

REQUEST FOR PROPOSALS (RFP)
LOTTERY CENTRAL MONITORING AND CONTROL SYSTEM
#2015-01

RESPONSES TO WRITTEN QUESTIONS (Q&A #1)
January 15, 2016

This list of questions and responses #1 (Q&A#1) is being issued to clarify certain information contained in the above named Request for Proposals (RFP). The statements and interpretations of Contract requirements, which are stated in the following responses are not binding on the State, unless the State expressly amends the RFP. Nothing in the State's responses to these questions is to be construed as agreement to or acceptance by the State of any statement or interpretation on the part of the entity asking the question as to what the Contract does or does not require. Some questions have been edited for brevity and clarity, and duplicate questions may have been combined or eliminated.

The following are questions submitted pursuant to the RFP and the State Lottery and Gaming Control Agency's ("MLGCA") responses to those questions:

1. **QUESTION:** Section 1.2 Abbreviations and Definitions, Page 14: The definition of "Customer Relationship Management (CRM)" requires the software application to manage "every aspect" of the relationship between the customer and the company. Since there is no software solution that can manage "every aspect" of a customer/vendor relationship, would the MLGCA revise the term "every aspect" in the definition of CRM to "the material aspects?"

ANSWER: Yes, the definition will be revised to "the material aspects". (See Amendment #1 to the RFP)

2. **QUESTION:** Section 1.2 Abbreviations and Definitions, Page 19: The definition of "Net Draw Game Sales" is defined as "Gross sales minus cancellations, promotional free tickets and adjustments for misprinted tickets for Draw Games." Will the MLGCA confirm that the modifier for "Draw Games" applies to the entire definition (i.e., similar to how the definition of "Net Instant Sales" is defined?) That is, that Net Draw Game Sales is "Gross Draw Game sales minus Draw Game cancellations, promotional free tickets for Draw Games and adjustments for misprinted tickets for Draw Games"?

ANSWER: Yes, correct.

3. **QUESTION:** Section 1.4 Contract Duration, Page 28: Section 1.4.4 provides that the term of the Contract will be for an initial eight (8) years from the Effective Date, with the first 12 months being for the Conversion Period (with no compensation payable to the Contractor), with one three (3) year renewal option, and up to an additional twelve

(12) month “Final Renewal Option Period,” for a total potential Contract length of twelve (12) years. Will the MLGCA confirm that the total potential term (assuming all renewal periods are exercised by the MLGCA) will include approximately eleven (11) years of compensation payable to the Contractor (i.e., 12 years minus the ~12 months Conversion Period), as follows: (a) approximately seven (7) years of compensation payable under the initial term (from June 26, 2017 to July 1, 2024), (b) three (3) years of compensation payable under the renewal option, if exercised (from July 1, 2024 to July 1, 2027), and (c) up to twelve (12) additional months of compensation payable under the Final Renewal Option Period, if utilized (from July 1, 2027 until July 1, 2028)?

ANSWER: Correct, the maximum compensable term will be 11 years, subject to the exercise of the available renewal options at the sole discretion of the MLGCA.

4. **QUESTION:** Section 1.9, Questions, Page 29: In Section 1.9.1 the RFP states: “All questions shall be submitted via e-mail to the Procurement Officer. Please identify in the subject line the Solicitation Number and Title. Answers to all questions that are not clearly specific only to the requestor will be distributed via the same mechanism as for RFP amendments and posted on eMM. The Procurement Officer, based on the availability of time to research and communicate an answer, will decide whether an answer can be given before the Proposals Due Date and Time.”

In order to ensure an open and fair procurement process, we respectfully request that the MLGCA post “All” questions and MLGCA’s answers on the eMM.

ANSWER: It is the policy of the MLGCA to distribute and post answers to all questions. However, the MLGCA shall have the right at its sole discretion to not distribute/post any question it may deem appropriate such as, for example, a question that contains confidential or otherwise sensitive information that applies only to the requestor.

5. **QUESTION:** Section 1.16 Oral Presentations, Page 31: In connection with the requirement in Section 1.16.3, will the MLGCA advise as to the amount of advance notice (i.e. how many weeks) that Offerors will be provided if the MLGCA requires an Offeror to submit “one Terminal for each Terminal type proposed”?

ANSWER: This will be specified by the Procurement Officer, who will make reasonable attempts to coordinate with the Offeror, at the time of scheduling oral presentations, demonstrations, or site visits in accordance with Section 1.16.5. In no event will the notice be less than seven (7) days.

6. **QUESTION:** Section 1.33 Minority Business Enterprise (MBE) Participation Goal, Pages 39-42; The RFP states, “Minority Business Enterprises Are Encouraged to Respond to this RFP” on the first page. However, other than the MBE compliance requirements listed in Section 1.33, to what extent, if any, does the MBE participation factor into MLGCA’s Price and Technical evaluation of an Offeror’s Proposal?

ANSWER: MBE participation is not an Evaluation Criteria to be evaluated in accordance with Section 5. An Offeror's compliance with the MBE or VSBE goal is considered separately as described in Section 1.33 and Attachment D.

