal is included in the base system and price proposed.
- The \_\_\_\_\_ advertising screen on the \_\_\_\_\_ is included in the base system and price proposed.

36. Page 7.12-115 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 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?

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37. Page 7.12-122 of the Proposal states: "The number of Quick Pick push buttons can be upgraded quickly and easily: you can choose to include four, five, or six." Can you have Powerball and Powerplay on the same button? If yes, how does it work?

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38. Page 7.12-156 of the Proposal states the Mobile Handheld Terminal employs a wireless cell technology service (General Packet Radio Service). Are there locations around Texas where the service could be unreliable?

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39. Page 7.12-159 of the Proposal states: "In training mode, transactions that generate ticket facsimiles remove the game logo and replace it with 'Void,' 'Demo,' 'Not for Sale,' or equivalent." Page 6.8-13 of the Proposal states: "No physical tickets will be printed in training mode." Please confirm if physical tickets are produced in training mode.

Yes, physical tickets are produced in training mode as outlined on page 7.12-159. Section 6.8 refers to standalone training terminals that are not connected to the central system. These terminals can produce physical tickets with markings stating that they are not valid tickets. With GTECH's application, described in Sections 7.12 and 6.8, no physical tickets are produced. At the direction of the TLC, the production of tickets for either scenario (online or standalone) can be disabled.

- 40. Page 7.12.2-9 of the Proposal states: “The 15 locations and numbers of FSTs deployed are shown in the following figures.” Figure 7.12.2-5 of the Proposal depicts 13 locations and Figure 7.12-10 of the Proposal identifies 16 locations. Please clarify these discrepancies.**

The figures GTECH presented in its proposal in Section 7.12 contain typographical errors. The correct number of locations for FST deployment is fourteen (14), as represented in the table below.

<b>Locations</b>	<b>FSTs</b>
El Paso	2
Lubbock	3
Abilene	5
Waco	3
Tyler	6
Corpus Christi	2
Victoria	2
San Antonio	6
McAllen	3
Austin	5
Houston West	10
Houston East	9
Dallas North	9
Fort Worth	8

- 41. Page 7.12.2-10 of the Proposal states: “We also increased the overall number of FSTs to improve responsiveness to high-volume retailers and position the TLC for the coming impact of \_\_\_\_\_ on retailers.” Why is more staff needed to \_\_\_\_\_**

Additional support staff will be required to maintain an increased amount of deployed communications equipment. Currently, GTECH supports Very Small Aperture Terminal (VSAT) equipment for less than 8,000 retailers in Texas; this includes satellite dishes, indoor units, outdoor units, and radios. Our proposed network solution will require GTECH to support communications equipment at more than 98 percent of Texas retailers, including the addition of cellular technology.

- 42. Page 7.12.2-18 of the Proposal states: “GTECH will establish a more stringent threshold of three calls in a 90-day period to begin monitoring and escalate emerging chronic problems for prompt resolution and followup.” Page 7.12.2-19, numbers 2, 4 and 5 of the Proposal reference a 30-day period. Will calls be monitored over a 30-day period, a 90-day period, or both?**

GTECH will monitor calls for both time periods using different criteria. Retailers that make a telephone call to the NRC for the same problem three (3) times or more during a thirty (30)-day period will trigger escalation for investigation of a chronic problem. Retailers that have a Field Service Technician dispatched three (3) times during a ninety (90)-day period, regardless of cause, will also trigger escalation for investigation of a chronic problem.



- 43. Page 7.13-20 of the Proposal refers to silent monitoring of calls handled by GTECH Texas call center staff. Can silent monitoring be performed on Texas calls taken at the Rhode Island call center? Also, please confirm that all Texas calls will be monitored regardless of where they are routed.**

Yes. Silent monitoring of Texas Lottery calls can be performed at both the Texas and Rhode Island call centers. All Texas Lottery calls will be monitored regardless of where they are received.

- 44. Page 7.13-32 of the Proposal states: "We currently have 104 call center associates trained to respond to Texas Lottery retailers...." However, the GTECH Texas Organizational Chart identifies 26 call center associates. Please clarify.**

The 104 Call Center Associates referenced in our proposal refers to the total number of associates who are fully trained and qualified to handle Texas calls. These individuals are located at both the Texas and Rhode Island call centers. The 26 Call Center Associates identified in the GTECH Texas Organizational Chart represent the estimated Full Time Equivalents (FTEs) required to support the service levels required in Texas.

- 45. Page 7.14-14 of the Proposal. Nominal bandwidth varies widely across different communications media. For example, \_\_\_\_\_ is much slower than the others. How do different communications media affect the ability for retailers to get normal downloads, emergency downloads and perform daily operations?**

Retailers receive normal and emergency downloads at different speeds, depending upon the communications media employed. Daily operations are not affected by communications speed. GTECH's background download technology enables it to manage both normal and emergency downloads to adjust for variations in speed at which retailers receive downloads.

The proposed communications solution, which includes VSAT, \_\_\_\_\_ employs fielded, well-proven, accepted, and industry-standard technologies that are used by lotteries worldwide. Although these technologies differ in terms of bandwidth, there will be no adverse operational impact.

- 46. Page 7.14-16 of the Proposal states: "The network will have adequate bandwidth and lines for connectivity to and between all designated Texas Lottery facilities...." Will more than one lottery share receiver space on the satellites or will the bandwidth be reserved specifically for TLC? Are there potential performance conflicts (for example, when lotteries are doing downloads simultaneously) and if so, how will they be mitigated?**

Connections to Texas Lottery facilities and the retailer network are two unique offerings utilizing different technologies. The inter-site lines between facilities will be based on \_\_\_\_\_ or \_\_\_\_\_

\_\_\_\_\_ rather than satellite. These links are dedicated and sized per facility, depending upon the number of users and the amount of data required to ensure that operations are successful and without bottlenecks.

The satellite, or retailer, side of the network uses dedicated, non-preemptible, space-segment bandwidth specifically provisioned and dedicated to the Texas Lottery's retail network. Separate feeds at the HUB locations also have dedicated, redundant bandwidth to connect to the primary and backup data centers. Careful planning and monitoring is in place to ensure the Texas Lottery will always have the bandwidth necessary for any download requirements, independent of any other lotteries' activity. This standard is in place at all jurisdictions across the U.S., and has proven to meet or exceed reliability requirements of networks currently using satellite services.

Network Operations personnel have a rigorous Request for Change process and standard operating procedures that take all downloads into consideration to manage and avoid any conflicts, including sudden or unusual circumstances requiring immediate action. GTECH is prepared to share its network planning with the TLC at any time, especially in preparation for a download.

- 47. Page 7.14-16 of the Proposal references three satellites. Exhibit 15, page 3 and Figure 7.14-3 of the Proposal show two satellites. Please clarify the number of satellites being proposed.**

GTECH's offered solution for the Texas Lottery includes three satellites. The second graphic is incorrect, and was presented to show diversity and redundancy. GTECH's offering will use

- 48. Page 8.4-4 of the Proposal states: "We are adding two Senior Sales, Merchandising, and Business Development Managers...." Figure 8.4-3, Regional Sales Team, North shows one Senior Sales, Merchandising, and Business Development Manager and Figure 8.4-4, Regional Sales Team, South shows two Senior Sales, Merchandising, and Business Development Managers, for a total of three. Please clarify.**

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49. Page 8.4-13, Figure 8.4-11 of the Proposal identifies GTECH's proposed Retailer to LSR staff ratio as 127:1. The GTECH Texas Organizational Chart shows 108 LSR routes (51 North, 57 South). Assuming 16,648 retailers (from Figure 8.4-11), the Retailer to LSR staff ratio would be 154:1. Please explain how you determined the number of LSRs, the ratio of LSRs, and how swing representatives will fit in.

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50. Page 8.4-102 of the Proposal. How is the tag associated with the returns bag?

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51. Page 8.6-19 of the Proposal. How many promotional trailers are being proposed?  
GTECH is proposing a total of twelve (12) promotional trailers.



**52. Page 8.7-30 of the Proposal states: “ systems will be distributed across Texas to Lottery retailers selected based on analysis....” Page 7.12-65 of the Proposal states: “Included in our base offer where is not desired or not a viable option....” Section 7.12, Detail Requirement #15 of the RFP states: “All Retailer Sales Terminals must provide [emphasis added] a customer-oriented video display (flat-panel monitor) to communicate the outcome of each transaction conducted.... In retailer environments, where displays (flat-panel monitors) capable of video broadcast cannot be deployed, a customer oriented display must provide....” Please explain what systems will be provided to retailers and how the systems will be distributed in relation to the RFP requirement.**

GTECH will distribute flat-panel monitors to all retailers that accept this solution. The flat-panel monitor will display a customized show that, at minimum, will provide:

- Sales transaction data.
- Validation data including winning, non-winning, and prize amount data if applicable.
- Video.

In retail environments where the flat-panel monitors cannot be deployed due to retailer preference or space constraints, a customer-oriented video display unit (GTECH's Vacuum Fluorescent Display [VFD]) will be deployed. GTECH's VFDs will provide:

- Sales transaction data.
- Validation data, including winning, non-winning, and prize amount data if applicable.

**53. Page 8.8-31 of the Proposal states: “A license that will let designated PrimeLocation users provide LSRs with detailed predictive sales reports. This license is available as an Offered Option.” Please provide further details about what is included in this option.**

An individual license must be purchased in order for each user to use the Nielsen Claritas PrimeLocation tool. The PrimeLocation tool provides LSRs and sales team members access to the Nielsen Claritas PrimeLocation database and retailer parameters via GTECH's solution and is used almost exclusively for recruiting new retailers. With this functionality, licensed LSRs and sales team members will be able to receive parameters for current and potential new retailers in real time. These parameters include:

- Consumer behavior patterns.
- Demographics.
- Propensities.
- Market analyses.
- Retailer attributes (such as predicted foot traffic).

will provide GTECH LSRs the functionality required to obtain predictive sales analyses for prospective retailers. Providing LSRs with access to the Nielsen Claritas PrimeLocation tool will allow predictive sales model results to be updated in real time.



- 54. Page 8.8-42 of the Proposal states: “Dan is responsible for administering market research to support GTECH’s worldwide strategic marketing....” Please explain Mr. Morales’ duties/responsibilities with respect to the Texas Lottery and the allocation of his time to the Texas account versus other corporate responsibilities.**

Mr. Morales is a Texas-based analyst who will allocate 100 percent of his time to servicing the Texas Lottery. He will conduct market research to support Texas product, distribution, recruitment, and new business development initiatives, as well as special projects assigned by the TLC. Dan will also assist in developing and defining new solutions to effectively enhance GTECH’s market research efforts.

- 55. Page 10.1-10 of the Proposal states: “...[w]e will perform approximately two weeks (two invoice periods) of parallel processing,” but page 10.4-7 states: “More than 36 months of historical data will be available within the Data Warehouse for reporting along with a full 45 days of transactions processing....” Please clarify the period for parallel processing.**

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**56. Page 10.3-19 of the Proposal. Potentially how many other sites are supported at the NRO? How will the NRO operate?**

During the scheduled timeframe of the Texas deployment, the GTECH NRO Operations Center (primary) in Rhode Island is planning to support only one (1) additional project, the Illinois conversion. Although two conversions will be supported in the same location, Texas will have its own team, entirely separate and dedicated to the Texas conversion.

The GTECH NRO is organized to manage concurrent conversions with no risk to the delivery quality or schedule. For example, we recently completed a concurrent network and POS deployment in New York and New Jersey, consisting of more than 24,000 POS locations and 100,000 peripherals. While the teams will share a common Operations Center and management systems, the management applications and databases are separate from one another. In addition, all retail installations conducted in Texas will be performed by a team of installers entirely dedicated to the Texas conversion.

For the Texas deployment, the NRO will operate out of the primary management consolidation point in Rhode Island. Functions performed from this location will include, at a minimum, scheduling training and installations with retailers, managing installer schedulers, troubleshooting installations, check-ins and check-outs of installers to a retailer site, contractor management, report generation and management system maintenance.

