

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



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TO: Maryland Lottery and Gaming Commission
Gordon Medenica, Director

FROM: James Nielsen, Assistant Deputy Director/COO

DATE: August 15, 2017

SUBJECT: Report for the August 2017 Commission Meeting

GAMING

See attached report.

REGULATORY OVERSIGHT

See attached report from John Mooney, Managing Director

AGENT ADMINISTRATION

The following table presents retailer and terminal counts according to the Lottery's Agent Administration database.

Total Retailers			
Date	Count	Date	Count
Current			
06/30/16	4,539	06/30/17	4,496
07/31/16	4,527	07/31/17	4,486
Quarterly Comparisons			
06/30/15	4,536	06/30/16	4,539
09/30/15	4,564	09/30/16	4,532
12/31/15	4,560	12/31/16	4,512
03/31/16	4,549	03/31/17	4,500
06/30/16	4,539	06/30/17	4,496

Total Retailer Terminals			
Date	Count	Date	Count
Current			
06/30/16	5,274	06/30/17	5,427
07/31/16	5,263	07/31/17	5,419
Quarterly Comparisons			
06/30/15	5,293	06/30/16	5,260
09/30/15	5,293	09/30/16	5,260
12/31/15	5,290	12/31/16	5,241
03/31/16	5,281	03/31/17	5,434
06/30/16	5,274	06/30/17	5,427

XCAP Retailers			
Date	Count	Date	Count
Current			
06/30/16	307	06/30/17	345
07/31/16	313	07/31/17	349
Quarterly Comparisons			
06/30/15	300	06/30/16	322
09/30/15	300	09/30/16	322
12/31/15	301	12/31/16	335
03/31/16	303	03/31/17	342
06/30/16	307	06/30/17	345

CONTRACT MANAGEMENT

- Conversion planning and status meetings continue. Requirements gathering sessions and creation of initial specifications are underway in multiple areas. Development of the paperless application / licensing process and gemIntelligence (Sales Force Automation) have advanced far enough that demonstrations were provided to allow for discussion and a visual depiction of open decision items. Initial terminal counts by type of terminal have been determined. Retailer training and installation dates

were agreed upon. Retailer training will commence the week of October 30. Retailer terminal installations will commence the week of November 6. Additional subscription offerings have been agreed upon. In addition to Mega Millions and Multi-Match, Powerball and Cash4Life will be made available for subscription play.

- MS Technologies continues to work on e-Licensing Systems improvements. An initial group of Priority 6 changes have been released for testing.

FACILITIES

- Building management has identified a number of changes to the HVAC system to address temperature fluctuations and reviewing bids for the equipment needed. Painting has begun, and is occurring after business hours. Carpet replacement will be started once the painting has been completed.
- Staff continue working with IT to develop the capability to use bar-coded labels and a scanner to automate our equipment inventory process.
- An agency-wide physical inventory was just completed and signoffs from each department are being obtained.

WAREHOUSE

The instant ticket warehouse is responsible for packing all of the instant tickets that are shipped to lottery retailers. Orders are placed through our Tel Sell operation which is operated by our central system vendor. Once an order is placed, it is sent to the warehouse for fulfillment. Additionally, as each new instant game is launched, the majority of retailers receive an initial allocation of the new games to assure the tickets are available across the State. Fulfilled orders are shipped via UPS for next day delivery to the retailer locations. In addition to filling the orders, the warehouse is responsible for monitoring UPS to ensure proper billing and timely delivery.

# of Orders	# of Packs	YTD Orders	YTD Packs
June 2017	June 2017	7/1/16 – 6/30/17	7/1/16 – 6/30/17
15,626	225,350	182,393	2,168,033
July 2017	July 2017	7/1/17 – 7/31/17	7/1/17 – 7/31/17
14,720	240,070	14,720	240,070

We shipped 96,100 more packs this July than we did last July.

STAFFING

We are continuing the process of recruiting a replacement for Charles LaBoy, the Managing Director for Gaming and have completed interviews.