7. QUESTION: Section 1.33 Minority Business Enterprise (MBE) Participation Goal, Pages 39-42; and Section 1.41 Veteran-Owned Small Business Enterprise Goals, Pages 45-47: The RFP's requirements/goals with respect to Minority Business Enterprise (MBE) (i.e., 15%) and Veteran-Owned Small Business Enterprise (VSBE) (i.e., 0.5%) subcontracting efforts utilize and determine these percentages based upon:

- "percentage of the total contract dollar amount" – Sections 1.33.1 and 1.41.3 (note: this Section 1.41.3 incorrectly references MBE and not VSBE)
- "percentage of total contract value" – Section 1.33.3 • "percentage of the total Contract amount" – MBE Attachment D-1A – Section 4
- "Percentage of total Contract Value" - MBE Attachment D-1A – Section A • "Percentage of Total Contract" MBE Attachment D-1A – Section B and Attachments M-1 and M-2
- "percentage of the total contract amount" – Good Faith Efforts Documentation and Attachment M-1
- "% of Total Contract Amount" – MBE Attachments D-3A and D-3B

To ensure correct calculation of the projected MBE and VSBE percentages to meet the RFP requirements, will the MLGCA confirm that, for the purposes of determining the "total contract value" or the "total contract dollar amount" (or the other similar variations listed above), this amount is the product of: (i) the amount set forth in the "Estimated Annual Price for Section A(1)" on Attachment F, multiplied by (ii) the seven (7) years of compensation payable under the initial term of the Contract? And then, the respective percentages (i.e., 15% for MBE and 0.5% for VSBE) would be percentages of that amount?

ANSWER: All of the stated variations have the same meaning – the "Total Contract Amount" means the total dollar amount paid to the Contractor for any and all aspects of this Contract.

The 15% MBE participation goal is calculated by multiplying the Total Contract Amount times 0.15. The 0.5% VSBE participation goal is calculated by multiplying the Total Contract Amount times 0.005.

The Offeror could appropriately calculate the initial goals as stated in the question. However, when the operational phase of the Contract begins and the Contractor is receiving payments from the MLGCA, the total dollar amount paid to the Contractor for all aspects of this Contract will be used by the MLGCA to compare to the MBE dollars spent in order to calculate the actual MBE participation percentage achieved.

8. **QUESTION:** Section 3.2.1, History, Page 55: This section states that "The MLGCA owns 1,000 Instant Ticket Vending Machines (ITVMs)." It is also stated that these do not connect to the On-Line Gaming System and the Contractor is not responsible for the operation of them.

Would the MLGCA confirm the 1,000 ITVMs will remain in service and the Contractor will not be responsible for the operation of the ITVMs, as well as not being responsible for service, maintenance, installation, warehousing, and other associated activities related to the ITVMs?

ANSWER: The ITVMs may or may not remain in service during the term of the Contract. However, the ITVMs will not be connected to the Contractor's system and the Contractor will have no responsibility for the ITVMs.

9. **QUESTION:** Section 3.2.5 Retailers, Page 58: Of the MLGCA's 4,596 retail locations identified, will the MLGCA please clarify how many retail locations have multiple terminals? Further, for those locations with multiple terminals, will the MLGCA please provide information on the number of terminals at such locations?

ANSWER: Yes, the requested information will be posted on the MLGCA's website mdlottery.com.

10. **QUESTION:** Section 3.2.8.3 System Functionality, Pages 60-61: With respect to Item A. of Section 3.2.8.3, will the MLGCA:

- a) Clarify if it intends to offer subscriptions on additional draw games beyond Mega Millions and Multi-Match?
- b) Convey the number of unique registered players that are currently subscribers for Mega Millions and Multi-Match?
- c) Provide subscription sales data by game from start-up through 2015?
- d) Clarify whether it is permitted to process subscription sale transactions via its website using debit and/or credit cards?

ANSWER:

- a) Possibly at some time during the term of the Contract.
- b) As of 1/13/16 there are 10,129 unique subscribers for Mega Millions and 4,540 for Multi Match.
- c) See attachment to this Q&A#1 for subscription sales data.
- d) MLGCA has the statutory authority to allow purchases by debit cards. MLGCA has no authority for the use of credit cards.

11. **QUESTION:** Section 3.2.8.3 System Functionality, Page 62: With respect to Item I. of Section 3.2.8.3, will the MLGCA clarify whether its Retailer database is the master database or the database maintained by the current Contractor?

ANSWER: The MLGCA's Retailer database is the master database.

12. **QUESTION:** Section 3.2.10 Mobile Applications, Page 65: Will the MLGCA provide the current number of app downloads for both Android and iOS?

ANSWER: The Total number of app downloads are:

MD Lottery app: 125,700

MD Lottery Keno & Racetrax app: 8,160

My Lottery Rewards app: 33,354

13. **QUESTION:** Section 3.3 General Requirements, Pages 66-67 ; and Section 3.26 Additional Tasks, Pages 126-129: Sections 3.3.2 and 3.26 of the RFP permit the MLGCA to select the Additional Tasks (i.e., Tasks I-VI.) via an NTP "at any time" during the term of the Contract. Further, the pricing sheets for these Additional Tasks, as set forth in Part B. and Part C. of Attachment F (Price Sheet), require the Offerors to provide pricing for such Additional Tasks (either as a Fixed Percentage of [X] Sales or Fixed Monthly Fee, as applicable).

Further, the Price Sheet (Summary) indicates that such Additional Tasks I-V will be included as part of the "Total Estimated Base Contract Term Price" which will be the "Basis of Award", such "Total Estimated Base Contract Term Price" which utilizes the seven (7) year base contract term representing the operational period after Start Up Date.