**57. Page 10.4-47 of the Proposal states: "GTECH will utilize its proven NRO, including a Texas-based War Room...." However, page 10.3-20 states: "[t]he War Room will be located in Rhode Island...." Please clarify where the war room will be located.**

The Rhode Island Operations Center will serve as the location of the primary war room and management consolidation point for the network and POS deployment in Texas. A backup war room will be established in Texas with real-time access to information available in the Rhode Island war room.

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

If selected as the Apparent Successful Proposer, GTECH will meet the Texas Lottery's August 31, 2011, conversion date. A revised Conversion Milestones Schedule is attached as **Exhibit 5, Conversion Milestones Schedule**.

**59. 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 GTECH will handle such responsibilities. The Strategic Plan is available at:  
[http://www.txlottery.org/export/sites/default/About\\_Us/Publications/Strategic\\_Plans.html](http://www.txlottery.org/export/sites/default/About_Us/Publications/Strategic_Plans.html)**

GTECH has read and understands the definition of "route sales" outlined in the TLC's 2011-2015 Strategic Plan. GTECH's route management solution is described in detail in Section 8.2, pages 65-71, in response requirement 79.4.

Thank you for the opportunity to provide clarifications to your questions. Should you have any further questions or require additional information, please contact me at any time. I look forward to hearing from you, and once again, thank you for your time and consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Joe Lapinski".

Joe Lapinski  
Deputy Account Development Manager

Attachments



EXHIBIT 1  
TEXAS OPTIONS

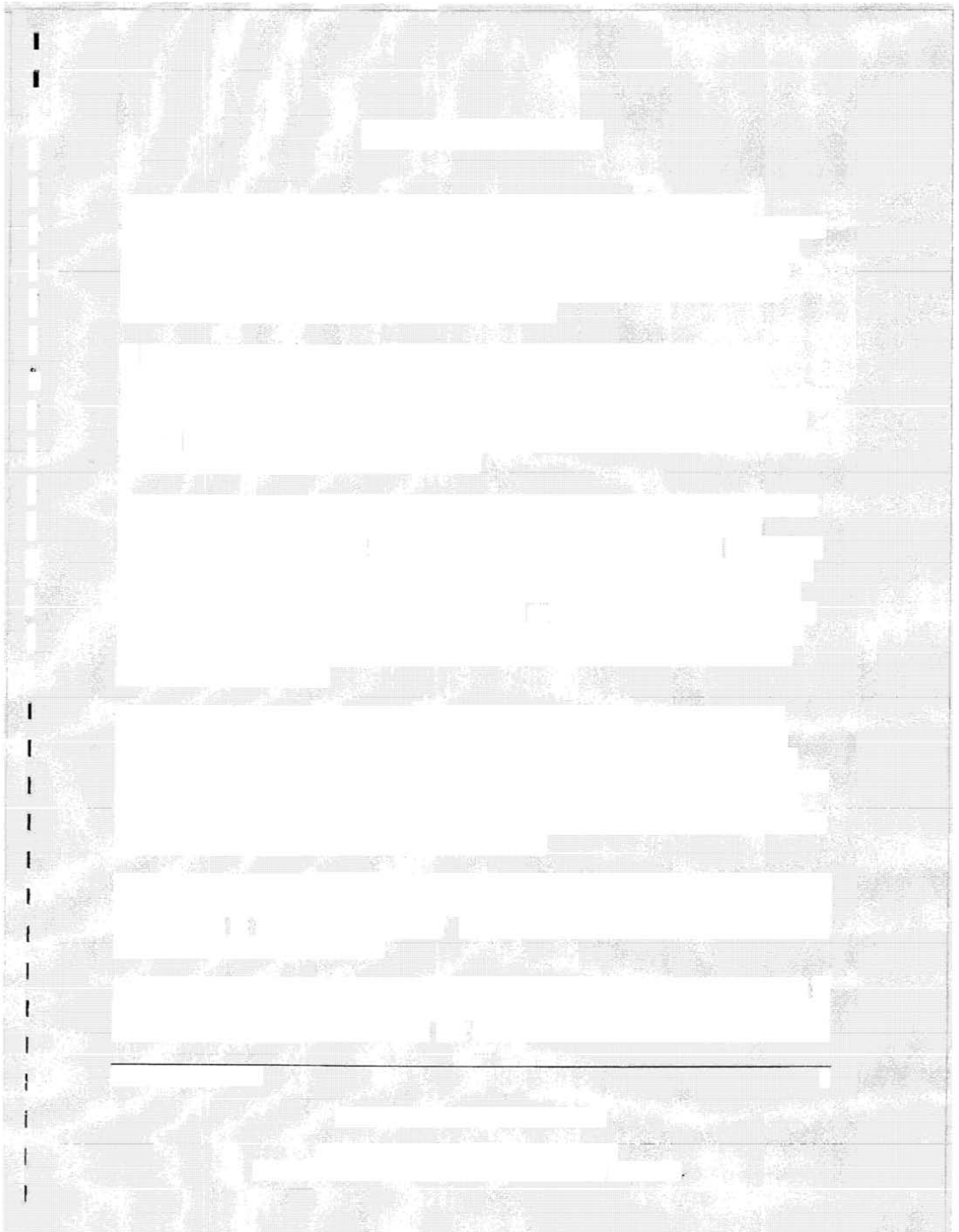
GTECH Corporation  
Texas Options

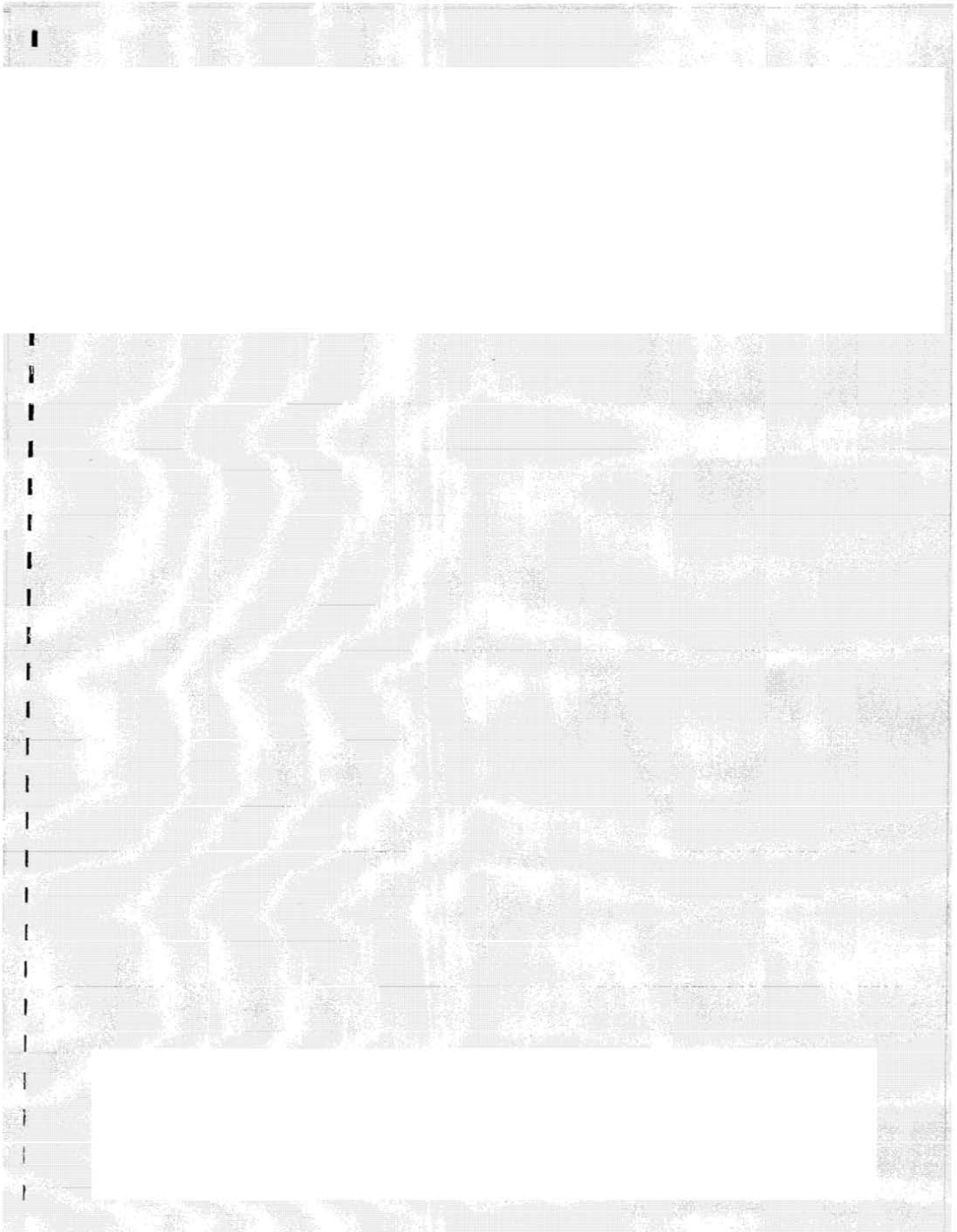
<u>Option Description</u>	<u>Included in Base Pricing</u>	<u>Proposed for an additional charge</u>
<u>Texas Lottery-Specified Options</u>		
In-lane Solutions		✓
<u>Texas Lottery-Invited Options</u>		
Single Instant Ticket Accounting	✓	
Specialty Terminals and Equipment		✓
<u>Offered Options</u>		
Mobile Classroom Training		✓
Lottery Learning Link		✓
GamePro	✓	
Jackpot Signs		✓
Easy Play Cards		✓
IGI Printing and Distribution (Promotional Cards)		✓
Smart Count	✓	
Wireless Barcode Reader		✓
Instant Showcase		✓
Texas Lottery Super Retailer Play Center		✓
Renaissance Player Card		✓
Lottery Service Portal (Retailer Website)	✓	
Automated Tool to Manage Retailer Management Workflow		✓
Printer Mount		✓
Terminal Mounted Keypad		✓
Keno		✓
Flat Screen Displays of G2 Game Library		✓
Next Generation Playstation		✓
Customized to Texas Playstation		✓
Customized Instant Ticket Dispensers		✓
Admart Neon Signs		✓
Color Starlight LED Displays		✓
<u>Prime Location Licenses for Lottery Sales Representatives</u>		
-Annual Price for First 20 User Licenses	✓	
-Annual Price for One (1) Additional Lottery User License		✓

