



Texas Lottery Commission

**CHOOSE TEXAS**

**JOBS FOR TEXANS  
REVENUE FOR TEXAS**

**Intralot's Proposal for  
Lottery Operations  
and Services**



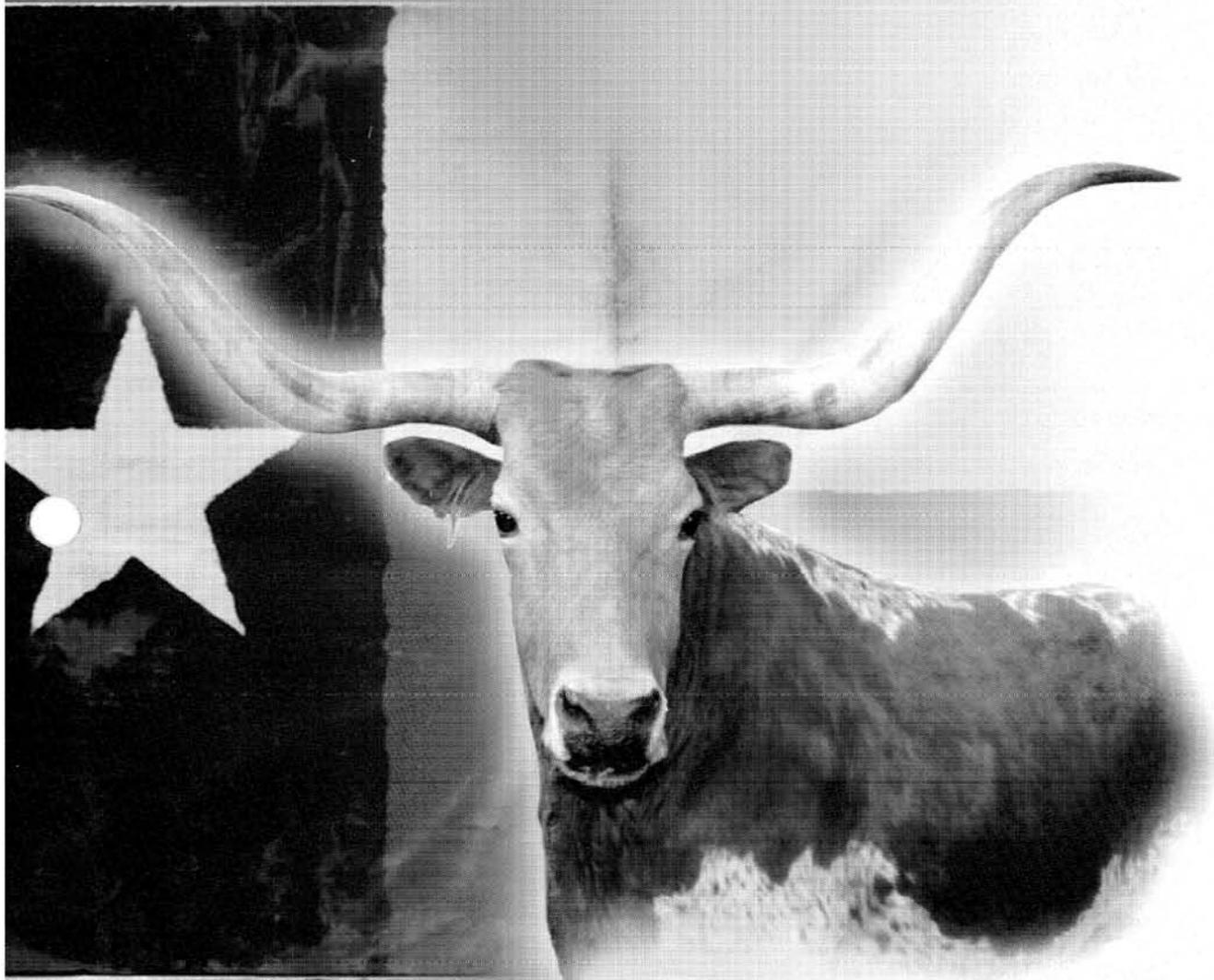
TECHNICAL PROPOSAL

BINDER 4

RFP Number: 362-10-0001

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## **PART 8 – Sales and Marketing**

### **8.1 OVERVIEW**

The primary goal of the Texas Lottery is to optimize revenue for the State of Texas from the sale of Lottery Products. Sales and Marketing activities conducted throughout the State provide a direct link to the Lottery’s Retailers and players.

INTRALOT will help the Texas Lottery grow its top line sales and bottom line contribution to the Foundation School Fund. INTRALOT is bringing unprecedented technology, process and staffing to The Texas Lottery. INTRALOT’s world-class family of point of sale terminals, ticket vending machines and ticket checkers surpasses the state of the art in the lottery industry. From our PHOTON Retailer Sales Terminals to our Lottery Sales Representative’s (LSR) Siebel Customer Relationship Management System (CRM) we have applied point of sale technology and best marketing and sales practices to enable delivery of sales driving service levels never seen before by the Texas Lottery. The information stored in our databases is a key building block of ever increasing sales levels.

We capture everything that happens on our terminals and then analyze it to identify opportunities to improve sales and security. From report accuracy to the length of time it takes to repair our hardware, we develop management plans to constantly improve efficiency, security and sales. INTRALOT’s “one button – one ticket” technical solution is the easiest to use and the most secure of any in the Lottery Industry. Our LOTOS™ securities have never been breached. Our LSRs maintain optimum instant ticket inventories at each retailer using their hand held Integrated Portable Terminal (IPT). Retailer transaction detail is available in real time and in regularly scheduled reports. INTRALOT will dramatically beat the Texas Lottery’s service level expectations for sales management and marketing.

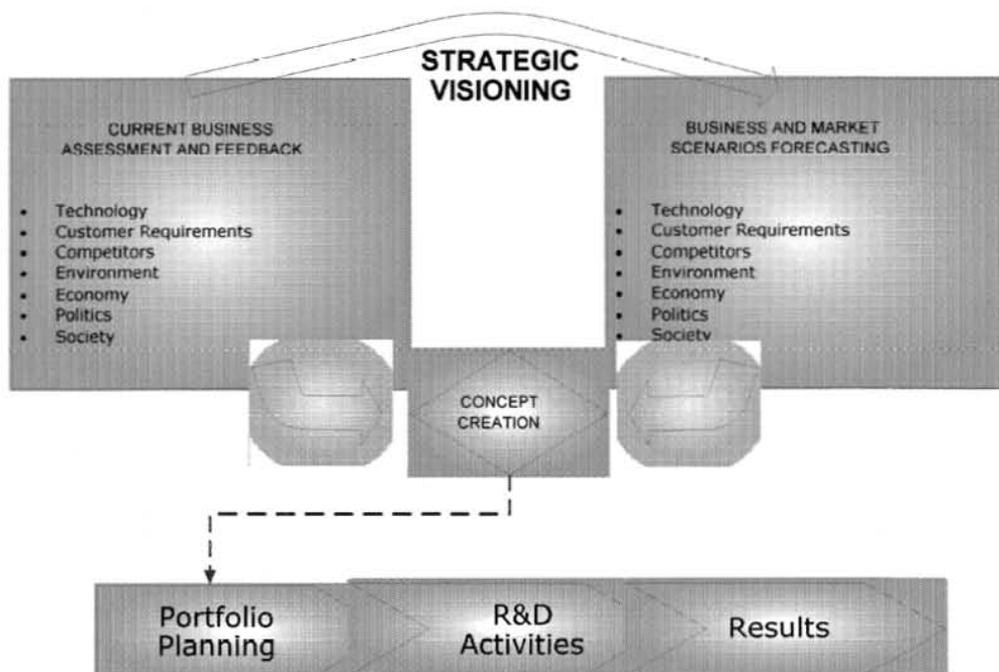
INTRALOT’s general R&D objective is the constant improvement and further development of its gaming systems, services and products, and the introduction of innovation in company divisions, group members and clients. In this effort, INTRALOT consistently invests a substantial amount of dedicated and other resources in R&D programs that foster emerging technologies and promote innovation in the gaming market.

In today’s increasingly competitive and complex business environment, characterized by new market entrants and overlapping business activities, the major challenge facing companies is to find ways to differentiate itself and to stay ahead of competition.

Innovation is a unique way to combat this challenge since it can generate sustained competitive advantages if research objectives are clearly identified and R&D activities are organized in a focused and success-oriented manner. This requires the formulation of an innovation strategy that will set out objectives and create a structured methodology to closely align research activities with objectives.

***INTRALOT - A Leader and Trendsetter in Gaming Innovation***

INTRALOT, the leading innovator in the gaming industry, has adopted a "trendsetter" innovation strategy, as opposed to that of a "trend follower", i.e. it aims on establishing a new technology as an indispensable feature on the market in order to gain a competitive advantage. To accomplish that, INTRALOT's R&D initiatives and specific objectives are generated from its strategic ability to spot business opportunities and from its business-driven development approach to Lottery Systems, products and services. Based on these qualities, INTRALOT has formulated a systematic R&D strategy and methodology which is presented in the following diagram:



### **INTRALOT's R&D Strategy and Methodology**

This diagram illustrates that our innovation strategy is a dynamic process that involves the whole company. INTRALOT's branches and subsidiaries provide feedback from local markets and Lottery operations, system experts identify operational challenges, marketing experts constantly assess market trends and customer preferences, and senior management provides an overall strategic perspective. The importance of our employees' contribution in the R&D value chain as a source of innovation and new ideas is reflected in INTRALOT's corporate culture and in the processes implemented for encouraging and rewarding employee-developed innovations.



The single most important element in this process is the clear and strategic vision of new technologies, customer requirements, emerging markets and ever-changing regulatory environments. INTRALOT, having proceeded far beyond the concept of “facilities management” as embraced by its competitors, has fostered a new level of quality as a licensed business operator in worldwide Lottery jurisdictions. This strategic vision, based on our broad operational experience across all fields of the gaming industry and coupled with our strong technological position, particularly with regard to pace-setting technologies, creates R&D programs enabling the development of next-generation reliable, secure and efficient applications.

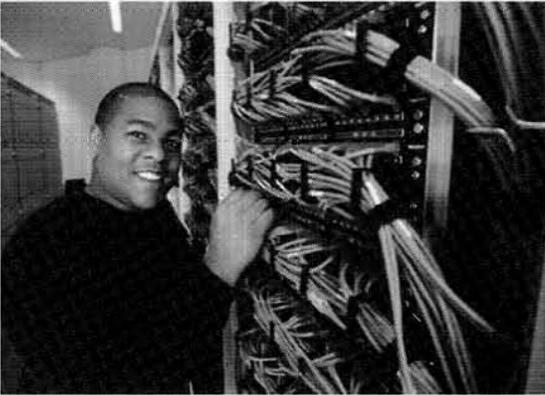
Finally, having realized the importance of synergies in the field of innovation, INTRALOT utilizes a two-pronged approach in its research methodology: in-house development programs in tandem with cooperative programs with other high-tech companies. This way our research efforts are coupled with the expertise of best-of-breed technology vendors in order to accomplish our research objectives.



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## **Jobs for Texans → Revenue for Texas**



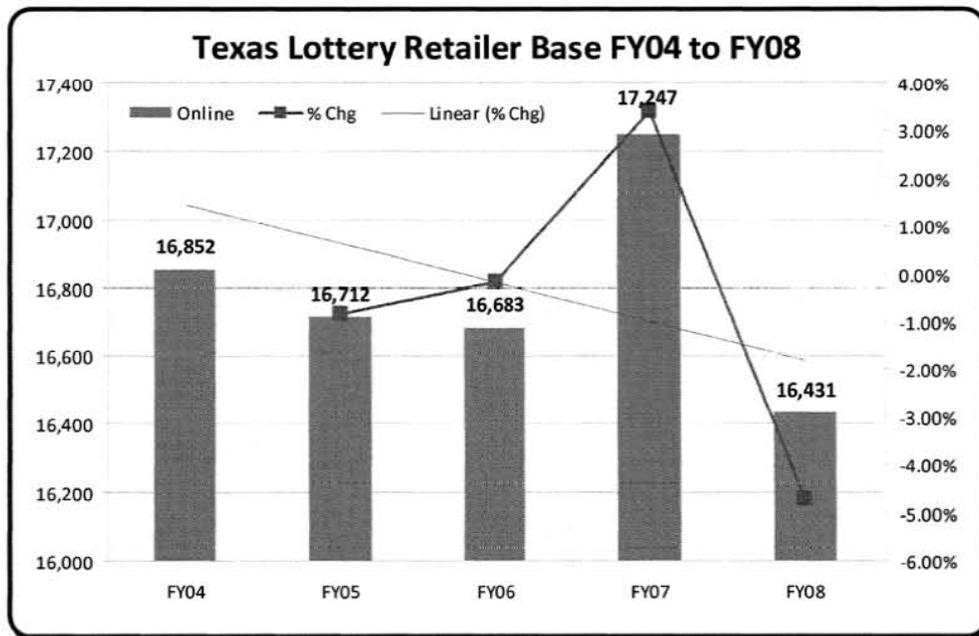
## 8.2 SALES MANAGEMENT AND BUSINESS DEVELOPMENT

The Lottery Operator performs a variety of sales management and business development activities associated with development of sales programs, Retailer incentives plans and merchandising ideas. The following table outlines the sales management and business development requirements.

The current retailer mix for Texas stands at a retailer-to-population ratio of approximately 1:1,421. Best practice retailer to population ratios is 1: 1,123. INTRALOT proposes to grow the retailer base by recruiting high potential retailers. INTRALOT will also develop retailer sales improvement plans for each retailer and each LSR will be measured on their ability to grow the sales of their assigned retailers.

In Louisiana when the retailer mix was properly adjusted sales increased by \$5 million during challenging economic times when many retailers were shutting their doors.

One of the keys to retailer optimization is capturing as many high traffic venues as possible. While traditional venues generate a large portion of lottery sales, consumer trends are shifting; players no longer visit traditional lottery retailers with the same frequency.



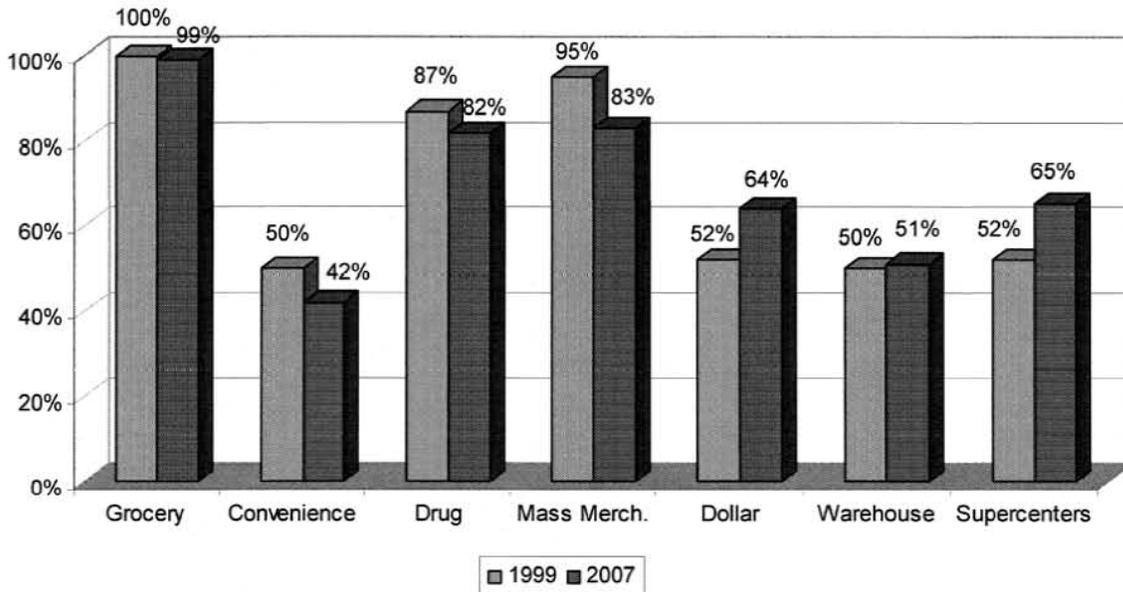
INTRALOT is focused on adding to lottery sales from smaller and regional C-stores, with national retail chains like CVS, Walgreens, and Dollar General, as well as big box retailers such as Target and Wal-Mart. We are in the process of adding 69 Rite-Aid drug stores to the retailer



population in New Hampshire, and we have already been adding CVS drug stores, KMarts, and BJ's Wholesale Clubs to the retailer base in Ohio. Although recruiting these national chains proved difficult at first, INTRALOT has begun to successfully add these chains to our Lottery retailer base. INTRALOT is launching pilot programs with these top national retailer chains by demonstrating the benefits of selling lottery products and the efficiencies that INTRALOT's technology solutions can provide. From managing their inventory and providing sales reporting interfaces to their back office systems INTRALOT has shown these large chains that Lottery provides them significant incremental income with minimal effort and foot print.

The graphic below demonstrates that foot traffic in some of our most prolific retailer categories is slowing down as discount, big box and warehouse traffic increases. This trend moves players away from the ask for the sale opportunities toward self-service where INTRALOT excels. Our "one button one ticket" approach eliminates the much more difficult learning curve our competition presents to the potential player. Our self-service solutions enable new players to purchase tickets without any assistance or pre understanding of how to play.

**Trend in Consumer Retailer Patterns**  
**Percent of People Visiting Various Retail Outlets**



Capitalizing on this increasing trend for "do-it-yourself" options in the Lottery environment, our self-service instant and on-line WinStation is one program that is helping us gain momentum with the younger players. A recent survey INTRALOT conducted in a Midwest jurisdiction showed that half of all 18-34 year-old lottery players said they purchased a lottery ticket via a self-service terminal. This is a trend that needs to be expanded and capitalized on by the Texas Lottery. Selling games they want to buy in places where they shop using the technology they like using is the key to increasing lottery play in the young adult segment.



**Confidentiality Claimed  
Not released**

**Table 79. Sales Management and Business Development Response Requirements**

**Response Requirements**

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT acknowledges, accepts and will deliver the roles and responsibilities and detail requirements indicated in this section of the RFP under Table 78, Sales Management and Business Development Requirements.

INTRALOT will perform all sales, recruiting and business development activities required by the Texas Lottery. Our team of Marketing and Sales professionals will ensure that all your retailers' needs are met regardless of where they are located in Texas. They will coordinate and facilitate quarterly retailer meetings to discuss lottery matters, survey retailer satisfaction, educate retailers on new games and test new game, promotion and marketing initiatives. Our sales and marketing organizations will work closely with the Texas Lottery Commission's Products and Retailer Development team. They will make weekly sales and marketing presentations to the Texas Lottery.

INTRALOT will conduct bi-weekly sales and business development training with our LSRs at our district offices. We will teach and certify our Sales/LSRs and Business Development (marketing and recruiting) staffs on Lottery instant games, online games, lottery equipment, reporting, Texas Lottery policy (including security and retailer regulatory policy), INTRALOT code of conduct, promotions and merchandising.

INTRALOT will attend and support any meeting requested by the Texas Lottery anywhere in the state. All of our LSRs will carry our Integrated Portable Terminal (IPT) that will have cellular connectivity to the LOTOSTM O/S Lottery Gaming System, to the Retailer Website, and our Oracle Siebel Customer Relationship Management (CRM) system. They will have real time access to retailer reports and marketing analysis of historical trends in sales. The IPT can be configured by our Data Center management as a Retailer's Terminal allowing them to sell



and print tickets at events when requested by the Texas Lottery. INTRALOT will conduct semi-annual joint Texas Lottery – INTRALOT sales and marketing meetings in Austin where all LSRs, marketing staff and retailer recruiters meet and plan sales and marketing strategies. Between the Semi-annual meetings in Austin, INTRALOT will conduct quarterly joint video teleconferences between the Texas Lottery –and INTRALOT and each district office to facilitate communications on sales, marketing, lottery product information and regulatory matters.

INTRALOT will coordinate criteria to assign Key Account, Corporate Account and Chain Accounts with the Texas Lottery. Our Corporate Accounts staff will be specifically assigned to support marketing and sales for Key, Corporate and Chain accounts. INTRALOT will provide a description of job duties, and number/name of staff assigned to each Key, Corporate and Chain Account. INTRALOT will conduct quarterly reviews with each Key, Corporate and Chain account along with all account assignments. We will provide the Lottery meeting materials for approval at least five (5) business days before each scheduled meeting and meeting results within five (5) business days after each quarterly meeting. If a Key, Corporate, or Chain retailer requests a meeting with INTRALOT, we will provide meeting materials for approval no less than one full business day (24 hours) prior to the scheduled meeting. INTRALOT will not provide unapproved meeting materials to Key, Corporate, or Chain retailers.

INTRALOT will provide recommendations to the Lottery for minimum sales levels and other Key Performance Indicators (KPIs) for Key, Corporate and Chain Retailers. We will develop a program and the technologies to administer the minimum sales levels and KPIs. We will develop sales improvement plans with each underperforming account and upon approval by the Lottery; we will facilitate implementation of the plan with the underperforming account. Our assigned LSR will provide each chain, key or corporate account store with sales information on a bi-weekly basis. Our Key, Chain, and Corporate account managers will provide aggregated and individual retailer sales and performance information to the Key, Chain, and Corporate account points of contact. Meetings to discuss sales improvements will be conducted face-to-face, by video teleconference or webinar whichever the Key, Chain, or Corporate accounts prefers.

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|--|
| <p>2. The Proposer must identify the sales management staff whose full-time responsibilities are to help the Texas Lottery identify new selling and business development opportunities. Proposers must also identify any staff who may assist with these activities, but will not be assigned to the Texas Lottery account on a full-time basis (e.g., corporate sales staff).</p> |
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The ENTIRE INTRALOT Texas Marketing and Sales team will be responsible for identifying new selling and business development opportunities for the Texas Lottery. Additionally, our INTRALOT Texas team will have the resources of our worldwide sales, marketing business and technology development teams.

The following graphic shows our Texas Marketing and Sales team. More information and details on key personnel can be found in Part 8, Table 81, Response Requirement 2 and in Part 4.3.2, Key Management Staff within this response.

## Confidentiality Claimed - Not Released

INTRALOT has created the position of Chief Marketing Officer a senior-level position that reports directly to our Texas General Manager and has a dotted line responsibility to our Corporate Vice President for Marketing, John Pittman, and our U.S. President and CEO Tom Little. That's a powerful position. INTRALOT is moving the majority its U.S. Corporate Marketing Division to Austin, Texas. That too is a powerful positioning statement as it means that our top corporate marketers are locally committed to the Texas Lottery.

INTRALOT Texas sales and marketing strategies will be set and evaluated by our Chief Marketing Officer –so will the role of identifying new selling and business development opportunities. In addition to our Texas staff, we will provide worldwide support that includes staff with specialized gaming knowledge. This personnel from our U.S. headquarters (Duluth, Georgia) and International headquarters (Athens, Greece) will work directly with the INTRALOT Texas staff and Texas Lottery staff to ensure that all marketing activities are synchronized with the Lottery's activities while also reflecting the leading edge of innovation. For instance, right now, INTRALOT Interactive (I2) our Internet experts are working closely with the D.C. Lottery, New Hampshire Lottery and Ohio Lottery to design and develop a strategic Internet and interactive set of offerings. Meanwhile, our self-service terminal



development team is busy at work creating enhancements to our already successful WinStation™ and Stylot™ family of terminals.

Our Texas Chief Marketing Officer is responsible for making sure that the entire INTRALOT team is aligned supporting the efforts of the Texas Lottery in terms of developing new selling and business development opportunities. We propose weaving the Texas Lottery staff into our iterative process of goal alignment and measurement that occurs at each management level – sales, marketing, and technology. Each INTRALOT executive will develop a set of proposed goals as part of our annual Texas operating plan. These goals are presented to the senior staff of the Lottery for critique, recommendations and approval.

Quarterly measurement ensures that everybody understands what worked and what needs improvement in the next quarter. For the first year, we propose working with an outside facilitator with experience driving consensus and working at the executive level. As with any process, documentation and communication is critical. Once the executive staff has developed and approved next quarter's goals, the process is replicated down through the management chain so goals and metrics are consistent and aligned at each level. Transparency and alignment, debate and consensus, among peers and down through the organization are the keys to the process.

Responding to the rapid advances in information technology that are leading to the convergence of gaming and entertainment, we consistently invest in the research and development of innovative solutions. We look forward to providing the Lottery with a presentation of our latest game and product offerings. INTRALOT is currently spending approximately 12% of annual sales on Research and Development. This is four percentage points higher than the industry average; therefore, INTRALOT is actually spending 50% more on R&D than the other companies in our industry segment. INTRALOT currently has 116 highly skilled professionals dedicated to research and development in the following areas:

- 19 people – Game development including alternative channels

- 37 people – Application development

- 60 people – POS solutions and multimedia content delivery as well as general R&D.

INTRALOT also conducts research and new business development in close cooperation with the Athens Information Technology (AIT) center and with Comprehensive Technologies International, Inc (CTI).

One product of this investment has been the establishment of a new business sector we call "Enter Gaming". Anticipating the challenges that lie ahead of us, we developed the "Game Ware X-line" as part of our "Enter Gaming" sector that offers a unique combination of gaming and entertainment values powered by state of the art technology. First to be introduced was our innovative B-On™ platform, which allows players to participate in any game at any time from any place using interactive devices, such as cell phones, PDA's, on-line PCs or digital TVs. This was followed by Game Time, which offers exciting and highly entertaining dynamic 3-D games that point the way to the future.



The LOTOS™ O/S Game Library includes a rich selection of gaming options and is constantly renewed based on extensive research covering the latest player trends around the world. Each game incorporates a set of parameters that are used to customize the game according to customer requirements. The LOTOS™ O/S Service Library provides solutions for the management of promotional activities, supports public utility bill payment capabilities and survey participation all via gaming terminal networks.

The INTRALOT Marketing Team applies market research programs and tools in all stages of game design and development in order to effectively evaluate player and retailer acceptance, winning expectations and playing methods, as well as the overall gaming experience associated with each game. The quantitative and qualitative analysis of research findings and the subsequent derivation of useful conclusions will ensure the successful introduction of new, profitable games in Texas, without cannibalization of sales among existing games by providing expected game differentiations and contributing to the realization of the Lottery's objectives.

To identify player habits as reflections of specific cultural and social characteristics in each local market, and ultimately maximize player satisfaction levels, annual market research studies are conducted to assess the behavior and gaming patterns of both current and potential players in each country and to ascertain the demographics and needs of particular target groups. Market research is essential to successfully launching, improving and upgrading games, attracting new players and increasing Lottery sales.

