# Iowa Lottery Authority


Evaluation Committee Report


On-line Gaming System
RFP IL – 10-04


Submitted to:

Iowa Lottery CEO
Iowa Lottery Board


September 2, 2010

**EXECUTIVE SUMMARY**

The contract for the current On-line Gaming System covered seven years and allowed for three one-year extensions. The Lottery has exercised all of the extensions associated with the existing contract and was required to go out to bid for a new gaming system. Lottery staff members spent numerous hours developing and writing a Request For Proposal (RFP) for an On-line Gaming System. On June 4, 2010 RFP IL 10-04 was issued.

System and services under this RFP include, but are not limited to:

- On-line games; Instant ticket validation capabilities; Instant and Pull-Tab games management system, Combined Instant/Pull-Tab/On-line Accounting, and Warehousing and Distribution application

- Primary and Back-up computer systems and facilities

- Network Communications

- Retailer network & Terminals

- Operations Services

- Internal Control Systems (ICS)

- Repair of, Maintenance of, and Updates for all equipment and software.

The deadline for submission of Proposals was July 16, 2010. Proposals were received from the following vendors:

GTECH Corporation (GTECH)
Intralot, Inc. (INTRALOT)
Scientific Games International, Inc. (SGI)

Four (4) Iowa Lottery Authority employees, representing the Finance, Information Technology, Security and Sales departments served as the Evaluation Committee.

Evaluation Committee members reviewed and evaluated the information contained in the vendor Proposals and ensured that all vendors were treated equally and impartially throughout the process.

The Evaluation Committee established a work area away from the rest of the Lottery staff and evaluated and scored the Technical Proposals. Once the Technical Proposals were scored, the Evaluation Committee took possession of the Pricing Proposals. The Pricing Proposals had remained sealed and secured until the Technical Proposal scoring was completed.

The Pricing Proposals were opened and scored.

There were 650 technical points and 350 pricing points available.  The final scoring is presented below:

|  | GTECH | INTRALOT | SGI |
|---|---|---|---|
| Technical Points | 560.71875 | 548.76250 | 561.36875 |
| Price Points | 317.39046 | 329.26380 | 350.00000 |
| Total Points | 878.10921 | 878.02630 | 911.36875 |

As reflected above, Scientific Games International, Inc. was the vendor that received the highest point total in the evaluation process.

**INTRODUCTION AND BACKGROUND**

For the procurement effort, staff members representing all departments discussed Lottery needs, gathered information and wrote the Request For Proposal (RFP). An RFP Coordinator was named and an Evaluation Committee was formed to evaluate the Proposals and to report their findings to the Lottery CEO and the Iowa Lottery Board. Committee members include:

RFP Coordinator (non-scoring member):

      Tammy Cooper                  Iowa Lottery Authority - Purchasing Agent

Evaluation Committee (scoring members):

      Charles Crivaro               Iowa Lottery Authority – Network Coordinator

      Joe Diaz                        Iowa Lottery Authority – Vice President, Security

      Larry Loss                    Iowa Lottery Authority – Vice President, Sales

      Brenda Loy                   Iowa Lottery Authority – Chief Financial Officer

Advisors (non-scoring members):

      Ken Brickman              Iowa Lottery Authority – Chief Operating Officer

      Brian Gosselin             Iowa Lottery Authority – IT Specialist

      Molly Juffernbruch       Iowa Lottery Authority – Assistant Vice President, Legal Affairs

      David Van Compernolle   Iowa Department of Justice – Assistant Attorney General

Technical Information Provided By:

      Gary Gassin                   Battelle Memorial Institute

      Mike Huffenberger        Battelle Memorial Institute

The Iowa Lottery Authority issued RFP IL 10-04 for the implementation of an On-line Gaming System (instant, pull-tab and on-line product support), with associated gaming and communications products and services. The system will provide retailer terminals along with all related computers and network hardware and software. All proposed system components will be installed, tested and in production by July 3, 2011.

**OBJECTIVES**

The Lottery had the following objectives for issuing this RFP and entering into a contract for the implementation and operation of the system:

- Install an integrated gaming system that will meet the gaming product needs of the Lottery for the term of the contract.

- Obtain retailer terminals, supporting systems, and services that are operationally sound, incorporate the highest level of integrity and security, and minimize risk for the Lottery.

- Obtain a highly reliable data communications system that supports the gaming system.

- Obtain retailer terminals that will lead to high retailer and player satisfaction for quality and performance.

- Obtain a system that is sufficiently flexible to meet the Lottery's evolving requirements.

- Ensure that all proposed systems and services are ready to be operational by the agreed-upon on-line system project milestone schedule.

- Ensure that system and services corrections, improvements, and expanded gaming features are delivered in a timely manner.

- Maximize net Lottery proceeds for the State of Iowa.

With these objectives established, the Lottery developed an RFP, received Proposals and conducted an evaluation. This report documents the efforts and findings of the Committee.

**RFP TIMELINE**

June 4, 2010
The Lottery issued RFP IL 10-04.

June 11, 2010
The Intent to Bid letters were due.

June 11 – June 21, 2010
Vendors were invited to submit written questions to the Lottery to aid the vendors in their proposal preparation. Questions from the vendors were received.

June 21 – June 25, 2010
The Lottery answered the questions.

July 16, 2010
In accordance with the instructions contained in the RFP, proposals were received from three (3) vendors: GTECH, INTRALOT and SGI. The Proposals were logged in as received by the RFP

Coordinator. Following the provisions of the RFP, all pricing information was submitted in a separately sealed envelope.

The pricing envelopes were extracted from the proposals by the RFP Coordinator. They were securely stored by the RFP Coordinator for use by the Evaluation Committee after the technical scoring had been completed.

