

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: January 16, 2018

SUBJECT: Report for the January 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			
12/31/16	4,512	12/31/17	4,485
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			
12/31/16	5,241	12/31/17	5,444
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			
12/31/16	335	12/31/17	363
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

- Conversion planning and status meetings continue. We are in the final stage of documentation and specification approvals. Fifty pilot retailer locations are fully operational with new terminals, monitors, and upgraded cellular communications. All retailers are attending training rallies across the state and feedback has been positive. Installations beyond the pilot locations began January 3 and the pace will increase over the coming weeks. Once all retailers have the new equipment installed we will make final preparations for conversion to the new central gaming system on March 26. Meetings with the third party UAT testing vendor, GLI, began as scheduled. With the assistance of GLI, creation of system

test scripts to ensure system functionality has begun. Meetings and preparation began to ensure system security requirements are met utilizing NIST guidelines.

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

FACILITIES

- Awaiting bid information from DGS for the new shelving units for the Instant Ticket Warehouse. A pre-bid meeting with vendors will be scheduled.
- 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.
- Working with building management to schedule painting of the support pillars to be followed by carpet replacement. Building management is also working to address temperature variations around the agency.
- Awaiting information from DBM to purchase two 4-wheel drive vehicles.
- 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
December 2017		7/1/17 – 12/31/17	7/1/17 – 12/31/17
13,961	177,376	90,105	1,159,408

Year to date, we have shipped 179,000 more packs than last fiscal year.