Innovation has always been a pivotal element of INTRALOT's business strategy and the driving force behind its growth and development. INTRALOT has capitalized on the technology heritage of its manufacturing group company INTRACOM which is one of the most important IT and telecommunications companies in Southern Europe as well as its twenty years of R&D and operational experience in lotteries. It has gained a deep knowledge of the underlying technologies as well as an excellent grasp of the business elements of Lottery and Gaming Organizations in relation to products, services and systems. The innovations introduced by INTRALOT have brought the company to its current position of undisputable lottery technology leadership and have resulted in enhanced operating efficiencies thereby cutting costs and increasing revenues for its clients around the world. INTRALOT's capability and capacity to provide effective research and development plans for lotteries is proven in the following paragraphs where the company's R&D objectives, strategy and previous achievements are thoroughly described.

***Innovation is the Driving Force behind INTRALOT's Growth and Development***

INTRALOT will have a wealth of resources commitment to helping the Texas Lottery identify new selling and business development opportunities – whether they be new games and play-styles or innovative technologies that can be used at the retailer level or simply new approaches to marketing and selling.



3. The Proposer must describe its sales organization structure and how it will support and optimize Texas Lottery sales.

Phil Sherwood, a seasoned sales director with roots in Texas, will lead our INTRALOT Texas Sales organization. Over the years, Phil has worked with many sales organizations in the gaming industry. As you can see from his resume (please refer to Section 4.3.3 Resumes), he has considerable experience having:

- Established sales and marketing distribution networks and implemented pricing and sales target campaigns;
- Developed and implemented corporate training programs designed expressly for sales teams;
- Worked with sales forces and marketing teams to identify new products and previously untapped markets resulting in double-digit sales increase;
- Administered and managed multi-million dollar sales budgets; and
- Developed sales strategies aimed at focusing sales staff on profitable customers.

Phil will report to our INTRALOT Texas Chief Marketing Officer, and Deputy Marketing Director, Karen Porter who brings a wealth of experience in the Lottery industry, including an early career as the Director of Marketing for the Texas Lottery in the 1990's.

Phil will be supported by a team of more than 200 sales and marketing professionals (we have detailed these positions in Part 8, Table 82, Response Requirement 2), including:

- *LSR Training Manager (1)*
- *District Managers (10)*
- *Sales Supervisors (4)*
- *Lottery Sales Representatives (160 - 178)*

Marketing and sales are integral to our strategy, but are two distinct functions with a natural flow from marketing to sales and it is this synergy that INTRALOT brings to the Texas Lottery. Our sales efforts will be supported by a host of key marketing personnel, including, but not limited to:

- *Manager of Corporate and Key Accounts (1)*
- *Corporate and Key Account Specialists (3)*
- *Retailer Recruitment Manager (1)*
- *Retailer Recruiters (3)*
- *Marketing Manager (1)*
- *Social Media Coordinator (1)*
- *Interactive Media Coordinator (1)*
- *Advertising Manager (1)*
- *Online Product Development Manager (1)*
- *Instant Game Development Manager (1)*



- *Promotions Manager (1)*
- *Promotions Coordinators (2)*
- *Promotions Assistants (2)*
- *Director of Market Research (1)*
- *Research Analyst (1)*
- *Geo-Demographic Analyst (1)*

As discussed in Part 8, Table 81-2, we will have the consultative services of MOSAK Advertising + Insights along with NuStats, Inc., a market research firm. Both of these organizations are Austin-based and represent a strong commitment on our part to engage the best and brightest in terms of helping to develop and execute on the overall sales and marketing strategies for the Texas Lottery.

4. The Proposer must describe how it would provide a route sales model to support Retailer locations.

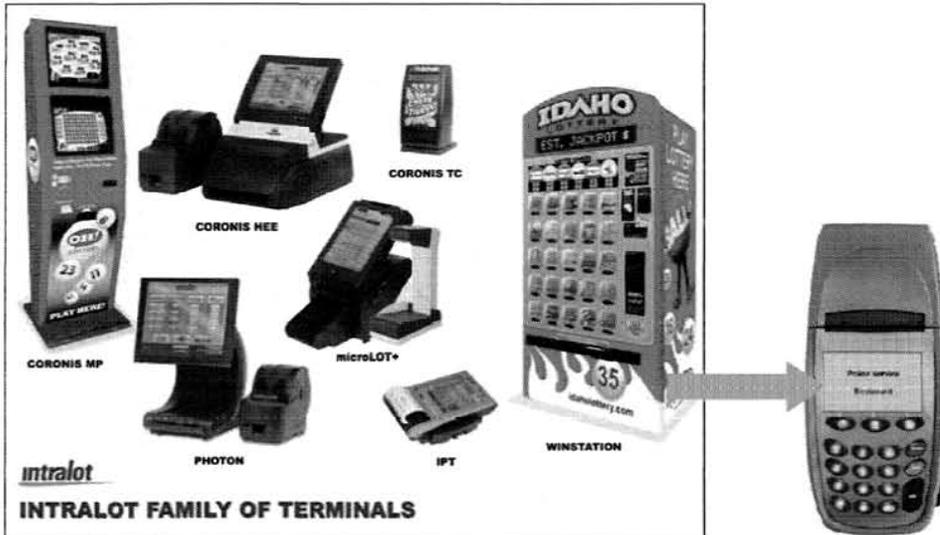
INTRALOT understands the vision of The Texas Lottery for developing a (Vending) Route Sales Model within this proposal as the opportunity was clearly identified within the Texas Lottery Strategic Plan for FY 2009-2013. A route sales model that offers custom services and solutions that simultaneously meet retailer and lottery needs and preferences will drive sales and open distribution channels that will make lottery products available to new players and player who change their shopping habits. INTRALOT uses a state of the art service route optimizer application to schedule and route our LSRs on a daily basis. This route optimizer supports planned and ad hoc route stops. Retailers will go out of business, change owners and be purchased by chains. Our recruiters and corporate account managers will offer big box retailers and other potential new retailers service solutions and non-traditional equipment solutions that will create opportunities for incremental lottery product sales. We have laid out a very aggressive retailer recruitment strategy in our response to Part 8, Table 81.

Due to the changing retail marketplace and environment both retailers and customers are seeking new paths to the final sale. The distribution channels are changing. Self service solutions, easier access; in-lane solutions all support the rationale for a Route Sales vending solution. INTRALOT will provide full service Lottery vending support for retailers that want a predominantly self-service solution. Our LSRs will stock and manage their equipment for them. With our real time view of sales and equipment status, we can remotely manage self-service solutions. INTRALOT's LOTOS™ O/S Lottery Gaming System will facilitate the management of the financials for these retailers providing them reports that direct how much to put into their Lottery Sweeping Account and what their commissions and bonus are. Combined these services will break down the barriers we have experienced as we have tried to recruit major chains in the past. They will generate incremental revenue with very little staff effort or cost.

There is a migration in the retailer environment as consumers are making the shift from cash to credit and debit card purchases. Today more than 99 percent of all retailers are using credit/debit card terminal devices (pictured below at right). INTRALOT has a pilot program working to sell Lottery through credit/debit card terminal devices. The following represents the

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migration from traditional lottery terminals to the simple universally accepted point of sale solution.



One of the critical paths to getting into more and newer retail chains is an understanding of how their cash management systems work. Some chains have treated instant tickets like cash, requiring their stores to inventory all instant tickets at the end of each shift. Many of their managers subsequently keep their instant tickets in their cash drawers. The clerks don't ask for the sale so the customer doesn't really have an easy opportunity to buy our product. We have a corporate team dedicated to retail expansion into these untapped retailer chains with self service solutions that enable them to realize the incremental income provided by lottery products while minimizing changes in their daily operational procedures.

Consumers are gravitating towards venues with high traffic coupled with a shopping experience that extends over larger periods of time. Taken together, this easily lends itself to a vending Route Sales solution. The potential marketplace includes not only big box retailer chains but also warehouse and factory employee lounges, hospital gift shops and cafeterias, government buildings, shopping centers, food courts, performing arts complexes, professional and amateur sports venues, racetracks, museums, historical and tourist attractions, amusement parks and other recreational venues.

Within the marketplace historical analysis and barriers to lottery entry continue to exist; therefore, it is imperative that a marketing strategy be incorporated to (1) entice permission and approval for placement; (2) develop the appropriate back-office solution; and (3) create the marketing collaterals that not only support the sale of lottery products, but more importantly, fit nicely within the brand that we wish to "scull-in" with this route model. For instance, what works for a Route Sales Model for Home Depot's and Lowe's may not be suitable for Starbucks. We must be cognizant of the brand in which we wish to sell in and design solutions that fit for each environment.



Within INTRALOT's family of terminals, two logical choices make sense for a Route Sales Model – the WinStation™ and the Coronis MP™.

INTRALOT will dedicate in state and Corporate staffing resources to support a Texas Route Sales Model. We have already met with the Texas Merchandise Vending Association to map out one element of a strategy for bringing a vending route operation to the Texas Lottery. After conversion we will have a pilot program in place for such a Route Sales Model.

5. The Proposer must describe how it would coordinate fact-to-face meetings among the Texas Lottery, Successful Proposer and Retailers to facilitate communications. The Proposer must describe its plans for conducting meetings to reach Retailers across the State of Texas to include proposed frequency of meetings and the strategy for engaging the Texas Lottery's diverse Retailer license base.

Properly focused meetings determine the future. The benefits of effective face-to-face meetings are many – from uncovering new ways to drive revenues and create efficiencies to finding ways to increase employee effectiveness and synergies.

Meetings are where:

- Future paths are decided
- Future decisions that affect the overall organization are made
- Options are considered and weighed
- The course of our joint progress is determined

As your partner, we are planning a host of meetings and have detailed many of these in Part 8, Table 81, Response Requirement 3.

**Semi-Annual State Sales Meetings.** We expect these to be two-day meetings with a keen focus on providing both a review of the past six months and more important, a look to the future. In addition to having key INTRALOT and Lottery personnel in attendance, we expect to invite large blocks of the Retailer base, especially Corporate and Key Chain Account Retailers. In between these meetings we will host Video Teleconferences to connect our District Sales Offices with our Sales and Marketing organizations “face to face” to discuss with the Lottery our marketing strategies and changes in Lottery policy and procedures.

**Annual State of the Industry Meeting.** Designed for senior Lottery staff meetings, these meetings focus on the trends INTRALOT is seeing in the industry, new technologies we are focused on developing and deploying and most important, a chance for the Lottery to interact with senior-level managers from across the INTRALOT worldwide operations.

**Quarterly Sales and Marketing Strategy Meetings.** These will include a comprehensive SWOT analysis of the market with strategic recommendations and considerations.

**Quarterly Retailer Reviews.** These meetings will showcase the trends impacting retailers as well as providing tactics to maximize the retailer selling experience.



**Semi-Annual Retailer Town Hall Meetings.** These will be held throughout the State and will be designed to be one-on-one communications between the Lottery, INTRALOT and the Retailer network. It is a chance for the senior management to interface with the retailer community. Logistically, on an annual basis, we might consider one of these meetings in the larger metropolitan areas such as (Austin, Dallas, El Paso, Houston, San Antonio), with the second of the two meetings in some of the secondary cities (Abilene, Lubbock, Tyler, Victoria, etc.). Equally important, we would like to propose creating a Retailer Advisory Board and as such hold quarterly meetings with this group. Our District Managers, Lottery Sales Representatives and Corporate and Key Account staff members will be critical in helping us link the retailer community to our meeting strategy.

**Quarterly Promotional Reviews.** These meetings with the Lottery are designed to showcase some of the industry's "best and most profitable" promotions. It is also a time for all of us to calibrate our promotional activities and assess what has worked in the past.

**Semi-Annual Game Performance Indexing.** These meetings are designed to measure and compare the performance of the Texas Lottery's product portfolio against the industry-at-large (domestic and international) – and provide you with our strategic recommendations and considerations.

**Bi-weekly Corporate and Key Account Meetings.** The meetings will be facilitated by INTRALOT and focused on reviewing the effectiveness of our corporate key account strategy. It is our intention to open these meetings to the various outside Trade Associations like the Texas Petroleum and Convenience Store Association and the various Texas Grocer Associations across the State.

**Bi-Weekly District Sales Meetings.** These are our cornerstone meetings between our District Sales Offices and our Lottery Sales Representatives. Each meeting will include a LSR training component. It is also a chance for senior INTRALOT Texas staff to get in front of those employees working on the front lines in servicing the retailer community.

**Weekly Instant Ticket Production and Delivery Meetings.** These meetings are designed to set and stage the execution of our Instant Ticket strategy.

**Weekly Online Product and Instant Ticket Product Meetings.** Here, the product specialists get together to discuss, design and execute the strategies that will create and deliver entertainment value to the players.

We will make certain that those INTRALOT individuals necessary for a successful meeting will be in attendance at each of these meetings.

The overall meeting strategy and schedule will be designed by our General Manager working alongside our Chief Marketing Officer and their respective staffs. It is our intention to include Texas Lottery members at any, and all, of these meetings. Transparency will be key. There can be no secrets.

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**A BRIGHT FUTURE FOR TEXAS**



### 8.3 MARKETING

The Lottery Operator performs a variety of marketing activities associated with development of player/Retailer promotions and game development. The following table outlines the marketing requirements.

**Table 81. Marketing Response Requirements**

#### Response Requirements

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT acknowledges, accepts and will deliver the roles and responsibilities and detail requirements indicated in this section under Table 80 Marketing Requirements.

INTRALOT will perform analysis and make recommendations for the optimum fiscal year Instant Ticket Game Plan that will be delivered to the Lottery before January 31st annually. This plan will include recommendations for optimization of initial instant ticket distributions for maximizing sales. INTRALOT will develop a three (3) year sales projection for the instant ticket product. Our Instant Ticket Game Plan will include introduction schedules for new instant games by price point, game style, themes and print quantities to maximize sales and minimize end of game ticket returns. INTRALOT constantly monitors ongoing sales to identify games that are selling faster or slower than expectations. In order to maximize sales an additional game may need to be moved ahead in the schedule to replace a game that sells faster than expected. Games that sell slower than expected may need additional promotions to increase their sales momentum. Our constant monitoring and optimization adjustments will dynamically influence our instant ticket introduction recommendations. Recommended instant plan changes will be presented during our weekly marketing and sales meetings with the Lottery.

INTRALOT will provide a semi-annual detailed analysis of all Texas Lottery On-Line games that includes:

- Three (3) year sales projections for each game
- Recommended game modifications with projected sales
- Promotions and schedules for promotions with projected sales lift
- Merchandising and non-financial retailer incentive programs
- Advertising campaigns

INTRALOT will recommend an overall strategy and schedule for retailer contests and player promotions for lottery products. Like the instant plan described above this plan requires close monitoring to optimize sales without conflicting with large jackpot frenzy. INTRALOT will make recommendations for potential changes to retailer commissions to promote more aggressive retailer involvement in lottery product sales. INTRALOT will make recommendations for remediating underperforming games and advise on proposed matrix changes, new game development, allocation of prize pools and functional changes such as



changing price points for tickets, the number and timing of draws each week, etc. INTRALOT will market Texas Lottery products as approved by the Texas Lottery.

2. The Proposer must identify the marketing staff whose full-time responsibilities are to help the Texas Lottery identify new product and marketing strategies. Proposers must also identify any staff who may assist with these activities, but will not be assigned to the Texas Lottery account on a full-time basis (e.g., corporate marketing staff).

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These are indeed challenging times. After two difficult years, what is now being dubbed the Great Recession appears to be over, at least technically. Yet, according to many, especially those hardest hit, a return to normalcy seems far off. The Lottery industry was not immune to the downturn in the economy. The economic downturn in the marketplace gave players fewer dollars to spend on Lottery products, which in turn caused a spiraling effect on key jackpot-



driven games. Simply put, lower sales translated into smaller jackpots, which in turn produced even lower sales. It is a spiral-effect that we are working hard each day to correct.

The sales of instant tickets, traditionally a growth engine for lotteries has slowed; giving rise to the question: If and when will players return to the games? Faced with this question from our lottery partners around the globe, we have been hard at work designing new sales and marketing strategies that will lead the industry through this uncharted economic crisis.

Working together with INTRALOT the Texas Lottery will be able to take advantage of:

- INTRALOT's superior technology offerings that provide a state-of-the-art gaming system coupled with retailer terminals designed to leverage our cutting-edge marketing and promotional campaigns.
- INTRALOT's worldwide and Texas based in-house marketing, promotions and market research teams that are focused on developing new promotions, new games and new marketing strategies for lotteries here in America and around the world.

Our marketing programs are socially responsible. Our focus on community involvement and ethical responsibility will positively reflect on the Texas Lottery brand. In an age of corporate scandal, media scrutiny, and political tension, INTRALOT along with most ethical 21st Century companies have recognized their obligation to their clients, partners, and home communities to conduct and hold themselves to the highest moral standards. When come into a community it becomes our home and we have an obligation not just to our partners, but also to the community itself. It is our pledge to be a good corporate citizen of Texas and to always do the 'right thing' even when it's not the 'easiest thing.'

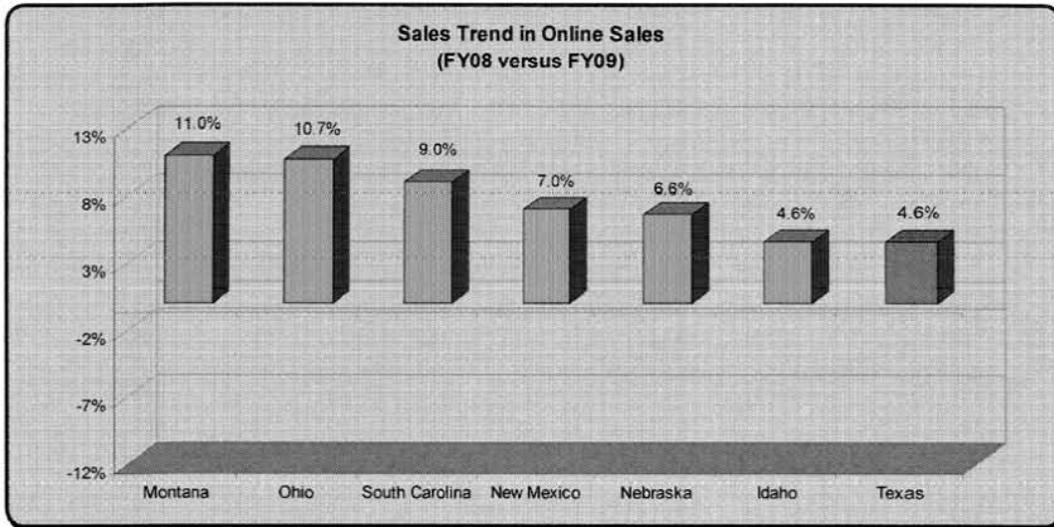
INTRALOT markets innovative, exciting, and profitable Lottery programs through our partnerships with state, national, and provincial lotteries to a worldwide customer base of hundreds of millions of players. We work hard each and every day to discover what excites Lottery players and how to turn that into entertaining games they will pay for. We know that Lottery players differ from state-to-state and sometimes even within the same state, and that a comprehensive understanding and differentiation of the state's players and potential players is the cornerstone of success.

INTRALOT's global experience in providing state-of-the-art technology solutions and innovative new games gives us the ability to provide systems that support the most up-to-date marketing and sales channel applications including retailer placement, game design and overall general marketing assistance. For the Texas Lottery this means that INTRALOT will deliver world class marketing support today, as well as help to develop future generations of technology-driven Lottery marketing and sales programs and solutions. Our extensive knowledge of the latest technology applications that support marketing efforts will provide the Texas Lottery with cutting-edge marketing and promotion programs to help build sales, and in the end maximize net proceeds for the State of Texas.

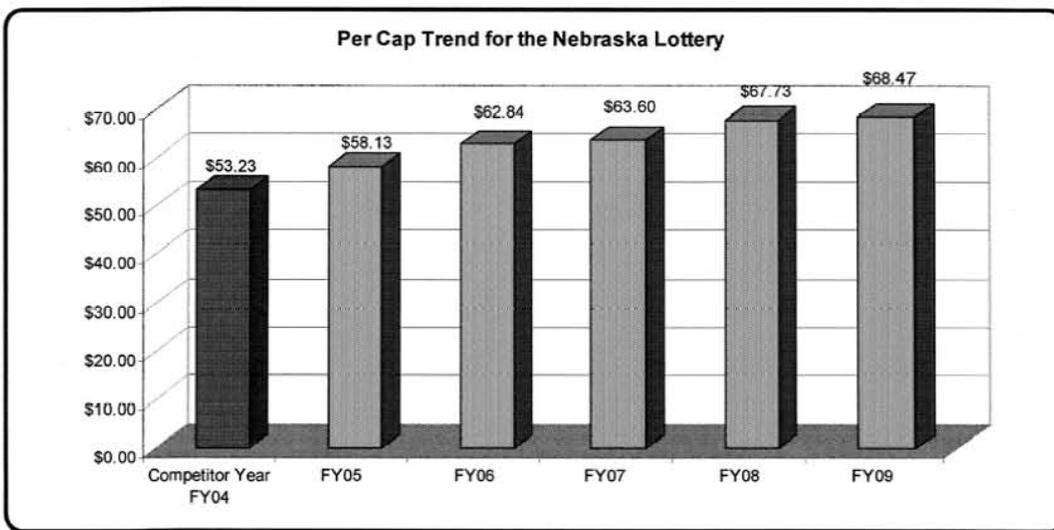
We work closely with all of our lottery partners to ensure they have the marketing support and the tools needed to rapidly grow product sales. INTRALOT invests heavily into its Lottery

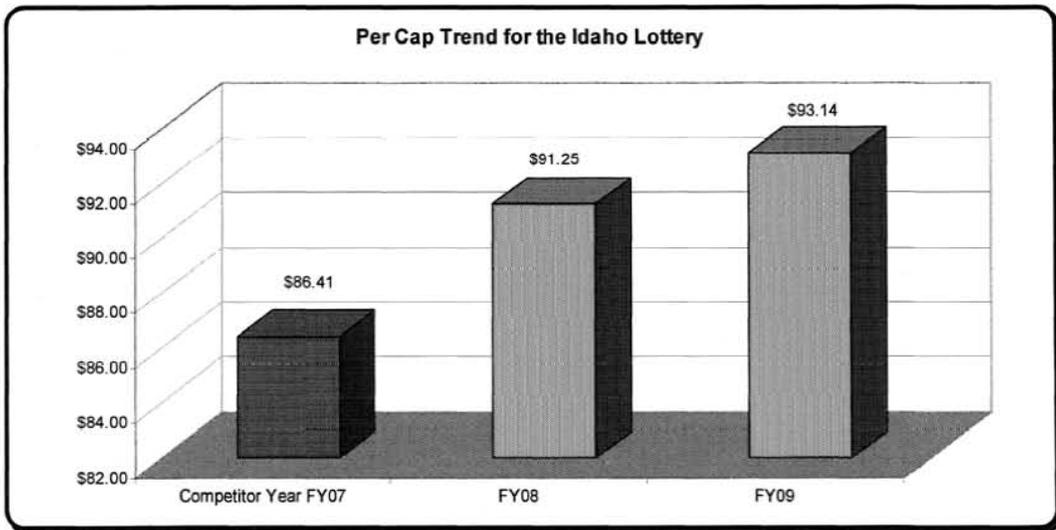
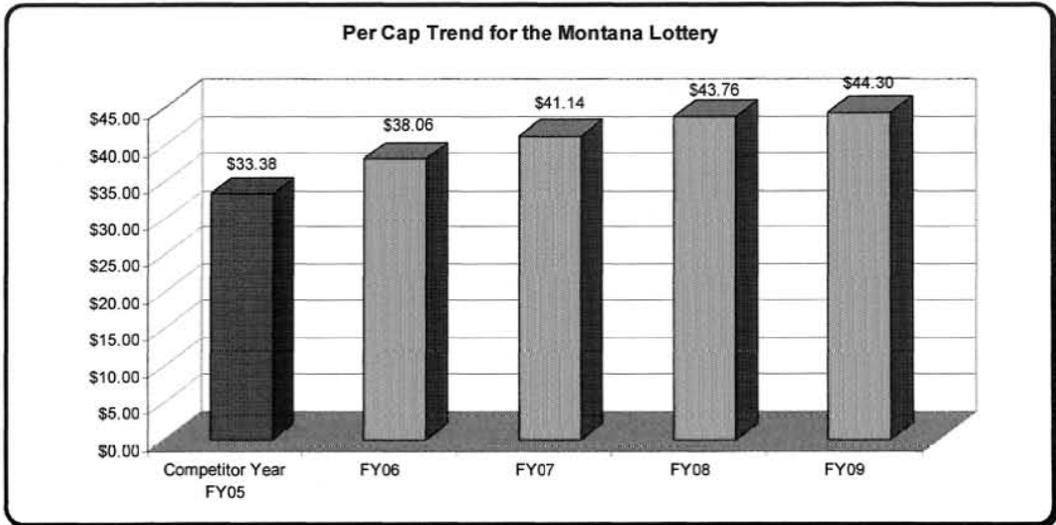


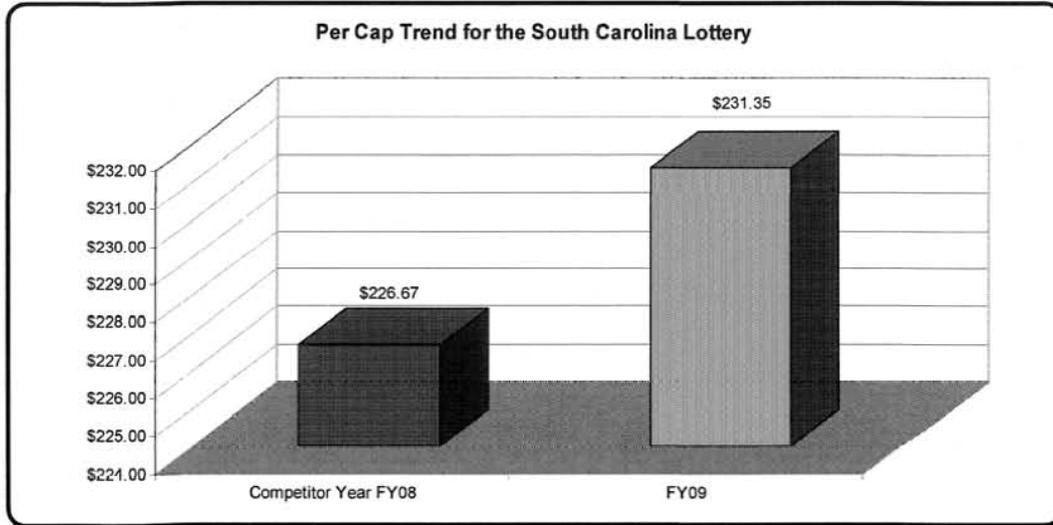
partnerships. Today, some of our partners are among the rising stars of the lottery industry – ranked among the top in terms of sales growth. At the end of FY09 only 18 lottery jurisdictions grew sales. In fact, it was the first time since 1997 that more lotteries were down than up. At a time when most lotteries struggled to increase sales during these tough economic times, INTRALOT states fared better than most.