Background Information Forms were extracted from the Proposals for the Iowa Division of Criminal Investigation.

Copies of the technical proposals were distributed to the Evaluation Committee. The original copies of the Proposals were retained by the RFP Coordinator.

July 28 – August 23, 2010
The Evaluation Committee met to evaluate and score the Technical Proposals. The Evaluation Committee utilized the PMIQ methodology in their evaluation of the Proposals. PMIQ (Plus, Minus, Interesting, Question) is an evaluation tool proposed by Battelle Memorial Institute. Throughout the evaluation process, Evaluation Committee members used a PMIQ worksheet to record (P) Plus, (M) Minus, (I) Interesting items and (Q) Questions.

Through the PMIQ process, the Evaluation Committee developed one set of consensus notes and scored the Technical Proposals. Each of the technical factors was graded by the Evaluation Committee based on its best professional judgment, considering all Proposal text, clarifications and demonstrations.

Six hundred-fifty (650) points were available for the Technical Proposals. The scoring system provided a numerical score that represents the Evaluation committee's assessment of the relative value of each proposal.

Scoring of the Technical Proposals was completed.

August 24 – September 1, 2010
After the Technical Proposals were scored, the Price Proposals were retrieved from the RFP Coordinator.

The Pricing Proposals were opened by the Evaluation Committee. Based on the vendor's Pricing Proposal, the Evaluation Committee calculated a cost for the term of the contract.

Three hundred-fifty (350) points were available for the Pricing Proposal. Points were awarded based on the comparison of the proposal price to the lowest cost proposal.

Under this formula, the lowest cost proposal receives all three hundred-fifty (350) price points that are available. A proposal twice as expensive as the lowest cost proposal earns half as many points.

The technical points and the price points were compiled for each Proposal. The Evaluation Committee reviewed the results and the data was entered into the Evaluation Committee's Report of Findings.

<u>September 2, 2010</u>
The Evaluation Committee delivers their Report of Findings to the Lottery CEO and the Lottery Board.


## EVALUATION PROCESS

Procuring a secure and reliable On-line Gaming System is vitally important for the Lottery and great care was taken to ensure that the RFP was written to be as inclusive as possible and that each vendor was treated equally and fairly throughout the process. Committee members understood the necessity to:

1. Hold in confidence all information:
     a. Gathered in the written proposals and clarification answers.
     b. Gathered during previous site visits.
2. Isolate themselves from outside influences and avoid unnecessary contact with potential vendors.
3. Conduct a comprehensive, fair and impartial evaluation of each proposal.
4. Work together to produce a consensus report that would reflect the findings of the team.

### Evaluation Steps
The evaluation process consisted of the following steps:

**1.    Review of Proposals to assess compliance with proposal submission requirements: terms and conditions; and mandatory requirements;**
            All proposals were reviewed for compliance.

**2.    Detailed evaluation of proposed functions, features, services and solutions;**
            The Evaluation Committee utilized the PMIQ methodology to ensure that the functions, features, services and solutions met the requirements of the RFP. Clarifying questions were asked of all vendors.

**3.    Scoring of technical proposals;**
            The Lottery established nine (9) evaluation categories for the technical proposals with a specified weighting for each category in the overall evaluation. Listed below are the categories and the points available as presented in the RFP:

| | |
|---|---|
| Section 3.1 Central Configuration | 40 |
| Section 3.2 Terminals | 150 |
| Section 3.3 Communications Network | 75 |
| Section 3.4 Software Controls and Data Management | 100 |
| Section 3.5 Games and Marketing | 65 |
| Section 3.6 Facilities and Disaster Recovery Plan | 25 |
| Section 3.7 Staffing, Services and Operations Security Plan | 110 |
| Section 3.8 Implementation | 65 |
| Section 3.9 Corporate Capability | 20 |
| **Technical Points Total** | **650** |

The Evaluation Committee scored each of the categories and arrived at a final score for each Proposal. The quality and quantity of "plus" observations along with the severity of "minus" observations influenced the overall scoring.

Points in this system are earned based on the Evaluation Committee's consensus judgment using the following sixty to one hundred percent (60-100%) award scale:

| **PERCENT** | **DESCRIPTION** |
| --- | --- |
| 90-100 | Vendor's Proposal exceeds expectations and was near perfect for this criterion. |
| 80-89 | Vendor's Proposal was good and meets the expectations for this area. |
| 70-79 | There were limitations or concerns with the approach or capability of the vendor's Proposal. |
| 60-69 | There were numerous deficiencies with the vendor's Proposal. |
| Less than 60 | The deficiencies were found to be so severely flawed for this criterion as to render an essential element of the solution unworkable and, therefore, the entire Proposal will be rejected. |

Thus, for each of the nine criteria, the Proposal received a score as a result of multiplying the point's available times the percentage. All nine scores were combined for the Proposal's total technical score.

A summary of notable technical features, with confidential information redacted, is presented in Appendix A.

The technical scoring matrix is presented in Appendix B.

Summary

The evaluation committee was impressed with the capabilities of all of the vendors. Each of the vendors is capable of providing a secure and reliable gaming system that would meet or exceed the needs of the Iowa Lottery.

**4.     Evaluation of Price Proposals;**
Upon completion of the technical scoring, the sealed price proposals from GTECH, INTRALOT and SGI were retrieved from the RFP Coordinator who had secured them since July 16, 2010.

The Pricing Proposals were opened.

Evaluation Committee members performed calculations to arrive at an estimated cost for the term of the contract. The estimated cost included the cost of the Base System and the selected Specified Options over the seven (7) year base period and the three (3) extension periods. The estimated total cost was calculated using the Lottery's FY 2008 sales of $249,000,000.

