

# Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



Montgomery Park Business Center  
1800 Washington Blvd., Suite 330  
Baltimore, Maryland 21230

Tel: 410-230-8800  
TTY users call Maryland Relay  
www.mdlottery.com

TO: Maryland Lottery and Gaming Commission  
Gordon Medenica, Director

FROM: James Nielsen, Assistant Deputy Director/COO

DATE: May 14, 2018

SUBJECT: Report for the May 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
<b>Current</b>				<b>Current</b>				<b>Current</b>			
04/30/17	4,491	04/30/18	4,456	04/30/17	5,417	04/30/18	5,246	04/30/17	342	04/30/18	353
<b>Quarterly Comparisons</b>				<b>Quarterly Comparisons</b>				<b>Quarterly Comparisons</b>			
06/30/16	4,539	06/30/17	4,496	06/30/16	5,274	06/30/17	5,427	06/30/16	307	06/30/17	345
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

## CONTRACT MANAGEMENT

- The new Lottery Central System was brought on-line on April 30 as scheduled. As previously discussed, this was an exceptionally complex conversion involving replacing and upgrading the following systems and components: new central systems operating at remote data centers; a new cellular communications system; six new retailer terminal types; replacement of all retailer site equipment including Keno and RaceTrax monitors, jackpot signs, ticket checkers,

and advertising displays; a new Internal Control System; a new retailer licensing portal; a new retailer management and licensing system; a new sales force customer relationship tool for our District Managers; a new prize payment and check writing system; new instant ticket inventory ordering and management systems including an automated order sorting system; new financial back office systems; a web based subscription ordering system; lottery website hosting; new mobile applications for players; and enhanced player rewards system features. As is always the case with system replacements, some issues were encountered and SGI has had a large team on the ground to quickly address them.

- MS Technologies continues to work on e-Licensing Systems improvements. Another group of Priority 6 changes are being tested by staff and we will be meeting with MST to discuss the results.

## **FACILITIES**

- Carpet replacement is ongoing.

## **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.

As part of the system conversion process, we suspended warehouse shipments for several days as we deployed and tested the new warehouse inventory system. Orders shipped during the preceding weeks were increased to assure retailers did not run out of inventory. Then, while packing replenishment orders as well as preparing shipments for our May launch, staff moved our entire instant ticket inventory to a temporary space on the property. The current undersized pallet racks are being removed and new racks are being installed the week of May 14. Once completed we will return the inventory to the reconfigured warehouse. Later in May, the final step will be installation and testing of the sorting unit SGI is providing to improve our packing accuracy and efficiency.

<b># of Orders</b>	<b># of Packs</b>	<b>YTD Orders</b>	<b>YTD Packs</b>
<b>April 2018</b>		<b>7/1/17 – 04/30/18</b>	<b>7/1/17 – 04/30/18</b>
15,215	228,576	152,479	1,971,738

In April we packed 39,000 more packs than last year. Year to date, we have shipped 239,000 more packs than last fiscal year.