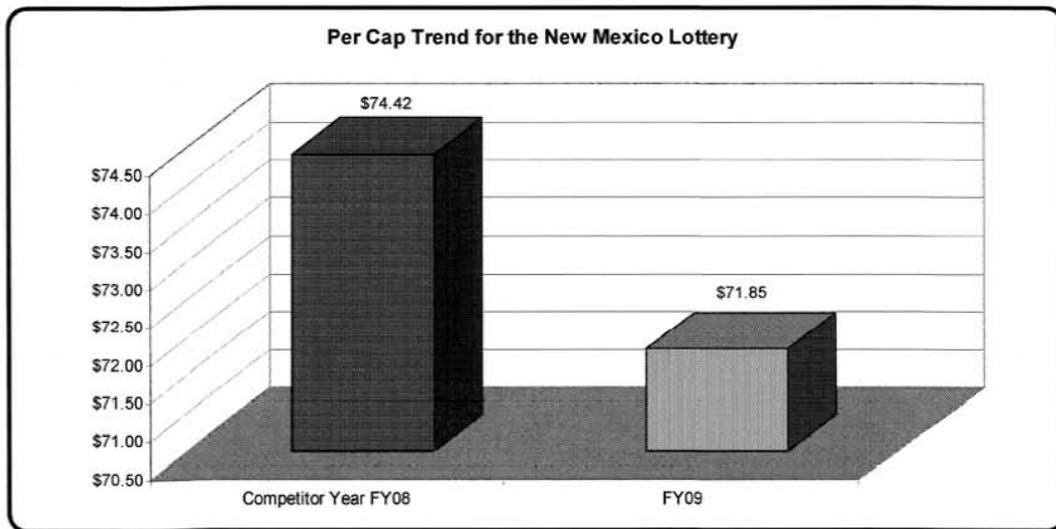
We are very anxious to report our first year efforts in both Arkansas and Ohio later this year. Though, early indications are showing very strong Lottery results – especially in this market environment. The longer we can work together with our lottery partners the faster their sales grow.







For New Mexico, FY09 was the first full year of sales in which the Lottery was mandated to return a full 35 percent to the State. As a result, prize payouts on some instant games were cut, the number of higher price point instant tickets was reduced, and the Lottery's advertising budget was dramatically cut. The first year results were predictably low, but we are working very hard to return the New Mexico lottery to its previous sales levels.





## Marketing Plan Experience

INTRALOT works closely with our Lottery partners around the world to develop successful strategic marketing plans that deliver positive sales growth. With many of our International partners we have deployed Internet wagering, sports betting and mobile gaming solutions. Our worldwide experience allows us to leverage these non-traditional environments to present innovative and measurable marketing and promotional ideas to Texas.

Our global and domestic marketing experience has given us the ability to provide best-in-class services to our partners and approach Lottery marketing unlike any other company in the lottery industry. The Lottery landscape is constantly changing and that means creating strategies and games that are appealing to an even wider spectrum of consumers. Taken together, these variables, coupled with the four “P’s” of marketing - Product, Price, Place, and Promotion – provide a cornerstone of our strategic marketing recommendations and considerations.

The Four “Ps” of Marketing		
Product and Price	Place (Retailer)	Promotions
Ticket Price	# and Types of Products	Coupons
Prize Structure/Payouts	Retailer to Pop. Ratio	Brand Positioning
Play Value	Retailer Incentives	Event Participation
Portfolio Game Mix	Training & Support	Merchandising
	Validation Policies	

We have significant corporate marketing resources here in Texas. We will also have the support of our international marketing departments headquartered in Athens, Greece and throughout the world. Together, they will supply us with up-to-date information on all the newest global technologies, marketing, advertising and promotions impacting the Lottery and gaming markets. We have positioned ourselves as innovative, cost-effective marketing partners, with far-reaching global resources and capabilities; but ultimately, we are focused on two simple things – the complete satisfaction and growth of the Texas Lottery.

Utilizing our effective marketing methodologies and database of global lottery information, our team of industry experts is well-positioned to provide the Texas Lottery with world class marketing support throughout the life of the contract. This includes on-site marketing support through our permanent marketing staff of approximately 220 professionals located in Texas, our marketing staff at our U.S. headquarters in Duluth, GA and our international marketing resources available through our headquarters in Athens, Greece and around the world.

INTRALOT has been a global leader in the Lottery industry for decades. We formed our U.S. company in December of 2001 and in a very short time have established ourselves as the ‘new force’ in the U.S. lottery market by winning contracts to be the full-service lottery provider in Nebraska, Montana, Idaho, New Mexico, South Carolina, Ohio, Louisiana, New Hampshire, Vermont, the District of Columbia, as well as Arkansas. In fact, in Arkansas we undertook one of the fastest lottery start-ups in the history of the industry.



INTRALOT will deliver superior marketing services by designing and implementing new games and promotions that drive measurable growth in your revenues. As we grow lottery sales we will communicate and re-enforce the Lottery's social value and player value messages.

INTRALOT will hold semi-annual Joint INTRALOT – Texas Lottery Sales Meetings that are attended by all of our sales and marketing personnel. These State Sales Meetings will have a distinctive theme and focus that will include breakout sessions and motivational speakers to build enthusiasm and pride and to challenge our employees.

Between the semi-annual meetings in Austin, INTRALOT will conduct quarterly video teleconferences between Austin and each district office to facilitate communications on sales, marketing, lottery product information and regulatory matters. Retailers will be invited to our district offices to participate. INTRALOT will obtain larger facilities for larger audiences as required. These will include a comprehensive SWOT analysis with strategic recommendations and considerations. INTRALOT's Texas General Manager and Chief Marketing Officer will be responsible for helping our marketing team – both on-site and at our corporate headquarters – coordinate these meetings making certain to tap into the wealth of resources that INTRALOT brings to its customers worldwide.

The main objective of these Quarterly Sales Marketing Strategy Meetings is to provide an update on product performance and on initiatives-to-come. We also provide access to INTRALOT's team of over 200 marketing professionals and statistical analysts worldwide.

These strategic strategy meetings are invaluable in formulating and managing effective business and marketing plans. They become not only the blueprint for the plan, but most important, they become the project management guide for implementing and measuring results.

At these Quarterly Sales and Marketing Strategy Meetings we will share the results of any new research in our worldwide marketing arsenal that might impact your business, as well as provide you with updates on new products and technology advancements. We will also update the Lottery on trends impacting retailers as well as provide tactics to maximize the retailer selling experience. These meetings will be the cornerstone for setting our Texas Corporate and Key Account Strategy.

We expect that these quarterly strategy meetings will include such topics as:

- Industry trends
- Lottery sales goals and objectives
- SWOT analysis
- Game design and planning
- Promotional opportunities
- Strategic planning, including sales analysis and product research
- Performance measurement tools and criteria
- Multi-jurisdiction issues



Our experience in participating in these types of strategic planning meetings is extensive. For example, in addition to simply supporting and operating many worldwide lotteries, we are also responsible for all of the strategic development in every product and promotion category in several jurisdictions.

- INTRALOT currently conducts annual reviews and strategic planning sessions in jurisdictions where we hold a commercial interest such as in South Africa and Australia. The reviews we conduct in these jurisdictions typically consist of annual marketing plan updates as well as regular updates and reviews on major marketing initiatives in order to ensure the smooth implementation of the plan to meet the set objectives.
- INTRALOT also conducts strategic planning in jurisdictions that the company holds management agreement interests in, such as in Taiwan. INTRALOT executives are conducting on the spot marketing plan reviews and providing consultation on specific marketing issues.

**Additional Meetings Planned:**

*Semi-Annual Retailer Town Hall Meetings* held throughout state and designed to allow one-to-one communications between the Lottery, INTRALOT and retailers.

*Quarterly Promotional Reviews* with the Lottery designed to showcase the industry's "best and most profitable" promotions. While the focus will be on lottery-specific promotions and marketing programs we will highlight successful promotions from other industries that are applicable to our industry.

*Semi-Annual Game Performance Indexing* in which we will measure and compare the performance of the Texas Lottery's product portfolio against the industry-at-large (domestic and international) – and provide you with our strategic recommendations and considerations.

*Monthly Corporate and Key Account Meetings* facilitated by INTRALOT's staff and focused on reviewing the effectiveness of our corporate and key account strategy. Additionally, these meetings will serve as a formal business review of this category.

*Bi-Weekly District Sales Meetings* will be conducted to give the Lottery Sales Representative staff updates and points of emphasis for the next cycle of retail visits. Not only do we welcome the Texas Lottery's attendance at each of these meetings – but also a key manager from the INTRALOT Texas Austin will attend each of these District Meetings at least once a month in order to give the field staff a chance to interact with the corporate team.

*Weekly Instant Ticket Production and Delivery Meetings* in which we will meet with the Lottery to discuss new game production and delivery.

*Weekly INTRALOT Management Meetings* in which the General Manager has an opportunity to discuss the current state of business both on a Texas –level as well as corporate wide. Managers give updates and feedback on daily operations in their various departments.



Our worldwide success is based upon our never-ending quest to develop, test, and deploy only the best, most reliable and latest industry products and services. We bring these core principles to our partnership with the Texas Lottery, and one of their most obvious applications will be our annual "State of the Industry" presentation.

INTRALOT will facilitate an annual review and analysis of the state-of-the-Texas Lottery as well as a "State of the Industry" presentation. INTRALOT's "State of the Industry" presentations include a summary of new games that have been developed within the last year and provide a comprehensive analysis of product effectiveness using sales results as one of the measurements of success. Our "State of the Industry" presentations center on new gaming media and relevant lottery technologies – both domestically and internationally – as well as sales trends and public policy issues and developments that impact our business. In New Hampshire, we presented our state-of-the-industry presentation four months in advance of the scheduled conversion date to the new INTRALOT System. We did this to "hit the ground running" and we presented the latest trends. INTRALOT's "State of the Industry" presentations go beyond a recap of the industry. We assist our clients with becoming world leaders in lottery stage, technology and marketing. Our annual "State of the Industry" presentation for Texas will focus on a targeted array of innovative marketing programs and techniques geared toward achieving specific marketing objectives for Texas.

Annually, on or before January 31st, we will provide the Texas Lottery with our proposed Instant Ticket Game Plan. This plan will include:

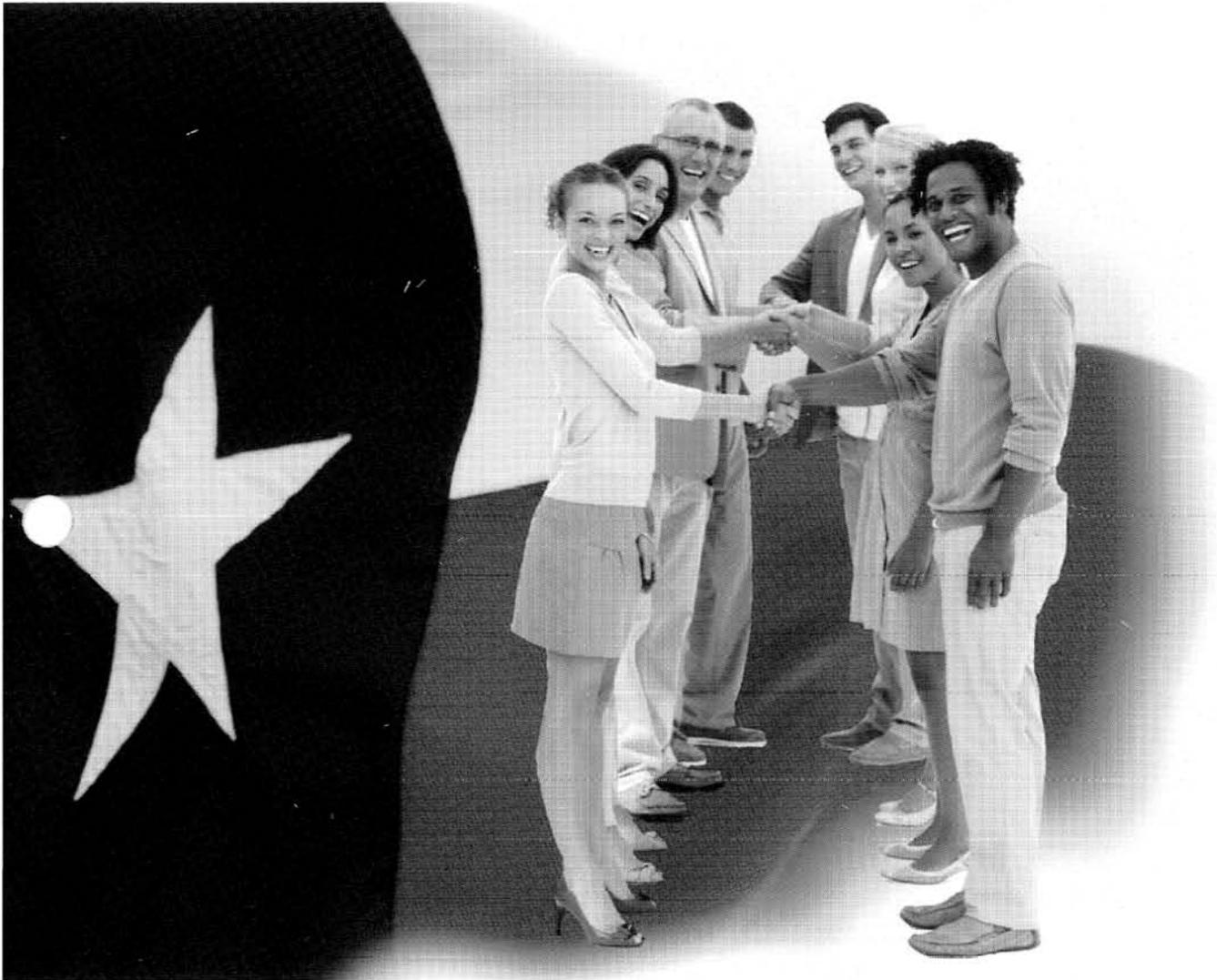
- Recommended number of new Instant Ticket games by price point
- Print size and launch date for each new game
- Game type, theme, play style for each new game
- Number of games for sale by price point and game style for each week of the year
- Updates and recommended modifications to the Instant Ticket game strategy
- Instant promotions and merchandising recommendations
- Ticket Vending Machine plan
- Analysis of prior year plan versus actual performance
- Three-year sales projection.

Annually, we will provide the Lottery with a detailed analysis of the on-line product portfolio complete with three-year sales projections by game; possible game modifications that may result in maximizing sales; along with analysis of promotional performance.

Weekly, we will provide sales reports and analysis along with our evaluations, trend analysis and most important, recommended actions that may be taken in response to this information.

**intralot**

**A GLOBAL LEADER  
YOUR LOCAL PARTNER**



**INTRALOT**  
**A PROUD PARTNERSHIP WITH TEXAS**



#### 8.4 LOTTERY SALES REPRESENTATIVES

Lottery Sales Representatives (LSR) Services are those activities dealing with sales support to Retailers and the promotion and sale of Lottery Products. LSR functions can be generally categorized as Retailer setup and training, supply and inventory management, and sales and marketing. Retailers are provided a variety of goods and materials to support and sell Texas Lottery Products. These include point of sale materials, supplies (e.g., playslips, On-Line Ticket stock and printer ribbons) and promotional goods.

**Table 83. LSR Services Response Requirements**

#### Response Requirements

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT acknowledges and accepts the roles and responsibilities and detail requirements indicated in this section under Table 82 LSR Service Requirements.

INTRALOT will develop and maintain standards and procedures for Lottery Service Representatives (LSRs). Those documents, once approved by the Lottery and INTRALOT's Change Management Board (CMB), will be placed under configuration control in our Configuration Management Data Base (CMDB). Whenever changes are required to those standards and procedures, the Lottery will be asked to approve the changes and once approved by our CMB, the changes will be promulgated to the sales organization and the revised copy of the associated documentation will be stored in the CMDB.

INTRALOT will use state of the art territory route planning software to plan LSR routes. INTRALOT will maintain, update and change LSR assignments as necessary. Our LSRs and Retailer Recruiters will recruit and propose optimizations in the Lottery's retailer base. These staff will ensure that the Lottery has all required information to license new retailers. Upon application approval the LSR will schedule equipment installation through the Service Desk and schedule a visit on the day of installation to train the retailer on the new equipment, the various lottery products, merchandising, financials, lottery procedures, security, and promotions. The LSR will ensure that our equipment is properly set up and POS is placed optimally in the retailer's establishment. They will deliver and install play stations, instant ticket bins, play slips, ticket stock, signage and POS materials. The LSR will proactively work with their retailers to submit complete renewal applications. If the retailer doesn't renew their Lottery application, the LSR will schedule the immediate removal of the retailer's lottery products and equipment.

INTRALOT's LSRs will be trained and certified as proficient in the policies, procedures, products, technology and code of conduct before they are allowed to manage their own lottery retailers.



INTRALOT's LSRs will recruit new retailers on an ongoing basis, conduct a site survey for optimal equipment display configurations, receive and transmit applications to the Lottery for licensing. Upon successful licensing with the Lottery, the LRS will notify the retailer of their scheduled install date and time. The LSR will gather additional retailer information if required by the Lottery to complete the licensing decision process. The LSR will recommend which equipment should be installed at the new retailer. They order, deliver and install play stations, instant terminal bins, signage, POS, consumables, instant tickets and marketing materials. They assist the retailer with equipment placement decisions and display of promotional material and signage.

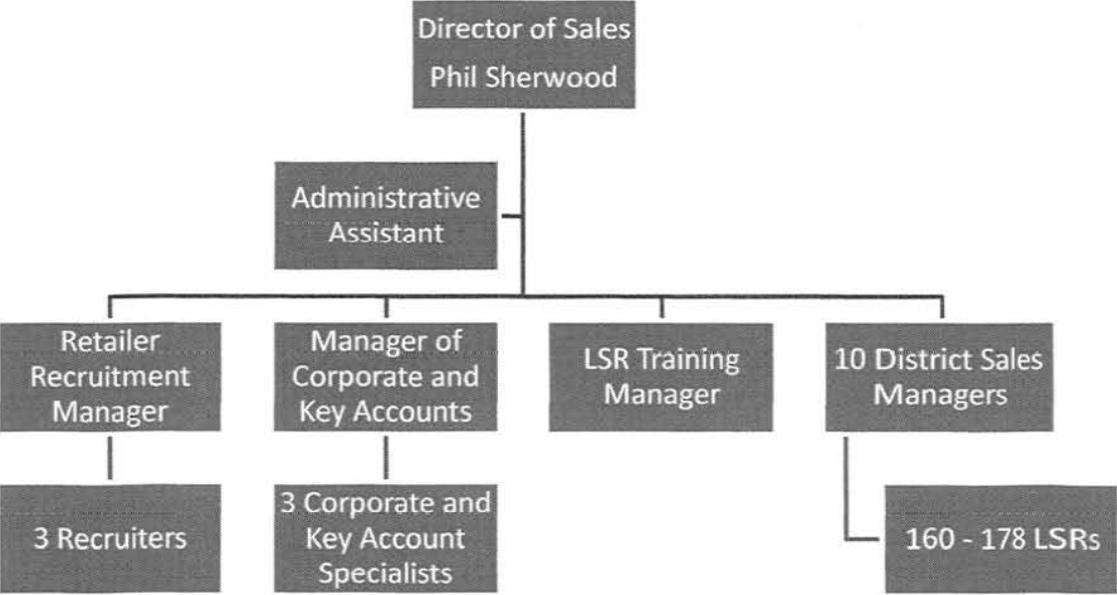
The LSRs assist retailers with application renewals or facilitates the removal of equipment if the retailer's application is not renewed.

INTRALOT's LSR staffing will grow with growth of the Lottery's retailer base. We will provide a comprehensive annual incentive plan for LSRs and sale and business development management, on or before May 31st of each year. This plan will be updated quarterly based upon Texas Lottery Product emphasis guidelines. The plan will be submitted to the Texas Lottery for approval prior to implementation or modifications.

INTRALOT will provide a monthly report of all LSR assignments at the retailer level and by Sales District.

2. The Proposer must describe its LSR organization structure and how it will support Lottery Retailers across the entire geographic and population diversity of the State of Texas. Proposers must identify the Proposer’s staff to Retailer ratio for the provision of the Lottery Sales Representative activities.

INTRALOT is pleased to provide a Retailer Sales and Support Organization that will provide the Texas Lottery with service levels greater than they have ever experienced. Current industry best practices reflect an average Lottery Sales Representative to Retailer ratio of 1:116. Our proposal includes a Lottery Sales Representative to Retailer ratio of 1 to 99. The following graphic depicts the management organization that will be associated with and supporting our Texas Lottery Sales Reps.



**Director of Sales**

We have selected Phil Sherwood as our Director of Sales (his resume can be found in the Staffing Section). Phil has considerable experience managing sales teams, administering budgets, and authoring and implementing policies and procedures. He will be accountable for the effective development, management and penetration of all sales and marketing activities and development of the Texas-based sales staff. Additional staff reporting to Phil will include:



### **LSR Training Manager (1)**

This position is responsible for acting as the liaison between INTRALOT, retailers, LSRs, Corporate and Key Account Managers, and the Lottery Marketing Staff to provide effective and satisfactory education and instructional information and material. This position is responsible for analyzing, designing, developing and revising retailer instructional information. This individual will assist in identifying and responding to field needs by investigating and resolving training related retailer issues. The LSR Training Manager is responsible for all field and lottery staff training and certification programs associated with LSR and Retailer operations.

### **District Managers (10)**

Each District will have one District Manager who will be responsible for the supervision and training of the sales staff. These Managers will oversee all sales, marketing and promotional activities in their assigned regions. They will prepare operational, marketing and financial progress reports on sales and marketing activities and will be accountable for executing the various sales and marketing strategies that are developed.

### **Sales Supervisors (4)**

We will have two Sales Supervisors in both the Dallas and Houston District Officers. Sales supervisors will assist their respective District Managers in directing the activities of sales representatives and will be responsible for certain key accounts in these sales areas.

### **Lottery Sales Representatives (160 - 178)**

Lottery Sales Representatives are the front-line marketing and sales representatives for the lottery products and the retail outlets. They are responsible for sales and marketing activities and retailer relations. INTRALOT intends to hire as many of GTECH's existing staff that meet Lottery approval and will accept our employment offers. Once we know which of these experienced Lottery Sales Reps want to work with us, we will engage recruiters to hire sales professionals with significant experience in companies that supply other products to your retailer base. This will include sales and sales management professionals from the tobacco, the salty snack and soft drink and from the beer and wine industries.

Our plan also calls for a Retailer Recruitment Manager along with three (3) Retailer Recruiters.

INTRALOT will develop the standards and procedures for Lottery Sales Representatives in accordance to the policies and procedures set forth by the Texas Lottery throughout the life of this contract. INTRALOT will provide Texas with a Lottery Sales staff that will serve the retailer community with the highest levels of professionalism and integrity.

Our plan includes a network of 10 strategically located regional offices, providing access to everything from sales and technical support to supplies. Following is a list of personnel that will be based in those offices.



Sales District	Sales Managers	Sales Supervisors	LSRs
Abilene	1	0	10-11
Austin	1	0	15-17
Dallas	1	2	35-38
El Paso	1	0	5-6
Houston	1	2	42-46
Lubbock	1	0	7-8
McAllen	1	0	8-9
San Antonio	1	0	14-16
Tyler	1	0	13-15
Victoria	1	0	10-12

Lottery Sales Representative (LSRs) routes will be based upon a two-week cycle. Reps will visit and support all assigned retailers at least every two weeks. While all retailers will receive superior service, we recognize the Pareto Principal's 80/20 rule and we will make it a priority to ensure that the top-selling retailers have additional support. Consequently, the top 20% of the retailers in each district will be visited weekly. In accordance with Lottery directives, Lottery Sales Representatives will be responsible for retailer training, delivery and merchandising of POS and sales support materials, managing instant ticket products, inventory control, recruiting, licensing development, retailer education, promotions and educating retailers on suggestive selling approaches in supporting increased sales of all lottery products.

Sales representatives will visit an average of twelve (12) retailers per day. They will be assigned sales territory and Retailer list based on a geographic and sales and business analysis. During the two-week delivery and service cycle, Lottery Sales Representatives can be expected to be in their territory providing service to retailers on an average of 9 days of the 10 day work cycle with regularly scheduled District Office Sales meetings scheduled during one day for each two-week cycle to provide updates on policies and procedures, as well as to provide an opportunity to replenish and update point of sale and merchandising items, lottery supplies and retailer materials for delivery.

Bi-weekly District Office Sales meetings recalibrate our activities, introduce and explain new initiatives, review policies and procedures, and most important, create a time that our most valuable assets – Lottery Sales Representatives – can re-connect not only with their colleagues in the field, but with the management team of INTRALOT Texas. Our Austin Management team will be regular participants at these District Sales Meetings.

From a management and reporting structure, Lottery Sales Representatives and Sales Supervisors shall report to District Sales Managers; who in turn, will report to the Director of Sales, Phil Sherwood, a seasoned sales executive and manager.

Our LSR staffing plan will be continuously monitored to ensure that changes (i.e. growth) in the Lottery's retailer network are optimized. Route coverage plans will incorporate the need to cover the responsibilities of LSR's taking vacation time, holiday periods, sick time, attending training sessions and other assignments that temporarily take them away from their daily assignments.



INTRALOT will update and maintain changes to LSR route assignments (by Retailer, by District) and report to these to the Lottery on a monthly basis. The database of LSR and retailer information will reside on our System for easy reporting capabilities. Changes in LSR or retailer status are input into LOTOS™ as they occur during regularly scheduled visits and ad hoc during each month. This allows us to maintain up-to-date reporting and real time management.

While our initial plan calls for upwards of 178 Lottery Sales Representatives, we intend to grow the retailer base in Texas. Doing so will require us to continually monitor and adjust (increase) our staffing needs as we add new retailers to the network.

Our LSR's will visit every Lottery Claim Center at least weekly. Recognizing that these outlets are, for many Texans, the public face of the Texas Lottery Commission, we will ensure that your claim centers are well supported and well stocked with the appropriate supplies and point-of-sale materials.

3. The Proposer must provide an overview of its incentive plan for LSRs.

Incentives for INTRALOT Texas will be dependent on sales growth, service level achievement and retailer satisfaction. Marketing staff must design programs that produce measurable sales growth results. Sales management must give the LSRs the tools, knowledge and experience to facilitate sales growth. The LSR's job description requires achievement of significant sales growth of assigned retailers, successful recruiting of new retailers, high service levels and high retailer satisfaction evaluations. LSRs become eligible for performance incentives for dramatically exceeding the annually adjusted job description requirements after they have successfully completed our training and certification process. INTRALOT believes that a sales incentive plan for our LSR's motivate our team to rapidly and continuously increase sales revenues.