The Evaluation Committee awarded up to three hundred-fifty (350) points for price, based on a ratio of the estimated cost of the proposal being evaluated versus the estimated cost of the lowest cost acceptable proposal. The formula for any particular proposal evaluated was:

PRICE POINTS = 350 x (LOWEST PROPOSAL COST/PROPOSAL COST)

Under this formula, the lowest cost proposal received all three hundred-fifty (350) price points that were available.

The price scoring matrix is presented in Appendix C.

5. **Integration of price and technical scores into a Report of Findings to the Lottery CEO and the Lottery Board;**

The Evaluation Committee combined the points from the Technical and Pricing Proposals to determine the total score for each Proposal.

The final scoring is presented in Appendix D.

**RECOMMENDATION**

Based on the final scoring, it is the Evaluation committee's recommendation that the Board issue a Notice of Intent to Award subject to the completion of successful DCI background investigation to Scientific Games International, Inc.

## APPENDIX A: NOTABLE TECHNICAL FEATURES

### 3.1 Central Configuration

| Function | | Vendor Specified Confidential | Feature |
|---|---|---|---|

**GTECH**

| | | | |
|---|---|---|---|
| P | Bi-Annual Review | | Will provide an annual technical review. |
| I | Data Center | | Primary Data Center in Austin TX., Backup Data Center in Jefferson City, MO. |
| I | Hardware | | IBM x3500 M3 platform offered in a virtual server configuration. |
| P | Disaster Recovery | | Disaster recovery replacement site will be in place in 25 days; exceeding requirement by 5 days. |
| I | Test System | | The test system will be identical in architecture and capacity to the production system. |
| P | Test System | | Second testing lab at Iowa location. |
| I | ICS | | Installed at least 60 days prior to 1st day of sales. |
| P | ICS | | Out of balance condition - continuous balancing & out of balance detection. |
| P | Auto Failover | | Failover will be completed in less than 2 minutes.  Benchmarked in less than 1 minute. |
| P | System Capacity Levels | | Capacity exceeds Lottery requirement. |

| | Function | Vendor Specified Confidential | Feature |
|---|---|---|---|
| P | Play Slip Signature | | Ability to print signature from play slip on ticket. |
| P | Terminal Capacity | | Capacity exceeds Lottery requirement. |
| P | Transaction Capacity | | Capacity exceeds Lottery requirement. |
| P | Cash/Cancel Capacity | | Capacity exceeds Lottery requirement. |
| P | Ticket Production | | Stated response and benchmark testing exceed the criteria in the RFP. |
| P | Automated Alarm | | Ability to automatically notify in a variety of ways. |
| P | 24 x 7 Operation | | System available at least 23.5 hours per day. |

**INTRALOT**

| | Function | Vendor Specified Confidential | Feature |
|---|---|---|---|
| P | Bi-Annual Review | | Will conduct an annual system performance review. |
| I | Data Center | | Primary Data Center in Little Rock, AR.  Backup Data Center in Strongsville, OH. |
| I | Hardware | YES | Redacted |
| P | Disaster Recovery | YES | Redacted |
| I | Test System | | The test system will be identical in architecture and capacity to the production system. |
| I | Test System | | Will install a testing lab at Lottery Headquarters. |

| | Function | Vendor Specified Confidential | Feature |
|---|---|---|---|
| I | ICS | | Installed at least 60 days prior to 1st day of sales. |
| P | Auto Failover | YES | Redacted |
| P | System Capacity Levels | YES | Redacted |
| P | Play Slip Signature | YES | Redacted |
| P | Terminal Capacity | YES | Redacted |
| P | Transaction Capacity | YES | Redacted |
| P | Cash/Cancel Capacity | YES | Redacted |
| P | Ticket Production | YES | Redacted |
| P | Automated Alarm | YES | Redacted |
| P | 24 x 7 Operation | | Available 24 hours a day. |
| P | Security | YES | Redacted |

**SGI**

| | | | |
|---|---|---|---|
| P | Bi-Annual Review | YES | Redacted |
| I | Data Center | | Primary Data Center in Urbandale, IA.  Backup Data Center in Alpharetta, GA. |

| | Function | Vendor Specified Confidential | Feature |
|---|---|---|---|
| I | Hardware | | HP 64-Bit Proliant enterprise series servers. |
| P | Disaster Recovery | | Disaster recovery site will be in place in 4 weeks; exceeding the requirement by 2 days. |
| I | Test System | | The Test System will be identical in architecture and capacity to the Production System. |
| P | Test System | | Second testing lab at Iowa location. |
| I | ICS | | Installed 60 days prior to 1st day of sales |
| P | Auto Failover | YES | Redacted |
| P | System Capacity Levels | | Capacity exceeds Lottery requirement. |
| P | Play Slip Signature | | Ability to print signature from play slip on ticket. |
| P | Terminal Capacity | Yes | Redacted |
| P | Transaction Capacity | YES | Redacted |
| P | Cash/Cancel Capacity | YES | Redacted |
| P | Ticket Production | YES | Redacted |
| P | Automated Alarm | YES | Redacted |
| P | 24 x 7 operation | | Nightly close out procedures typically take less than 20 minutes. |