The pricing for such Additional Tasks could be materially different depending upon the timing of when the NTP for such Additional Task is issued during the Contract term, as such pricing would need to take into consideration the remaining term in the Contract (necessary for the Contractor to be reimbursed for its costs for such Additional Task). For example, if an NTP is issued for Task III (Secondary Communications Connection to Retailers), the pricing would be different if the NTP is issued prior to the Start-Up Date (i.e., pricing would be lower) versus if the NTP is issued during the seventh (7th) year of the Contract term (which, assuming the renewal terms are not exercised, would only allow the Contractor, to recoup the Fixed Monthly Fee for the remaining 12 months).

Although it is understood that the MLGCA has the discretion to select the Additional Tasks "at any time" during the term of the Contract, for purposes of providing the pricing for these Additional Tasks, will the MLGCA confirm that such pricing provided for the Additional Tasks should be based upon issuance of such NTP so that the Additional Tasks would be delivered at the Start Up Date, which would provide seven (7) years of operational period (and compensation to the Contractor) after the Start Up Date?

ANSWER: MLGCA anticipates ordering up to 1,500 additional Terminals of some type(s) at Start-Up. All other Additional Tasks, including the ordering of all types of additional Terminals, may be commenced at any time during the Contract term.

14. QUESTION: Section 3.3.19 Random Number Generator Security Scan, Vulnerability and Risk Assessment, Page 73: In regard to sub-section 3.f Description of Scans and Assessments, is it the intention to have a separated virtual dedicated server for RNG testing?

ANSWER: Yes.

15. QUESTION: Section 3.3.20 News/Press Releases, Page 74: Will the MLGCA please confirm that the restrictions and approval rights with respect to news releases and/or press releases do not apply to the extent that a Contractor is obligated by applicable law to make such public release (for example, any release required pursuant to SEC regulations), and in such instances, only notice to the MLGCA will be required? If not, will the MLGCA please confirm that, in such instances where the news/press release is required by applicable law, the MLGCA will not unreasonably withhold, condition or delay such approval?

ANSWER: Correct, these restrictions are not applicable to information required to be released pursuant to law, regulation or court order and only timely notice to the MLGCA is required.

16. QUESTION: Section 3.4.1 Primary System Requirements, Pages 75-77: Will the MLGCA :

- a) With respect to Item #17 under the sub-heading of Functionality, clarify whether the sales thresholds are daily or weekly?
- b) With respect to Item #29 under the sub-heading of Hardware, there appears to be a discrepancy between what terminal hardware is required in the RFP (page 76) and what is listed in the ATTCHMENT F – PRICE SHEET, Part A(1). Would the MLGCA clarify this discrepancy?
- c) With respect to Item #29b, provide either the make and model number of the existing cash drawers, and/or their dimensions?
- d) With respect to Item 29k, Item #29 provides for the hardware required to be furnished by the Contractor, which includes, in requirement k., “any other item, Hardware or facilities deemed necessary by the MLGCA for the efficient operation of the LCMCS.” Such an open-ended and undefined specification cannot be properly costed and will result in Offerors burdening their pricing to

protect against the potential unknown costs that could be assumed by the Contractor under this provision. Would the MLGCA either: (i) remove requirement k. from Item #29 or (ii) indicate that such "other" items, Hardware or facilities would be subject to the negotiation of additional remuneration to the Contractor?

- e) With respect to Item #29I, confirm, that the requirement for all hardware to have redundant power supplies applies only to the Hardware installed at the PDC and BDC and not to Retailer equipment such as Retailer terminals, ticket checkers, monitor game and advertising displays, jackpot signs, PSSTs, LSFA tools, etc.? Would the MLGCA clarify what hardware requires redundant power supplies??

ANSWER:

- a) **Daily**
- b) **Item #29 is correct. Section A(1) of the Price Sheet will be revised to be consistent with Item #29. (See Amendment #1 to the RFP)**
- c) **Autotote Model SP-103.**
- d) **This requirement will be revised to read "Any other item, Hardware or facilities necessary for the operation of the LCMCS as described in this RFP". (See Amendment #1 to the RFP)**
- e) **Correct, the redundant power supply requirement applies only to equipment in the PDC and BDC, not equipment at Retailer locations.**

17. QUESTION: Section 3.4.2 Back-Up System Requirements, Pages 80-81:

- a) In regard to Section 3.4.2.1 General Requirements, Item #2, the RFP states: "The Back-up LCMCS shall contain the capability to perform all management functions associated with Draw, Monitor and Instant Games, as well as being available remotely by communications from the PDC and BDC.

Do the terms "Back-up LCMCS" and "BDC" in this sentence reference the same facility?

- b) In regard to Section 3.4.2.3 MLGCA Backup Data Center ;
- Would the MLGCA provide rack and power requirements to host MLGCA's systems in requirement in Item #1?
 - Is it allowable to have the MLGCA's Backup Data Center within 100 miles?

ANSWER:

- a) **The reference to "BDC" in this Section will be deleted. (See Amendment #1 to the RFP)**

- b) **MLGCA back-up equipment will be housed in a 42U standard size server rack, which requires 7kw of redundant power supported by a UPS and generator; both 208 and 110 volt power supplies are required.**

The MLGCA back-up data center will be located within the Contractor's PDC or BDC. The location will be determined by the geographical distance to MLGCA headquarters, but at a minimum the MLGCA back-up data center location shall be 30 miles or more from MLGCA headquarters at a location approved by MLGCA, and in a different LATA from MLGCA headquarters.

18. QUESTION: Section 3.9.7 Shipping Fulfillment Requirements, Pages 91-92: Regarding Item #4, will the MLGCA convey the current number of packing stations utilized by the current Contractor so that an Offeror can properly cost the anticipated number of packing stations for the Instant Ticket Warehouse(s)?