INTRALOT's incentive plans work because:

- **Employees want the reward.** The most typical reasons that incentives work is that employees really want the recognition for doing an extraordinary job – whether it is cash, merchandise or other perks.
- **Employees feel motivated.** When their personal performance controls their rewards and recognition they work harder.
- **Employees like the competition.** There's always a certain level of competition among employees. Everyone wants to win! We work hard to normalize the incentive opportunities when we create an incentive program, giving equal chances to achieve rewards.
- **Employees encourage one another.** When employees work together in a program, they form friendships. This boosts morale and creates a general sense of loyalty and support for friendly encouragement.



INTRALOT understands that organizational targeted goals lead to enhanced productivity and superior service levels. An Incentive plan for Lottery Sales Representatives that accomplishes both short and long term goals is a catalyst for growth.

INTRALOT will provide Lottery Sales Representatives a competitive compensation package commensurate with industry standards. Part of that compensation package will be a performance based incentive program based on sales goals, promotion effectiveness, customer service levels, retailer satisfaction surveys, and retailer training and recruiting.

***The Holiday Incentive*** Lottery Sales Representatives during the course of the year will be eligible for Holiday Incentive Time awarded for their performance during identified incentive-based periods and contests. These may include percentage sales increases over same period last year for products such as Pick 3, Daily 4, and Cash 5, Instant Ticket activations, POS and supply distribution measures, promotion participation within their retailer districts and other benchmarks.

***Recruiting Incentives*** rewarding Lottery Sales Representatives with fixed dollar bonus amounts for each new retailer recruited, licensed and selling required minimum amounts over a specified period of time.

***Promotions Target Incentives*** based upon the Lottery Sales Representatives efforts to schedule and conduct Retailer specific promotions for product trials and customer and public educational programs. Benchmarked goals and objectives will be measured against the number of successful promotions the LSR conducts during the year or specified period.

***Sales Target Incentives*** based upon designated sales performance of specific targeted lottery products and Retailer, Chain or Key account sales performance during a specified period. Benchmarked sales over the previous period will be used to analyze increases in sales of the designated target. A fixed dollar bonus amount will be awarded to eligible Lottery Sales Representatives that exceed the goal for the period.

INTRALOTS flexible Incentive Plan philosophy allows an incentive program based upon Texas Lottery input and evaluation of current market conditions. All incentive plans that we propose will be presented to and approved by the Lottery to ensure that the specific incentive program is fair, measurable and inclusive.

INTRALOT will provide an annual schedule of incentives at the beginning of each fiscal year.



4. The Proposer must describe how sales services will be customized to strategically optimize sales performance.

New games, higher price points and various supplemental options and add-ons to current games can certainly account for initial spiked sales and new sales for a particular product. To efficiently maintain sustained sales growth over the life cycle of lottery products, each retailer must be motivated, educated and trained to promote and drive sales. Texas lottery retailer performance will be measured against other retailers with similar trade styles and geographies to identify leaders and laggards. Performance improvement programs including motivation, education, and hands on training will be developed for the bottom sixty percent (60%) of the retailers in each LSRs area of responsibility. Our LSRs will be measured on their success rate for designing and implementing customized programs to get these retailers to grow their sales. High performance LSRs will teach their success to the other LSRs. Our sales department will be a learning organization constantly improving strategies, process, technology and personal performance.

INTRALOT LSRs will follow our *Lottery Sales and Retail Check List* and provide assistance and support to ensure the Lottery Retailers appropriately perform the duties, tasks and responsibilities to assure a positive buying experience for the lottery customer – everything from asking for the sale to making sure that all products are consistently available.

Our LSRs will ensure that every retailer has an adequate supply of sell-in POS and is thoroughly trained at least two weeks in advance of the launch of new instant and online games. The LSR ensures that the new materials are explained and properly merchandised within the retail establishment. We know what types of POS are most effective in different retail locations; and we also know how winner awareness and even handmade POS can increase sales.

Another important LSR job function is optimize sales performance by making certain that all instant ticket dispensers – whether they are in counter displays or in our WinStation™ ticket vending machines – always have an adequate supply of our best selling tickets. It is INTRALOT's responsibility to obtain the optimum location for our products and equipment.

Lottery players are among the most loyal customers today. Retailers who ignore customer loyalty often go out of business. Those with innovative loyalty strategies, however, are increasing their market share and profits as they refocus their initiatives around today's multichannel shopper.

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Not released**

INTRALOT will communicate and document sales and merchandising best practices internationally, nationally and especially in Texas. With this quantitative and qualitative information we will encourage the retailers to enhance their performance by showing how they compare to the best retailers who are similar trade styles and operate in similar geographic and/or demographics. We will show them the benefit of and how to implement those best practices. We will closely support and measure their progress. We will be their mentors, their cheerleaders and their biggest fans.

Within the confines of the lottery industry and within lottery jurisdictions throughout the world these concepts have been identified as the key to successful selling of lottery products. Sadly, few lotteries take the time to compile and analyze the data necessary to increase sales at the retailer level. INTRALOT has several practices for ensuring that our LSRs are performing effectively. District Sales Managers and Supervisors make regular visits to retailer locations



and evaluate LSR performance. Sometimes this is done with the LSR (ride-along) and sometimes after the LSR's visit.

Performance Evaluation Reports; periodic retailer research conducted through our Mystery Shopping program; sales versus quota analysis; and monthly sales call summary reports detailing the retailer visits made and report on what was done at each retailer level are all tools to evaluate LSR effectiveness. We also require all of our employees to go through Code of Conduct training classes to make certain that not only the highest degrees of professionalism are met, but also that we have met with the strict compliance requirements of the Texas Lottery Commission.

Most important, we recognize that the Lottery itself has instituted one of the best ways to evaluate the performance of our LSR team through the regular retailer surveys that the Lottery conducts. INTRALOT will exceed the "approval ratings" standards that the Lottery sets for these associates.



### 8.4.1 Retailer Visit

Each Retailer receives scheduled visits by a LSR. LSRs play a critical role in promoting Texas Lottery Products to Retailers. LSR visits are tailored based on the needs of the Retailer and guidelines provided by the Texas Lottery. The Retailer visits serve a variety of purposes, but the functions can be generally categorized as Retailer setup and training, supply and inventory management, and sales and marketing. The following table identifies the Retailer Visit requirements.

**Table 85. Retailer Visit Response Requirements**

#### Response Requirements

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT acknowledges, accepts will deliver the roles and responsibilities and detail requirements indicated in this section of the RFP under Table 84 Retailer Visit Requirements and Table 86 Retailer Visit Service Levels.

INTRALOT will create annual sales cycle schedules for each LSR based upon a state of the art territory route planning software application. As retailers are added or removed from LSR routes, the LSR visit schedules will be rerouted to ensure efficient routes with equalized visit requirements for each LSR. Each LSR will visit their retailers in accordance with the automated routing and schedule. LSRs will educate their retailers on new lottery products, retailer and player contests and promotions. LSRs will train their retailers on how to play, merchandise, up sell new lottery products and answer game related questions. LSRs train new retailers and new clerks on terminal operation, game play, promotions, merchandising, and lottery procedures. They conduct physical inventories and ensure proper inventory levels of instant tickets and consumables (ticket stock, play slips and retailer adjustment forms) whenever they are in a retailer's establishment. They display new promotional materials, check that promotional signage is properly displayed, optimize placement of instant ticket dispensers and ensure that play stations are clean, stocked and orderly.

INTRALOT will provide an automated tracking and reporting system (Siebel™ CRM) to track LSR visits to retailers. Our LSRs will visit each retailer at least once every two weeks. LSR staffing levels will increase with increasing numbers of retailers and INTRLOT will provide a plan describing supplemental staffing, visitation and support requirements to drive enhanced sales levels. INTRALOT will submit the LSR sales cycle schedule to the Texas Lottery for each state fiscal year no later than August 1 each year.

INTRALOT LSRs will fulfill the following Texas Lottery requirements:

- Deliver sell-in, advertising and other materials to all retailers in their territory within the designated sales cycle schedule unless otherwise directed by the Texas Lottery.
- Deliver all advertising materials two weeks prior to the start of a new lottery product unless otherwise directed by the Texas Lottery.



- Properly processed, assigned and if necessary returned On-Line Ticket Stock according to Texas Lottery rules and procedures.
- Develop and administer promotional programs with all retailers in their territory
- Position and maintain Instant Ticket dispensers at retailer locations, replacing faded or damaged dispensers to maintain optimum sales environments for instant tickets.
- Meet retailer satisfaction targets set by the Texas Lottery. Retraining and/or corrective action plans will be provided to the Texas Lottery to address missed retailer satisfaction targets by INTRALOT LSRs.
- Recover the license and all materials provided to the retailer by INTRALOT or the Texas Lottery upon termination or suspension of the retailer's license. The LSR will schedule and verify removal of all lottery equipment from those retailers.
- Inform the Lottery about regulatory issues, ownership changes or other conditions that may impact a retailer's license.
- Visit a retailer upon the request of the Lottery to assist the Texas Lottery in retrieving information, equipment and inventory from the retailer. The LSR will report the status of the visit to the Lottery.

INTRALOT will monitor and manage LSR performance to insure all LSR visit standards are met.

2. The Proposer must describe its overall approach to Retailer visits and support. The Proposer must describe its plan for enhanced visits to Retailers that exceeds the minimum required visits for general support and sales activity and that emphasizes sales optimization among the Retailer base. The Proposer must provide an overview of the methodology and strategy that will be used to enhance sales.

INTRALOT will open new channels of communication and relationship opportunities between the Lottery, the Retailers, and the Players. We believe every time a new channel of communication opens so does a new channel of distribution – even if that ‘distribution’ is nothing more than goodwill. For Texas, we will utilize a two-week sales servicing cycle with a schedule to visit each Texas Lottery Retailer regardless of sales levels or geographic location.

We will conduct additional visits to meet unexpected, emergency or unscheduled demands and requirements. INTRALOT will submit the sales cycle schedule to the Texas Lottery on an annual basis no later than August 1st. Additionally, we will provide a plan, for supplemental staffing, visitation and support requirements for approval by the Texas Lottery.

As we examine the activities and responsibilities of the Lottery Sales Representative, we identify five service delivery categories – (1) Retailer Recruiting, (2) Supply and Inventory Management (3) Sales, Marketing and Merchandising, (4) Terminal and Equipment Training, (5) New Game, Procedure and Regulation Training. Each of these is critical not only to assist in increasing sales, but equally important, to enhance the overall lottery experience for players and retailers.



## **Retailer Recruiting**

While INTRALOT's retailer recruiters focus on identifying underserved geographies for adding retailers and optimizing coverage with new types of retailers, each LSR will be tasked with recruiting new retailers in their route areas. This is done to replace retailers who go out of business, retailers who have extremely low sales who resist our sales growth initiatives and to create new opportunities for sales with high quality retailers. The LSR will ensure that all the required information is supplied to the Lottery for approval and then they will schedule the retailer for an installation. Once our FSTs install the retailer's new equipment the LSR will train the new retailer:

- On the new equipment
- On INTRALOT's Service Desk
- On INTRALOT's Instant Desk
- Lottery rules and regulations
- How each game is played
- How to merchandise our products
- Lottery financial procedures
- Lottery promotions

## **Supply and Inventory Management**

INTRALOT'S Lottery Sales Representatives are responsible for conducting and completing inventory report reconciliation with physical inventories of lottery games and supplies upon each visit. Instant ticket inventory levels and back-stock availability will be reviewed and adjusted accordingly. On-line gaming supplies and support materials including terminal paper and bet slips inventories shall be updated and replenished where necessary. Claim forms, adjustment forms and other Texas Lottery regulatory required paperwork and processes are administered. On-site record keeping assistance and procedural functions are provided, including partial and full book instant ticket return and credit processing.

Lottery Sales Representatives work closely with the Instant Ticket Desk Customer Service Representative (CSR) assigned to their respective Retailers. Close collaboration assures optimum inventory management for instant and on-line products at each retailer location. Providing order assistance during service and sales visits assures the retailer locations of sufficient inventory to meet sales demands. LSRs will set price point and game style instant ticket product lines for each retailer and together with the CSRs will set initial distribution order levels and minimum weekly inventory levels for each price point and game style. LSRs will have consumable trunk stock to transfer to retailers who are in immediate need of outside of their normal delivery cycle. Lottery Sales Representatives will provide play stations, bins, dispensers, cubes and other merchandising sales displays to Lottery Retailers. LSRs will be trained to perform first level repairs and maintenance of the retailer equipment so that they can troubleshoot minor issues in the field. They will also assist in the cleaning and maintenance of the retailer equipment and restocking of the marketing materials in an effort to optimize the service to the retailers and players.



If a Retailer's status changes such as a license revocation or closing, the LSR will coordinate equipment removal with INTRALOT's Service Desk. The Service Desk will dispatch a Field Service Technician (FST) to remove, inventory and take custody of the retailer's lottery equipment. The LSR will inventory, report, audit and remove lottery games, play stations, instant bins, dispensers, cubes and other merchandising/products from the retailer's establishment.

### **Sales, Marketing and Merchandising**

In supporting all lottery games and products, LSRs will place and make recommendations to retailers on POS, posters and advertising components within their stores.

Relationship building is a key function for the LSR and good relationships help facilitate expanded placement of Lottery support materials. Our LSRs will have the ability to negotiate for additional shelf, wall and footprint space within the store to expand Texas Lottery exposure and to support the games. The LSRs will be responsible for working with the retailer to ensure the proper placement and use of the Lottery Play Stations and Winstations. During the two-week cycle sales visits maintenance of all lottery equipment including the Play Station will be emphasized to keep them clean, useable, orderly and fully stocked with supplies. Updating signage at these key point-of-sale positions will ensure that the Lottery product captures the awareness with both players and non-players.

Optimizing the instant ticket product mix, stocking and displays all create improved buying opportunities. Clean, orderly and attractive merchandising in the displays and dispensing units improves instant ticket sales. INTRALOT's LSR's will be responsible for ensuring each retailer has an attractive merchandising program. INTRALOT will provide its LSR team with a best practice "plan-o-gram" for displaying instant ticket products. Proper positioning of the instant products within the various models of dispensing units is an enticement to customers buying behaviors and choice.

Developing in store promotions and partnering with the Texas Lottery to provide unique experiences within the retailer environment produces new opportunities for trial, increased spend, and player loyalty. INTRALOT's LSR team is charged with identifying lottery-specific promotions on a store-by-store basis and cross-promotional opportunities with other products.

### **Terminal and Equipment Training**

INTRALOT's LSR team provides training during the conversion process and the installation of new equipment and ongoing training for new employees. We continually educate the Retailers on the operations, reporting capabilities, validation, activation, manifest reconciliations as well as all terminal functionality during the course of our regular two-week sales cycle. This is in addition to the statewide retailer training programs that we will provide during conversion.

### **New Game, Procedure and Regulation Training**



LSRs will educate retailers on new products and improvements to the current product lines. During their regular sales and servicing visits up-to-date scheduling and product calendars will be shared with the retailers. Two weeks prior to new game launches the LSR will train retailers on how the game is played, how to merchandise it and describe promotions that will be associated with the new game. They will describe unique game features, play styles, prize structures, how to play and Texas Lottery advertising and promotional support themes. LSRs will train retailers on procedures and regulations associated with:

- Ordering, receiving and returning instant tickets
- Opening bank accounts and paying for lottery sales on a weekly basis
- Ordering consumables
- Paying prizes up to \$599 or sending the winner to a Lottery Claim Center
- Stolen instant ticket procedures
- Other procedures and Lottery Regulations.

#### **Enhancing Sales through Sales Strategies**

INRALOT will increase revenues and net profits through various sales strategies using its team of Lottery Sales Representatives.

1. *New Game Activation* program in which the stocking and display of these new instant games during sales visits is a top priority. New games sell at a faster pace than older games providing a sales advantage for these products during the first few weeks of introduction. Assuring the availability of new instant games for sale at all retailer level assures that each retailer has the ability to maximize the sale of these instant products.
2. *The Bins Filled* program will ensure that retailers have the right mix of instant ticket price points in the right place. Working with our on-site marketing research team, LSR's will provide retailers with a top selling game analysis. During each visit, LSRs will discuss our sales analysis and trends across the entire product line. During retailer visits these LSR's will provide retailers with a snapshot analysis detailing how their performance compares to peer retailers in the area.
3. *Jackpot Alert Initiatives* to assure the players and prospective players are aware of Top Prizes, influencing additional play. Jackpot signs and point-of-sale materials will be kept in sync with the actual amounts. The Jackpot Alert Initiative ensures adequate inventories of terminal paper and play slips are maintained by each retailer.
4. *Top Selling Retailer* program assures the *Top* retailers within each district are visited on a weekly basis. While all retailers will receive superior service, we recognize the Pareto Principal's 80/20 rule and we will make it a priority to ensure that the top-selling retailers have additional support.
5. *Incremental Sales Initiative* is a program that links our research and analysis team with the LSR's, and subsequently, the retailer. LSR's and District Sales Offices working alongside our research and analytics team. They will identify a quarterly target for improved incremental sales for the bottom sixty percent (60%) of each LSR's retailer base. These



retailer locations would then be earmarked for additional training, educational effort, staff and clerk development programs with the goal of incrementally increasing sales, efficiencies and enhanced customer support. This program is manageable and results-oriented. The results of these programs will be shared with the Lottery.

6. *Retailer Advertising Program* will allow the Texas Lottery to leverage valuable and limited advertising and promotional dollars with individual retail contributions and partnerships. LSR's will seek to identify retailers that advertise their locations in various media channels and to seek inclusion of lottery related advertising and promotion of products. Weekly circulars and radio advertising paid by the retailers will be sought out to include lottery game messaging and advertising within the spots already being utilized by the Retailer, thus providing additional advertising and promotion of lottery products without lottery expenditures. Further, in store radio remotes, product promotions of non-lottery products will be sought out by the LSR to tie in lottery products with these opportunities. Approval by the Texas Lottery will accompany any cross-promotional opportunities to assure the appropriate content and products are featured.

INTRALOT's LSR's will have a host of support both locally and on a corporate-level to call on for assistance – everything from a four person local market research and geo-demographic analysis team to a team of promotional coordinators and social media coordinators.

3. The Proposer must describe how it will monitor and manage LSR performance to ensure that all LSR visit standards are being met.

Accountability and responsibility in providing service to Texas Lottery retailers will be closely monitored to assure our LSRs deliver the service levels we describe in this proposal. We will provide accurate LSR visit service level reporting to the Texas Lottery

Daily management of schedules and retailer visits are managed by our District Sales Managers. District Sales Manager's report directly to the Director of Sales who, in turn, reports to INTRALOT Texas's General Manager and Chief Marketing Officer. INTRALOT will leverage state of the art technologies to schedule, route optimize, pass and collect information to and from the retailer. Donlen Telematic's GPS Systems will be installed into our LSR and FST vehicles. This enables real-time adjustments to routes for such emergencies as a retailer out of online ticket stock or a retailer recruiting opportunity. LSRs will carry our portable IPT that connects them in real time to our LOTOS™ O/S Lottery Gaming System and our Oracle™ Siebel<sup>®</sup> Customer Relationship Management (CRM) system. LSR visit related data will be input into the Siebel™ CRM database.





One of the cornerstones of the monitoring process for INTRALOT's Lottery Sales Representative is the Interactive Portable Terminal (IPT). The IPT is the ideal means to apply a capability of this sort. Thanks to its advanced technical features and concurrent GSM/GPRS wireless network support and wired networking, the IPT is a practical and reliable solution to stay in touch with a fast-moving field staff.

The IPT major components, the printer, the display, the barcode reader, the magnetic and the smartcard reader are all part of a robust, single-unit, handheld device. The IPT has been developed to provide the greatest flexibility in operation and area of application. Keeping the number of keys and buttons to an absolute minimum, we combined a high-resolution display with a touch screen, allowing different operating concepts to be implemented by software. It is based on the open platform Linux Operating System.

All data input is time stamped to the nearest hundredth of a second. The GPS system also tracks and reports vehicle speed, location and duration of stops for all INTRALOT LSR and FST vehicles. Between the GPS system and our Siebel™ CRM system INTRALOT will know without doubt whether our LSRs are making their appointed rounds and collecting and reporting retailer information. Each visit should include an electronically captured inventory of all consumables and documentation of confirmed and active books and partial books of instant tickets. Full days of vehicle movement are stored on the system making it easy check their routes.

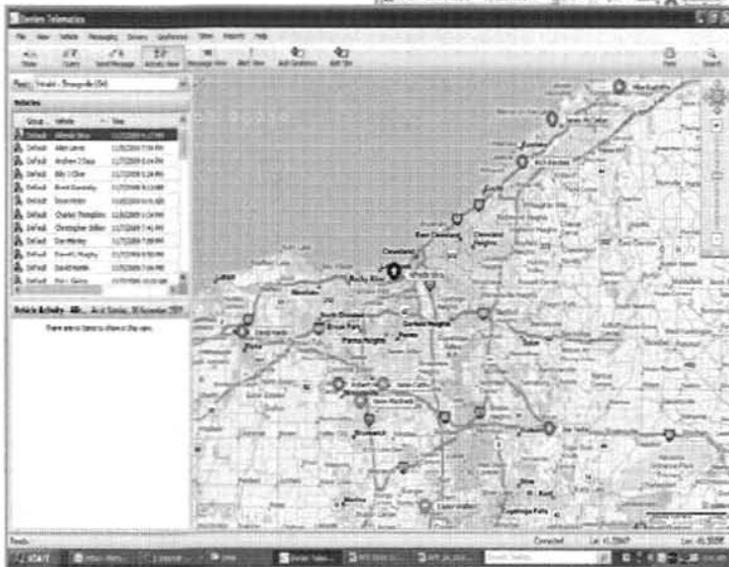
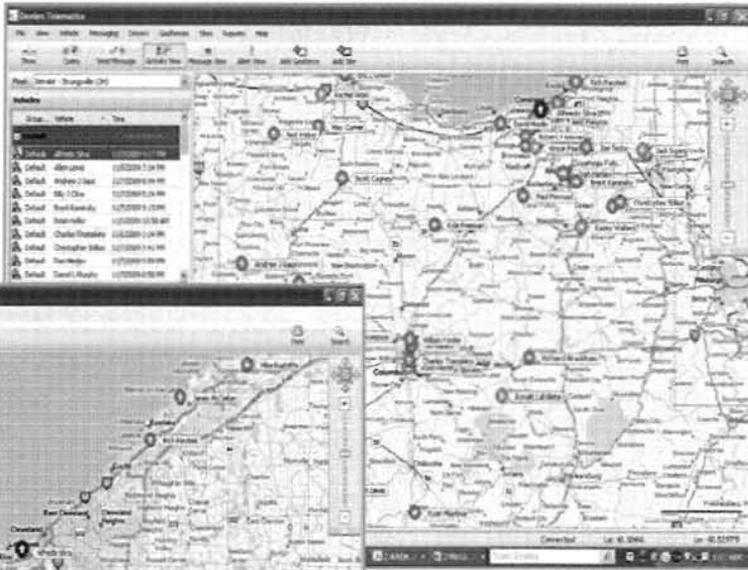
While the Lottery has achieved solid retailer satisfaction levels in the past, INTRALOT will exceed those results. Review and assessment of the Lottery's Retailer Satisfaction Surveys will be a key performance indicator. INTRALOT will develop an LSR training and certification program that will ensure that all LSRs not only fully understand our expectations but also demonstrate the ability to perform at very high levels. Individual LSR performance levels will be regularly accessed and evaluated to identify our leaders and laggards. We will incentivize our leaders and retrain or replace our laggards. Continuing education and training for INTRALOT's LSRs will provide new ideas in marketing, sales and customer service combined with product information for new games and upcoming promotions.

If the LSR's vehicle GPS or IPT are inoperable, that LSR will be required to log in to the lottery terminal during each visit until their GPS or IPT is repaired. This will provide identification to the Retailer of an authorized visit as well as provide a documented record of service and support provided during the visit. Reporting through the IPTs INTRALOT's Lottery Sales Representatives will assure that both the Lottery and INTRALOT management have access to real-time account management reports from our field staff.

Service levels, sales goals, retailer visits, promotions and events, POS placement and retailer satisfaction will be closely monitored by our District Sales Management, General Manager and CMO. Consolidated and detailed reports on this performance will be provided for regular review by the Texas Lottery.

Our GPS tool is very effective, as illustrated below from our Ohio field service operation. It helps INTRALOT to manage our entire fleet, identifying the location of any LSR or FST at any time, and allows us to identify and manage issues and incidents on a priority basis.

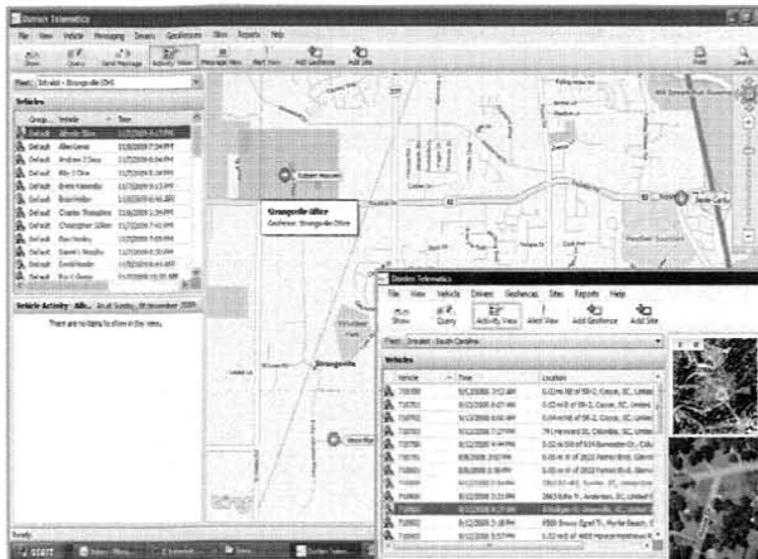
**INTRALOT's Ohio  
Field Service Technicians  
Fleet Snapshot (right)**



**Cleveland Metro FST  
Snapshot (left)**

We know where our resources are at all times and are prepared to react quickly to the demands of the day. The hybrid view shows the landmarks near the driver: This is helpful if a LSR is having difficulty locating an unfamiliar retailer. The LSR can call dispatch and get directions to the retailer.

# inralot



Street Level Snapshot (above)

Hybrid View (below)



#### 8.4.2 LSR Ticket Retrieval, Transfers and Returns

Instant Tickets may be retrieved for various reasons during the LSR’s regularly scheduled sales cycle visit or during an emergency visit that is requested by the Texas Lottery. The LSR is responsible for optimizing the inventory mix at retail locations in coordination with Retailers. LSRs can transfer full packs between retail locations or arrange for the return of full packs of tickets upon the request of the Retailer. Damaged and other nonsaleable tickets may be returned and Retailers may be charged an administrative fee or credited for the return of the tickets.