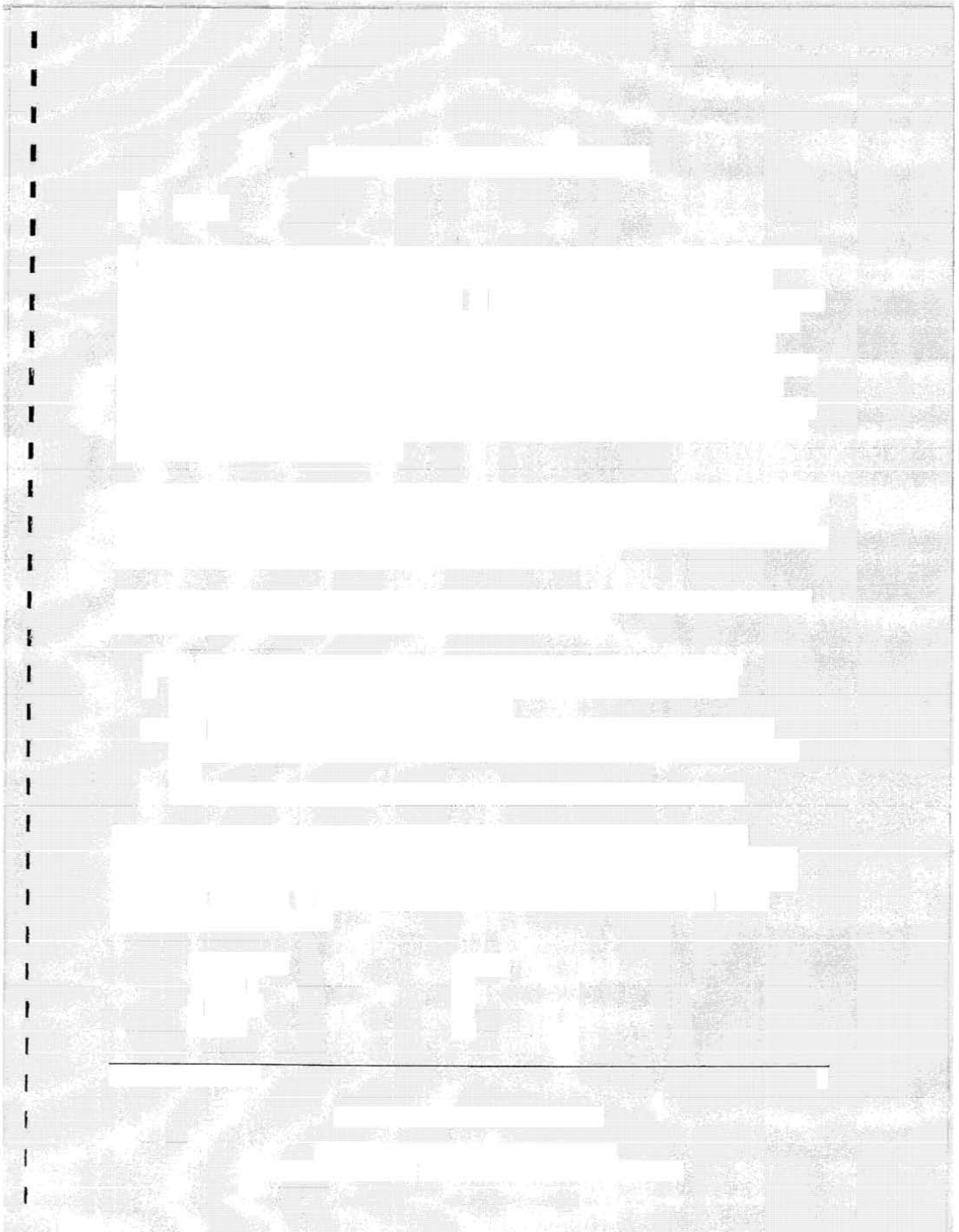


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This information is NOT to be distributed or displayed on any website.*