ANSWER: There are presently 6 packing stations and 1 return station, for a total of 7 fully functional packing stations.

19. QUESTION: Section 3.9.16 Quota Level Adjustment Requirements, Page 96: Will the MLGCA define the term "Quota Level" and clarify/explain how it has been historically utilized?

ANSWER: "Quota" level should be replaced by "Initial Instant Ticket" order quantities. The RFP will be revised accordingly. (See Amendment #1 to the RFP)

20. QUESTION: Section 3.16 Games Development, Page 102: In connection with the Contractor cooperating with third-party developers for games and promotions, it is difficult to appreciate (and cost for) the level of assistance that will be required to be provided by the Contractor, and such unknowns will likely cause Offerors to burden their pricing as a result. Will the MLGCA confirm that the Contractor's cooperation only requires it to cooperate and make available its current specifications (e.g., APIs or similar) to allow such third-party developers to develop the game and/or promotion and, to the extent that any customization to the LCMCS is required for such third-party games or promotions, the Contractor would be compensated (e.g., on an hourly time and materials basis) for such customization services (either by the MLGCA or the third-party developer)?

ANSWER: It is anticipated that any games introduced will generate additional revenues and therefore compensation for the Contractor. As such, system development to introduce third party games would not be separately compensated.

21. QUESTION: Section 3.17.4 Ongoing Training, Research and Marketing Support, Pages 106-107: In connection with the research and marketing activities required, will the MLGCA provide any primary market research conducted among players and

retailers for the past five years? This can include, but is not limited to, game research, tracking studies, attitude and usage studies, retailer studies and segmentation studies

ANSWER: Yes, the requested information will be posted on the MLGCA's website mdlottery.com.

22. QUESTION: Section 3.25.6 Acceptance Testing, Pages 125-126: Will the MLGCA clarify whether the testing conducted by the independent testing laboratory is one and the same as the MLGCA's acceptance testing? Or, does the MLGCA view the testing conducted by the third party as separate from the MLGCA's own acceptance testing activity?

ANSWER: Testing conducted by an independent testing laboratory is not the same as MLGCA acceptance testing. The MLGCA will perform acceptance testing in addition to the independent laboratory, but may test in conjunction with the independent laboratory.

23. QUESTION: Section 3.26.2 Task II – Host « mdlottery.com » Online Network, Page 127: Will the MLGCA please convey what content management system is currently used to manage and deploy content to the existing MDLOTTERY.COM website?

ANSWER: The content management system used by the MLGCA to manage all of its websites is "WordPress".

24. QUESTION: Section 3.30.1 (*Second Instance*) Assessment: Collections, Withholds, Page 143:

- a) Item #1 of Section 3.30.1 (Second Instance) states that "If the Director determines that any damage was caused in part by the MLGCA, the Director will reduce damage assessment against the Contractor proportionately." Will the MLGCA confirm, that such reduction would also apply to the extent that any damage was caused in part by any agent or third party under the control of the MLGCA (i.e., other suppliers, etc.)?
- b) The RFP contains two (2) Section 3.30.1 – for "LIQUIDATED DAMAGES" and "ASSESSMENT; COLLECTIONS, WITHHOLDS." Will the MLGCA revise the RFP to correctly list the second reference to Section 3.30.1 as Section 3.30.2 and re-number the subsequent Sections of 3.30?

ANSWER:

a) Yes, correct.

b) Yes, the numbering will be corrected. (See Amendment #1 to the RFP)

25. QUESTION: Section 3.30.6.2 Timely and Accurate Reports or Files, Page 145: The Damages for late or inaccurate reports in Section 3.30.6.2 is \$5,000/day for each report. This Offeror respectfully notes that such amount is penal in nature and far in excess of the Liquidated Damages in other similar jurisdictions for such late reports. As such, would the MLGCA be willing to revise such Liquidated Damage for late/inaccurate reports to \$500/day?

ANSWER: No, this Section of the RFP will not be amended. This provision reflects the MLGCA's business requirements and is believed to be in the State's best interest. It is the Contractor's responsibility to deliver timely and accurate reports and files as required. The MLGCA would generally only assess for delays that affect our business processes.

26. QUESTION: Section 3.30.7.2 Retailer Outage, Page 145-146:

- a) Will the MLGCA clarify how it came to the amount of \$201.50 in the Example? Based upon the definition of Revenue Contribution Rate, the rate listed is currently 29%, and 29% of the \$650 in lost sales is equal to \$188.50, not \$201.50.
- b) Further, will the MLGCA confirm that such Liquidated Damages are only applicable to those hours in which there are no sales (in accordance with the Condition in Section 3.30.7.1), so the above *Example assumes that the \$650 in lost sales represents those hours when the Retailer suffered the outage?

ANSWER:

- a) The MLGCA example was incorrectly calculated. The calculation in the question is correct for the 29% Rate. (See Amendment #1 to the RFP)
- b) Yes, Correct.

27. QUESTION: Section 3.30.17 Performance, Page 148: In regard to the Liquidated Damage for when a "Send-to-Cut time exceeds four (4) seconds", there seems to be a discrepancy in this requirement. Will the MLGCA clarify this requirement?

ANSWER: The RFP will be revised to clarify that the Send-to-Cut time requirement shall be not to "exceed three (3) seconds." (See Amendment #1 to the RFP)

28. QUESTION: Section 3.30.20 System Outage, Page 149: In regard to the Liquidated Damage for a "down" System Outage, will the MLGCA clarify what a "down" event includes? Does the term "down" only include events pursuant to which the LCMCS is incapable of producing or validating winning tickets?