There are three types of ticket returns that occur from Retailer locations: partial pack returns, full pack returns and manual returns. LSRs are responsible for the return ticket processes at the Retailer level. This section covers the steps to transfer tickets from the Retailer location through verification and return processing at the central distribution warehouse facility.

Following the retrieval of tickets from the Retailer:

1. Manual (Damaged, Defective, Retailer Sales Terminal unavailable for processing, etc.) pack ticket returns are delivered to the central distribution warehouse for credit to the Retailer’s account and retention for destruction.
2. Full pack ticket returns (processed by Terminal at Retailer) will be delivered to the central distribution warehouse for verification and destruction or re-distribution based on the status of the game.
3. Partial pack ticket returns (processed by Terminal at Retailer) will be delivered to the central distribution warehouse for verification of the range of tickets returned and retention for destruction.

The following table identifies LSR Ticket Retrieval, Transfers and Returns requirements.

**Table 88. LSR Ticket Retrieval, Transfers and Returns Response Requirements**

**Response Requirements**

- |   |
|---|
| <ol style="list-style-type: none"><li>1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.</li></ol> |
|---|

INTRALOT acknowledges, accepts and will deliver the roles and responsibilities and detail requirements indicated in this section under Table 87 LSR Ticket Retrieval, Transfers and Returns Requirements and Table 89 LSR Ticket Retrieval, Transfers and Returns Service Levels.

INTRALOT will optimize the instant ticket inventory mix at retailer locations by managing which games and which price points each retailer sells to maximize sales at that retailer. LSRs and Instant Desk CSRs will set optimal initial distribution quantities for each retailer assuring that no retailer runs out of stock of new games before their next regularly scheduled daily order



arrival. Over stocks of confirmed games will be resolved by inventory recovery by the LSR and redistributed to retailers who need those games. Recovery of full-activated books will result in a credit for the retailer. Partial books of slow selling older games will be recovered by the LSRS and replaced with newer faster selling games. LSRs will initiate credit transactions for those partial returns. LSRs will also be tasked as required to pick up from other locations including police stations, other government locations, Lottery Claim Centers, etc. as directed by the Lottery.

If the retailer's terminal and the LSRs IPT are not available for automated instant ticket return processing, the LSR will conduct a manual paper based return process as approved by the Lottery. The LSR will transport returned instant tickets to the District Sales office where they will be re-inventoried and status location changed. Instant tickets and consumables that are being returned to the distribution warehouse will shipped each week via our LoneStar Overnight courier service. INTRALOT has 988 instant ticket status identifiers that identify current locations an instant ticket can have in our other jurisdictions. INTRALOT can easily add status identifiers to deal with locations and statuses that aren't covered by the existing 988 instant ticket status identifiers. E.g. we could add a status for each LSR's vehicle and for each District Sales Office Warehouse. LOTOSTM IGMS can track all statuses and all locations a Texas instant ticket, partial or full books of instant tickets could need. INTRALOT's instant ticket processes, procedures and technology will provide a highly secure cradle to grave chain of custody control of Texas' Instant Tickets.

- |   |
|---|
| 2. The Proposer shall describe how it will perform ticket retrieval, transfers and returns to optimize the inventory mix at retail locations in coordination with Retailer. |
|---|

There are three types of ticket returns that occur from Retailer locations: partial pack returns, full non-activated pack returns and full-activated pack returns. INTRALOT's LSR's will be responsible for the return ticket processes at the Retailer level. The difference between non-activated full pack returns and activated full pack returns is that the activated full pack return requires a credit process for the retailer before a full book's status can change from active to available. A damaged book received by a retailer but not confirmed will be handled similarly to a non-activated full book of instant tickets. A non-activated full book of instant tickets can be taken from confirmed to available or in transit without a financial transaction through LOTOSTM IGMS.

Partial Book returns require a financial credit for the tickets turned over to the LSR by the retailer. Full books that are still in active distribution by the instant ticket warehouse can be redistributed to retailers who can sell them. Full books of games that are no longer in distribution and partial book returns must be returned to the instant ticket warehouse for eventual destruction. If the retailer's terminal and the LSR's IPT are both unavailable for managing the technical procedures of returning the instant tickets, the LSR will call the Instant Ticket Desk and they will process the return for the LSR on IGMS. Returned stock will be assigned to the LSR until the LSR can turn the inventory over to another retailer or the District Sales Office warehouse whichever is applicable.

Following are the procedures we have outlined for each of the return types.



**Full Pack Ticket Returns** (processed on the Terminal or IPT) are delivered to the central distribution warehouse for verification and destruction or re-distribution based on the status of the game.

**Procedure Name:** Full Pack/Lot returns

**Summary:** Returning full packs/lots from retailers or regions

**Frequency:** As required

**Detail Instructions:** Upon receipt of packs/lots from LoneStar Overnight, a Lottery representative and the INTRALOT inventory tech will verify that all instant tickets picked up from the District Offices are inventoried.

1. Books/Packs are verified against the manifest of Courier returns. The manifest is signed and dated after verification. Discrepancies are noted on the manifest. Missing books are reported to the Lottery liaison. Return information such as the retailer, retailer number, date ordered, and books omitted are entered into the Retailer Return Spreadsheet. Spreadsheets are created for each month.
2. Books/Packs from both Courier and LSR regional returns are scanned back into the LOTOS™ Back Office System (BOS) inventory via the INTRALOT Pic/Pack application. The lots/packs are scanned and their status is changed to “RETURNED FULL”.
3. Once scanned the newly returned lots are sorted according to game number and are ready for redistribution.

Upon receipt of tickets returned from the retailers to the warehouse by our courier, full packs will immediately be placed in the pick and pack area so that they can be repackaged and resent to other retailers. Any returned gaming supplies utilize the same procedure.

**Partial Pack Returns** are delivered to the central distribution warehouse for verification of the range of tickets returned and retention for destruction.

**Procedure:** Partial Lot Returns

**Summary:** Returning partial lots from regional return

**Frequency:** As required

**Responsible Position:** Inventory Clerk

**Detail Instructions:** Upon receipt books/packs from LoneStar Overnight, a Lottery representative and the INTRALOT inventory tech will verify that all instant tickets picked up from the District Offices are inventoried.

1. Books/Packs are verified against the manifest of any Courier returns. The manifest is signed and dated after verification. Any discrepancies are noted on the manifest. Omitted lots are reported to the Lottery liaison. Return information such as the retailer, retailer number, date ordered, and lots omitted are entered into the Retailer Return Spreadsheet. Spreadsheets are created for each month.
2. Open up the *INTRALOT's Pic N Pac application*.
3. Select the partial returns option.
4. Select status 12 *returned-p* from the drop down menu
5. The partial books are removed from the box and the first ticket is scanned
6. The last ticket is located and scanned.
7. After this process is complete for all the partial returns they are put into a box that is labeled and palletized for auditing and destruction.



INTRALOT will document all Instant Ticket return processes according to the Lottery's requirements and the Lottery's full satisfaction including any and all operating procedures and processes for the return receipt of Instant Tickets and Gaming Supplies. Upon completion of the documentation process INTRALOT will submit procedures to the Lottery for review and approval. Once approved by the Texas Lottery INTRALOT's instant ticket process documentation will be placed under configuration control and stored in the CMDB.

These processes will address the following:

- Preparation of documentation listing Instant Ticket inventory returned;
- Accuracy of documentation listing Instant Ticket inventory returned;
- Procedures for resolving discrepancies relating to Instant Ticket inventory returned;
- Utilization of Retailer Sales Terminals for processing Instant Ticket inventory returned;
- Physical security of Instant Ticket inventory returned;
- Standard schedule for transporting Instant Ticket from point of pick up to warehouse;
- Methods to be utilized for transporting Instant Ticket inventory returned; and
- Methods to be utilized for expedited transport of Instant Ticket inventory.

3. The Proposer must describe how Retailer-to-Retailer pack transfers will be utilized to optimize inventory availability. Proposers must describe the methods for carrying out these transfers and the security and control measures that will be put in place and how system records will be maintained.

Only full books of instant tickets will be transferred between retailers. INTRALOT's LSRs will utilize our LOTOS™ Instant Games Management System (IGMS) on their IPTs to establish and to control optimal inventory levels for each retailer. Collaborating with our Instant Desk CSR staff they will manage over and under stock situations with Retailer-to-Retailer pack transfers. The IGMS System will monitor and account for the chain of custody and location status changes during Retailer-to-Retailer pack transfers. IGMS maintains and reports the history of each book of instant tickets in real time. The System also supports Retailer-to-Retailer tracking and inventory reports. Discrepancies will be resolved and discrepancy reports will be provided to the Lottery.

The LSR will inventory full books to be received from the overstocked retailer and change their status from confirmed or active to a status for in their custody. If a book had been activated and paid for by the retailer, IGMS will issue a credit for the value of the book prior to changing its status to LSR custody. When the LSR needs to transfer the full book to another retailer, they change the status from LSR custody to confirmed at that retailer.

INTRALOT will provide on-line real time access to the INTRALOT shipping software. The Lottery can review orders shipped and retailer receipts. INTRALOT will interface shipping and order receipt information the Lottery's Systems. INTRALOT will also post orders placed, shipped, and received on the Retailer Web site. This provides retailer access to historical records of instant shipment activities.

### 8.4.3 Instant Ticket Game Close

The Texas Lottery makes the determination to close an Instant Ticket game based on business rules established by the Texas Lottery. The Texas Lottery currently closes games based on one or more of the following four criteria:

1. All the top prizes in the game have been claimed;
2. Over 85% of the Instant Tickets for the game have been sold;
3. The Instant Ticket game is underperforming; or
4. A business decision, which could include an emergency game close where there is a problem with the game that the Texas Lottery has determined necessitates closing the game.

After an Instant Ticket game is declared closed, any remaining Instant Tickets (and packs) for the game must be collected by LSRs and reconciled against Instant Ticket inventory records.

**Table 91. Retailer Management Response Requirements**

#### Response Requirements

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT acknowledges, accepts and will deliver the roles and responsibilities and detail requirements indicated in section under Table 90 Instant Ticker Game Close Requirements.

INTRALOT will stop distributing games when instructed to do so by the Texas Lottery. We will enter the “end of game” information into IGMS within four (4) business hours after notification by the Texas Lottery. INTRALOT will notify LSRs to pick up closed Instant Ticket games and LSRs will pick up inventory from Retailers within 2 weeks after the closing date, i.e. during their next scheduled visit or as required to ensure games are removed from Retailer locations per Texas Lottery procedures.

2. The Proposer must describe its process for handling Instant Ticket Game close.

INTRALOT’s Instant Ticket Close procedures exceed the requirements outlined in Rider 14 of the General Appropriations Act and the Texas Lottery’s 2009-2013 Strategic Plan.

#### GAME CLOSE NOTIFICATION

Upon the determination of an Instant Ticket Game Closing, INTRALOT will work with the Texas Lottery to assure the notification and communication of a game close follows standard procedures.

- Publication of the Game Closing Schedules available within the updated (2007 enhancement) Retailer Guide posted on the Texas Lottery web site provides information and retailer updates on specific games and projected close dates.



- During Retailer Links meetings, updated game close information will be provided retailers.
- Utilization of the Round Up retailer publication will allow for the continued dissemination of updated game closing information.
- INTRALOT will also use Terminal messaging which allows for direct notification (via the gaming terminal) in real-time to retailers.
- INTRALOT's LSR and Instant Desk CSRs will also notify retailers of game close information during bi-weekly visits and calls.
- Game close information will be posted on the Retailer's Web Site

### **INSTANT TICKET RETURN PROCESSING**

If a game closing is not immediate, upon notification of an Instant Ticket slated for closing, the INTRALOT LSR will begin the process of moving full books of tickets to top selling retail locations (90) ninety days prior to close. When the date of close is within 2 weeks, INTRALOT's LSRs will begin retrieving full and partial packs of designated games from the retailer locations on their routes. The status of the instant tickets will be changed to LSR custody and credit will be issued to retailers who have previously paid for the full or partial books. The closed game inventory will be transferred to the District Sales Office warehouse for shipment by LoneStar Overnight courier to the Central Instant Warehouse for reconciliation, storage and eventual destruction.

#### Instant Ticket Transfer from LSR to District Office

Each INTRALOT LSR will pick up instant ticket returns and process them through their IPT or the retailer's terminal. Once Full and Partial packs have been processed, the LSR shall print out two copies of the receipt from the terminal. If necessary, the LSR will fill out the agent information portion of the settlement affidavit. The LSR will then verify and reconcile the receipt and physical inventory of instant tickets returned. Together, the LSR and Retailer will verify the receipts and reports and the Retailer (agent) will be provided with a copy. The LSR will return the physical ticket stock to the District office.

#### Special Circumstances

INTRALOT recognizes that situations may occur that might prevent processing of returns on the agent terminal or IPT. In those situations the LSR will provide a paper receipt to the Retailer and then deliver the instant tickets to District offices for entry into IGMS.

Procedures for return of tickets when there are terminal, communications failures will be reported to the District Sales office for reporting, tracking and auditing purposes.

In addition, there may be some situations when tickets scheduled for return are damaged. The LSR and retailer will make 'best efforts' and 'best estimates' based upon inventory reports and manifests to identify damaged tickets for return.



### District Office Processing

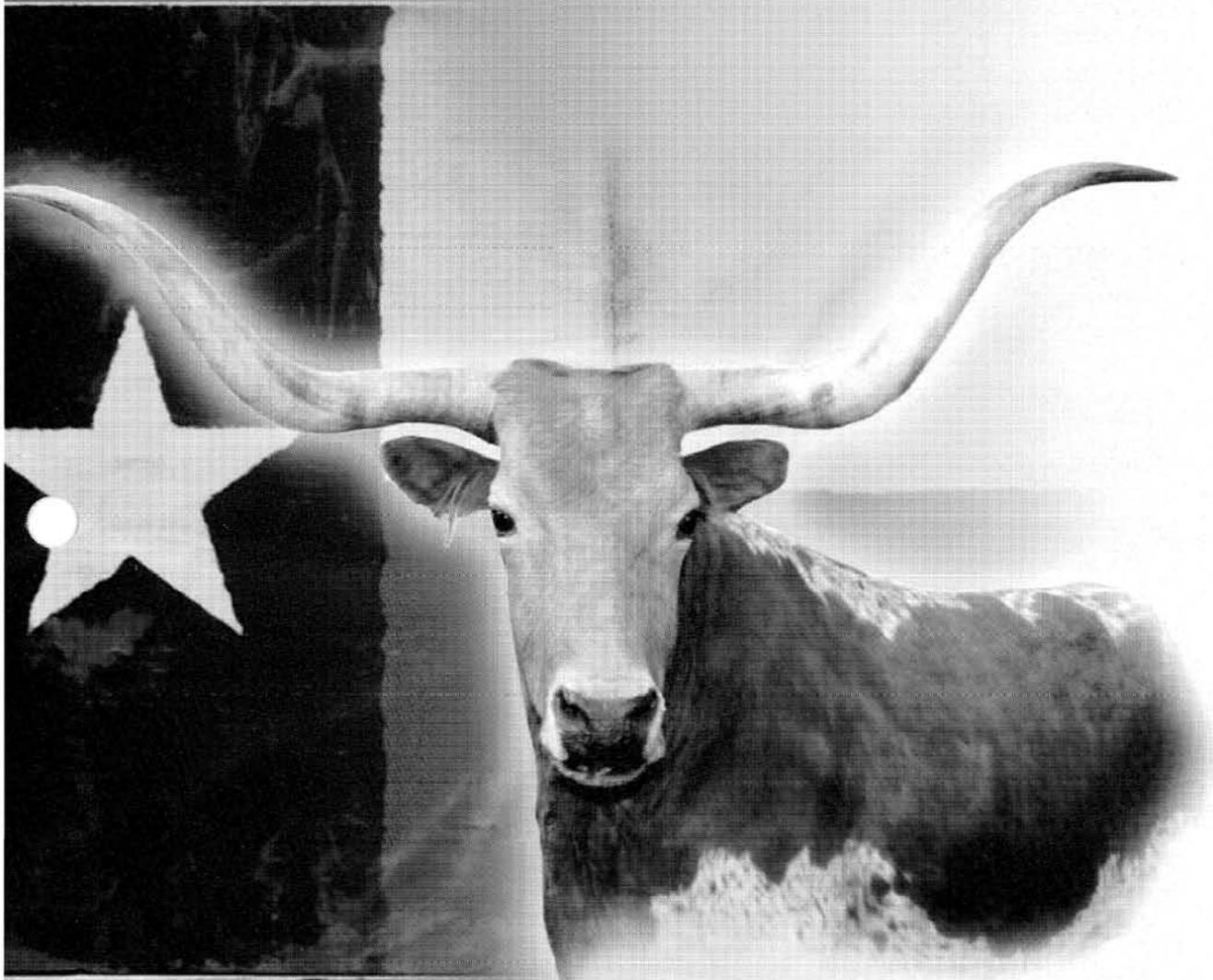
Upon receipt of instant ticket returns from the LSR at the District Office, returned tickets will be inventoried and status for those tickets will be changed to the District Sales Office warehouse continuing the chain of custody. Once processed, partial and whole books of closed game tickets will be scheduled for return processing. Games that need to be returned to the Central Warehouse for destruction will be separated from books that can be reissued to retailers. The District Office will develop a bill of lading for boxes of materials bound for the Austin Warehouse on a weekly basis. During pickup by LoneStar Overnight, the status of those tickets will be changed to "in transit" LoneStar by the District Office. Upon arrival at the Central Instant Ticket Warehouse, shipments of instant tickets of closed games will be separated from other full and partial book instant ticket returns and the status of each book and partial book will be changed to indicate arrival and location in the Austin Warehouse.



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**intralot**

**A GLOBAL LEADER  
YOUR LOCAL PARTNER**



**INTRALOT**

**WE'RE BULLISH ON TEXAS**



## 8.5 RETAILER CONTESTS AND RETAILER-BASED PLAYER PROMOTIONS

Retailer Contests and Player Promotions are utilized to optimize Lottery Product sales. Throughout the year, the Texas Lottery determines which Lottery Products are to be used in a contest and/or promotion. The following table identifies Retailer Contests and Retailer-based Player Promotions requirements.

- |   |
|---|
| <ol style="list-style-type: none"><li>1. The Proposer must describe how it will utilize Retailer and player contests and promotions to increase Instant and On-Line ticket sales.</li></ol> |
|---|

INTRALOT will provide the Texas Lottery with a broad range of promotional features and promotional opportunities to both grow lottery revenues and create additional player excitement. We will now highlight our on-line and instant promotional support capabilities. Unique to INTRALOT is our "OnQ™" technology that not only provides an exhaustive range of available game configuration parameters; but it also supports numerous promotional games. When we need to modify an existing game promotion or when a pre-determined start-and-end date need to be added to a promotion, there is no need for software development. Using INTRALOT's OnQ™ technology, it is simply a matter of typing in the key parameters.

Creative and effective promotional programs are required for future Lottery revenue growth. One of INTRALOT's marketing objectives for the Texas Lottery will be to develop and open new sources of revenue. We believe that carefully crafted promotions, particularly in conjunction with outside sponsors, could not only bring significant new streams of revenue to the Lottery, but they could also move the Lottery toward the position of "creating more winners" – which is the lifeblood of any lottery.

Lottery promotions can be used successfully to target new or under-served market segments. In order to stimulate interest among young adults a promotion could be staged with hot new technology products as prizes, including concert tickets, iPhones, Blu-Ray's, etc. Promotions would be tied to the launch of a new lottery games, the Lottery's website, as well as through the introduction of a Lottery VIP Club. Promotional ideas are practically endless – and with INTRALOT's OnQ™ technology, launching promotions is easy. Promotions are more than potential revenue sources; they can revitalize player interest. INTRALOT is committed to working with the Texas Lottery to conduct promotional research.



Considerations for staging promotions include:

- Introducing new or modified games (Instant or Online);
- Providing player and retailer incentives;
- Promoting cross-product incentives;
- Conducting 2nd chance drawings, expanded prize level offers, and “Nth” ticket promotions;
- Generating revenues from outside sponsors

The goal of designing promotions that will achieve our objectives are based on addressing important considerations:

- How to generate “new” interest in existing games/products
- How to appeal to “new” player segments
- Localizing or targeting sales to specific areas or individuals
- Attracting promotional partners to minimize costs
- Devising affordable but attractive incentives for both the retailers and players
- Avoiding cannibalization of existing game sales

The systems we have proposed for Texas will implement terminal-originated promotions that use coupons, free tickets; ticket stock entry forms, and other terminal or ticket stock items as required. The promotional programs that we have developed can be applied to all lottery games. Our promotional package is user-friendly and customizable.

The following graphics present an overview into the wide variety of promotional options available on the INTRALOT systems.

Intralot S.A. - Windows Internet Explorer  
http://10.100.131.84/OHL5/BOS/Apps/promotions/PromotionsAdd.aspx?ins=1

File Edit View Favorites Tools Help

Intralot S.A.

BOS

Style  
Style: Ticket Promotion Type: Buy X Get Y

Select Basic Configuration Data

Promotion Code: 65 Description:   
Status Code: Active Priority:   
Start Date:  End Date:   
Max Red Time:  Flag: None  
Sound: --Select--  
Show the Works?  Yes/No The Works text:

Select Terminals

Number of selected terminals: 0  
 Select all Terminals Special group Terminals Select Terminals View Selected Terminals

Select Triggers

Game	Type	Value
SCRATCH	Plays/Groups	<input type="text"/>

Select Outcomes

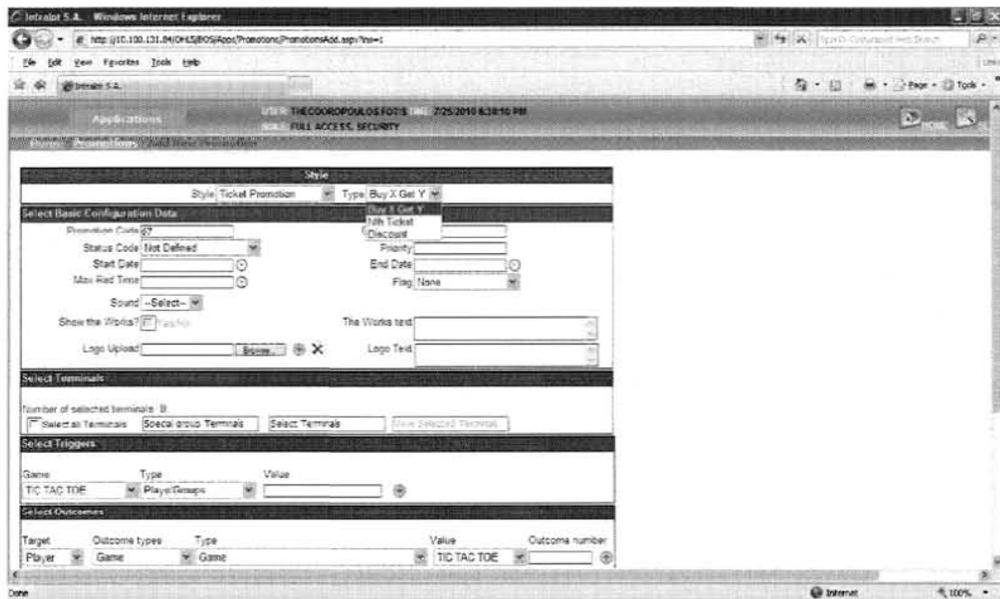
Target	Outcome types	Type	Value	Outcome number
Player	Game	Game	SCRATCH	<input type="text"/>

Select Messages

Promotion Program Definition Screen

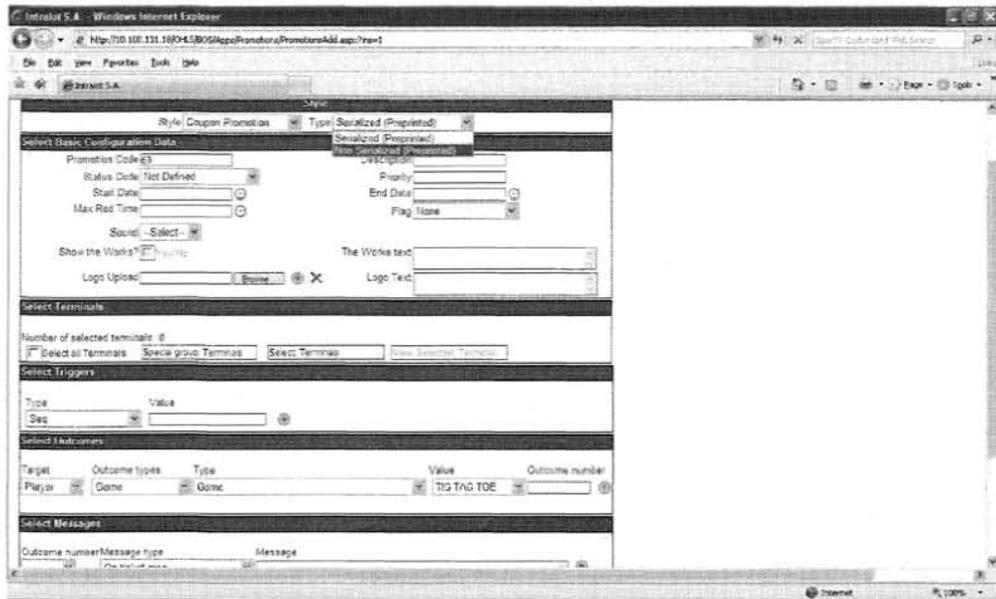
There are two distinct promotional categories:

- Ticket Promotions triggered by a purchased ticket
  - Buy X get Y (# of Plays, # of Draws, Ticket Value)
  - Across Games
  - Bonus Prize (Nth ticket)
  - Discounts (# of Plays, # of Draws, Ticket Value)



**Ticket Promotions Screen**

- Coupon Promotions - Promotions that are triggered by a coupon



## Coupon Promotions Screen

The interface to define and launch promotions is easy to understand and easy to use. There are several features available from the Promotion “Program Definition” screen that allows the user to define the base characteristics of the promotion, illustrated in the screen shot below. For instance,

- The *Promotion Style* indicates whether the promotion is a Ticket or a Coupon promotion;
- The *Promotion Type* sets whether it is a Buy X Get Y, Nth ticket, or Discount; and
- The *Priority Number* dictates in what order promotions will take precedence when a wager triggers multiple promotions.

The selection of which game(s) to be included in the promotion can be checked off within the Game Selection container, located on the Selection tab of the screen.