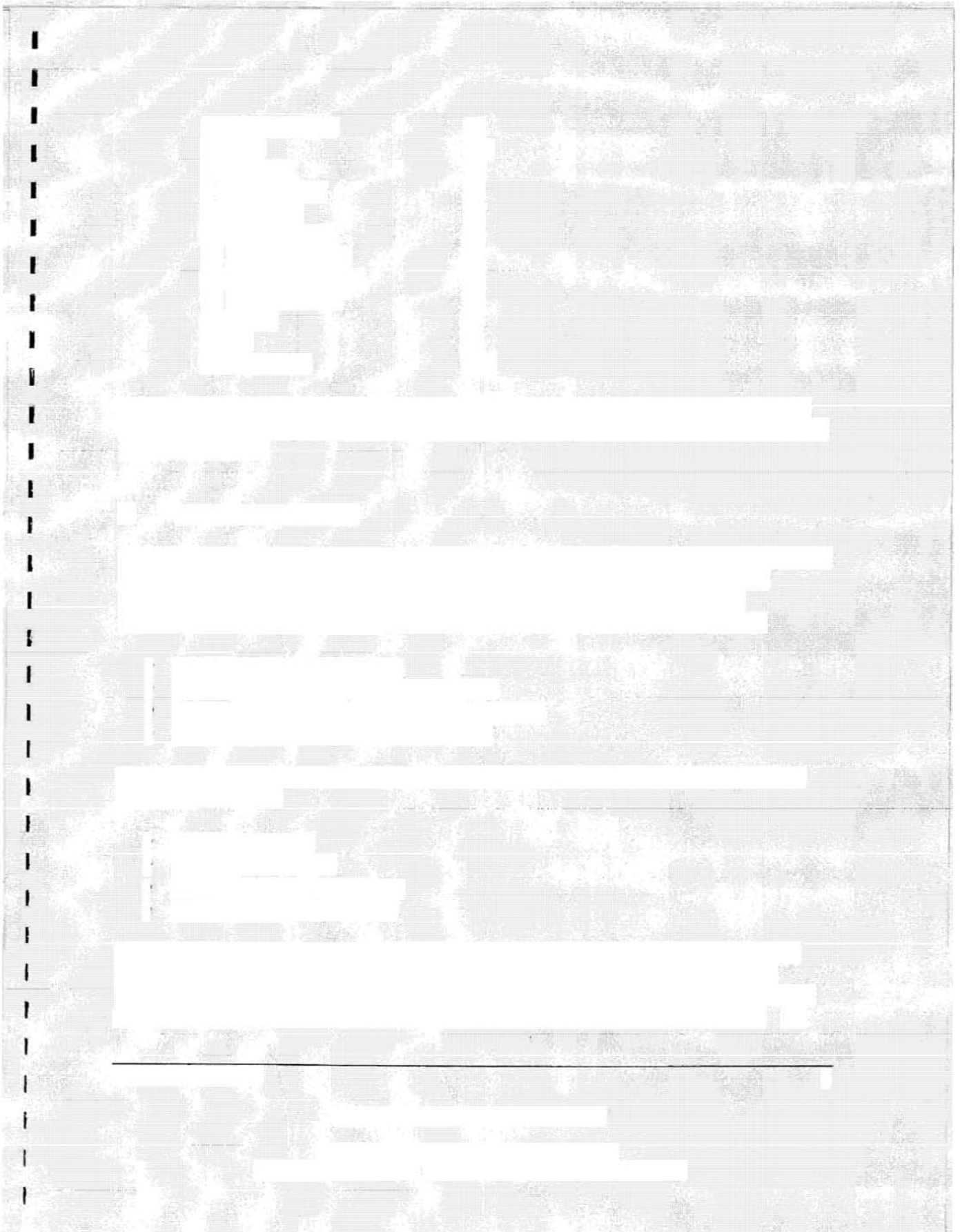


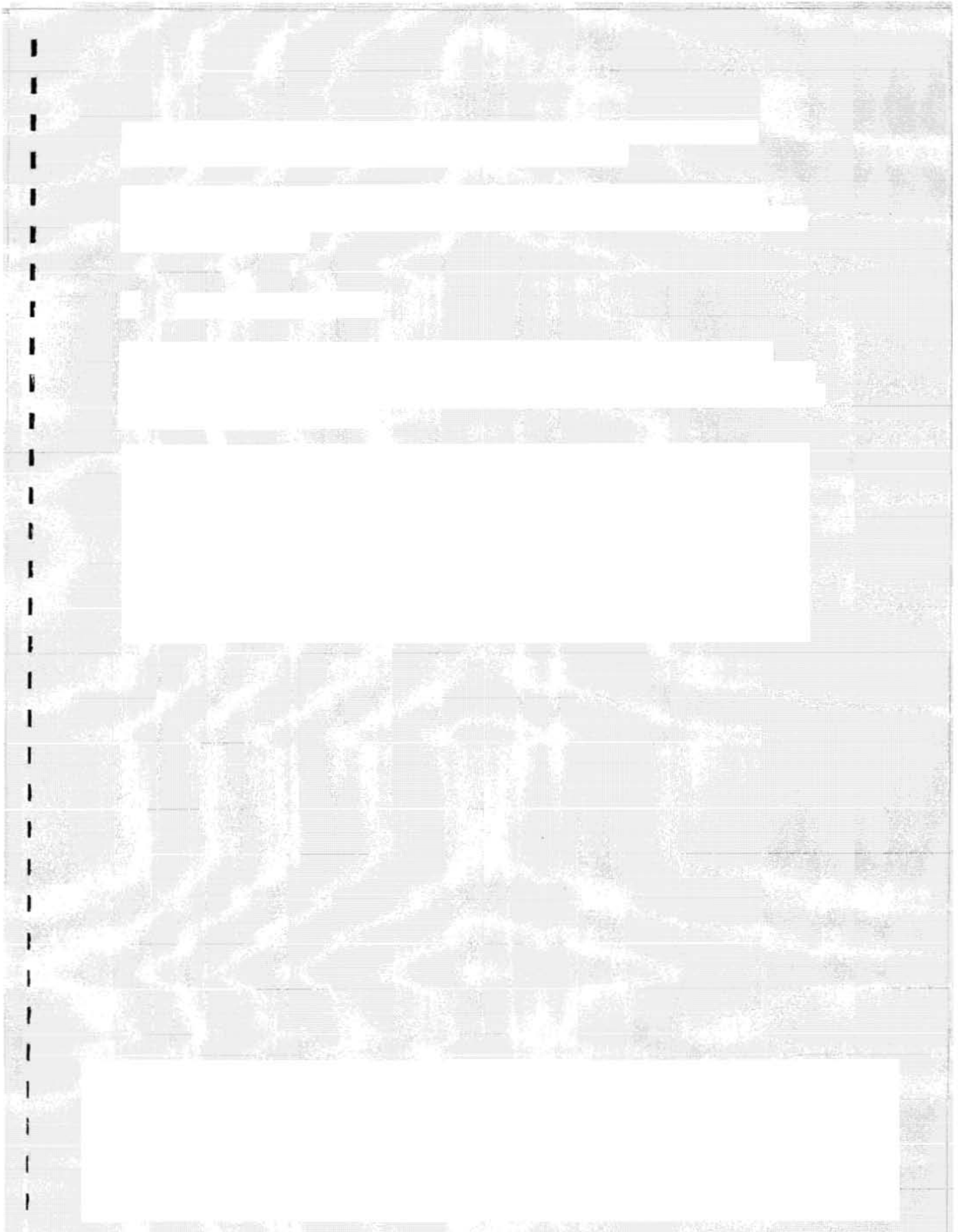


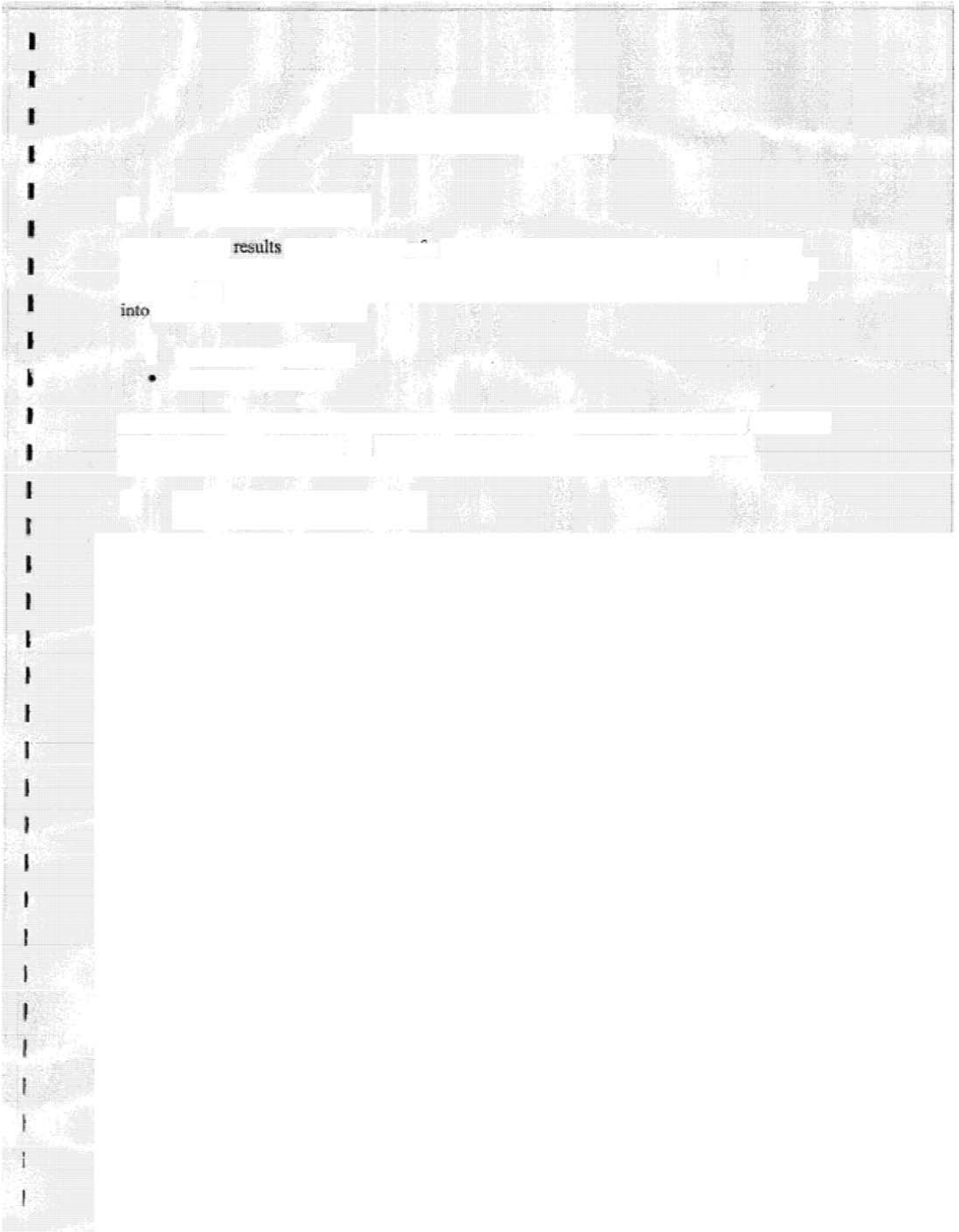




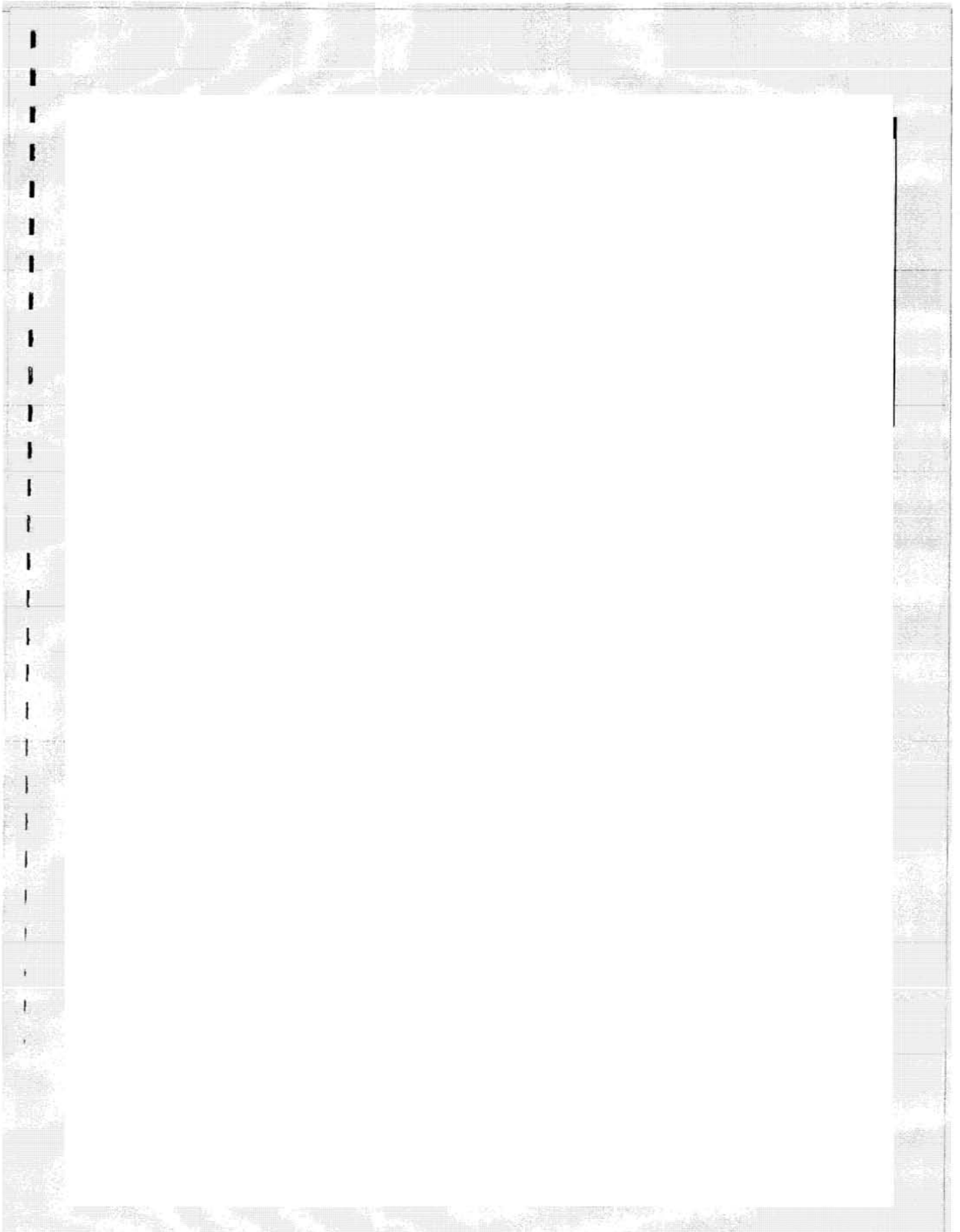


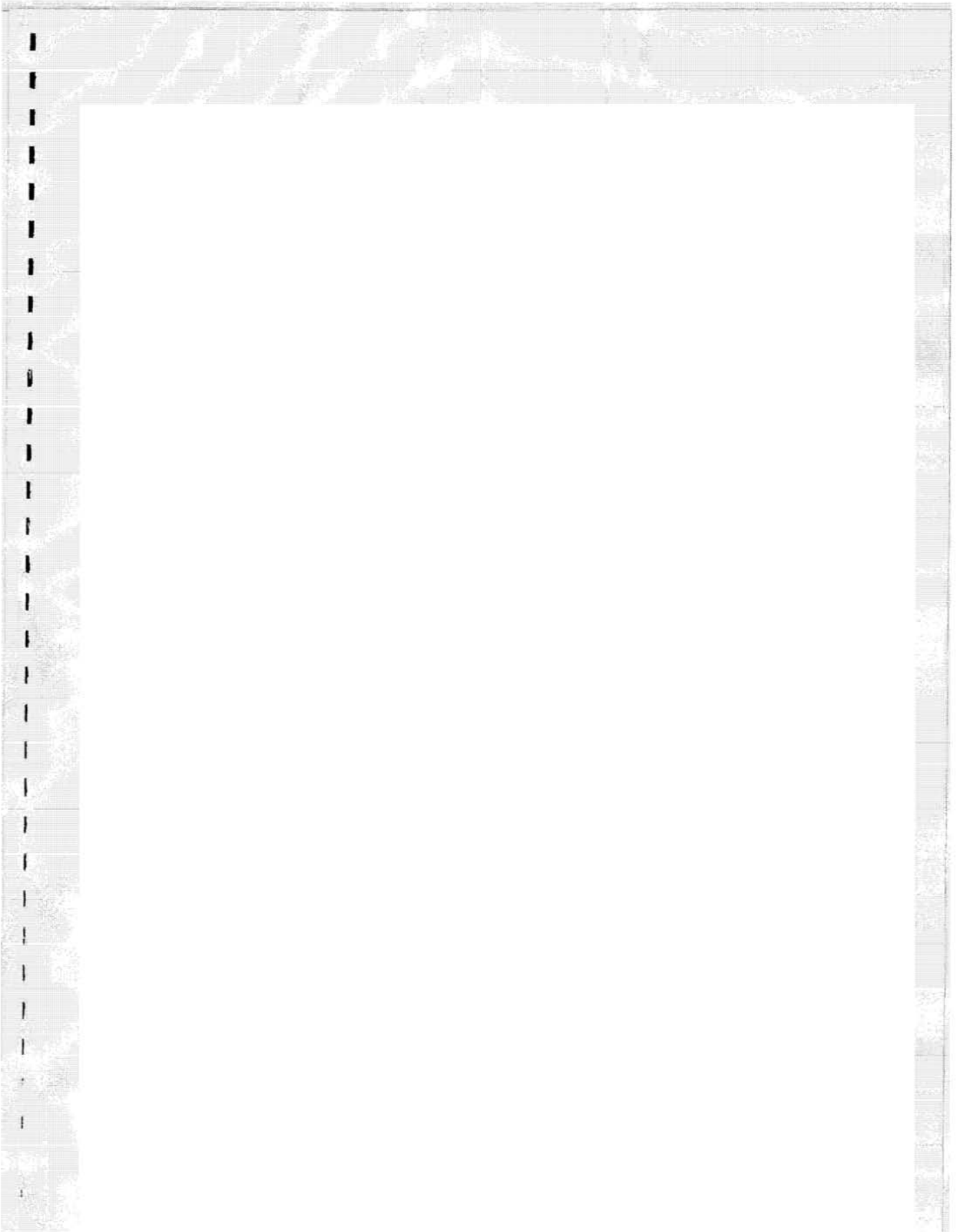


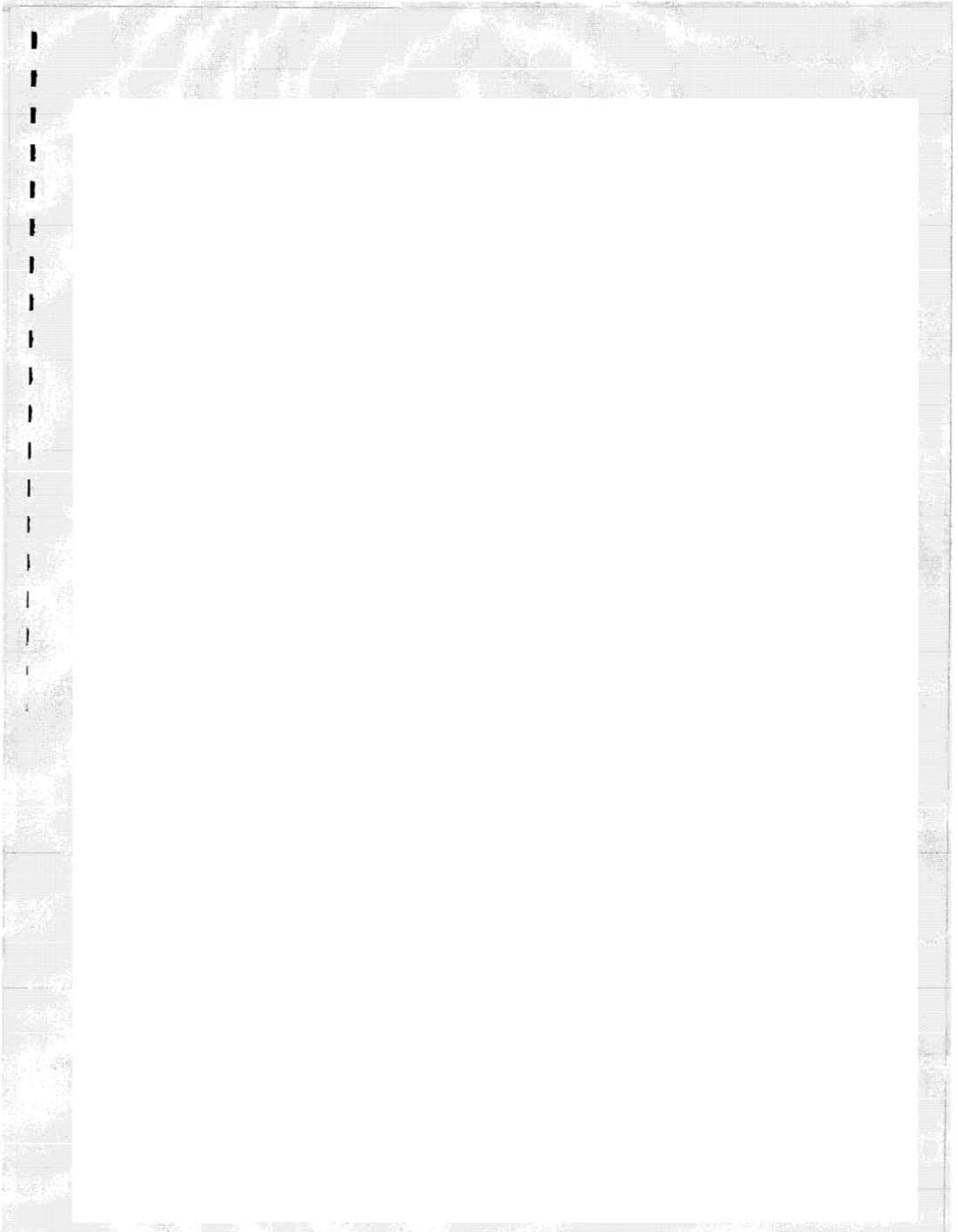




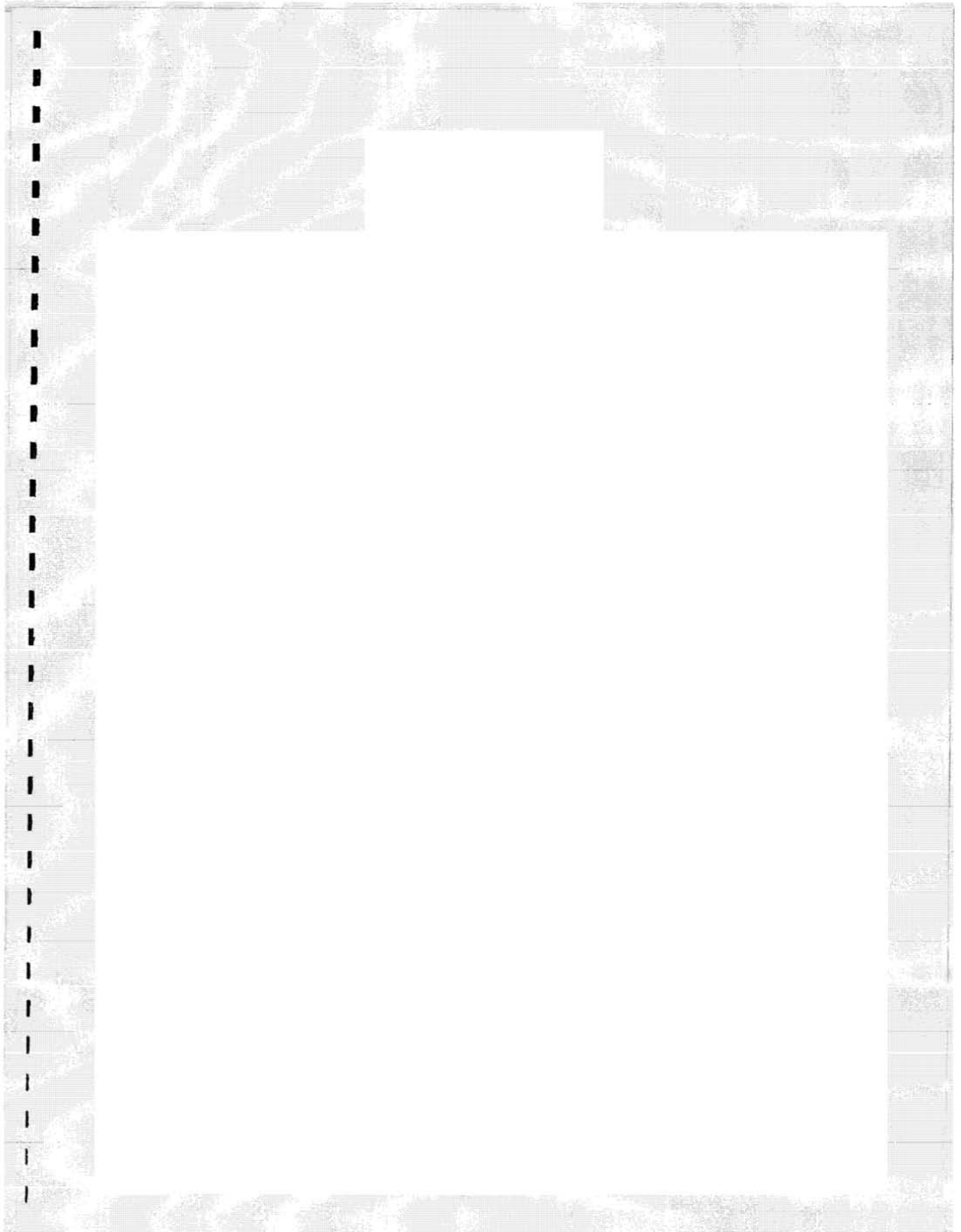


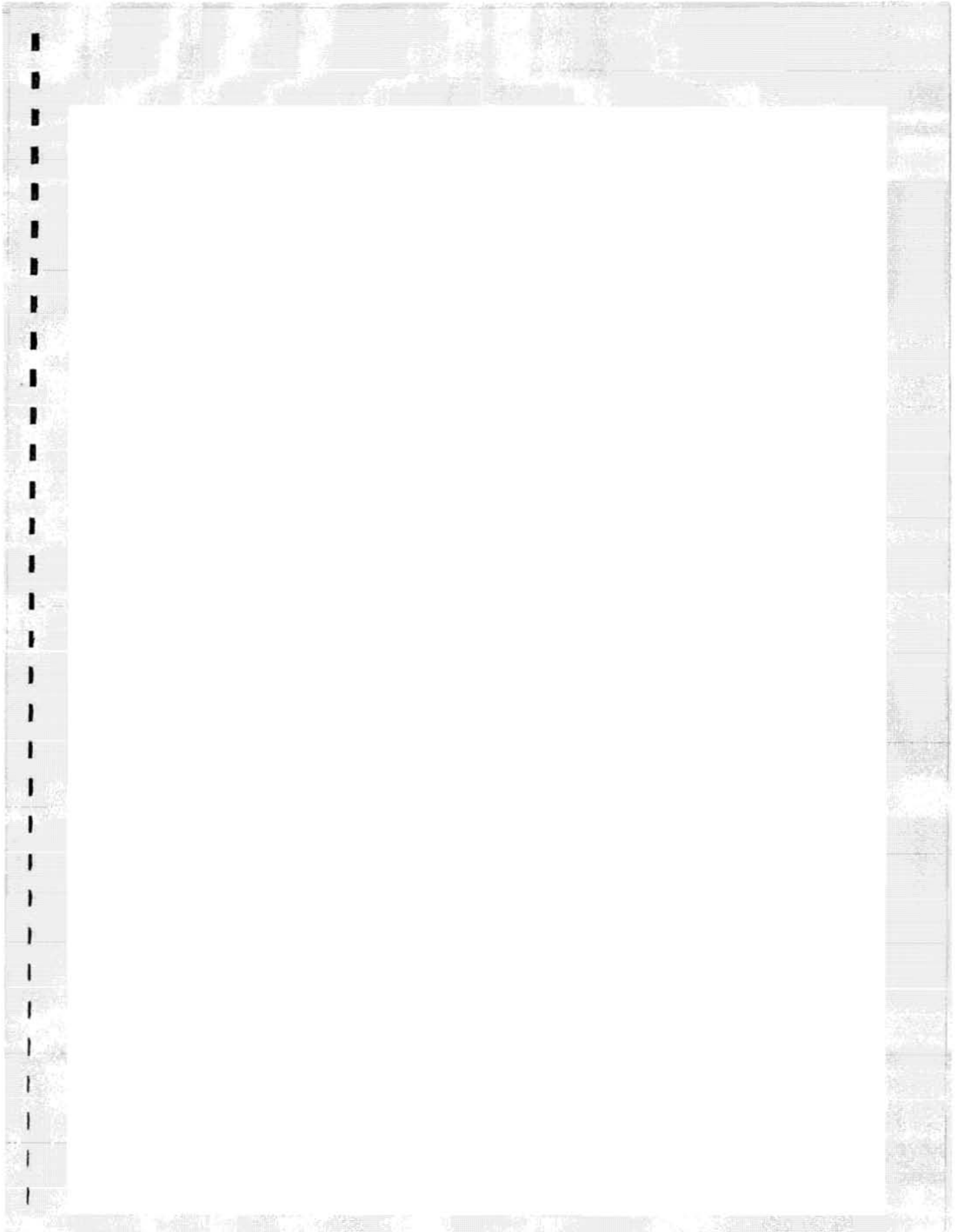


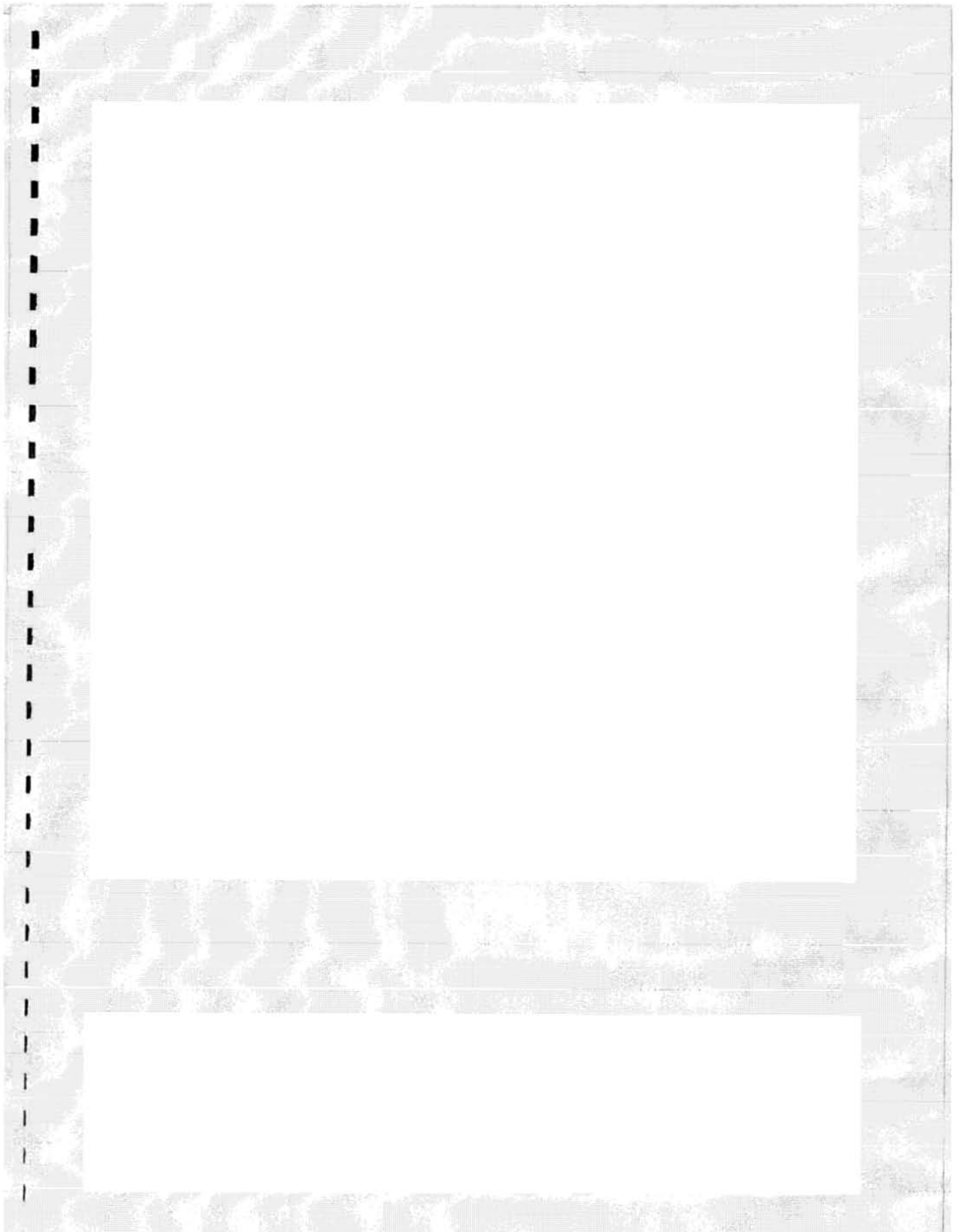




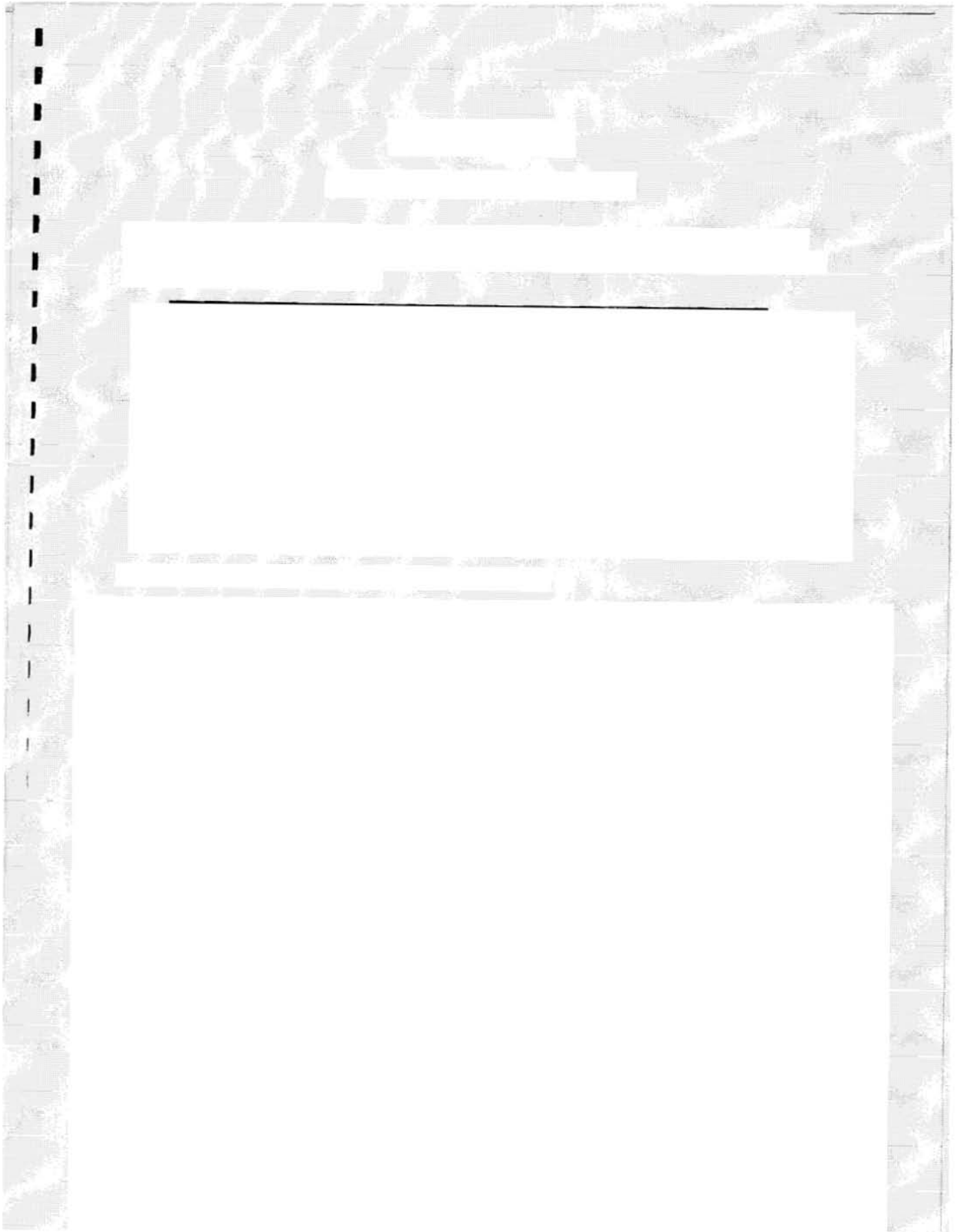












Observation Areas	Ratings			Totals*
	<i>High</i>	<i>Medium</i>	<i>Low</i>	
<i>SRS Documentation</i>	0	0	11	11

## EXHIBIT 3

Information Redacted 552.101/ 466.022/ 552.139/ 552.110



Information Redacted 552.101/ 466.022/ 552.139/ 552.110



**EXHIBIT 3**  
**GTECH**

Information Redacted 552.101/ 466.022/ 552.139/ 552.110



Information Redacted 552.101/ 466.022/ 552.139/ 552.110























RECEIVED  
2010 OCT 25 PM 2:48  
PURCHASING & CONTRACTS

October 25, 2010

Ms. Angela Zgabay-Zgarba, CTPM  
Contracts Administrator  
Texas Lottery Commission  
RE: Request for Proposals (RFP) for Lottery Operations and Services,  
RFP #362-10-0001; Request for Clarifications

Dear Ms. Zgabay-Zgarba:

GTECH respectfully submits the following responses to the Texas Lottery Commission's (TLC's) Request for Clarifications dated October 20, 2010:

- 1. The page immediately following GTECH's Cover Page contains a copyright notice and statement of confidentiality. This statement, among other things, purports to prohibit copying of GTECH's proposal. TLC reserves the right to copy the proposal for evaluation purposes. Although the TLC will not release any information during an open procurement process, once the procurement is officially closed (either contract award or cancellation), GTECH's proposal is subject to disclosure under the Texas Public Information Act.**

GTECH acknowledges that the Texas Lottery may copy its proposal for evaluation purposes and, after the close of the procurement process, copy and disseminate certain portions of GTECH's proposal in order respond to requests made under the Texas Public Information Act.

The copyright designation in GTECH's proposal serves only as notice to third parties that GTECH is the original author of the work. Nothing in GTECH's Cover Page statement is intended to prohibit the Lottery from copying GTECH's proposal or disclosing portions of it in accordance with procurement rules, the Texas Public Information Act, the public interest and other applicable federal and state laws.

- 2. Some options are noted at an additional charge, others are noted as included in the base price and some are not indicated. Please provide a complete list of all options included in GTECH's base proposal and those available at an additional charge.**

A complete list of all options included in GTECH's base proposal and those available at an additional charge is attached as **Exhibit 1, Texas Options**.

3. **Page 10.1 – 2, Figure 10.1-1 of the Proposal states that the conversion is 80% complete and GTECH has achieved a third-party certification of the system from Deloitte & Touche. Please provide a copy of the certification letter.**