| SYMBOL | TERM |
| --- | --- |
| P | PLUS |
| M | MINUS |
| I | INTERESTING |

## APPENDIX A: NOTABLE TECHNICAL FEATURES

### 3.2 Terminals

| | Function | Vendor Specified Confidential | Feature |
|---|---|---|---|
| **GTECH** | | | |
| P | Terminal Deployment | | Wide-scale deployment of terminals in multiple markets. |
| P | Printer Mount | | Printer mount included in base price. |
| I | Bar Code Reader | | Wired reaches 12 feet. Wireless at an additional charge. |
| P | Self - Diagnostics | | Meets the desirable. |
| P | Ports | YES | Redacted |
| I | Screen | | SAW technology. |
| P | Visually Impaired Terminal App | | Provides terminal enhancements for visually impaired retailers included in the base price. |
| P | Repeat Number Generation | | Play It Again: copy plays from previous ticket to produce a new ticket for the player. Included at no additional cost. |
| P | Screen Saver | | Updateable messages can crawl across the screen. |
| P | Memory | | 1 GB RAM memory with 1 GB solid state flash memory.  Additional memory if needed will be supplied at no additional cost. |

| | Function | Vendor Specified Confidential | Feature |
|---|---|---|---|
| P | Customer Age Verification | | Able to perform age verification using 2D barcode scanner. |
| P | Player Claim Form | YES | Redacted |
| P | Printer | YES | Redacted |
| P | Secure Sign On | | 2D barcode reader and additional clerk monitoring capabilities. |
| I | Scanner | | Benchmarked at 40 play slips in a minute. |
| P | Advanced Content Capability | YES | Redacted |
| P | Player Transaction Display | | Player Transaction Display will be provided for every retailer not receiving a Player Flat Panel Display - included in base price. |
| P | Self Service   Validator Communication | | Wireless communication included in base price. |
| P | Wireless Terminal for Temporary Location | | Retailer terminals equipped with wireless communications for temporary locations - included in base price. |

**INTRALOT**

| | Function | Vendor Specified Confidential | Feature |
|---|---|---|---|
| P | Terminal Deployment | YES | Redacted |
| I | Screen | | SAW technology or resistive touch screen. |
| P | Screen | YES | Redacted |
| I | Bar Code Reader | YES | Redacted |

| | Function | Vendor Specified Confidential | Feature |
|---|---|---|---|
| P | Self - Diagnostics | | Meets the desirable. |
| P | Ports | Yes | Redacted |
| P | Screen Saver | | Updateable messages can crawl across the screen. |
| P | Memory | YES | Redacted |
| P | Customer Age Verification | YES | Redacted |
| I | Player Claim Form | | Will automatically print a player claim form whenever a high-tier ticket is validated. |
| P | Printer | YES | Redacted |
| P | Secure Sign On | YES | Redacted |
| P | Repeat Number Generation | | Ticket Repeat: copy plays from previous ticket to produce a new ticket for the player. Included at no additional cost. |
| M | Scanner | | Benchmarked at 32 play slips in a minute. |
| P | Self Service Validator Communication | YES | Redacted |

**SGI**

| | | | |
|---|---|---|---|
| P | Terminal Deployment | YES | Redacted |
| P | Bar Code Reader | | Wireless included in the base price, 30' range, holder incorporates a compact design. |

| | Function | Vendor Specified Confidential | Feature |
|---|---|---|---|
| P | Self - Diagnostics | YES | Redacted |
| P | Ports | | Numerous additional ports. |
| I | Screen | | Five Wire Resistive or SAW technology in base price. |
| P | Screen Saver | | Updateable messages can crawl across the screen. |
| P | Memory | | 512 MG RAM. Choice of 8 GB solid state storage or 160 GB hard drive. |
| I | Player Claim Form | | The System can generate a claim form for the winner to complete. |
| P | Customer Age Verification | | Able to perform age verification using 2D barcode scanner. |
| P | Printer | | One cable operation. 7" paper roll. 100 ticket capacity. |
| P | Secure Sign On | | 2D barcode reader and additional clerk monitoring capabilities. |
| P | Scanner | | Benchmarked at 40 play slips in 53 seconds. |
| P | Advanced Content Capability | | Automated content delivery using Lottery InMotion-Advanced is included in the base price. |
| P | Player Flat Panel Display | | 19" widescreen included in base price. |
| P | Player Transaction Displays | | Player Transaction Display will be provided for every retailer not receiving a Player Flat Panel Display - included in base price. |
| P | Self Service Validator Communication | | Wireless communication included in base price. |
| P | ATM Solution | YES | Redacted |

| | Function | Vendor Specified Confidential | Feature |
|---|---|---|---|
| P | Repeat Number Generation | YES | Redacted |
| P | iPhone Lottery Application | YES | Redacted |
| P | Wireless Terminal for Temporary Location | | Retailer terminals equipped with wireless communications for temporary locations - included in base price. |

| SYMBOL | TERM |
|---|---|
| P | PLUS |
| M | MINUS |
| I | INTERESTING |

**APPENDIX A: NOTABLE TECHNICAL FEATURES**

### 3.3 Communications Network

| | Vendor Specified Confidential | Function | Feature |
|---|---|---|---|
| **GTECH** | | | |
| P | | Network % | Dual Comm 10%, Dual Mode Fixed Wireless 59%, VSAT 30%, Frame Relay 1%.  Dual Mode Fixed Wireless has minimal impact on retailer infrastructure. |
| P | YES | Dual Comm Inside | Redacted |
| P | YES | Assurance of Terminal Location | Redacted |
| I | | Experience Using Proposed Technology | Proposed technology is utilized in multiple jurisdictions. |
| I | | Fault Tolerance | 3 satellites, 3 hubs, VSAT solution. |
| I | | Fault Tolerance | Non-preemptive satellite bandwidth. |
| P | | Alarm Notification | NMS tools can provide e-mail or pager notification. |
| P | | Service Level | SLA will be set at 99.8%. |

| Vendor Specified Confidential | | Function | Feature |
|---|---|---|---|

**INTRALOT**

| | | | |
|---|---|---|---|
| I | YES | Fault Tolerance | Redacted |
| M | YES | Network % | Redacted |
| I | YES | Experience Using Proposed Technology | Redacted |
| I | YES | Fault Tolerance | Redacted |
| P | | Assurance of Terminal Location | Cellular modems can be installed in a secured location. |
| P | | Alarm Notification | Notifications are automatically sent to the network monitor, system monitor, or to other personnel by way of pager, SMS, and email. |
| P | YES | Service Level | Redacted |