The screenshot displays the 'Promotion Program Definition - Game Selection Tab' in the Intralot S.A. web application. The interface is organized into several sections:

- Style:** Includes dropdowns for 'Style' (set to 'Ticket Promotion') and 'Type' (set to 'Buy X Get Y').
- Select Basic Configuration Data:** Contains fields for 'Promotion Code' (70), 'Status Code' (Active), 'Start Date' (5/7/2009 8:24:00 AM), 'Max Red Time' (5/15/2009 8:24:00 PM), 'Description' (55 MM -> RCL), 'Priority' (0), 'End Date' (5/14/2009 8:24:03 PM), 'Flag' (None), and a 'Show the Works?' checkbox (checked).
- Select Terminals:** Shows 'Number of selected terminals' as 1, with buttons for 'Select all Terminals', 'Special group Terminals', 'Select Terminals', and 'View Selected Terminals'.
- Select Triggers:** Features a table with columns for 'Game', 'Type', and 'Value'. One entry is visible: 'MEGA MILLION' with 'Amount' type and a value of 5.
- Select Outcomes:** Includes a table with columns for 'Target', 'Outcome types', 'Type', 'Value', and 'Outcome number'. One entry is visible: 'Player' with 'Game' type and 'SCRATCH' value.

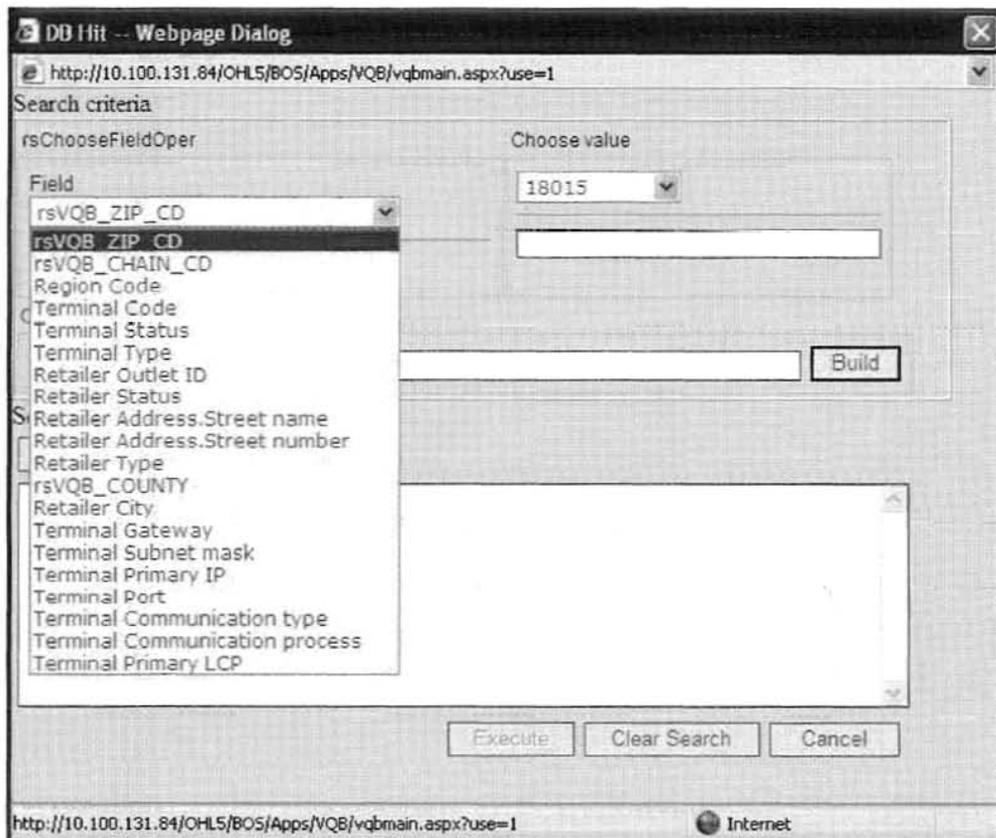
### Promotion Program Definition – Game Selection Tab

The Time Range and Target Group for each promotion is validated and is also extremely flexible. A promotion can be defined to start and end on a specific date and time and, if desired, be available only during a given time frame each day.

Similarly, targeting a specific segment of the State within which the promotion will be made available can also be quickly defined based on the following criteria:

- All retailers
- Specific retailers
- Chain account
- Key account
- City
- ZIP Code
- County
- Region

If criteria are selected other than the “All Retailers” option, the application will provide a checklist of categories from which to pick the segments of the State to make the promotion available.



### Promotion Program Definition – Target Retailers

You can also create a promotion with other characteristics, including sound. The screen shot below illustrates the sound functionality.

Home Promotions Add New Promotion

Style  
Style Coupon Promotion Type Serialized (Preprinted)

Select Basic Configuration Data

Promotion Code 67 Description  
Status Code Not Defined Priority  
Start Date End Date  
Max Red Time Flag None  
Sound --Select--  
Show the Works? --Select--  
Logo Upload Browse + X The Works text  
Logo Text

Select Terminals  
Number of selected termin  
 Select all Terminals  
Select Triggers  
Type

01.wav  
02.wav  
03.wav  
04.wav  
05.wav  
06.wav  
07.wav  
08.wav  
09.wav  
10.wav  
11.wav  
12.wav  
valid

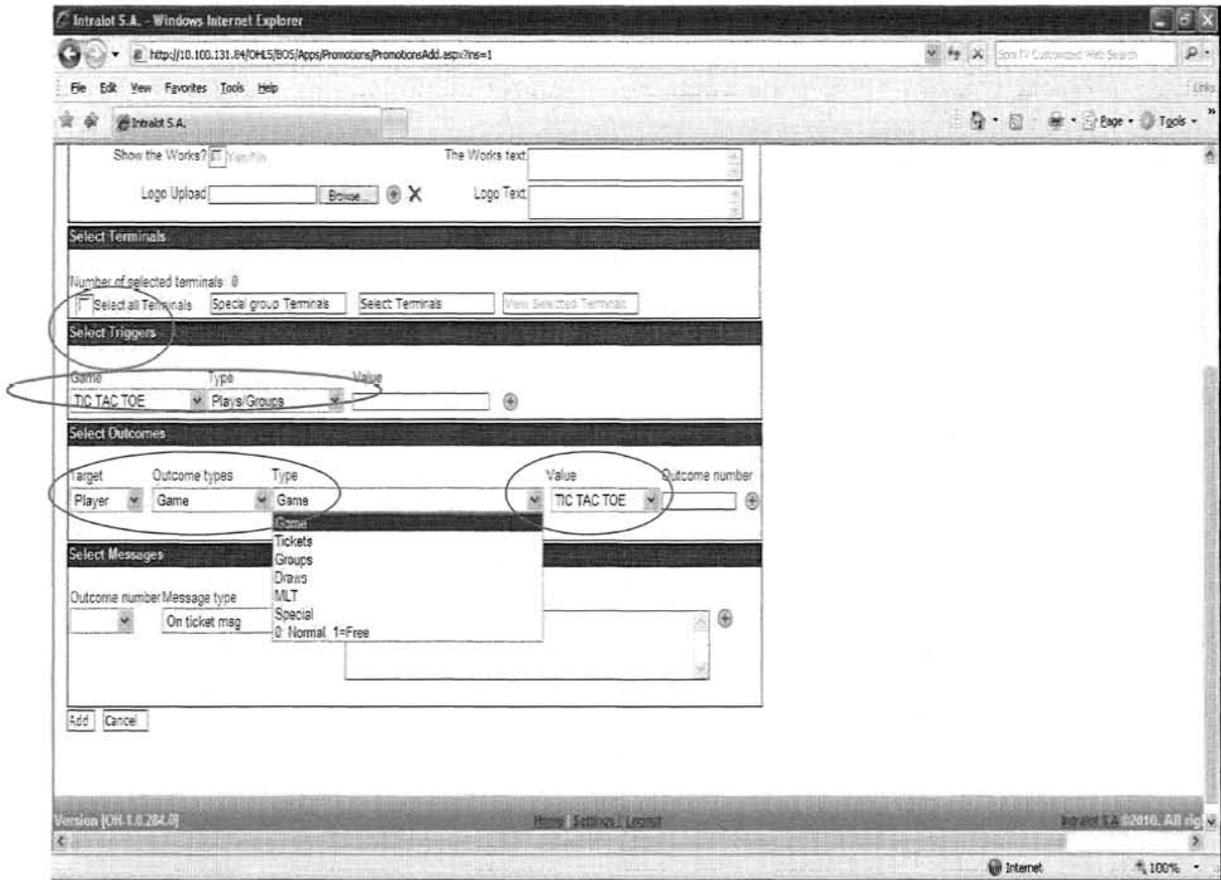
Terminals Select Terminals View Selected Terminals

**Sound Promotion Screen**

Once the selection criteria has been checked and approved, the selection will appear on the "Target Retailers" portion of the screen.

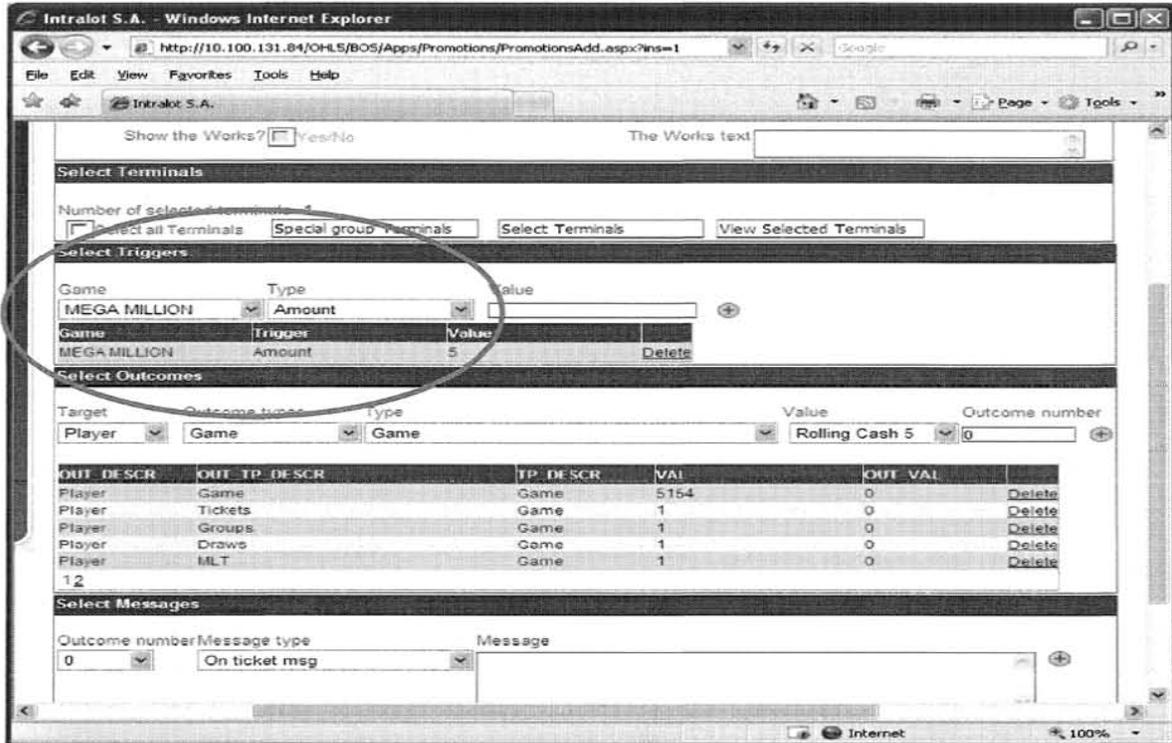
The "Promotion Trigger" tab allows the selection of the type of the promotion to be defined. If the selection type is for a ticket, the promotion can be based on the number of plays, the number of draws or the total amount

If the selection type is for a coupon the promotion can be based on a serialized coupon or a non-serialized coupon

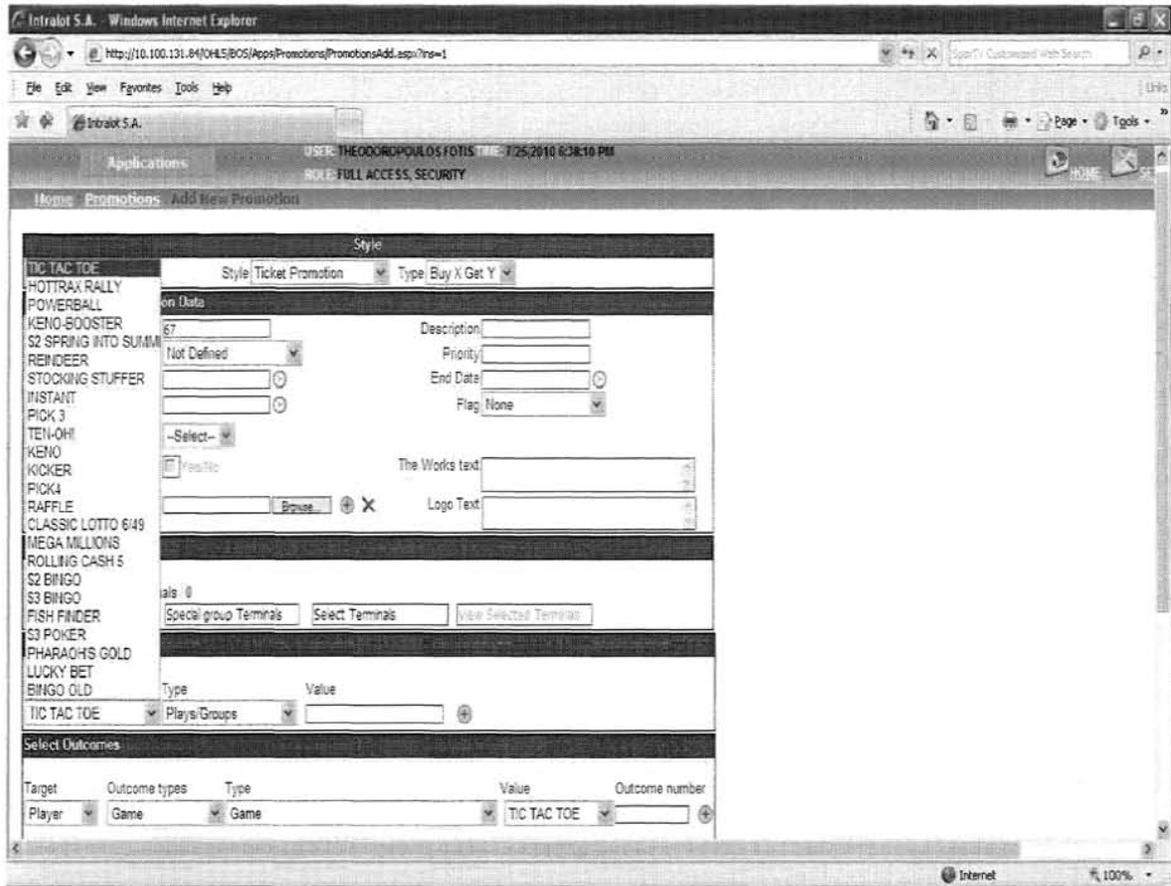


## Promotion Program Definition – Promotion Trigger Tab

As the player can buy a ticket that would trigger a promotion multiple times for one wager, the trigger can be defined to be applied once per wager or repeatable for a single wager.



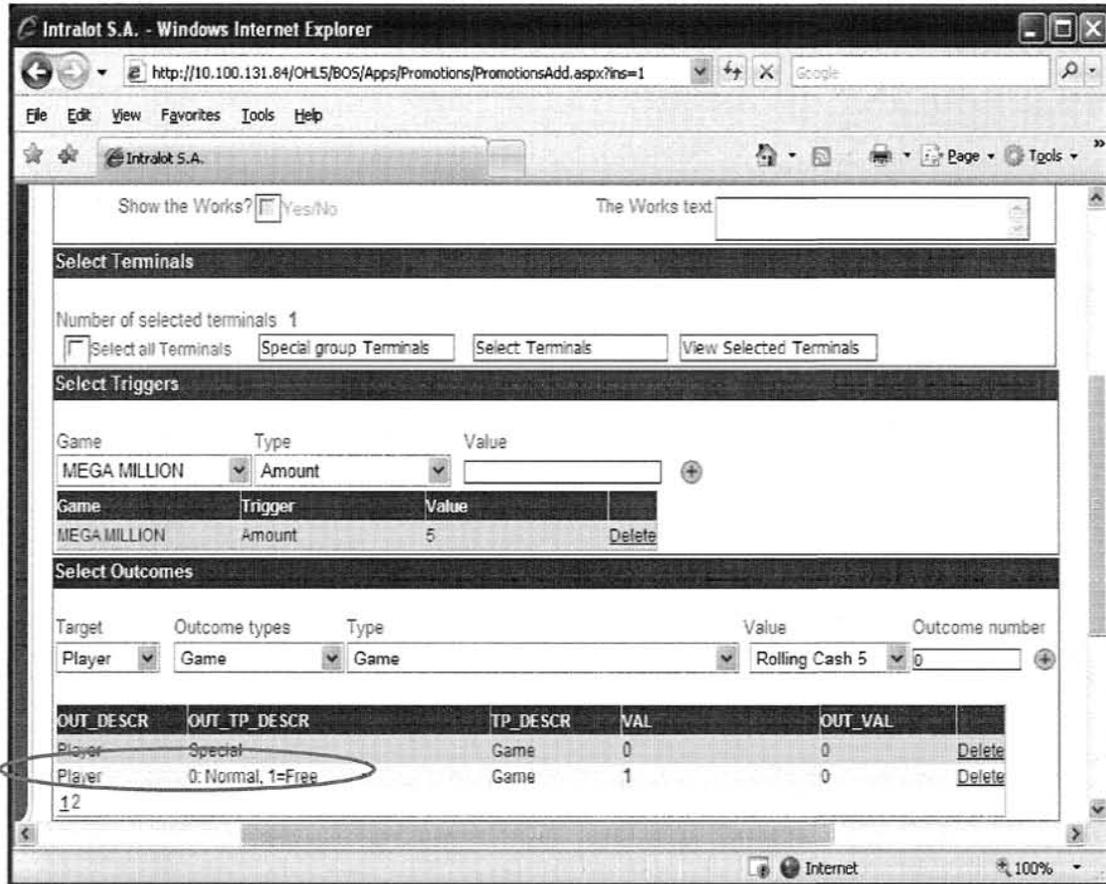
**Promotion Program Definition – Selected Promotion Trigger**



## Promotion Program Definitions – Promotion Trigger II

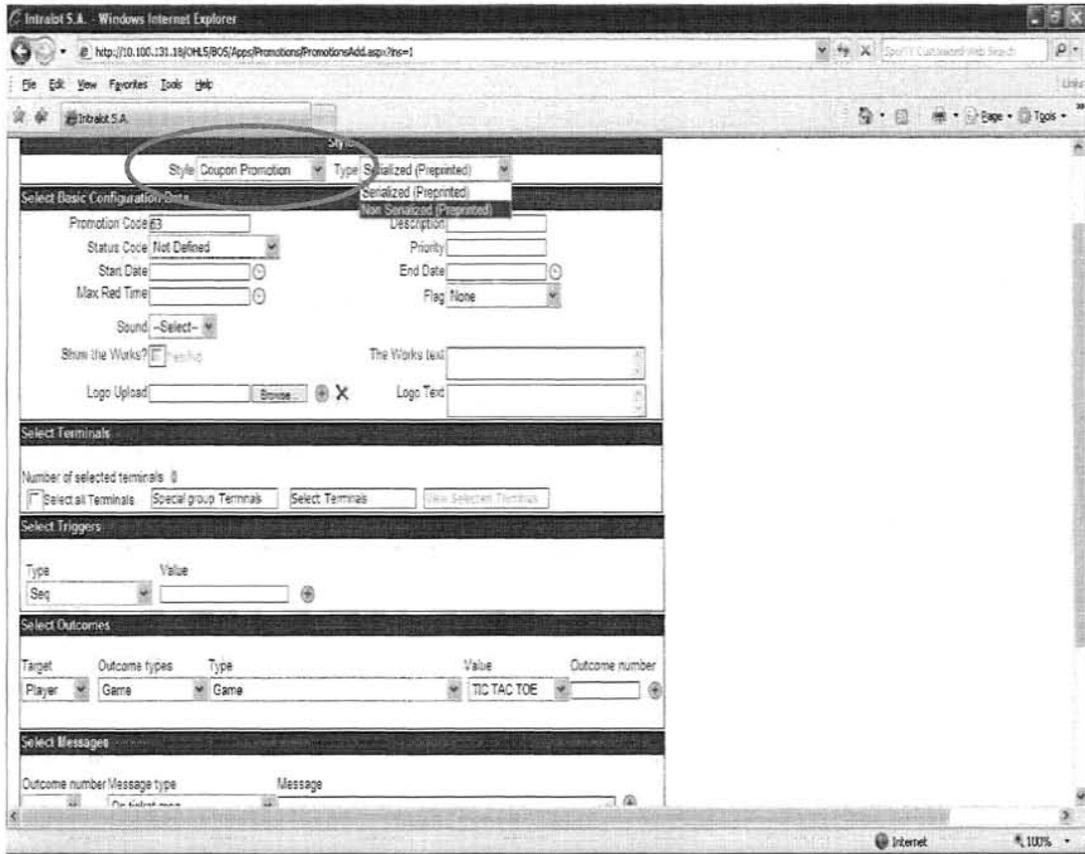
After the “Promotion Trigger” has been defined, the “Promotion Results” tab is used to determine what the promotion reward will be. The rewards can be defined for the player, the retailer, or both. The player can receive either a free ticket, another promotion coupon that can be good for a future date, or an entry ticket in a raffle or drawing of some kind. The retailer can receive either a coupon that he/she can collect in order to redeem after so many coupons or points are received or they can receive an entry ticket in a raffle or drawing of some kind that is tied to a retailer incentive program.

The following graphics illustrate the various options that can be selected within this tab.

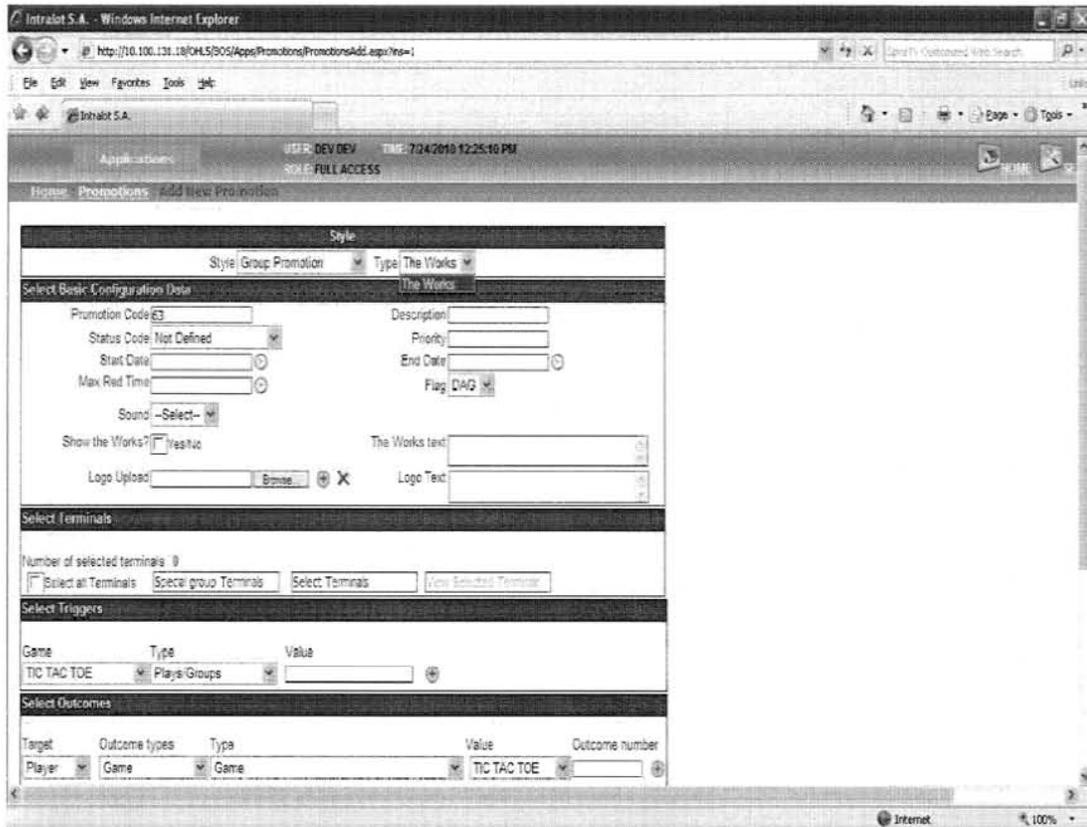


**Promotion Program Definition – Promotion Results Tab**

If retailers are also getting to participate in a promotion, we would use the Coupon promotion module to program these types of promotions.



Here is another example of a group promotion that could be utilized.

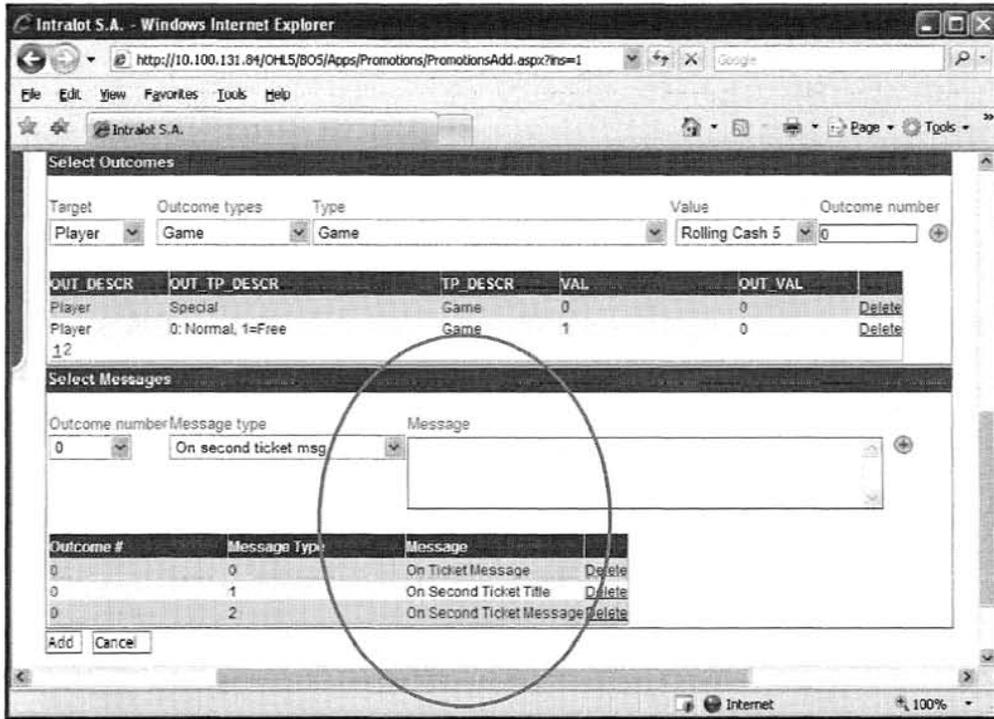


**Group Promotion Screen Shot**

In the illustration above, the promotion style that was chosen was the “Group Promotion,” which would apply to “The Works” types of purchases. Those types of purchases could include bundling various jackpot products and selling them at a lower price, or promotional price.