ANSWER: Yes, Correct.

29. QUESTION: Section 3.31.4 Deliverable Descriptions/Acceptance Criteria, Pages 153-154:

- a) In connection with the “disaster recovery” Deliverable in Section 3.31.4, will the MLGCA revise the reference to: (i) Section 3.4.3.1 to instead reference Section 3.4.2.1 and (ii) Section 3.28.12 to instead reference Section 3.27.12? Additionally, will the MLGCA please confirm that this Deliverable schedule should include a due date for the initial Disaster Recovery Plan, which is 45 day prior to Contract execution date?
- b) In connection with the “field service schedule” and “detailed inventory” Deliverables in Section 3.31.4, will the MLGCA revise the references to Section 3.21.4 to instead reference Section 3.21.1.4?
- c) In connection with the “weekly Hotline Call” and “Hotline Quality Assurance and Training Program” Deliverables in Section 3.31.4, will the MLGCA revise the references to Section 3.22.3 to instead reference Section 3.21.3? Additionally, will the MLGCA clarify that the “weekly Hotline Call” Deliverable’s “Due” period is “Weekly; five (5) days of the end of each Business Week?”
- d) In connection with the Section 3.21.5 “Conversion Plan” Deliverable in Section 3.31.4, will the MLGCA clarify whether the Conversion Plan is due 30 days from the Contract award or 30 days from the Effective Date? This Offeror believes that the Effective Date will be 10 days after the Contract award, which would give the Contractor 20 days from the Effective Date to deliver the Conversion Plan
- e) In connection with the Section 3.27.5 “detailed security plan” Deliverable in Section 3.31.4, will the MLGCA revise the “Due” date to 90 days (from 60 days) prior to Start Up Date (as is set forth in Section 3.27.5)?
- f) In connection with the Section 3.27.8 “data security plan” Deliverable in Section 3.31.4, will the MLGCA revise the applicable Subsection reference from “Subsection 5, c” to “Subsection 6, c”?
- g) In connection with the Section 3.27.8 “penetration test” Deliverable in Section 3.31.4, will the MLGCA revise the applicable Subsection reference from “Subsection 7” to “Subsection 8”?
- h) In connection with the Section 3.29, Subsection 3 “PEP” Deliverable in Section 3.31.4, will the MLGCA revise the reference to “Problem Escalation Plan” to “Problem Escalation Procedure?”

ANSWER: Yes, the Sections noted in the Question will be revised as indicated below. (See Amendment #1 to the RFP)

- a) Yes, the numbering for the references will be revised; the Due Date will be revised to “Within 45 days of Effective Date”.
- b) Yes, the numbering for the references will be revised.
- c) Yes, the numbering for the references will be revised; the Due Date will be revised to “Within 5 days of the end of the Business Week”.
- d) This section will be clarified to refer to the “Effective Date”, not “award”.
- e) This Section will be revised to “90” days, not “60” days.
- f) Yes, the numbering for the references will be revised.
- g) Yes, the numbering for the references will be revised.
- h) Yes, this Section will be revised to “Problem Escalation Procedure”.

30. QUESTION: Section 3.32 Insurance Requirements, Page 155; and Section 5.6 Documents Required Upon Notice of Recommendation of Award, Pages 177-178: Section R23.15 of the draft Contract (Attachment A), provides for delivery of the certificates evidencing the insurance requirements within five (5) days of notice of recommended award. However, this requirement is inconsistent with Sections 3.32.3 and 5.6 of the RFP, which require the insurance certificates to be delivered within ten (10) Business Days.

- a) Is the requirement ten (10) or five (5) days?
- b) Further, the reference to the insurance requirements in Section 5.6 references Section 3.11.8, but will the MLGCA confirm that it intended to reference Section 3.32.3?

ANSWER:

- a) The correct requirement should be ten (10) days and the RFP will be corrected. (See Amendment #1 to the RFP)
- b) Yes, the numbering in Section 5.6 will be corrected to read Section 3.32.3. (See Amendment #1 to the RFP)

31. QUESTION: Section 3.34 Mobile Applications, Page 157:

- a) Will the MLGCA confirm that this requirement means the Contractor does not have to provide the actual functionality within the mobile applications, but rather just the technology to support all required mobile app functionality such as ability

to read barcode on mobile device at lottery terminal, data center servers to supply necessary data and API's to the mobile app, etc.?

- b) In connection with the Additional Support to be provided by the Contractor under Section 3.34.2, as such assistance is without scope, requirements, specifications, timing, etc., and thus Offerors are incapable of properly quantifying or costing such assistance, will the MLGCA confirm that such assistance may be subject to additional remuneration to the Contractor (either from the MLGCA or the third party), to be mutually agreed upon by the parties, taking into consideration, among other items, the actual scope of assistance necessary?

ANSWER:

- a) Yes, correct.

- b) No, there will not be additional remuneration. These requirements are part of the basic contract. The specifications in Section 3.4 will be revised to better define the requirements. (See Amendment #1 to the RFP)"

32. QUESTION: Section 4.2.2.2 Claim of Confidentiality, Page 158: Will the MLGCA clarify the placement of the Claim of Confidentiality section in the proposal? Should it be placed under Tab A between the Title Page and the Table of Contents, or under a separate Tab A-1 following the Table of Contents?