GTECH engaged Deloitte & Touche to certify the new, converted system. A copy of the report prepared by Deloitte & Touche, entitled Results of ES Independent Testing, dated July 2010, is attached as **Exhibit 2, Report Results of ES Testing**.

4. **GTECH's response to section 3.44 of the RFP (see Exhibit 14, Lottery Liquidated Damages through Calendar Year 2010) damages over \$100,000. Does the chart include both sanctions and liquidated**

Yes, Exhibit 14 includes both sanctions and liquidated damages.

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- 5. On page 4-8 of GTECH's proposal, it states (as CONFIDENTIAL):**

**CONFIDENTIAL MATERIAL BEGINS HERE.**



**CONFIDENTIAL MATERIAL ENDS HERE.**

- 6. Section 4.2.3, page 4-6, on Figure 4-3, please explain the seven-hour, go-live delay in Chile.**

Following a competitive procurement, GTECH converted its new customer, Chile Polla, from the system of the incumbent supplier, Intralot, to the GTECH system. As with all conversions, there were agreements between GTECH, Chile Polla and Intralot governing, amongst other things, file formats for data transfer from the Intralot system to the GTECH system. However, on the night of conversion, audits of files provided by the incumbent supplier turned up corrupt data as well as deviations from the previously agreed-upon file formats. As a result, GTECH had to spend the time necessary to address the corrupt data and incorrect file formats to ensure a conversion that would guarantee integrity of the data.

7. **Section 4.2.5.g states: "GTECH has never had a gaming license denied or revoked, or had any fines, penalties, sanctions, or liquidated damages assessed [sic] against its [sic] gaming license, contract, or operation." However, under Exhibit 10, "GTECH Corporation Fines," three fines and/or penalties were noted. Please clarify. Also, please provide an updated Exhibit 10, "Gaming Licenses Chart" with all changes shown through the date of your response to this request for clarifications.**

Although GTECH has never had a gaming license denied or revoked, the Lottery has correctly stated that the Company has, in fact, received a fine or penalty, as reflected in Exhibit 10, Fines, of GTECH's proposal.

Please disregard the inconsistency in GTECH's proposal response to Section 4.2.5(g), as this statement was made in error. Exhibit 10, as previously submitted, accurately reflects information related to each of the three fines GTECH has received. No additional fines have been assessed against GTECH since the date of proposal submission.

As requested, an updated chart of GTECH's gaming licenses is attached as **Exhibit 3, GTECH License Chart**. All changes since the date of GTECH's proposal submission have been highlighted in yellow for your convenience.

8. **Page 4-20 under Saysha Robinson's job description, the Proposal states: "Saysha will have accountability for all departments, including centralized services in Texas." However, the GTECH Texas Organizational Chart indicates that Tom Stanek and Daisy Bolivar report directly to Joe Lapinski. Will all departments and personnel report directly to Saysha Robinson as the Assistant General Manager and not to the General Manager?**