**SGI**

| | | | |
|---|---|---|---|
| P | YES | Network % | Redacted |
| I | YES | Experience Using Proposed Technology | Redacted |
| P | YES | Communications Upgrade | Redacted |

| Vendor Specified Confidential | | Function | Feature |
|---|---|---|---|
| P | YES | Assurance of Terminal Location | Redacted |
| I | YES | Fault Tolerance | Redacted |
| I | YES | Fault Tolerance | Redacted |
| I | YES | Fault Tolerance | Redacted |
| P | YES | Alarm Notification | Redacted |
| P | | Service Level | SLA will be set at 99.9%. |

| SYMBOL | TERM |
|---|---|
| P | PLUS |
| M | MINUS |
| I | INTERESTING |

**APPENDIX A: NOTABLE TECHNICAL FEATURES**

**3.4 Software Controls**

| | Function | Vendor Specified Confidential | Feature |
|---|---|---|---|
| **GTECH** | | | |
| P | Research | | Research into transactions up for the life of the contract will not require the loading of archived physical media. |
| P | Testing | | Test automation tools, including balancing capability, which will be made available to the Lottery.  System which tracks and reports on all test incident reports and system error corrections. |
| I | Ticket Stock Tracking | | Will supply hardware and software necessary to store, maintain, inquire of, or interpret ticket stock tracking information. |
| P | Ticket Stock Replenishment | | CMS is a "push model" to resupply ticket stock to retailers based upon calculated need.  This process is currently being utilized in 19 states. |
| P | Security Solution | YES | Redacted |
| P | Shift Reporting | | Included at no additional charge. |
| P | Gift Card  App - Card Sales | | Gift card sales included in the base price at no additional cost. |
| I | Courier Delivery | | Applications and associated hardware are provided as required. |
| P | Credit Limit | | Credit limits for the value of instant ticket inventory that can be assigned to a retailer. |

| | Function | Vendor Specified Confidential | Feature |
|---|---|---|---|
| P | Drawing Process | | Supports fixed payout of validations within seconds. |
| P | Web Based Game Management | | Includes a Web browser-based games management application. |
| P | Message Size | | Messages in excess of 1024 characters are currently supported. |
| P | Keyless Validation | YES | Redacted |
| P | Reporting | | ES Business Intelligence integrated with SAP BusinessObject Web Intelligence allows the quick customization of specific reports. |
| P | Database Access | | Remote access capabilities equal to in house capabilities. |
| P | Dashboard | | Customizable dashboard.  View and creator licenses available at no charge. |

**INTRALOT**

| | Function | | Feature |
|---|---|---|---|
| P | Research | | Will provide on-line research capabilities for transactions for at least one year. |
| P | Dashboard | | Customizable dashboard to each user. |
| P | Testing | | System which includes the generation of terminal screens, test scripts, test cases, and any problem reports that may need to be generated and tracked for correction of System issues. |
| I | Ticket Stock Tracking | | The database maintains a record of each shipment of roll stock received by a retailer and a record of each roll ID activated by the retailer and loaded into the terminal. |
| P | Check Printers | | Check writing including hardware provided at no additional cost. |

| | Function | Vendor Specified Confidential | Feature |
|---|---|---|---|
| P | On-line Subscription Service | | Invited Option included at no additional charge. |
| P | Shift Reporting | | Included at no additional charge. |
| P | Gift Card App - Card Sales | | Gift card sales included in the base price at no additional cost. |
| P | Gift Card App - Player Account | | Player gift card player accounts (e-Wallet) included in the base price at no additional cost. |
| P | Retailer Financial Limits | | Credit limits can be placed on retailers, the System will not allow transactions which would exceed the credit limit. |
| I | Courier Delivery | | Applications and associated hardware are provided as required. |
| P | Drawing Process | | Cashing time window can begin immediately for all non multi-jurisdictational games. |
| P | Web Based Game Management | | Web browser-based ticket accounting, management and reporting system. |
| P | Message Size | | Messages in excess of 1024 characters are currently supported. |
| I | Sales Performance Tracking | | Business Intelligence Database included at no additional charge. |

**SGI**

| | | | |
|---|---|---|---|
| P | Research | YES | Redacted |

| | Function | Vendor Specified Confidential | Feature |
|---|---|---|---|
| P | Testing | | SimScript with Ops-Fusion tools to automate testing procedures. |
| I | Ticket Stock Tracking | | The database maintains a record of each shipment of roll stock received by a retailer and a record of each roll ID activated by the retailer and loaded into the terminal. |
| I | Ticket Stock Replenishment | | Ability to calculate paper usage and re-supply as appropriate.  No history of this tool was demonstrated or documented. |
| P | Check Printers | | Check writing including hardware provided at no additional cost. |
| P | Shift Reporting | | Instant Ticket Balancing included at no additional charge. |
| P | Gift Card App - Card Sales | | Player gift card player accounts at no additional cost. |
| P | Gift Card App - Player Account | | Player gift card player accounts included in the base price at no additional cost. |
| I | Courier Delivery | | Applications and associated hardware are provided as required. |
| P | Drawing Process | | Cashing can happen immediately after the winning numbers are finalized for the fixed payout games. |
| P | Web Based Game Management | | Games Management Application is web browser-based. |
| P | Message Size | | Messages in excess of 1024 characters are currently supported. |
| P | Keyless Validation | YES | Redacted |
| P | Dashboard | YES | Redacted |