ANSWER: Information which is claimed to be confidential shall be placed *after* the Table of Contents and labeled as a separate Tab A-1. (See Amendment #1 to the RFP)

33. QUESTION: Section 4.2.2.6, Offeror Technical Response to RFP Requirements, Page 159: The RFP states: "A. The Offeror shall present an overview of the entire LCMCS to include a description of how it meets the MLGCA's overarching objective for innovative concepts and solutions that will drive increased sales and revenue. The Offeror shall address in sequence in Sections 4.2.2.6.1 through 4.2.2.6.28 each Scope of Work requirement (Section 3) in its Technical Proposal and describe how its proposed products/services, including the products/services of any proposed subcontractor(s), will meet or exceed the requirement(s). If the State is seeking Offeror agreement to any requirement(s), the Offeror shall state its agreement or disagreement. Any paragraph in the Technical Proposal that responds to a Scope of Work requirement shall include an explanation of how the work will be performed. Any exception to a requirement, term, or condition may result in having the Proposal classified as not reasonably susceptible of being selected for award or the Offeror deemed not responsible. The response shall address each requirement in Section 3 of this RFP in order, and shall contain a cross reference to the RFP requirement."

In order to provide the MLGCA with a more succinct proposal response, will the MLGCA consider the following suggested format as an acceptable and compliant response to the RFP requirements?

In each section, the proposed format will begin with Sections 4.2.2.6.1 through 4.2.2.6.28 and follow with three components in each section:

1. Compliance Table – *This table will cross reference each requirement in Section 3 and will indicate if the Vendor Meets or Exceeds the Lottery's requirements. It will also provide the Lottery with a quick assessment of Vendors' Agreement or Disagreement to Section 3 requirements.*

2. Section 3 Description - *For any solutions that exceed the Lottery's requirements and for Section 3 requirements that call for an explanation of how the work will be done, the Vendor will provide a detailed description with a cross reference to the section below the compliance table.*

3. Section 4 Response – *The Vendor will respond with a full description to all of the requirements in Section 4.*

For clarity, the response would appear as the following example shows:

Section 4.2.2.6.1 General Requirements (Ref: Section 3.3)

Section 3.3 General Requirements

Section Number	Meet	Exceed	Agreement	Disagreement	Comments
Section 3.3.1	X				
Section 3.3.2	X				
Section 3.3.3	X				
Section 3.3.4	X				
Section 3.3.5		X	X		Please reference below for our detailed response to the requirements set forth in this section.
Section 3.3.6	X				
Section 3.3.7				X	Please reference below for our detailed response to the requirements set forth in this section.

**Section 3.3.5 Certification
Vendors Response:**

Section 3.3.7 Certification

Vendors Response:

ANSWER: Yes, the format outlined in the Question appears to be an acceptable format for the response, provided that the Offeror's response meets all of the submission requirements as stated in the RFP.

34. QUESTION: Section 4.2.2.6.5 Draw Games and Section 4.2.2.6.6 Monitor Games, Page 162: Given the amount of research and data required to comprehensively respond to the evaluation criterion areas for Draw and Monitor Games, would MLGCA consider the establishment of a Data Warehouse for Prospective Offerors? Given the extremely short RFP response due date of March, it would be helpful to all potential offerors to have readily available, detailed sales data (and Retailer Network information), such as: Sales by Game; by Bet Type; by Terminal; by Geographic Region; by Retailer type, etc.

ANSWER: No, the MLGA does not have the time or resources to build a data warehouse as requested. However, the requested data will be posted on the MLGCA's website mdlottery.com.

35. QUESTION: Section 4.2.2.6.6 Monitor Games, Item a., Page 162:

- a) Will the MLGCA clarify whether it or its current vendor (SGI) has the license with Tabcorp for the Racetrax game?
- b) If the MLGCA has the license for the Racetrax game, would the new Contractor be permitted to utilize (i.e., sublicense) the Racetrax game and, if so, what are the terms of such an arrangement?

ANSWER:

- a) No, the current Contractor, Scientific Games International, Inc., holds the licensing contract with Tabcorp.
- b) Not applicable.

36. QUESTION: Section 4.2.2.6.14.b, Games Development, Page 163: This requirement requests Offerors to propose any new games or promotions to increase sales and revenue. However, Section 4.2.2.6.5.b also asks Offers to propose any other draw games which are equal to or better than, in respect to both quality and sales and revenue generation, the existing Draw Games specified in Section 3.2.3.

Will the MLGCA remove the "new games" requirement from Section 4.2.2.6.14.b as it duplicates the requirement in Section 4.2.2.6.5.b and will unnecessarily lengthen the bid response.

ANSWER: No, these are not duplicate requirements. Section 4.2.2.6.14.b refers to any games the Offeror may have that would replace existing games,

such as Racetrax. Section 4.2.2.6.5.b refers to any new or additional games the Offeror may have available that would increase sales and revenue.

37. **QUESTION:** Section 4.2.2.6.16, Back Office Functionality, Pages 163-164: If the contractor provides a system with the functionality for the MLGCA's back-office requirements (Base System Requirement 4.2.2.6.16) and additional tasks for the Customer Resource Center (Additional Task V), does the MLGCA still need the MLGCA Back-up Data Center referenced in 3.4.2.3?

ANSWER: Yes, there will still be requirements to host other MLGCA apps and the MLGCA back-up data center requirement would still be applicable.

38. **QUESTION:** Section 4.2.2.11 Financial Capability, Page 169: Will the MLGCA accept the three (3) years of Financial Statements (as required by Section 4.2.2.11 of the RFP) to be submitted on electronic media only?