No. As reflected in the organizational chart, Tom Stanek and Daisy Bolivar will report directly to Joe Lapinski. As the Assistant General Manager for GTECH, Saysha Robinson will coordinate with management from the Data Center of the Americas, National Response Center, Field Services, and Software Support to ensure that all service levels required by the Texas Lottery are met. Administrative and audit staff at GTECH Texas will report directly to Saysha Robinson.

9. **Section 4.3.1, the GTECH Texas Organizational Chart indicates there are 11 Distribution Representatives reporting to Chuck Faulkner, Distribution Manager, but the Proposal on page 4-31 states: "Chuck supervises a group of 13 Instant Ticket Specialists." Please clarify how many representatives will report to Chuck Faulkner and their titles.**

The Organizational Chart is correct. There will be eleven (11) Distribution Representatives reporting to Chuck Faulkner. The eleven (11) Distribution Representatives will be assigned the titles of Instant Ticket Specialists I, II, or III, according to each individual's experience.

10. The Transition Team Organizational Chart shows Michael Thornton and Barbara Tedrow as co-Project Managers. On page 4-40, the Proposal states: "Barbara, working with Michael, will be the Texas-based project manager." (emphasis added). In addition, Section 10.1-25 of the Proposal identifies Ms. Tedrow as "...your full-time Conversion Plan Project Manager, [she] is and will remain an integral member of the Texas leadership team long after the project is done." Please clarify how Mr. Thornton's and Ms. Tedrow's project manager duties will be coordinated. Also, on page 10.1-27, the roles of Ms. Tedrow and Mr. Thornton appear to conflict with the roles defined in Part 4. Please explain their respective roles.

Barbara Tedrow will be the Project Manager responsible for the conversion in Texas and serve as the primary point of contact for Lottery staff to address all conversion activities. For large, complex conversions such as the one in Texas, it is common for GTECH to assign a secondary Project Manager to assist the primary Project Manager by acting as liaison between the Primary Project Manager and GTECH's many resource groups. We find that this accelerates the assignment of necessary resources for the project. In Texas, Michael Thornton will assume this role.

11. Page 6.8-45 of the Proposal states: "...[W]e are introducing a new position that will be held by 11 individuals throughout the state: Promotions and Training Representative." The GTECH Texas Organizational Chart in Section 4.3.1 and page 8.6-27 indicate there are 10 promotions and training coordinators/representatives. Please clarify how many promotions and training representatives GTECH is proposing.

The organizational chart is correct. GTECH proposes to add ten (10) Promotions and Training Representatives.