SYMBOL    TERM

| **Function** | Vendor<br>Specified<br>Confidential | **Feature** |
|---|---|---|
| P | PLUS | |
| M | MINUS | |
| I | INTERESTING | |

**APPENDIX A: NOTABLE TECHNICAL FEATURES**

**3.5 Games**

| Function | | Vendor Specified Confidential | Feature |
|---|---|---|---|
| **GTECH** | | | |
| P | Marketing Fund | | Will commit $50,000 annually to a special marketing fund to support marketing efforts. |
| P | Retailer Analysis Tools | Partial | Redacted |
| I | Strategy Meetings | | Quarterly instead of semi-annually. |
| I | State of the Industry | | Annual presentation. |
| P | Market Research Exchange | | Includes cost of Lottery representative to attend the two day event. |
| I | Global Research | | Access to Innovation Project, World Player Study & more. |
| P | Survey Tool | | Will provide one license per year for Zoomerang. |
| P | Marketing Person | | Will provide a marketing support person experienced in graphic design, advertising & reports. |
| P | Game Library | Partial | Redacted |
| P | Promotional Features | Partial | Redacted |

| | | |
|---|---|---|
| I | Cashing Thresholds | Allows retailer to confirm that they have sufficient funds on hand to pay a prize greater than the threshold. |
| P | Non-gaming Transactions | Will support non-gaming transactions like the sale of State Fair tickets. |
| I | Sales Force Training | Annual training session by Texas DSRs offered at no charge. |

**Intralot**

| | | |
|---|---|---|
| P | Marketing Fund | Will commit $50,000 annually to a special marketing fund to support marketing efforts. |
| P | Marketing Specialist | Intends to have 2 full-time marketing professionals working in Iowa in addition to the marketing person covered in 3.5.1.5. |
| P | Research | 3 prong market research, Bi-annual Market Segmentation Study, Focus Groups, Mini-labs, Annual Mystery Shop. |
| P | Store Mapper | Offered at no charge. |
| I | Strategy Meetings | Semi annual meetings. |
| I | State of the Industry | Annual presentation. |
| P | Marketing Person | Will provide a marketing support person experienced in graphic design, advertising & reports. |
| P | Game Library | A substantial game library was presented. |
| P | Promotional Features | A substantial list of promotional features was presented. |
| P | Non-gaming Transactions | Will support non-gaming transactions like the sale of State Fair tickets. |

**SGI**

| | | | |
|---|---|---|---|
| P | Marketing Specialist | | Will support the Lottery remotely and be available for meetings. |
| P | Flash Developer | | Flash Developer included in the base price. |
| I | Strategy Meetings | | Quarterly instead of semi-annually. |
| I | State of the Industry | | Annual presentation. |
| I | Product Plan | YES | Redacted |
| P | Marketing Fund | | Will commit $30,000 annually to a special marketing fund to support marketing efforts. |
| P | Marketing Person | | Will provide a marketing support person experienced in graphic design, advertising & reports. |
| P | Game Library | Partial | Redacted |
| P | Promotional Features | Partial | Redacted |
| P | Non-gaming Transactions | | Will support non-gaming transactions like the sale of State Fair tickets. |
| I | Sales Force Training Module | | 2-four hour training sessions for 25 DSRs per session included in the base price. |

| SYMBOL | TERM |
|---|---|
| P | PLUS |
| M | MINUS |
| I | INTERESTING |

**APPENDIX A: NOTABLE TECHNICAL FEATURES**

**3.6 Facilities**

| Function | Vendor Specified Confidential | Feature |
|---|---|---|
| **GTECH** | | |
| I | Data Center Location | Primary Data Center in Austin, TX.  Backup Data Center in Jefferson City, MO. |
| **INTRALOT** | | |
| I | Data Center Location | Primary Data Center in the Little Rock, AR.  Backup Data Center in Strongsville, OH. |
| **SGI** | | |
| I | Data Center Location | Primary Data Center in Urbandale, IA.  Backup Data Center in Alpharetta, GA. |
| P | Biometric Security | Dual level of security to include fingerprint scanning. |

| SYMBOL | TERM |
|---|---|
| P | PLUS |
| M | MINUS |

I INTERESTING

**APPENDIX A: NOTABLE TECHNICAL FEATURES**

## 3.7 Staffing

| Function | Vendor Specified Confidential | Feature |
|---|---|---|
| | | |

**GTECH**

| | Function | | Feature |
|---|---|---|---|
| P | Keno Recruitment | | Retailer recruitment is offered at no additional charge. |
| I | Conversion Staff | | Technical Project Manager and Software Development Manager on site during conversion. |
| I | Onsite Operational Staffing | | On-site manager, Screener, Business Analyst/QA Support Specialist, 9 FSTs & Marketing Specialist. |
| P | Maintenance Information | | Historical data available online for term of contract. |
| P | Terminal Installation, Movement, Removal | | Add retailer 5 calendar days, outside move 5 calendar days, inside move 3 calendar days, removal 2 calendar days. |
| I | Retailer Training | | Twelve locations, classroom style, will accommodate up to fifteen retailers and 2 guests per session. 90 minute sessions.  Training locations in highly populated cities. |
| P | Training | | eLearning on the terminal and retailer workshops are offered at no additional charge. |
| I | Multiple Suppliers | | More than one source for all consumables. |