ANSWER: Yes, submission of the Financial Statements by electronic media such as a CD or thumb-drive is an acceptable format.

39. **QUESTION:** Section 4.2.2.12 Certificate of Insurance, Page 169: The requirement in Section 4.2.2.12 states that "The current insurance types and limits do not have to be the same as described in Section 3.33.5." Will the MLGCA confirm, that the correct Section reference is 3.32.5?

ANSWER: Yes, the numbering in Section 4.2.2.12 will be corrected to read Section 3.32.4 and 3.32.5. (See Amendment #1 to the RFP)

40. **QUESTION:** Section 4.4, Proposal Packaging, Page 172:

- a) In Section 4.4.2 the RFP states "A complete electronic version of the Technical Proposal in Microsoft Word format (version 2010 or greater) must be enclosed with the original Technical Proposal. An electronic version of the Financial Proposal in Microsoft Word, PDF, or Microsoft Excel format (version 2010 or greater) must be enclosed with the original Financial Proposal. **Provide no pricing information on the media submitted in the Technical Proposal (Volume 1). Include pricing information only in the Financial Proposal media (Volume II).**"

Would the MLGCA accept an electronic version in PDF format (version 2010 or greater) of the Technical Proposal?

- b) In Section 4.4.5 the RFP states "All pages of both proposal volumes shall be consecutively numbered from beginning (Page 1) to end (Page "x")."

- To eliminate confusion and better assist the MLGCA in their evaluation process, would the MLGCA consider allowing Offerors to break out the required subsections in Section 4.2 into individual sections with individual, consecutive page numbering, especially since each subsection in 4.2.2.6 also requires a response to relevant sections in Section 3 - Scope of Work (REF: 3.X)?

For example:

4.2.2.6.1 (REF: Section 3.3) Page 4.2.2.6.1-1 – 4.2.2.6.1-XX

4.2.2.6.2 (REF: Section 3.4) Page 4.2.2.6.2-1 – 4.2.2.6.2-XX

4.2.2.6.3 (REF: Section 3.5) Page 4.2.2.6.3-1 – 4.2.2.6.3-XX

- Would the Lottery accept foldouts and pre-printed inserts, etc. to have their own numbering scheme?

ANSWER:

a) **Yes, PDF format is acceptable but must include the ability to search, copy and print selected pages and partial pages.**

b) **The main body of the Technical Proposal and Financial Proposal documents shall be consecutively numbered. The format outlined in the Question appears to be an acceptable format for the response, provided that the Offeror's response meets all of the submission requirements as stated in the RFP.**

Appendices, foldouts, etc. or any other attachments that the Offeror may choose to submit need not be consecutively numbered, but should be individually numbered to insure that all pages are included.

41. QUESTION: Section 5.2 Technical Proposal Evaluation Criteria, Pages 174-175:

- a) Several of the section headings/references in Section 5.2.3 appear to have incorrect cross-references in the Evaluation Criteria list in Section 5 of the RFP. Will the MLGCA make the following corrections to the Section numbers (suggested changes in bold)?:

Level 1 Criteria

- f) Security (Section 4.2.2.6.**25**)
- h) Additional Task VI CIII (4.2.2.6.**24**)

Level 2 Criteria

- a) Conversion/Implementation (Section 4.2.2.6.**23**)
- e) Data Warehouse System with Business Intelligence (Section 4.2.2.6.**22**)
- h) Retailer Management System (Section 4.2.2.6.**17**)
- j) Additional Task VI CII (4.2.2.6.**24**) Alternate Payment Method

Level 3 Criteria

- a) Retailer Website (Section 4.2.2.6.**18**)
- b) Support Services (Section 4.2.2.6.**19**)

- c) Additional Task IV (4.2.2.6.24) Player Loyalty Program
- d) Additional Task V (4.2.2.6.24) MLGCA Customer Resource Center
- e) Additional Task VI CI (4.2.2.6.24) Additional Terminal Types

Level 4 Criteria

- b) System Modifications, Enhancements and Upgrades (Section 4.2.2.6.20)
- c) Download Server Environment (Section 4.2.2.6.21)

Level 5 Criteria

- b) Additional Task I (4.2.2.6.24) E-Commerce Subscriptions
- c) Additional Task II (4.2.2.6.24) Host mdlottery.com
- d) Additional Task III (4.2.2.6.24) Secondary Communications to Retailers

- b) The Evaluation Criteria section appears to exclude the following Sections of the RFP: (i) 4.2.2.6.13 Internal Control System, and (ii) 4.2.2.6.26 Problem Escalation Procedure. Will the MLGCA advise if these Sections will be evaluated and/or provide for these in a corresponding Evaluation Criteria Level?

ANSWER:

- a) **Yes. This Section contains errors in the numbering of some of the references. The numbering will be corrected. (See Amendment #1 to the RFP)**
- b) **Yes, these items will be evaluated and will be added to Section 5.2.3. (See Amendment #1 to the RFP)**

42. QUESTION: Section 5.2 Technical Proposal Evaluation Criteria, Pages 174-175: The RFP states that "The criteria to be used to evaluate each Technical Proposal are listed below in descending order of importance." Please provide the weight percentage given to each criterion. The RFP does not seem to specify the relative importance of the factors as required by COMAR.

ANSWER: In accordance with COMAR 21.05.03.02 (2), the Request for Proposals shall include "The evaluation factors and an indication of the relative importance of each evaluation factor, including price." As stated in Section 5.2 of the RFP "The criteria to be used to evaluate each Technical Proposal are listed below in descending order of importance." That is, criterion no. 1 is more important than criterion no. 2, criterion no. 2 is more important than criterion no. 3, etc."