12. Page 7.3-20 of the Proposal states: "Through \_\_\_\_\_ we will be able to implement a new status indicating that a package of returns has arrived at the warehouse before our warehouse team has processed the package." Can you easily differentiate packages and identify those for manual returns?

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CONFIDENTIAL MATERIAL ENDS HERE.

13. Page 7.3-37 of the Proposal shows a \_\_\_\_\_ is proposed as an offered option. Is the \_\_\_\_\_ based on a particular commercial product?

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CONFIDENTIAL MATERIAL ENDS HERE.

What communications technology does the \_\_\_\_\_ use and what is the range?

The communications technology used on the proposed

14. Page 7.4-15 of the Proposal states: "Super Retailers can register player information for first-time claimants through the GTECH sales terminal." Is the terminal an Altura?

Yes. Super Retailers can register player information for first-time claimants through the proposed Altura® GT1200 terminal and Altura GT1200 Small Footprint Terminal (SFT). The optional Super Retailer Play Center, player portal, and lottery claim centers will provide additional means for players to register their information.

How is the first-time claimant information (i.e., name, address, date of birth, social security number) captured?

There are two ways in which first-time claimant information can be entered via the Altura GT1200 terminal's interface application. First, retailers can manually enter the information through the terminal's touch screen, and second, the terminal can scan driver's licenses to partially populate the database.

15. Page 7.4-40 of the Proposal describes check generation. Does the proposed check-generation system include a security verification routine for the

Yes. The proposed check-generation system includes a security verification routine for the \_\_\_\_\_. The security verification routine for the \_\_\_\_\_ is described on page 7.4-43 of GTECH's proposal.

16. Page 7.5-46 of the Proposal describes terminal groups and states: "... the Lottery may create a dynamic group...." Who will be responsible for establishing and managing all terminal groups (i.e., GTECH or TLC)?

GTECH will be responsible for establishing and managing terminal groups within the Lottery Gaming System, as defined by and under the direction of the TLC.

17. Page 7.5-52 of the Proposal shows the \_\_\_\_\_ is proposed as an offered option. Are there other lottery clients currently employing the \_\_\_\_\_

Yes. The California Lottery currently employs the \_\_\_\_\_



18. Page 7.6-11 of the Proposal states: "The \_\_\_\_\_ can support – as delivered – not only the \_\_\_\_\_ you need today but the \_\_\_\_\_ you envision for the coming contract period." How will the \_\_\_\_\_ s be supported (i.e., immediately at start-up or is the system capable of growth up to \_\_\_\_\_

Immediately at start-up, the proposed GTECH \_\_\_\_\_ will support

19. Section 7.6-25 of the Proposal states that in an instance where both \_\_\_\_\_ at the Primary Data Center (PDC) are disabled, failover from the PDC to the Backup Data Center is manually moderated ("with operator intervention"). Can the failover be achieved with no operator action at all from the PDC if that site is completely out of service?

Yes. Failover from the Primary Data Center to the Backup Data Center can be achieved with no operator action from the Primary Data Center at all, should the site be completely out of service.

20. Page 7.6-50 of the Proposal states: "In the future, should the TLC ever need additional interfaces and integration, for example, with outside third-party entities, GTECH can *potentially* offer \_\_\_\_\_ B2B for extensible connectivity to the \_\_\_\_\_ through open interfaces that can be tailored to each individual third-party interface requirement for transaction processing." (emphasis added). Is this application feature included in GTECH's base proposal or an offered/invited option?

This application feature is included in GTECH's base proposal.

21. Page 7.6-79 of the Proposal. Can the system support simultaneous promotions on the same game to incent the clerk and player?

Yes. The proposed system can 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 proposed system can support more than one promotion at a time on the same game with the same trigger.

22. Pages 7.6 - 94-99 of the Proposal. Are the items referred to on these pages included in the base system proposed or part of the \_\_\_\_\_ Program?

The following items, which appear on pages 7.6 – 94-99, are included in the base system proposed:

- 7.6-94, Verification of Player Eligibility.
- 7.6-95, Subscription Length.
- 7.6-95, Merging Subscription Plays.
- 7.6-95, Funding Subscriptions.
- 7.6-96, Winner's Identification.
- 7.6-96, Winner Payments.
- 7.6-96, Renewal Notices.



- 7.6-96, Change Tracking.
- 7.6-97, Advanced Play Adjustments.
- 7.6-97, Subscription Account Management by the Lottery.
- 7.6-98, How Web-Based Second Chance Drawings Work.

The following item is not included in the base system price, rather, it is being offered as part of the optional                      Program:

- 7.6-99-100 How the                      Card Works.

**23. Pages 7.6 - 108-113 of the Proposal. Are the GTECH G2 Games included in the base system proposed or part of the                      Program?**

GTECH G2 Games, which are described in pages 7.6-108-113 of the proposal, are offered as part of the optional                      Program, and therefore not part of the base system price.

**24. Page 7.9-14 of the Proposal states: "We take the information from these systems and load the data into a structured format within the data warehouse." How frequently is transaction data exported to the data warehouse?**

Transaction data is transferred to the data warehouse in near real time (on average within two [2] minutes).

**25. Page 7.10-4 of the Proposal states: "The                      typically uses a continuous balancing approach, which audits and balances the                      against the GTECH at each checkpoint." What is the typical checkpoint schedule?**

The typical checkpoint schedule to audit and balance the                      against the GTECH                      )

. However, checkpoint timing is configurable and can be adjusted according to the Texas Lottery's requirements.

**26. Page 7.11-3 of the Proposal states: "                      [p]rovides (the) ability to customize message content such as weather alerts, AMBER/Silver/Blue Alerts, as well as news and other emergency messages as required." Please clarify if the                      feeds include weather and local/national news.**

feeds will include weather and local/national news, once the requirements for providing these services are clearly defined. For example, it will be important to understand the source of the updates for each market, the frequency of updates, the message formats for updates, and the associated cost, if any, of providing the information.

27. Page 7.11-14 of the Proposal states: "Our proposed system will continue to process all tickets produced during the term of the existing contract without issue. No license is required to process these tickets using the current method. For tickets produced during the new contract period, GTECH is pleased to propose an alternative: a new, two-scan, self-check ticket checking process based on our patent.... Because GTECH owns this patent, there will be no need to procure a license from any third party." Please confirm GTECH will continue to license and print the PDF417 barcode under the new contract if required by TLC.

GTECH will continue to license and print the PDF417 barcode under the new contract, if required by TLC.

28. Page 7.11-19 of the Proposal states: "In the current pilot test of the system in Texas, our analysis shows that . is 97 percent more accurate at predicting inventory levels than any other method in use today." Please provide test results, together with related documents, to support this statement.

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- 29. Page 7.11 -26 of the Proposal states: "The download will typically take place without interfering with any wagering or other functions of the terminal." What does "typically" mean?**

The GTECH gaming system is configured so that downloads will not affect wagering or validation functions. When the time for a background download is not available, a foreground download process will be used, and the current show may be interrupted during the download time. This will not impact terminal wagering or validation functions.

**In what circumstances does a download interfere with any wagering or other functions of the terminal?**

There are no circumstances in which an content download will interfere with wagering or other functions of the terminal.

**When will downloads occur?**

All downloads will be at the direction and with the approval of the TLC. Typically, a new download will take place when there is a change or update to the content of the program.

- 30. Page 7.12-15 of the Proposal. Does the Altura GT 1200 SFT support all wired and wireless signage?**

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- 31. Page 7.12-50 of the Proposal. Please describe where the peripherals on the Altura GT1200 (i.e., key pad, smartcard reader [page 7.12-66]) are mounted?**

The Altura GT1200 offers flexibility with respect to where the keypad and smart card reader can be mounted. The external keypad comes in a 5-inch x 7-inch format, providing 35 programmable keys that plug into the PS/2 port at the rear of the terminal. The keypad can be configured in two ways:

- 1) It can be mounted to the right side of the Altura GT1200 Liquid Crystal Display (LCD) using a snap-on keypad bezel, as depicted in Figure 7.12 – 29 on page 7.12-50.
- 2) It can sit on its own, and be positioned by the retailer on the retail countertop in the most advantageous position.

In New York, where the keypad has been deployed to more than 2,000 retailers, the snap-on bezel configuration is used exclusively. The smart card reader was designed to be used by either the retailer or a player and is therefore a discrete peripheral that can be positioned in the way that is most advantageous to the retailer or the player (depending on the application). The smart card reader is small, measuring 5.16 inches in length by 2.05 inches in width by 1.46 inches in height, with a 60-inch cable.

32. Page 7.12-66 of the Proposal states: "The Altura Family of Terminals play-slip scanners support ticket branding during validation transactions on the retailer sales terminals." Please clarify what support is included and confirm that ticket branding is part of the base system and price proposed and will be available upon terminal installation.

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33. Page 7.12-108 of the Proposal states the Altura comes with 1 GB of flash memory. Please explain the memory availability and free space in terms of supporting additional online games and the ability to store advertising images, videos, and animations.

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34. Page 7.12-113 of the Proposal. Are all Player Activated Sales Terminals constructed for exposure in outdoor deployments (hardened for environmental conditions) upon rollout?

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35. Page 7.12-113 states the "has a built-in advertising screen." The table on page 7.12-115 of the Proposal states the is an "Option at the time of order." Please confirm the for the terminal is included in the base system and price proposed.

The advertising screen on the is included in the base system and price proposed.

36. Page 7.12-115 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 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?

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37. Page 7.12-122 of the Proposal states: "The number of Quick Pick push buttons can be upgraded quickly and easily: you can choose to include four, five, or six." Can you have Powerball and Powerplay on the same button? If yes, how does it work?

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38. Page 7.12-156 of the Proposal states the Mobile Handheld Terminal employs a wireless cell technology service (General Packet Radio Service). Are there locations around Texas where the service could be unreliable?

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39. Page 7.12-159 of the Proposal states: "In training mode, transactions that generate ticket facsimiles remove the game logo and replace it with 'Void,' 'Demo,' 'Not for Sale,' or equivalent." Page 6.8-13 of the Proposal states: "No physical tickets will be printed in training mode." Please confirm if physical tickets are produced in training mode.

Yes, physical tickets are produced in training mode as outlined on page 7.12-159. Section 6.8 refers to standalone training terminals that are not connected to the central system. These terminals can produce physical tickets with markings stating that they are not valid tickets. With GTECH's application, described in Sections 7.12 and 6.8, no physical tickets are produced. At the direction of the TLC, the production of tickets for either scenario (online or standalone) can be disabled.

40. Page 7.12.2-9 of the Proposal states: "The 15 locations and numbers of FSTs deployed are shown in the following figures." Figure 7.12.2-5 of the Proposal depicts 13 locations and Figure 7.12-10 of the Proposal identifies 16 locations. Please clarify these discrepancies.

The figures GTECH presented in its proposal in Section 7.12 contain typographical errors. The correct number of locations for FST deployment is fourteen (14), as represented in the table below.

Locations	FSTs
El Paso	2
Lubbock	3
Abilene	5
Waco	3
Tyler	6
Corpus Christi	2
Victoria	2
San Antonio	6
McAllen	3
Austin	5
Houston West	10
Houston East	9
Dallas North	9
Fort Worth	8

41. Page 7.12.2-10 of the Proposal states: "We also increased the overall number of FSTs to improve responsiveness to high-volume retailers and position the TLC for the coming impact of wireless technology on retailers." Why is more staff needed to support wireless technology?

Additional support staff will be required to maintain an increased amount of deployed communications equipment. Currently, GTECH supports Very Small Aperture Terminal (VSAT) equipment for less than 8,000 retailers in Texas; this includes satellite dishes, indoor units, outdoor units, and radios. Our proposed network solution will require GTECH to support communications equipment at more than 98 percent of Texas retailers, including the addition of cellular technology.

42. Page 7.12.2-18 of the Proposal states: "GTECH will establish a more stringent threshold of three calls in a 90-day period to begin monitoring and escalate emerging chronic problems for prompt resolution and followup." Page 7.12.2-19, numbers 2, 4 and 5 of the Proposal reference a 30-day period. Will calls be monitored over a 30-day period, a 90-day period, or both?