The last piece of the promotion definition is defining the on-ticket message for the triggering wager and any additional messages that are to be printed on the coupon or entry tickets that can be printed using the text box on the Messages tab.

These messages can be changed during the promotion.



### Promotion Program Definition – Promotion Messages

### Promotional Activity Reporting

All of the information relating to promotions is tracked by the System. All sales information, free ticket information, and coupon information is tracked in a database and is ready for immediate analysis.

Retailer Promotion information

Results Count: 1123

Promotion ID	Chain ID	Name	City	Zip Code	Region	Promotion 1		Promotion 2		Promotion 3	
						SERIALIZED COUPON Count	Amount	SERIALIZED COUPON Count	Amount	SERIALIZED COUPON Count	Amount
100001	C	Walt Super Store	LEWISTON	69506	2	0	30	0	31	0	31
100004	C	Walt Super Store	LEWISTON	69506	7	12	12	12	12	26	126
100008	B	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100022	C	Walt Super Store	LEWISTON	69506	0	0	20	7	17	30	177
100025	C	Walt Super Store	LEWISTON	69506	0	0	1	1	1	1	1
100034	B	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100111	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100038	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100042	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100048	B	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100055	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100069	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100100	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100002	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100007	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100009	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100010	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100011	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100012	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100013	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100014	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100015	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100016	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100017	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100018	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100019	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100020	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100021	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100023	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100024	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100026	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100027	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100028	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100029	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100030	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100031	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100032	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100033	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100035	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100036	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100037	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100039	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100040	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100041	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100043	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100044	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100045	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100046	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100047	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100049	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100050	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100051	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100052	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100053	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100054	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100056	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100057	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100058	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100059	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100060	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100061	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100062	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100063	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100064	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100065	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100066	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100067	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100068	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100069	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100070	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100071	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100072	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100073	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100074	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100075	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100076	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100077	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100078	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100079	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100080	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100081	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100082	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100083	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100084	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100085	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100086	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100087	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100088	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100089	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100090	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100091	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100092	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100093	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100094	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100095	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100096	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100097	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100098	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100099	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0
100100	C	Walt Super Store	LEWISTON	69506	0	0	0	0	0	0	0

### Promotions Report

All promotions available within this application can be defined the day before it is scheduled to be active without any software changes to the System. Reports and statistics can be generated for Lottery staff and even retailers for any time frame based on all the information that is tracked.

The promotional summary report and detailed reports provide an excellent snapshot of the overall promotional campaign.

Crystal Report Viewer - Microsoft Internet Explorer provided by intralot

File Edit View Favorites Tools Help

Address: C:\Programs\Nebraska Documents\Official Lottery Sites\Facsimile\PromoSumRep.html

**Nebraska Lottery  
Promotion Summary Report**

21-Dec-2003 9:59:17PM

Print/PrintSetup  
7/1/2003 1:10

ID	Name	Type	Status	Priority	Start Date	End Date
10	Two 2by2 Plays, Get Free 2by2	Buy X Get Y	Active	1	01-Dec-2003	31-Jan-2004
17	Every 200 Pick 5 Tickets	Pick Tickets	Initialized	1	15-Jan-2004	31-Mar-2004
21	Buy 510 Powerball for \$8	Discount	Active	1	01-Dec-2003	31-Jan-2004
22	Coupon 2x Free 2by2	Coupon	Active	1	01-Dec-2003	31-Jan-2004

Total Promotions: 4

Page 1 of 1

Date My Computer

## Summary Report





and instant products can be cross-promoted in various combinations on the INTRALOT System.

This functionality has been used by the several INTRALOT clients. In Nebraska, the Lottery used this feature to cross promote two of their on-line games; players who purchased \$2 of Pick 3 received a free \$1 Powerball Quick Pick. In Idaho, it was used regionally to produce a \$3 discount coupon for admission to Lewis and Clark College baseball championship play-off games with the purchase of a \$5 Wild Card ticket.

INTRALOT's System has the capability of generating an instant – on-line cross promotion. To illustrate this capability, we have successfully developed several promotions for the Nebraska Lottery to meet their needs to increase awareness, create lottery product trial, and increase sales for Lotto games.

The following describes a Nebraska's on-line cross promotion:

- Buy \$2 Worth of Powerball; Get One \$1 Scratch Ticket Free.
- Dates: February 20, 2005 to March 6, 2005
- Goal: To increase trial of Scratch games by Powerball players.
- Offer: For every \$2 worth of Powerball purchased on a single ticket, players received one \$1 Scratch ticket free.

This promotion produced the following results:

- Powerball: Sales increased eight percent during the promotion compared to sales during similar jackpots for the 13 weeks prior to the promotion. Sales during the promotion increased six percent compared to sales during approximately the same time period the previous year.
- Scratch:
  - Total Scratch Sales increased 18 percent during the promotion compared to the average for the 13 weeks prior to the promotion. Meanwhile, total scratch sales increased by 26 percent during the promotion compared to the same two weeks the prior year.
  - \$1 Scratch games average weekly sales increased 42 percent during the promotion compared to the average for the 13 weeks prior to promotion.
  - The terminal issued a coupon for every \$2 Powerball purchased on a single ticket. A total of 388,420 coupons were created during this cross promotion. Each coupon produced a unique 22-digit barcode that could be redeemed by an instant ticket validation device. The barcode could only be issued once.
  - An example of the coupon is below.



Various prize types are supported by INTRALOT's System under the cross-promotion functionality. The System supports prizes that are cash; merchandise; cash/merchandise; and annuity (weekly, monthly, annually) prize payments.

An example of a promotion of this type, which was implemented in Nebraska, is provided below:

- "My Ticket To Ride" Harley-Davidson® Giveaway
- Dates: March 27, 2005 to April 24, 2005
- Goal: To increase Lotto sales by encouraging at least \$5 in Lotto (on-line) purchases during low jackpots.
- Offer: For every \$5 Lotto play (Powerball, Pick 5, 2by2) on a single ticket, players received a terminal-generated coupon that served as a mail in entry for the chance to win a Harley-Davidson motorcycle.



This promotion produced the following results:

- More than 142,000 entries were received during the four-week promotion.
- This promotion received over three times as many entries as the Truck\$ & Buck\$ second chance Scratch promotion the previous year, which ran for 15 weeks.
- Powerball: Sales eight weeks after the promotion ended showed an eight percent increase when compared to sales during the same time period in the previous year with a similar jackpot levels.
- Nebraska Pick 5: Sales eight weeks after the promotion increased nine percent when compared to sales during the same time period in the previous year with similar jackpots.



- 2by2: During the promotion, sales increased seven percent as compared to the same time period the previous year. (The Jackpot is always \$20,000).

### **Multiple Drawings Per Day**

The INTRALOT System supports Multiple Drawings per day. The System can vary the number of drawings for a game per day, per week or even the days the drawings are conducted. Additionally, the System fully supports multiple drawings for the same game within one day, including a Day/Night feature with the same play for the day and night drawings of a game. For instance, “Buy \$X of the daytime draw, get \$Y of the evening draw free.”

### **Bonus Draw and Bonus Payoff**

The INTRALOT System supports Bonus Draw that allows the Lottery to draw as many sets of winning numbers as the Lottery may require. In addition, INTRALOT’s System can generate vouchers for second chance drawings under conditions specified by the Lottery. The INTRALOT System supports Bonus Payoff promotions in which a specified increase in the payoff for specified winning plays can be triggered.

The Texas Lottery may want to increase the payoffs as is the case with “Red Ball” type promotions with games like Pick 3 and/or Pick 4. As an example of a Bonus Payoff promotion, INTRALOT and the Nebraska Lottery have run “doubler” promotions on the Nebraska Pick 5 game. In this promotion, the winning rolling jackpot prize is doubled during a specified period of time. All winning jackpots during the promotion period are doubled. If the jackpot is not won during the promotional time period, the jackpot is doubled the first time it is won after the planned promotion end date.

### **Drawing Events**

The INTRALOT System can vary the number of drawings per game per week and/or the days the drawings are conducted, or both.

### **Regional Promotions**

The INTRALOT System has the ability to designate the sale of any specified game(s)/products through any selected retailer groups the Lottery desires, as well as selected geographical areas. Retailers can be grouped any way the Lottery wishes and a promotion can be defined and activated for any retailer group, including, individual retailers, chain retailers by the entire state, sales region, county, city, ZIP code, and NAICS.

Promotions can also be defined to run simultaneously in different parts of the state at specific time frames (i.e. 4:00 p.m. to 6:00 p.m.) and can start and stop at any time. The INTRALOT System supports regional events including: state fairs, music and art festivals, home and garden shows, and a host of sporting events throughout the entire state.



## Sampler Ticket Promotions

The INTRALOT System runs multi-game Quick Picks where the System automatically generates more plays either with or without a premium.

- In Nebraska, the terminals have a three-pack button (Powerball, Nebraska Pick 5, and 2by2), and a four-pack button (Powerball, Nebraska Pick 5, 2by2, and Nebraska Pick 3). INTRALOT's System also supports the Nebraska Lottery's Lotto Game Sampler play-slip, where all four or any combination of Nebraska's on-line games can be purchased using this play-slip.
- In Montana, the terminals have a 4-pack button (Powerball, Hot Lotto, Wild Card, and Montana Cash).
- In Idaho, the terminals have a Triple Play button (Powerball, Wild Card and Pick 3), as well as Quick Pick buttons that support \$1, \$5 and \$10 one-touch purchases, plus Powerball with Power Play Quick Pick one touch buttons for \$2, \$10 and \$20.

## Examples of Past Sampler Ticket Promotions

- Montana Lottery
  - *Blue Basket Market Promotion:* Buy a Lottery Six-Pack for \$5, in which the Free Ticket is the Power Play for Powerball. The promotion is automatically activated when the retailer selects the Six-Pack button. Message on ticket: Your Power play ticket is free to show you our appreciation. Good Luck on your Lottery Six-Pack, Blue Basket Market and Montana Lottery.
  - *IGA Promotion:* Buy a Lottery Six Pack for \$5 in which the Free Ticket is the Power Play for Powerball. This feature is automatically activated when the retailer selects the Six-Pack button. Message on ticket: Your Power Play ticket is free to show our appreciation. Good Luck on your Lottery Six-Pack, EVERY DAY IGA and the MONTANA LOTTERY.

## Variable Commission Rates for Retailers on Select Promotions

The INTRALOT System provides Variable Commission Rates for certain on-line and instant products. For certain retailers or retailer subsets, commission rates may temporarily or permanently be set differently from the default. Retailer commissions can be increased by any percentage on all product sales during the promotional period, for one or more days, or even a portion of a day. For example, during the Nebraska "Buy \$2 of Pick 3 and get \$1 free Powerball" promotion, retailer commissions were increased by 3% on all Pick 3 sales.

## Voucher Promotions

The INTRALOT System supports Vouchers used in promotions whereby ticket purchases can result in a certificate worth a certain dollar amount or exchangeable for merchandise. The INTRALOT System can add barcodes, UPC codes, or other defined identifiers. The INTRALOT System is also fully capable of tracking the liability for prizes due to the issuances of vouchers.



### **Nth Ticket Promotions**

The INTRALOT System supports “Nth” ticket promotions where a promotional ticket is automatically printed after a qualifying purchase of a specific product ticket that happens to be the “Nth” ticket purchased from a terminal participating in the promotion. The promotional ticket may either be a free ticket (Quick Pick play or multi-draw play on the same or different product), a discount (on the same product), an entry ticket, or a coupon or even a prize. Specific definitions and parameters for this type of “Nth” ticket promotion can be tailored to individual promotions. For instance, this type of promotion was used during MUSL’s “12 Days of Powerball” promotion.

### **Entry Form Promotions**

The INTRALOT System supports Entry Forms issued upon ticket purchases used to create an entry for a prize drawing.

### **Raffle Promotions**

The INTRALOT System produces raffle tickets for a promotional drawing when a combination of dollar values of plays is purchased.

### **Second Chance Drawings**

The System prints ticket-specific unique codes to register for second chance drawings and/or other promotional prizes via the Internet as well as printing information specific to the needs of the Lottery.

### **Promotional On-Line Games**

INTRALOT’s OnQ™ system technology supports promotional on-line games that contain predetermined start and end dates – and does it without the need to install a software change at the end of the game.

### **Partner Play or Retailer Coupons**

The System supports Partner Play or Retailer Coupon promotions that are a direct method for rewarding and incentivizing the retailer and sales clerk. On an “nth” ticket basis (determined by the Lottery) a sales clerk will get an exact duplicate of a ticket purchase by the player in order to “play along” to win cash and/or merchandise.



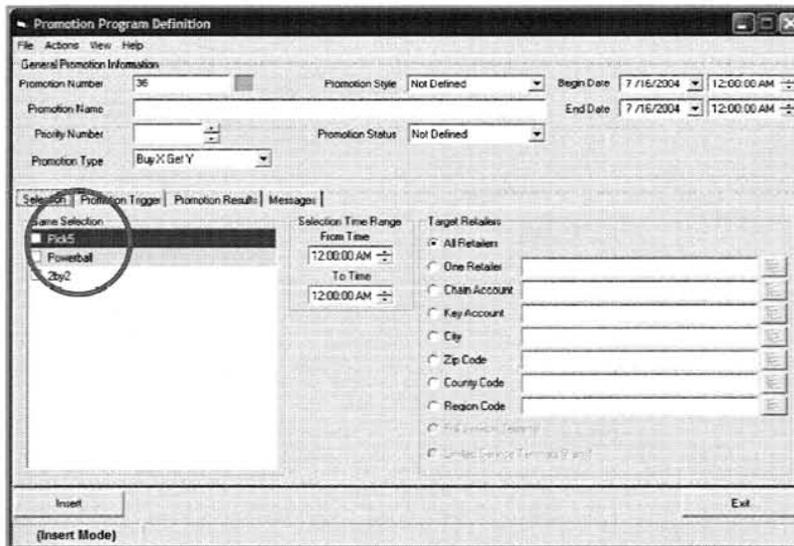
## Gift Certificates

The INTRALOT System supports a Gift Certificate promotion in which players can purchase a “gift certificate” ticket or coupon printed by the terminal that can be redeemed for any lottery product – instant or on-line. Gift certificates can have numerous salutations such as:

- Happy Holidays
- Happy Birthday
- Happy New Year
- Happy Father’s Day
- Happy Mother’s Day
- Happy Valentines Day
- Congratulations Graduate

## Grouping Games

The System supports grouping games into discounted packages, such as two Powerball, two Daily 3, and two Daily 4 easy picks for \$5. Groupings can be easily enabled and disabled just as any other promotion. The following screen illustrates the ease in which a user can select games for a promotion:





### **Terminal Originated Promotions**

INTRALOT's System can produce terminal originated promotions that use coupons, free tickets, ticket stock entry forms, and any other terminal or ticket stock items, as required by the Lottery. The ticket stock promotional pieces are produced immediately from the terminal.

### **Trailer Ticket Promotions**

INTRALOT's System is able to produce a "trailer" ticket (a ticket/coupon produced after a wager is produced) as well as a coupon based upon "X" number of validations of instant tickets for a specified game number, or of all games, as required by the Lottery.

### **Discounted Price Point**

The System allows player promotions to buy a certain number of tickets for less than the face value or Discounted Price Point. For instance, players can buy \$6 worth of tickets for \$5. This is an excellent promotion aimed at increasing trial of various games.

### **Number of Draws Discount**

The System supports promotions in which players can purchase a certain number of advance draws and receive a discount.

### **Trigger-based Promotions**

INTRALOT's System offers promotions on single-board or multi-board tickets in various dollar amounts.

### **Priority Value Promotions**

INTRALOT's System can assign a priority value to each promotion in order to arbitrate which promotion will trigger if a purchase is made that qualifies for more than one promotion, or, if both promotions should be triggered.

### **Serial Number Promotions**

INTRALOT's System can use the serial numbers of non-winning tickets for a separate drawing to win cash prizes.

### **Multipliers**

The System is capable of offering various "doubler," "tripler" or other "multiplier" promotions as a way to increase prize levels. INTRALOT has successfully implemented these types of promotions in jurisdictions, like Nebraska where the Lottery runs a regular Cash 5 "doubler" promotion.



### Single Use Coupons

The INTRALOT System can easily handle pre-printed or lottery-sponsored coupons in which players can receive discounts on lottery products. In some jurisdictions, lotteries use these promotions as part of direct mail campaigns.

### Generic “Dollar Value” Coupons

The INTRALOT System supports “Lottery Bucks” type coupons.

INTRALOT’s promotional suite for the online and instant ticket portfolio is rich. More so, in addition to the promotions listed above, we have outlined throughout our marketing response in Part 8 several other unique promotions like:

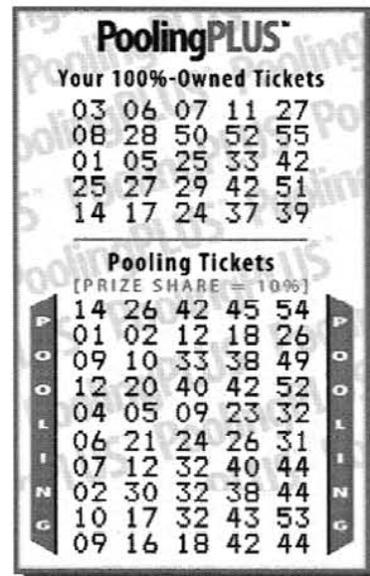
- Ask for the Sale promotions;
- Mystery Shopping promotions;
- “Keep it Full” instant ticket bin promotions; and our
- Premium Point Program for Retailers.

INTRALOT will provide the Lottery with a stand-alone, automated Random Number Generator, plus one backup RNG to support player and Retailer incentives and/or promotions.

### POOLING WAGERS

INTRALOT is the exclusive vendor of PoolingPLUS™ and presents it as an Offered Option. PoolingPLUS™ requires no game changes and empowers players to get ‘more chances to win’ by offering them an inexpensive pooling option when they first purchase a required minimum number of on-line tickets. Our System creates the pools one at a time and fills them incrementally as players choose the pooling option at retailers across the state. Various promotions could drive different marketing objectives. For instance, immediately after a jackpot is won the PoolingPLUS™ promotion could be: “Whenever you buy two on-line tickets, you can get into a pool of 10 more tickets for only \$1 more – that’s 12 chances to win for the price of only three.” This product will increase sales by giving the player more chances to win at all jackpot levels.

What is Pooling Plus™? PoolingPLUS™ is a Lottery transaction that results in a new combination ticket. It gives the Lottery the ability to incentivize players to purchase more on-line tickets without the use of discounts or giveaways. The Lottery transaction combines a required purchase of a traditional ticket(s) with a pool of tickets to give



# intralot

the players more chances of winning. Pooling is something all Lottery players are interested in, not just because they've seen pool after pool winning major jackpots (including one \$365 million Powerball jackpot), but also because with the higher jackpots and the extremely high odds against winning, adding pooling to their play mix just makes good common sense. While most players have a high interest in pooling, unless there is an office pool where they work most players don't have any access to a lottery pool.

Pooling through PoolingPLUS™ is easy and convenient. It eliminates the traditional hassles of putting the pools together, collecting the funds and managing the pool, plus it's backed by the Lottery and the security and reliability of the INTRALOT System.

**When does**  
**5 + 1 = 15?**

**When you say, "Pool It!"**  
When you buy 5 Lottery Tickets and say "Pool It!",  
for an extra buck you can get into a pool of ten more tickets.  
That's 15 chances to win!

**PoolingPLUS™**  
Another Way to Win from ...

**OUR STATE LOTTERY**

From Pooling, © 2005, PowerBall Texas, LLC

Pooling Plus™ Promotional Opportunities: "When you buy five Lottery tickets and say "Pool It," for an extra dollar, you can get into a pool of 10 more tickets. That's 15 chances to win for the price of only six!" (See promo illustration). Players want more chances to win. So, it's easy for them to recognize the value in any offer that gives them 10 more chances to win for only a dollar. In the offer above players are spending \$6, but are getting 15 chances to win. This example highlights one of the positive characteristics of pooling, which is that the players are always getting "more." The Lottery receives full value for the pooling plays as it collects a full \$10 for each pool of 10 plays -- \$1 from each pooling participant. Players still have their 100 percent owned tickets for their chances to 'win it all,' and now, for just an extra dollar, they have 10 more chances to win as part of a pool.

This new form of on-line ticket represents the buyer's ownership in the traditional 100 percent owned plays and a share in multiple plays owned by a pool of players, and is issued, printed, and reported like a traditional on-line ticket, and no game changes are required. While similar in some regard to traditional pooling, it is vastly simpler as it packages pooling into a ticket without any of the hassles of traditional pools. It makes pooling available to everyone at all times since it is as simple as purchasing a Lottery ticket and it gives the Lottery complete security and all of the parameter-driven controls to offer dozens of different promotions.

PoolingPLUS™ can be deployed to incentivize players to purchase multiple traditional on-line tickets at any or all jackpot levels. There are a host of promotional opportunities surrounding pooling, but most important, the Lottery controls and sets the terms of the promotion(s) and all of the following parameters:

- Jackpot level triggers for varying the promotional terms
- Required minimum purchase of traditional on-line tickets
- Quantity of plays to be shared

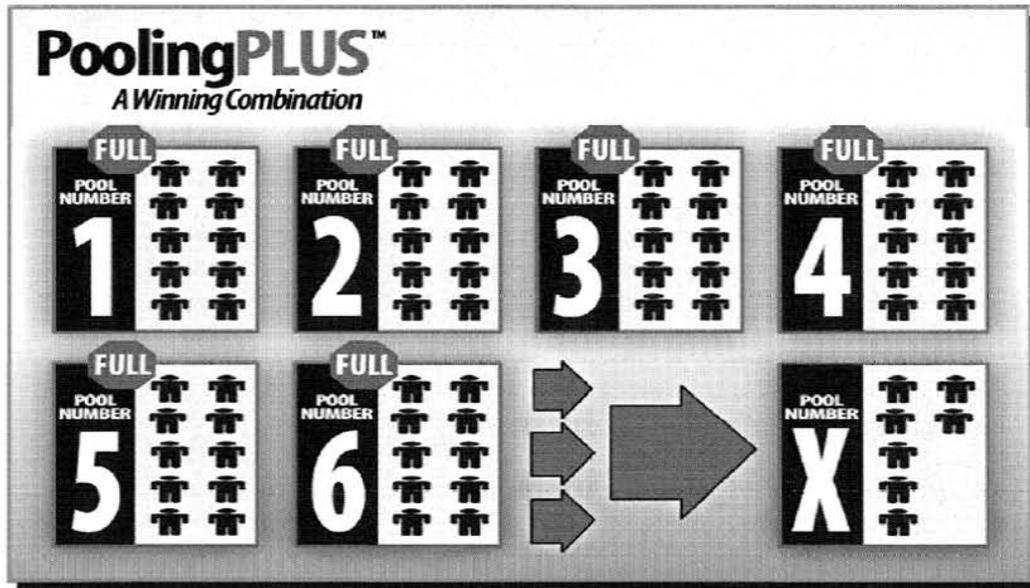
# **intralot**

PoolingPLUS™ is an excellent opportunity for players to win more of the low-tier prizes and is especially enticing given the new changes to games like Powerball and addition of Mega Millions. More chances to win reverses the perception that the odds against winning are just too high. Pooling also adds entertainment value because now players have a lot more numbers in the game, so drawings will once again become 'events' in their lives.

Pooling fulfills a key marketing objective to produce more winners, and stories of those winners could be used to help promote the pooling incentive, which in turn will drive more sales of on-line tickets. With today's higher jackpots and tougher odds, pooling is becoming more and more attractive and sensible to players.

## **How it Works?**

Using a pool size of 10 plays, the on-line gaming system would internally generate and store one or more pools of 10 plays each. Each pool would be assigned to a unique pool number. When a request is made for pooling, the gaming system would assign a pool to the transaction, print the 10 plays on the ticket and increment the ownership of the pool by 10 percent. Once the pool has been assigned ten times it would be closed since it would be 100 percent full. If no pools are open when a request is made, the gaming system would generate its next pool. (See illustration below).



The process of creating and filling pools would continue one at a time unless the Lottery wants to allow more than one pool to be purchased. By the time of the drawing, the Lottery may have sold thousands of pools and only the last pool or pools could possibly be partially filled, so the number of open tickets would be negligible, probably less than \$10. There are several ways to make sure all pools are filled. The simplest is to cut off the creation of new pools at an earlier time so that the remaining positions would get filled.



According to research commissioned by INTRALOT, about one in seven (14%) lottery players in a recent statewide market research study said that at one time or another they “wanted to play the lottery as part of a pool, but couldn’t find one to join.” That number rises to 23 percent among those core players who report playing the lottery at least once a week. Equally important, 10 percent of “lapsed” or infrequent lottery players said that at one time or another that they wanted to play in a lottery pool, but couldn’t find one to join.

**Measuring the Likelihood of Pooling Participation among Lottery Players**

What if the Lottery offered a Pooling option for Powerball in which you could pay an extra \$1 and receive 10 extra plays with a 10% share of any of those winnings...How likely would you be to pay an extra \$1 to participate in this Pooling option?								
	Total	By Gender		By Age			By Player Type	
		Men	Women	18-34	35-49	50+	Core	Lapsed/Infrequent
Definitely Pool	12%	16%√	8%	10%	16%√	10%	21%√	8%
Probably Pool	21%	21%	20%	20%	26%√	17%	27%√	17%
Might Consider	37%	33%	41%	41%	34%	36%	29%	40%
Would Not Pool	31%	30%	31%	30%	24%	37%	22%	35%

Among those who said they might consider pooling as a play option for games like Powerball, when asked at what jackpot level they might consider spending an extra \$1 for a pooling option, a plurality (35%) said there was no specific jackpot amount that would trigger their purchase; though 32 percent did say that they would only consider pooling as an option when the jackpot reached \$100 million and rose to \$200 million, while an additional 11 percent said that they would only purchase a pooling option when the jackpots were above \$200 million.

- 18-34 year-olds were more likely to consider pooling as an option when the jackpots reached \$200 million (23% of this age group said this).
- Core players – those who play at least once a week – are more apt to try pooling at any jackpot amount.