As stated in Section 5.5.3 of the RFP, "In making this most advantageous Proposal determination, technical factors will receive greater weight than financial factors."

43. QUESTION: RFP Attachments, Page 179: The "RFP Attachments" listing on Page 179 of the RFP states that, with respect to the "Attachment A – Contract", "Attachment C – Contract Affidavit", and "Attachment J – Non-Disclosure Agreement," such documents must be returned within five (5) Business Days after receipt or receipt

of notification of award, which appears to be inconsistent with Section 5.6 of the RFP that calls for those documents to be delivered within ten (10) Business Days of notice of recommended award. Will the MLGCA confirm that the ten (10) Business Days from notification of recommended award is the correct period for delivery of these documents?

ANSWER: The correct requirement should be ten (10) days and the RFP will be corrected. (See Amendment #1 to the RFP)

44. QUESTION: General: Will the MLGCA provide a copy of the proposal submitted by the current LCMCS vendor Scientific Games for the current contract and systems.

ANSWER: The Maryland Public Information Act requires that the MLGCA notify the Contractor of a PIA request and provide the opportunity for it to identify what it deems to be confidential information. The Procurement Officer is then required to make a determination regarding what information must be redacted and what information may be disclosed. The MLGCA has initiated that process but cannot indicate at this time when the requested information may be available for release or how much of the Proposal may be redacted.

45. QUESTION: General – Will the MLGCA provide a copy of the Lottery Central Monitoring and Control System contract(s) with Scientific Games including any amendments.

ANSWER: The On-Line Gaming System Contract #2005-11 with Scientific Games International, Inc., as well as Modifications #1 through 9 to the Contract, will be posted on the MLGCA website mdlottery.com.

46. QUESTION: General – Will the MLGCA provide the total monies paid to the current LCMCS Contractor for the contract over the past five years. Please provide the monies paid over and above the 0.095% of revenue base fee for the past 5-year period.

ANSWER:
Total monies paid over the past 5 years (FY2011-FY2015) - \$85,740,845.

Total monies paid over the past 5 years (FY 2011-FY2015) over the .0095% - \$456,086 (note this amount is included in the total above).

Break Down by FY as follows:

FY 2011 - Total - \$16,337,960.43
Amount over the .0095 - \$69,166.90 (this amount is included in the total)

FY 2012- Total - \$17,045,866.10
Amount over the .0095 - \$69,886.28 (this amount is included in the total)

FY 2013 - Total - \$17,632,995.44

Amount over the .0095 - \$40,451.82 (this amount is included in the total)

FY 2014 - Total - \$16,469,808.30

Amount over the .0095 - \$227,328.86 (this amount is included in the total)

FY 2015 - Total - \$18,254,214.84

Amount over the .0095 - \$49,252.24(this amount is included in the total)

47. QUESTION: General - Will the MLGCA provide any incentive payments paid to the LCMCS vendor for exceeding or achieving certain performance levels during the recent 5-year period.

ANSWER: The only incentive payments paid to the current Contractor are:

Fiscal Year 2012 = \$885,427

Fiscal Year 2013 = \$174,968

48. QUESTION: General - Will the MLGCA provide details on any liquidated damages, fines, or other fees assessed by the MLGCA against the LCMCS vendor during the recent 5-year period.

ANSWER: Yes, the requested information will be posted on the MLGCA's website mdlottery.com.

49. QUESTION: General – Will the MLGCA provide a spread sheet containing current Lottery Retailers including, retailer number, name, address, zip code, a phone number for the physical retail location, this will aid with communications solution availability.

ANSWER: Yes, the requested information will be posted on the MLGCA's website mdlottery.com.

50. QUESTION: General – Will the MLGCA provide a spread sheet containing most recent annual sales by retailer by game, also indicating type of retailer i.e. grocery, convenience, bar, etc.

ANSWER: Yes, the requested information will be posted on the MLGCA's website mdlottery.com.

51. QUESTION: General – Will the MLGCA provide a spread sheet containing most recent annual sales from player self-service vending machines by retailer by game.

ANSWER: Yes, the requested information will be posted on the MLGCA's website mdlottery.com.

MLGCA
Subscription Sales Since Inception

Fiscal Year	Mega Millions	Megaplier	Total MM W/ Megaplier
2001	\$237,689		\$237,689
2002	\$636,541		\$636,541
2003	\$819,768		\$819,768
2004	\$1,082,152		\$1,082,152
2005	\$1,247,214		\$1,247,214
2006	\$1,602,520		\$1,602,520
2007	\$2,179,410		\$2,179,410
2008	\$2,307,580		\$2,307,580
2009	\$2,425,938		\$2,425,938
2010	\$2,444,382		\$2,444,382
2011	\$2,329,306	\$53,356	\$2,382,662
2012	\$2,285,826	\$360,892	\$2,646,718
2013	\$2,134,484	\$456,052	\$2,590,536
2014	\$1,587,756	\$378,546	\$1,966,302
2015	\$1,598,823	\$425,029	\$2,023,852
Total	\$24,919,389	\$1,673,875	\$26,593,264

Fiscal Year	MultiMatch
2006	\$1,016,052
2007	\$2,650,318
2008	\$2,382,116
2009	\$2,197,097
2010	\$2,063,392
2011	\$1,879,716
2012	\$1,762,146
2013	\$1,642,464
2014	\$1,531,390
2015	\$1,397,444
Total	\$18,522,135