GTECH will monitor calls for both time periods using different criteria. Retailers that make a telephone call to the NRC for the same problem three (3) times or more during a thirty (30)-day period will trigger escalation for investigation of a chronic problem. Retailers that have a Field Service Technician dispatched three (3) times during a ninety (90)-day period, regardless of cause, will also trigger escalation for investigation of a chronic problem.

43. Page 7.13-20 of the Proposal refers to silent monitoring of calls handled by GTECH Texas call center staff. Can silent monitoring be performed on Texas calls taken at the Rhode Island call center? Also, please confirm that all Texas calls will be monitored regardless of where they are routed.

Yes. Silent monitoring of Texas Lottery calls can be performed at both the Texas and Rhode Island call centers. All Texas Lottery calls will be monitored regardless of where they are received.

44. Page 7.13-32 of the Proposal states: "We currently have 104 call center associates trained to respond to Texas Lottery retailers...." However, the GTECH Texas Organizational Chart identifies 26 call center associates. Please clarify.

The 104 Call Center Associates referenced in our proposal refers to the total number of associates who are fully trained and qualified to handle Texas calls. These individuals are located at both the Texas and Rhode Island call centers. The 26 Call Center Associates identified in the GTECH Texas Organizational Chart represent the estimated Full Time Equivalents (FTEs) required to support the service levels required in Texas.

45. Page 7.14-14 of the Proposal.

For example, \_\_\_\_\_ is much slower than the others. How do different communications media affect the ability for retailers to get normal downloads, emergency downloads and perform daily operations?

Retailers receive normal and emergency downloads at different speeds, depending upon the communications media employed. Daily operations are not affected by communications speed. GTECH's background download technology enables it to manage both normal and emergency downloads to adjust for variations in speed at which retailers receive downloads.

The proposed communications solution, which includes VSAT, \_\_\_\_\_ employs fielded, well-proven, accepted, and industry-standard technologies that are used by lotteries worldwide. Although these technologies differ in terms of bandwidth, there will be no adverse operational impact.

46. Page 7.14-16 of the Proposal states: "The network will have adequate bandwidth and lines for connectivity to and between all designated Texas Lottery facilities...." Will more than one lottery share receiver space on the satellites or will the bandwidth be reserved specifically for TLC? Are there potential performance conflicts (for example, when lotteries are doing downloads simultaneously) and if so, how will they be mitigated?

Connections to Texas Lottery facilities and the retailer network are two unique offerings utilizing different technologies. The inter-site lines between facilities will be based on \_\_\_\_\_ or \_\_\_\_\_  
These links are dedicated and sized per facility, depending upon the number of users and the amount of data required to ensure that operations are successful and without bottlenecks.



The satellite, or retailer, side of the network uses dedicated, non-preemptible, space-segment bandwidth specifically provisioned and dedicated to the Texas Lottery's retail network. Separate feeds at the HUB locations also have dedicated, redundant bandwidth to connect to the primary and backup data centers. Careful planning and monitoring is in place to ensure the Texas Lottery will always have the bandwidth necessary for any download requirements, independent of any other lotteries' activity. This standard is in place at all jurisdictions across the U.S., and has proven to meet or exceed reliability requirements of networks currently using satellite services.

Network Operations personnel have a rigorous Request for Change process and standard operating procedures that take all downloads into consideration to manage and avoid any conflicts, including sudden or unusual circumstances requiring immediate action. GTECH is prepared to share its network planning with the TLC at any time, especially in preparation for a download.

- 47. Page 7.14-16 of the Proposal references three satellites. Exhibit 15, page 3 and Figure 7.14-3 of the Proposal show two satellites. Please clarify the number of satellites being proposed.**

GTECH's offered solution for the Texas Lottery includes three satellites. The second graphic is incorrect, and was presented to show diversity and redundancy. GTECH's offering will use

- 48. Page 8.4-4 of the Proposal states: "We are adding two Senior Sales, Merchandising, and Business Development Managers...." Figure 8.4-3, Regional Sales Team, North shows one Senior Sales, Merchandising, and Business Development Manager and Figure 8.4-4, Regional Sales Team, South shows two Senior Sales, Merchandising, and Business Development Managers, for a total of three. Please clarify.**

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49. Page 8.4-13, Figure 8.4-11 of the Proposal identifies GTECH's proposed Retailer to LSR staff ratio as 127:1. The GTECH Texas Organizational Chart shows 108 LSR routes (51 North, 57 South). Assuming 16,648 retailers (from Figure 8.4-11), the Retailer to LSR staff ratio would be 154:1. Please explain how you determined the number of LSRs, the ratio of LSRs, and how swing representatives will fit in.

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50. Page 8.4-102 of the Proposal. How is the tag associated with the returns bag?

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51. Page 8.6-19 of the Proposal. How many promotional trailers are being proposed?  
GTECH is proposing a total of twelve (12) promotional trailers.



52. Page 8.7-30 of the Proposal states: “ systems will be distributed across Texas to Lottery retailers selected based on analysis....” Page 7.12-65 of the Proposal states: “Included in our base offer where is not desired or not a viable option....” Section 7.12, Detail Requirement #15 of the RFP states: “All Retailer Sales Terminals must provide [emphasis added] a customer-oriented video display (flat-panel monitor) to communicate the outcome of each transaction conducted.... In retailer environments, where displays (flat-panel monitors) capable of video broadcast cannot be deployed, a customer oriented display must provide....” Please explain what systems will be provided to retailers and how the systems will be distributed in relation to the RFP requirement.

GTECH will distribute flat-panel monitors to all retailers that accept this solution. The flat-panel monitor will display a customized show that, at minimum, will provide:

- Sales transaction data.
- Validation data including winning, non-winning, and prize amount data if applicable.
- Video.

In retail environments where the flat-panel monitors cannot be deployed due to retailer preference or space constraints, a customer-oriented video display unit (GTECH's Vacuum Fluorescent Display [VFD]) will be deployed. GTECH's VFDs will provide:

- Sales transaction data.
- Validation data, including winning, non-winning, and prize amount data if applicable.

53. Page 8.8-31 of the Proposal states: “A license that will let designated PrimeLocation users provide LSRs with detailed predictive sales reports. This license is available as an Offered Option.” Please provide further details about what is included in this option.

An individual license must be purchased in order for each user to use the Nielsen Claritas PrimeLocation tool. The PrimeLocation tool provides LSRs and sales team members access to the Nielsen Claritas PrimeLocation database and retailer parameters via GTECH's solution and is used almost exclusively for recruiting new retailers. With this functionality, licensed LSRs and sales team members will be able to receive parameters for current and potential new retailers in real time. These parameters include:

- Consumer behavior patterns.
- Demographics.
- Propensities.
- Market analyses.
- Retailer attributes (such as predicted foot traffic).

will provide GTECH LSRs the functionality required to obtain predictive sales analyses for prospective retailers. Providing LSRs with access to the Nielsen Claritas PrimeLocation tool will allow predictive sales model results to be updated in real time.

- 54. Page 8.8-42 of the Proposal states: "Dan is responsible for administering market research to support GTECH's worldwide strategic marketing...." Please explain Mr. Morales' duties/responsibilities with respect to the Texas Lottery and the allocation of his time to the Texas account versus other corporate responsibilities.**

Mr. Morales is a Texas-based analyst who will allocate 100 percent of his time to servicing the Texas Lottery. He will conduct market research to support Texas product, distribution, recruitment, and new business development initiatives, as well as special projects assigned by the TLC. Dan will also assist in developing and defining new solutions to effectively enhance GTECH's market research efforts.

- 55. Page 10.1-10 of the Proposal states: "...[w]e will perform approximately two weeks (two invoice periods) of parallel processing," but page 10.4-7 states: "More than 36 months of historical data will be available within the Data Warehouse for reporting along with a full 45 days of transactions processing...." Please clarify the period for parallel processing.**

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**56. Page 10.3-19 of the Proposal. Potentially how many other sites are supported at the NRO? How will the NRO operate?**

During the scheduled timeframe of the Texas deployment, the GTECH NRO Operations Center (primary) in Rhode Island is planning to support only one (1) additional project, the Illinois conversion. Although two conversions will be supported in the same location, Texas will have its own team, entirely separate and dedicated to the Texas conversion.

The GTECH NRO is organized to manage concurrent conversions with no risk to the delivery quality or schedule. For example, we recently completed a concurrent network and POS deployment in New York and New Jersey, consisting of more than 24,000 POS locations and 100,000 peripherals. While the teams will share a common Operations Center and management systems, the management applications and databases are separate from one another. In addition, all retail installations conducted in Texas will be performed by a team of installers entirely dedicated to the Texas conversion.

For the Texas deployment, the NRO will operate out of the primary management consolidation point in Rhode Island. Functions performed from this location will include, at a minimum, scheduling training and installations with retailers, managing installer schedulers, troubleshooting installations, check-ins and check-outs of installers to a retailer site, contractor management, report generation and management system maintenance.

**57. Page 10.4-47 of the Proposal states: "GTECH will utilize its proven NRO, including a Texas-based War Room...." However, page 10.3-20 states: "[t]he War Room will be located in Rhode Island...." Please clarify where the war room will be located.**

The Rhode Island Operations Center will serve as the location of the primary war room and management consolidation point for the network and POS deployment in Texas. A backup war room will be established in Texas with real-time access to information available in the Rhode Island war room.

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

If selected as the Apparent Successful Proposer, GTECH will meet the Texas Lottery's August 31, 2011, conversion date. A revised Conversion Milestones Schedule is attached as **Exhibit 5, Conversion Milestones Schedule**.

59. 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 GTECH will handle such responsibilities. The Strategic Plan is available at:  
[http://www.txlottery.org/export/sites/default/About\\_Us/Publications/Strategic\\_Plans.html](http://www.txlottery.org/export/sites/default/About_Us/Publications/Strategic_Plans.html)

GTECH has read and understands the definition of "route sales" outlined in the TLC's 2011-2015 Strategic Plan. GTECH's route management solution is described in detail in Section 8.2, pages 65-71, in response requirement 79.4.

Thank you for the opportunity to provide clarifications to your questions. Should you have any further questions or require additional information, please contact me at any time. I look forward to hearing from you, and once again, thank you for your time and consideration.

Sincerely,



Joe Lapinski  
Deputy Account Development Manager

Attachments



EXHIBIT 1  
TEXAS OPTIONS

GTECH Corporation  
Texas Options

Option Description	Included in Base Pricing	Proposed for an additional charge
<u>Texas Lottery-Specified Options</u>		
In-lane Solutions		✓
<u>Texas Lottery-Included Options</u>		
Single Instant Ticket Accounting	✓	
Specialty Terminals and Equipment		✓
<u>Offered Options</u>		
Mobile Classroom Training		✓
Lottery Learning Link		✓
GamePro	✓	
Jackpot Signs		✓
Easy Play Cards		✓
IGI Printing and Distribution (Promotional Cards)		✓
Smart Count	✓	
Wireless Barcode Reader		✓
Instant Showcase		✓
Texas Lottery Super Retailer Play Center		✓
Renaissance Player Card		✓
Lottery Service Portal (Retailer Website)	✓	
Automated Tool to Manage Retailer Management Workflow		✓
Printer Mount		✓
Terminal Mounted Keypad		✓
Keno		✓
Flat Screen Displays of G2 Game Library		✓
Next Generation Playstation		✓
Customised to Texas Playstation		✓
Customised Instant Ticket Dispensers		✓
Admart Neon Signs		✓
Color Starlight LED Displays		✓
<u>Prime Location Licenses for Lottery Sales Representations</u>		
-Annual Price for First 20 User Licenses	✓	
-Annual Price for One (1) Additional Lottery User License		✓







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**EXHIBIT 3**

**EXHIBIT 3**  
**GTECH LICENSE CHART**



**EXHIBIT 3**  
**GTECH LICENSE CHART**

**EXHIBIT 3**  
**GTECH LICENSE CHART**

**EXHIBIT 3**

**EXHIBIT 3**