**INTRALOT**

| | | | |
|---|---|---|---|
| I | Conversion Staff | | Technical Project Manager and Software Development Manager on site during conversion. |
| I | Onsite Operational Staffing | YES | Redacted |
| P | Maintenance Information | | Five years of historical data is accessible online. |
| P | Terminal Installation, Movement, Removal | | Add retailer 10 calendar days, outside move 10 calendar days, inside move 3 calendar days, removal 2 calendar days. |
| I | Training | | 33 locations, choice of trade show or classroom environment. |
| P | Training | | eLearning on the terminal is offered at no additional charge. |
| I | Customized Training | | Siebel software included at no additional price.  Would require the Lottery to purchase the IPTs. |
| I | Multiple Suppliers | | More than one source for all consumables. |

**SGI**

| | | | |
|---|---|---|---|
| I | Conversion Staff | | Technical Project Manager and Software Development Manager on site during conversion. |
| P | Keno Recruitment | | Project person for 1 year. |

| | | | |
|---|---|---|---|
| I | Onsite Operational Staffing | | GM, Operations Manager, Assistant Operations Manager, 5 Computer Operations, Field Services Manager, Field Services Supervisor, 14 FSRs, 1 Bench Technician, Site Security Administrator & Marketing Person. |
| P | Maintenance Information | | 24 months of historical data is accessible online. |
| P | Terminal Installation, Movement, Removal | | Add retailer 7 calendar days, outside move 7 calendar days, inside move 5 calendar days, removal 3 calendar days. |
| I | Retailer Training | | 14 training locations.  classroom style hands on approach.  100 different classroom opportunities over 7 weeks. |
| P | Retailer Training | YES | Redacted |
| I | Multiple Suppliers | | More than one source for all consumables. |

| SYMBOL | TERM |
|---|---|
| P | PLUS |
| M | MINUS |
| I | INTERESTING |

**APPENDIX A: NOTABLE TECHNICAL FEATURES**

**3.8 Implementation**

| Function | | Vendor Specified Confidential | Feature |
|---|---|---|---|

**GTECH**

| | P | Terminal & Communication Placement | | Fixed Wireless will result in no need for 2 satellite systems during conversion period. |
|---|---|---|---|---|
| | I | Formal Implementation Plan | YES | Redacted |
| | I | Central System Conversion | | Go Live 7/3/2011. |
| | I | Acceptance Testing Availability | | Available 3/7/2011. |
| | P | Historical Data | | Convert a minimum of 5 years of pre-existing sales and operating data. |
| | P | Removal of Retailer Comms Equip | | Removal of Lottery owned communications equipment from retailer at no cost. |

**INTRALOT**

| | M | Formal Implementation Plan | | Terminal installation 4-5-2011 through 6-12-2011. Communications installation begins 10-21-2010 through 4-2011. Installation of communication equipment is too early and causes retailer inconvenience/disruption. |
|---|---|---|---|---|

| | | |
|---|---|---|
| I | Central System Conversion | Go Live 7/3/2011.  Go Live of 6/12/2011 is not contractually possible. |
| I | Acceptance Testing Availability | Hardware deployed "well before the minimum of " 120 days prior to conversion. |
| P | Historical Data | Convert a minimum of 5 years of pre-existing sales and operating data. |
| P | Removal of  Retailer Comms Equip | Removal of Lottery owned communications equipment from retailer at no cost. |
| P | Removal of Radio Tower Transmitters | Removal of Lottery owned communications equipment from tower sites at no cost. |

**SGI**

| | | |
|---|---|---|
| I | Formal Implementation Plan | Terminal and communication installation from 4-10-2011 through 6-1-2011. |
| P | Migration Assistance | Ambassador program for high volume retailers.  Ambassadors in high volume chain account headquarters to help with reporting and accounting problems. |
| P | Terminal & Communication Placement | Single visit approach, no need for 2 terminals or 2 communication systems. |
| P | Acceptance Testing Availability | Available 2-15-2011 |
| P | Central System Conversion | Go Live on 6-26-2011. |
| P | Historical Data | Convert a mimimum of 5 years of pre-existing sales and operating data. |
| P | Removal of Radio Tower Transmitters | All radio equipment at towers will be removed by 5-31-2011. |

SYMBOL  TERM

P       PLUS

M      MINUS

I       INTERESTING

**APPENDIX A: NOTABLE TECHNICAL FEATURES**

### 3.9 Corporate Capability

| Points | Function | Vendor Specified Confidential | Feature |
|---|---|---|---|
| **GTECH** | | | |
| I | Financial Viability | | Financially capable to perform under the contract. |
| P | Manufacturing Quality Certification | | Terminals will be manufactured in ISO 9001:2008 and ISO 14001 certified facilities. |
| P | Software Certification | | Achieved level 4 CMMI Certification. ISO 9001:2008.   2 NASPL Certifications in quality assurance of product development. |
| P | Security Standards | | Structured to be compliant with ISO 17799 and 27001.  Compliant with ISO 27002 and COBIT. |
| P | Communication Quality Practices | | Processes are structured to be compliant with ISO 27001. |
| **INTRALOT** | | | |
| I | Financial Viability | | Financially capable to perform under the contract. |
| P | Manufacturing Quality Certification | | ISO 9001 Certified. |

| | | | |
|---|---|---|---|
| P | Software Certification | | ISO 9001:2000 Certified. |
| P | Security Standards | | WLA Security Control Standards certified.  ISO/IEC 27001:2005 Certification.  Compliant with ISO/IEC 27002, including COBIT. |
| P | Communication Quality Practices | YES | Redacted |

