TO: Maryland Lottery and Gaming Commission
              Gordon Medenica, Director

FROM: James Nielsen, Assistant Deputy Director/COO

DATE: August 14, 2018

SUBJECT: Report for the August 2018 Commission Meeting

GAMING

See attached report from James Logue, Managing Director

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					Total Retailer Terminals					XCAP Retailers			
Date	**Count**	**Date**	**Count**		**Date**	**Count**	**Date**	**Count**		**Date**	**Count**	**Date**	**Count**
Current					**Current**					**Current**			
07/31/17	4,486	07/31/18	4,164		07/31/17	5,419	07/31/18	5,370		07/31/17	349	07/31/18	341
Quarterly Comparisons					**Quarterly Comparisons**					**Quarterly Comparisons**			
09/30/16	4,532	09/30/17	4,492		09/30/16	5,260	09/30/17	5,431		09/30/16	322	09/30/17	355
12/31/16	4,512	12/31/17	4,485		12/31/16	5,241	12/31/17	5,444		12/31/16	335	12/31/17	363
03/31/17	4,500	03/31/18	4,454		03/31/17	5,434	03/31/18	5,375		03/31/17	342	03/31/18	372
06/30/17	4,496	06/30/18	4,446		06/30/17	5,427	06/30/18	5,205		06/30/17	345	06/30/18	343

CONTRACT MANAGEMENT

● Several software enhancements have been deployed to improve the user experience for our stakeholders. Further improvements are being prioritized and staged in releases. Each enhancement will provide additional functionality and streamline workflows.

Deployment of our new self-service draw game and scratch ticket vending machines has moved to phase two, with over 450 units installed. We are also conducting User Acceptance Testing on the draw game only self-service terminal planned for a pilot starting in late August.

- MS Technologies continues to work on e-Licensing Systems improvements. Another group of Priority 6 changes are being tested by staff.

FACILITIES

- Working on year-end inventory reports.

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.

Reconfiguration of the warehouse has been completed although we will continue making small adjustments as we grow more familiar with the sorter. We have seen a definite improvement in our capacity to pack more orders in a day, even though the staff is still acclimating to new processes.

# of Orders	# of Packs	YTD Orders	YTD Packs
June 2018		**7/1/17 – 06/30/18**	**7/1/17 – 06/30/18**
14,577	167,630	182,023	2,309,743

In FY 2018, we shipped 142,000 more packs than last fiscal year, or 6.5% more.

# of Orders	# of Packs	YTD Orders	YTD Packs
July 2018		**7/1/18 – 07/31/18**	**7/1/18 – 07/31/18**
14,360	187,992	14,360	187,992