

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: February 13, 2018

SUBJECT: Report for the February 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			
Date	Count	Date	Count
Current			
01/31/17	4,519	01/31/18	4,476
Quarterly Comparisons			
03/31/16	4,549	03/31/17	4,500
06/30/16	4,539	06/30/17	4,496
09/30/16	4,532	09/30/17	4,492
12/31/16	4,512	12/31/17	4,485

Total Retailer Terminals			
Date	Count	Date	Count
Current			
01/31/17	5,448	01/31/18	5,436
Quarterly Comparisons			
03/31/16	5,281	03/31/17	5,434
06/30/16	5,274	06/30/17	5,427
09/30/16	5,260	09/30/17	5,431
12/31/16	5,241	12/31/17	5,444

XCAP Retailers			
Date	Count	Date	Count
Current			
01/31/17	337	01/31/18	367
Quarterly Comparisons			
03/31/16	303	03/31/17	342
06/30/16	307	06/30/17	345
09/30/16	322	09/30/17	355
12/31/16	335	12/31/17	363

CONTRACT MANAGEMENT

- The Lottery and SGI have agreed to move the Go-Live date for the new LCMCS from late March to late April. This will still be in advance of the conversion date required under the new contract so the effect on the Lottery and our retailers will not be significant. The decision was made primarily due to the fact the March date was chosen over a year ago, before the contract was actually approved. Estimates of the effort and time needed regarding installation times for

retailer equipment; manufacturing, delivery and testing of six new terminal types; and software development and testing all indicated that just under 11 months was an aggressive but achievable schedule. Based on the actual contract signing date, the 11 months was further compressed and the parties agreed that taking some extra time would be in our mutual best interest to assure a smooth conversion.

- Retailer training was completed as scheduled and we are now accommodating those retailers that were unable to attend with additional training opportunities. User Acceptance Testing of system functionality began January 25 with no major functionality issues discovered to date.
- MS Technologies continues to work on e-Licensing Systems improvements. A group of Priority 6 changes are being tested by staff.

FACILITIES

- A pre-bid meeting was held on February 13th in preparation for ordering new pallet racks in the instant ticket warehouse.
- Carpet replacement began on February 12th. Building management has had some success addressing temperature variations around the agency.
- A new 4-wheel drive vehicle has been ordered.
- Agency wide inventory started January 4, 2018, to be completed by May 1, 2018.
- Facilities staff continues working with IT to develop the capability to use bar-coded labels and a scanner to automate our equipment inventory process. System still has some issues that need to be addressed before we can start using scanners with the system.
- New phones are being distributed to Sales staff, working with IT staff to complete distribution.

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
January 2018		7/1/17 – 01/31/18	7/1/17 – 01/31/18
15,846	184,444	105,951	1,343,852

Year to date, we have shipped 190,000 more packs than last fiscal year.