**SGI**

| | | |
|---|---|---|
| I | Financial Viability | Financially capable to perform under the contract. |
| P | Manufacturing Quality Certification | All terminals will be manufactured in ISO 9001:2000 certified facilities. |
| P | Software Certification | 2 NASPL Certifications of Quality Assurance Best Practices in Requirements Definition and Development Process. |
| P | Retailer Security Best Practices | Annual Collaborative Session addressing Best Practices…session in Des Moines. |
| P | Security Standards | 27001 Certified.  Structured to be compliant with WLA standards. |
| P | Communication Quality Practices | ISO 27001:2000 Certification. |
| I | Retailer Support for Security Awareness | 1 page fact sheet offered one time in the base price. |

| SYMBOL | TERM |
|---|---|
| P | PLUS |
| M | MINUS |
| I | INTERESTING |

IL 10-04

**APPENDIX B: TECHNICAL SCORE**

| Technical Category | Available Points | GTECH Points | INTRALOT Points | SGI Points |
|---|---|---|---|---|
| Central Configuration | 40 | 36.10000 | 36.60000 | 36.15000 |
| Terminals | 150 | 136.31250 | 131.06250 | 140.25000 |
| Communications Network | 75 | 63.46875 | 59.43750 | 62.81250 |
| Software Controls and Data Management | 100 | 87.12500 | 86.50000 | 84.75000 |
| Games and Marketing | 65 | 55.08750 | 56.87500 | 55.33125 |
| Facilities and Disaster Recovery Plan | 25 | 20.00000 | 20.00000 | 20.03125 |
| Staffing, Services and Operations Security Plan | 110 | 92.95000 | 89.37500 | 90.88750 |
| Implementation | 65 | 52.97500 | 52.16250 | 54.35625 |
| Corporate Capability | 20 | 16.70000 | 16.75000 | 16.80000 |
| | | | | |
| Total | | 560.71875 | 548.76250 | 561.36875 |

**APPENDIX C: Pricing Score**

| Pricing Category | | Quantity | Quantity in units | Number of units | Duration | GTECH Unit Cost | GTECH COST | INTRALOT Unit Cost | INTRALOT COST | SCIENTIFIC GAMES Unit Cost | SCIENTIFIC GAMES COST |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Section 4.2 | Seven (7) Year Base Period | 1 | | 249,000,000 | 7 | 2.0799% | 36,252,657.00 | 2.0636% | 35,968,548.00 | 2.1395% | 37,291,485.00 |
| Section 4.2 | Extension Period - Year One | 1 | | 249,000,000 | 1 | 2.0799% | 5,178,951.00 | 2.0400% | 5,079,600.00 | 1.5000% | 3,735,000.00 |
| Section 4.2 | Extension Period - Year Two | 1 | | 249,000,000 | 1 | 2.0799% | 5,178,951.00 | 2.0300% | 5,054,700.00 | 1.5000% | 3,735,000.00 |
| Section 4.2 | Extension Period - Year Three | 1 | | 249,000,000 | 1 | 2.0799% | 5,178,951.00 | 1.9900% | 4,955,100.00 | 1.2500% | 3,112,500.00 |
| Section 3.21 | Additional Terminals: Year 3 | 100 | 25 | 4 | 156 | $542.30 | 338,395.20 | $0.00 | 0.00 | $0.00 | 0.00 |
| Section 3.2.1.3.1 | Flat Panel Displays: Start-up | 2000 | 2000 | 249,000,000 | 10 | 0.0576% | 1,434,240.00 | 0.0238% | 592,620.00 | 0.0275% | 684,750.00 |
| Section 3.2.1.3.1 | Flat Panel Displays: Year 3 | 75 | 25 | 3 | 156 | $59.91 | 28,037.88 | $35.65 | 16,684.20 | $37.50 | 17,550.00 |
| Section 3.2.1.3.2 | Player Transaction Displays: Start-up | 500 | 500 | 249,000,000 | 10 | 0.0000% | 0.00 | 0.0046% | 114,540.00 | 0.0000% | 0.00 |
| Section 3.2.1.3.2 | Player Transaction Displays: Year 3 | 25 | 25 | 1 | 156 | $23.69 | 3,695.64 | $27.52 | 4,293.12 | $19.75 | 3,081.00 |
| Section 3.2.1.3.3 | Self-service Validators: Start-up | 2600 | 2600 | 249,000,000 | 10 | 0.0625% | 1,556,250.00 | 0.0552% | 1,374,480.00 | 0.0580% | 1,444,200.00 |
| Section 3.2.1.3.3 | Self-service Validators: Year 3 | 100 | 25 | 4 | 156 | $62.27 | 38,856.48 | $63.66 | 39,723.84 | $50.00 | 31,200.00 |
| Section 3.2.1.3.4 | Cash Drawers: Start-up | 800 | 800 | 249,000,000 | 10 | 0.0093% | 231,570.00 | 0.0088% | 219,120.00 | 0.0070% | 174,300.00 |
| Section 3.2.1.3.4 | Cash Drawers: Year 3 | 25 | 25 | 1 | 156 | $16.34 | 2,549.04 | $32.85 | 5,124.60 | $14.50 | 2,262.00 |
| Section 3.8.8 | Removal of Retailer Communications Equipment | 1 | 1 | 1 | 1 | $0.00 | 0.00 | $0.00 | 0.00 | $28,000.00 | 28,000.00 |
| Total Cost | | | | | | | $55,423,104.24 | | $53,424,533.76 | | $50,259,328.00 |
| | | | | | | | | | | | |
| Pricing Score | | | | | | | 317.39046 | | 329.26380 | | 350.00000 |

**Appendix D: Final Scoring**

|                  | GTECH     | INTRALOT  | SGI       |
|------------------|-----------|-----------|-----------|
| Technical Points | 560.71875 | 548.76250 | 561.36875 |
| Price Points     | 317.39046 | 329.26380 | 350.00000 |
| Total Points     | 878.10921 | 878.02630 | 911.36875 |