**Player Loyalty/Player Registration Program**



INTRALOT will provide and support a Web-based Player Loyalty/Player Registration System, that registers players for various informational, promotional, and data gathering purposes. Our Web-based Player Registration system is part of our customized Subscription System. INTRALOT will provide iPhone and Smart Phone applications to provide easy access to the Texas Lottery Player Loyalty program. These applications will push winning numbers to the players iPhone/Smart Phone along with results of results from their subscription wagers. Any Web-based system must include features capable of verifying that the player is over the age of 18 and that the computer transaction originated within Texas. Both the Subscription System and Player System are modules within LOTOS O/S that can be “turned on” when the Lottery is ready.

### **The Subscription and LOTOS Club Player Registration System**

The INTRALOT Subscription Player Program “maximizes revenue” to the Lottery by offering an innovative, entertaining, and rewarding player services experience that will attract new players, as well as increase revenues from existing players who desire to participate. While the subscription system will increase on-line sales, the increase will be most significant when jackpots are low, thereby, helping to diminish the “Roller Coaster Revenue Effect.” Using the Subscription System additional relationship marketing opportunities also exist during these low jackpot times and could be tactically turned on automatically by the System immediately after large jackpots are won.

INTRALOT’s Subscription System is an integrated solution that is provided as an added-value add-on module to the LOTOS™ O/S platform. It has been designed specifically for LOTOS™ O/S and provides comprehensive functionality that will give the Lottery significant added value. Meanwhile, the LOTOS™ Club (Player Registration) module is a highly parametrical solution that can be customized and extended specifically for the Lottery.

The Subscription System provides significant added value for the Lottery. Our advanced registration procedures and multitude of gaming options coupled with the promotions and advertising capabilities of the system will provide the Lottery with to a powerful revenue stream.



**LOTOS**  
CLUB

The LOTOS™ Club module enables the Lottery to support and manage registered players and provide a number of services and privileges. By registering a player joins the players’ club and acquires a number of benefits. The member card (personal card) can be used and is the quickest and safest method for a player to participate in their favorite games. In instances where a Subscription System is employed, a player purchasing an initial subscription is required to register and automatically becomes a member of the Players’ Club and receives all of the benefits of membership.

Players are able to register their lucky numbers or use quick pick. Using their personal member card, players can collect winnings from their electronic wallet and set preferences on whether they receive personalized messages, such as special offers on games. Using the LOTOS™ Club application, the Lottery can evaluate player usage data. The LOTOS™ Club application includes a number of reports that the Lottery can use to analyze several types of data.



LOTOS™ Club/Subscription Application provides a highly parametrical web based administration framework. It offers the flexibility to administer the Subscription Game Products, the Subscription Sales Calendar and the Subscription Types.

- A Subscription Game Product is the preset way a customer would like to participate in a game.  
Example: A Powerball Quick Pick with four plays
- The Subscription Sales Calendar shows the time before the draw, the beginning of the subscription, the end of the subscription, dates when the player account will be charged with the participation costs, as well as the dates when payment of winnings will be executed
- The binding of a Subscription Game Product with payment options and a Subscription Sales Calendar define the Subscription Types available for players to register. Subscription Types can vary for different types of membership (gold, silver, bronze, etc)

LOTOS™ Club/Subscription Player Registration Application provides a multichannel on-line player registration interface.

- With the assistant of a user friendly wizard a customer may select one of the available Subscription Types.
- A Subscription can have limited or unlimited duration
- A customer may register though any channel supported by the Subscription Module. Examples of channels could be web-based registration, call center assisted registration and white-post based registration
- A player may define his/her favorite lottery numbers to be used for the Subscription participations or have the System Quick Pick the numbers
- A player may select one of the available payment options to pay for his/her Subscription participations.  
Example: A combination of e-Wallet money, bonus credits and free tickets, credit/debit card money and money through electronic funds transfer
- A player may offer a Subscription as a gift to another registered player
- A player may select how he/she would like to be notified for participating play-slips before a draw  
Example: Post, email or SMS
- A player may select how he/she would like to be notified for Subscription Promotions and Marketing Notifications.  
Example: Post, email or SMS
- A player may select whether he/she would like to participate on every draw of the game or when specific time or game conditions are met.  
Example: Customer may select to participate only in the draws of even weeks or even months, or when the jackpot is above a specified threshold.



LOTOS™ Club/Subscription Player Registration Application offers a set of features that can be used to promote subscription game participation. This includes the implementation of promotions, marketing offers targeted to a particular player segment, multichannel marketing notifications and campaigns. It offers the following promotion types:

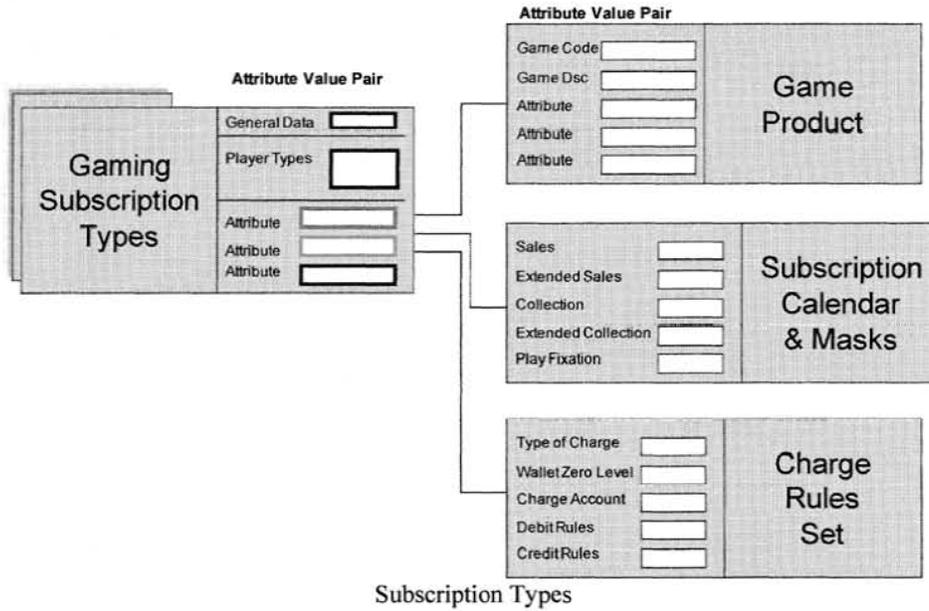
- Discount promotions
- Free lottery tickets promotions
- Bonus credit promotions
- Loyalty point programs
- Affiliate program promotions

LOTOS™ Club/Subscription Player Registration Application offers a list of standard reports for the lotteries sales and marketing personnel. They include but are not limited to:

- Sales per Subscription Type
- Sales per Customer Type
- Player per Subscription Type
- Success, failed & rejected participations report

LOTOS™ Club/Subscription Player Registration Application has a transaction-processing engine scalable to support multiple millions of subscribed players. This is based on a batch process framework using proven and reliable technologies. It integrates through open interfaces with the existing Lottery Central Gaming System and with multiple payment aggregators. Key features of the transaction-processing engine are:

- Optimized framework for high volume of transaction and performance
- Integrated support of offline and on-line payments of subscription participations
- Fully automated subscription gaming processes
- Robust and highly available framework
- Detailed monitoring and reporting



**Subscription Types**

Note: Partial search on the fields is supported by adding an asterisk (\*) at the end.

Name

Results per Page

Results

Name	Description	Active From	Active To	Game Calendar	
<a href="#">ST-Lotto-Premium</a>	ST-Lotto-Premium-Calendar:2009-Period Mask:1	20/02/2009		2009	<input type="button" value="Delete X"/>
<a href="#">ST-Lotto-Silver</a>	ST-Lotto-Silver-Calendar:2009-Period Mask:1	19/02/2009		2009	<input type="button" value="Delete X"/>

[Add Subscription Type](#)

Subscription Type Configuration



Subscription Types >> Products >>

Details

Game:   
Subscription Type:   
Product:   
Use default Draw Cost:  No  Yes  
Default Cost:  Edit

Promotions

Name	Subscription Promotion	Start Date	End Date	Marketing Code	Budget	Reserve Money for new Subscription	Minimum product multiplier	Promotion for	
test-1	15% discount for 3 BP	06/02/2009	06/02/2012	111	123.00	1.00	1	New Subscriptions	Delete

[Add Promotion](#)

**Promotion Configuration**

Subscription Types >>

<b>Name</b>	<b>ST-Lotto-Premium</b>
<b>Description</b>	<b>ST-Lotto-Premium-Calendar:2009-Period Mask:1</b>
<b>Game</b>	<b>Lotto</b>
<b>Active From</b>	<b>20/02/2009</b>
<b>Active To</b>	
<b>Game Calendar</b>	<b>2009</b>

Player Type

<b>Premium</b>	<input checked="" type="checkbox"/>
<b>Silver</b>	<input type="checkbox"/>
<b>Gold</b>	<input type="checkbox"/>

**Select Mask**

**Period Mask**

**Conditional Mask**

**Period Mask**      **1**

Charge Type

<b>Pre-charge normal</b>	<input checked="" type="checkbox"/>
<b>Pre-charge extended</b>	<input type="checkbox"/>
<b>Post-charge normal</b>	<input type="checkbox"/>
<b>Post-charge extended</b>	<input type="checkbox"/>

**Default Charge Type**      **Pre-charge normal**

**Charge Account**      **Own**

Participations

**Play Participations**      **Before each draw**

**Action for failed subscriptions**      **Cancel**

**Failed attempts before action**      **1**

View/Edit Subscription Type

Players wishing to play via Subscription will initially register and receive all of the benefits of the LOTOS™ Club/Subscription Player Registration Application. LOTOS™ Club/Subscription Player Registration Application supports a number of different methods of registration over a number of channels. The basic method of registration is by completing a form. The System can



be configured so that players can register either at the POS or over the Internet, such as the Lottery's website.

The registration System requires the player to submit a number of compulsory and optional information. The Lottery ultimately determines which details should be compulsory and which will be optional. Additional details can be incorporated in the player registration form as requested by the Lottery. The following data are usually considered compulsory for the participation of the player in the club (these details may be modified if Lottery requests):

- Player name
- Player surname
- Address (City, County, Zip Code)
- Identification Card Number
- Date of birth
- Telephone (home, office or mobile)
- E-mail address

During registration the player may choose to complete optional details that may include (these details may be modified if Lottery requests):

- Gender
- Game preferences
- Amounts usually spent by the player on games.

In addition, the player's registration request may allow definition of preferences regarding the player's electronic wallet and the information the player wishes to receive from the Lottery.

#### **Registration procedure at the Retailer**

INTRALOT will facilitate player registration with a Player's Club Ambassador program. INTRALOT LSRs and Marketing Reps will work with high volume retailers to generate applications for the Texas Lottery Player's Club. We will recommend promotions and merchandise to generate interest for and participation in Player's Club Parties at these high volume retailer establishments.

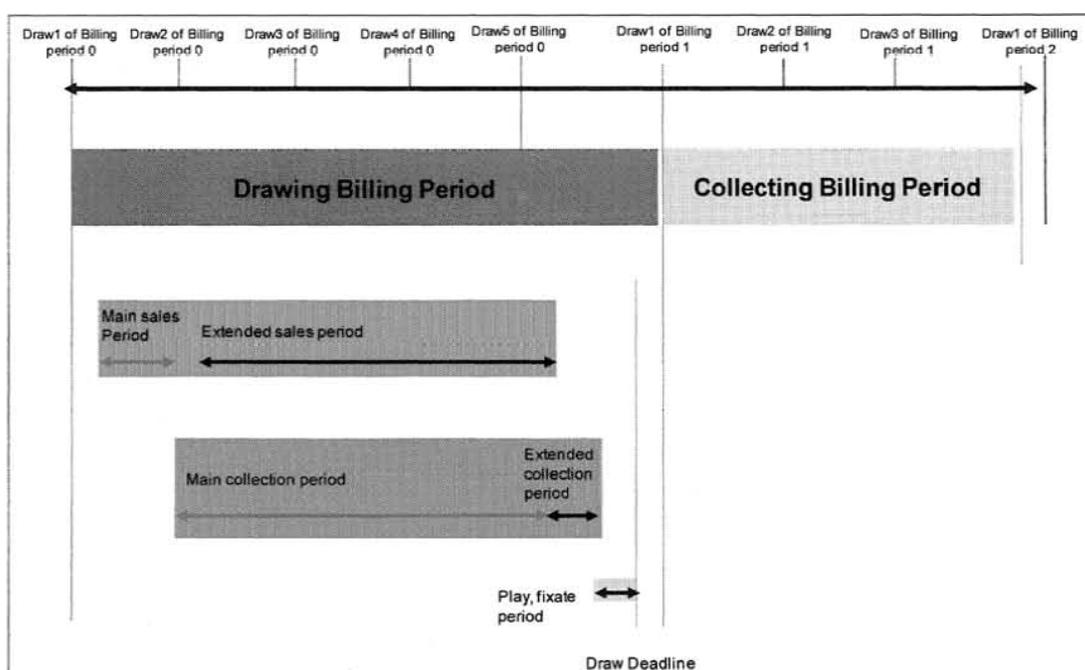
The player would initially complete a registration form either on line or on paper. Paper forms are returned to the retailer who scans the form on the terminal. The form data is submitted to the LOTOS™ Club Application for processing and approval. When the registration process is completed the player would typically receive a personal card and a security code (PIN) at the reported address, and the access code by email.

#### **Registration procedure on the Internet**

The System supports two methods of accessing the registration form via the Internet. The player can send an e-mail to a specified address and automatically receive the registration form with the details to be filled in. Alternatively, the player may access the registration webpage and view the form on-line. The player must fill in all the mandatory fields. Upon clicking on

"Submit", the data is sent to the LOTOS™ Application. When the registration process is completed the player would typically receive a personal card and a security code (PIN) at the reported address, and the access code by email.

The LOTOS™ Club module supports a number of subscription types. Subscriptions can have an indefinite or specified length of time or can be set expressly by the Lottery. Regardless of the channel that the registration is completed through, the System has the ability to handle payment and cancellation of registration/renewal fees should they be applicable via the terminal, the Host System and the Internet.



All games played by subscription are recorded and processed through the same Central Computer System as with non-subscribed game play. Subscribed players can play the same games as non-subscribed players and their plays participate in the same game pools. However, as an incentive to participate in the subscription program the System has the capability of supporting games exclusive to subscribed players should the Lottery desire. This is an additional added value capability of the LOTOS™ Subscription System.

The LOTOS™ Club/Subscription Application includes an integrated electronic wallet solution that manages player credit and winnings payments. Players can place money in the form of credit and use it for transaction purchases on the Lottery's network. The application supports multiple types of credit units, such as money credit units, bonus points etc. The Lottery can



specify rules for deposit, cashing and consumption of various types of credit units via different channels, using the user-friendly web-based management application.

Winners are paid automatically within the limits set by the Lottery. Low-tier winnings can accumulate until the end of the subscription period or when a player wins a high-tier prize, whichever comes first. High-tier wins are paid by Electronic Funds Transfer (EFT). The System can be fully customized to payout winners as the Lottery requires. Some examples of additional rules that can be provided are:

- Bonus points may be used only for the payment of specified Lottery products and cannot be paid out in cash.
- A deposit, up to a certain amount can be made in a POS.
- Specified maximum available balance in each wallet.
- Specified maximum daily deposit limit in the electronic wallet.

Rules ensure the monitoring of player transactions and money availability for participation in games of chance. The System can protect the integrity of the operation and enforce responsible gaming policies.

Once the registration procedure is successfully completed, an electronic wallet is created for the player. The LOTOS™ Application allows players to use more than one wallet. Furthermore, an electronic wallet may be jointly owned by two players whereby one will be able to use up to a fixed amount of money (credit units). Also, the Application allows transferring of credit units from one electronic wallet to another. Each player may specify preferences, regarding their electronic wallet, during registration, as well as through the profile management application. In particular, players are able to specify electronic wallet preferences as:

- Automatic transfer of winnings to the electronic wallet. This functionality is available only up to a certain amount.
- Setting a limit up to which automatic transfer of the winnings to the electronic wallet is allowed.
- Update by e-mail/SMS/Post each time deposits or withdrawals are made to/from the electronic wallet.
- Regular update by e-mail/SMS/Post regarding the balance of the electronic wallet and activity.

In any case, the System administrator may define a maximum limit for the automatic transfer of winnings so that the limits set by players do not exceed this value.

The following operations will be available through the electronic wallet:

Automatic transfer of winnings

Players must use their personal card in order to be identified by the System. In this way, all the transactions are recorded in the player's wallet. An automatic transfer threshold can be set for winnings. The LOTOS™ Application can send a personalized message to the player by SMS or e-mail regarding the transfer of winnings that took place including; the amount, the game, the prize and/or additional marketing messages.

Transfer of earnings to the electronic wallet at the POS



The player may visit the POS with the winning ticket and the registration card in order to transfer winnings from the ticket to his/her electronic wallet. If the player identification procedure is completed successfully, the player may request the ticket's prize payout to be made to the electronic wallet. Regardless, the amount is readily available to the player for further game purchases.

Transfer of winnings to the electronic wallet is also supported by INTRALOT's self-service terminal. By using their cards and personal passwords, the players are able to identify themselves and then transfer winnings to the electronic wallet.

Whenever a member of the club wins bonus points through reward programs or related activities, they can save these points in their electronic wallet based on rules set by the Lottery. Furthermore, based on the player's preferences, the LOTOS™ Club/Subscription Application can send personalized messages to the player by SMS or e-mail about the bonus points' transfer that took place, including relevant information.

When a player wishes to deposit money to the electronic wallet at the retailer, the retailer can simply key in the requested amount, which sends a request to the Application for money to be deposited in the player's electronic wallet and, upon completion of the transaction, a deposit receipt is printed.

Based on the rules that have been defined, the LOTOS™ Application performs checks, such as whether a specific player is allowed to deposit money in their electronic wallet, if there is a maximum amount they can deposit through the POS or other relevant checks concerning the total available balance in the player's wallet.

If these tests are performed successfully, the LOTOS™ Application deposits the amount in the player's electronic wallet and sends a confirmation of the deposit transaction to the terminal. A receipt is then issued which contains a unary code, the deposited amount and the electronic wallet balance. A personalized message, for example a reward or/ and motivation message for participation in games may also be printed.

The LOTOS™ Club/Subscription Application allows players to deposit money using the Internet. The capability to interfacing with banks and card transaction processing organizations (Visa, MasterCard, AMEX etc) is supported to enable money transfer from a bank account, credit or prepaid card to the electronic wallet.

By accessing the website, the player will be able to request crediting of their electronic wallet. More specifically, the following electronic wallet crediting services are supported via Internet:

- Debit service by means of Credit/ Prepaid Cards: These services allow the player to use a credit card to add money (credit units) to their electronic wallet. This payment method is easy and fast.
- Bank Account Debit Service: These services allow the player to use a bank account in order to add money (credit units) to the electronic wallet.



- Prepaid Card: Pre-Paid Cards used by players to credit their electronic wallets are a low cost, safe and easy way to ensure access to the System through all channels.

When a player wishes to cash money from the electronic wallet at a retailer, the identification procedure must be completed successfully. The retailer then sends a request to the Application for withdrawal of the requested amount from the player's electronic wallet and upon completion of the transaction, a withdrawal receipt is printed.

Through the website, a player can instruct the Application to cash a certain amount from their electronic wallet, which will be credited to a bank account. The LOTOS™ Club/Subscription Application supports the following withdrawal operations through the website:

- Debit Card Operations: This service allows the player to transfer earnings to his/her bank account through a debit card.
- Bank Check: A check may be issued and sent to the player's address.
- Bank Account Crediting Operations: These operations allow the player to use his/her bank account in order to transfer credit units from the electronic wallet to the bank account.

In addition, the LOTOS™ Application records all transactions involving withdrawals from the electronic wallet via any supported channel, including necessary information, such as day, time, amount, unary transaction code, type of withdrawal etc.

When it comes time to renew, the LOTOS™ Application will notify players that their subscription is about to lapse and that renewal is required. This can be achieved by direct-debit of bank accounts depending on available bank services, by direct debit of Credit Cards depending on credit services available or by payment at a retailer.

By using the rich functionality the Subscription System, the Lottery can offer unprecedented convenience of play to their players through internet and point of sales terminals covering both current games and future games. The LOTOS™ Application enables the administration and management of player accounts and their personal cards through a Web based management application. Depending on access privileges the administrator may perform a number of operations through the Web based management application. The Application enables the Lottery to generate automatic mailings and provide player services to subscribers.

Players can manage their account and preferences either at the POS or through the Internet website. Websites are custom designed specifically for the Lottery where additional marketing promotion information can be incorporated.

Game Products >>

Details

Game

Name **Lotto 10 boards - Euroloterij**

Description **Lotto 10 boards + Euroloterij**

Free ticket option

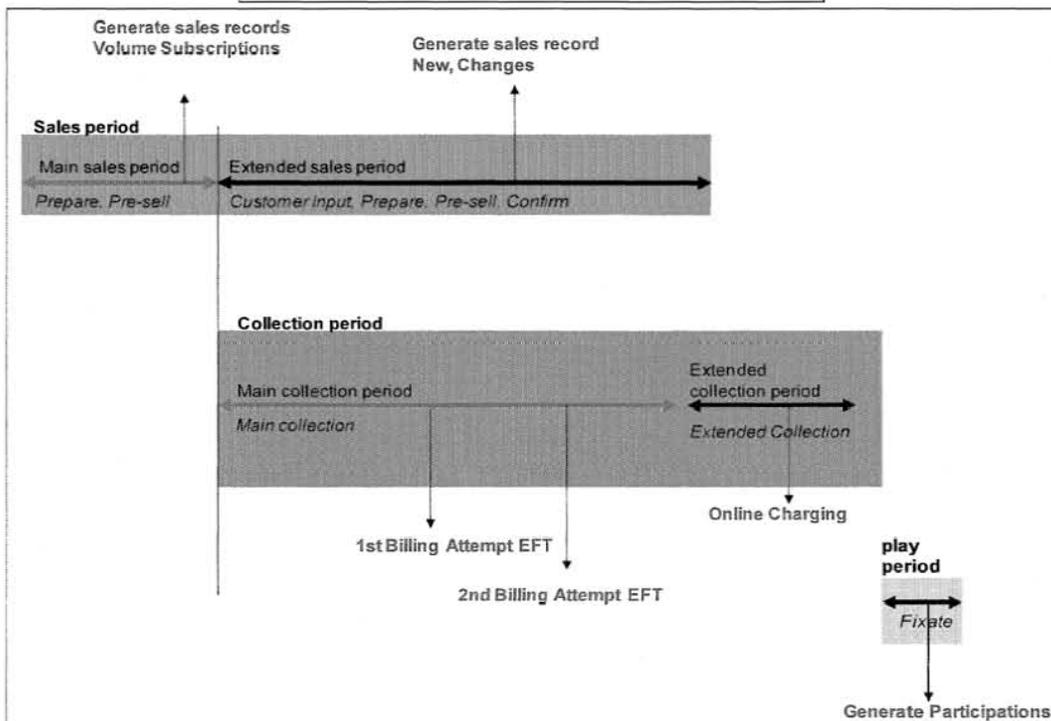
Participation Options

Number of Boards **10**

Euro Lottery

Quick Pick

[Edit](#)



## Collection and Billing



## **INTRALOT Player Account Management System (PAM)**

INTRALOT has developed and installed many Player Account Management Systems for our partners around the world. Below is a description of the features and capabilities that a PAM system for the Texas Lottery.

### **Financial Transaction Processing Features**

INTRALOT's PAM System incorporates player's e-wallet management, payment provider management and interfaces to payment aggregators for bank, debit card and credit card payments. The PAM Prepaid Card Management add-on module allows e-Wallet top up using prepaid codes of predefined value and validity period.

Players, upon successful registration in PAM, are automatically assigned an e-wallet. An e-wallet is divided into sub-accounts called pockets. Each pocket accepts credits of a particular type (cash credits, bonus credits, loyalty credits, voucher, winnings, etc.) and can be used to pay for participation in various games. When processing e-payments the deposited or withdrawn cash money (via bank account, credit/ debit card, etc.) is converted to e-Wallet credits using the exchange rate applied at the moment of transaction.

PAM finance tool administrator can define business rules that determine how and when the e-wallet is credited or debited. It is possible to define:

- The maximum amount of money that can be deposited or withdrawn within a specified time period
- The credit types that can be withdrawn from the System
- How and when large prizes will be redeemed to players
- Automatic payments to players' registered bank account when e-wallet credits reach a maximum threshold or account is inactive for a long period of time
- Responsible gaming spending and deposit limits

Deposit to e-Wallet can be made by:

- POS network via integrating PAM API to retail terminal software
- Player bank account (Electronic Funds Transfer or cash),
- Player credit/debit card
- PAM prepaid cards

Players will be able to choose one of the payment methods available for depositing money. The System can be configured depending on customer level (e.g. platinum, gold, silver, and bronze) to accept different payment methods with different limits. Responsible gaming rules can restrict credits generated via deposits from one payment mean to be withdrawn only through the same or other but predefined payment mean. Rules can be applied regarding the method for withdrawals, the frequency that a player can claim withdrawals, etc.

Thresholds can be configured to divide winnings into categories depending on the amount won. For example “low” winnings may not require approval and thus be automatically deposited to player’s e-wallet, while “medium” or “high” winnings may require a single or dual step approval process before being paid to the player bank account.

Withdrawals can be made in the following ways:

- In cash at a POS by submitting a receipt that the System will generate or by using a loyalty player card
- Transfer to a bank account (either upon request or automatically)
- Via check
- Via an on-line payment provider

PAM provides reconciliation features in order to analyze, compare and match payments (deposits and withdraws) registered in PAM database with payments as reported by the payment provider.

PAM provides includes detailed logs and monitoring functions that include:

- Logging and System monitoring features and capabilities
- Logs for daily operations support, events, alerts and alarms and how those are protected from tampering.

All actions that players or system operators perform are logged. The following log categories apply:

- Access events: Who logged in, where and when. Failed access attempts (over applications, databases and/or Operating System layer/level)
- Network events: Security policy violation attempts at the network interface, firewall and IPS layer
- File modification events: Application server configuration file modification, Data file modification triggers, Financial transactions, e-wallet logs, payment interface logs
- Application events with information security parameters
- Wagers’ file life cycle and locking logs
- System Transaction Processing logs
- Operations logs

Logs are collected by a log management system with the following features:

- Ability to collect logs from all parts of the Information System and prevent them from tampering
- Normalize, reduce and analyze logs in order to be immediately readable
- Provide a search engine based on criteria (e.g. time) for forensics analysis
- Provide alerts towards investigation
- Create reports



The centralized log management system preserves log integrity on two levels:

- Segregation of duties: logs are accessible by a separate role.
- Log locking and alert mechanism in case a user attempts to tamper with them.
- Tools to monitor and control the hardware and software components of the System

PAM System Monitoring and Control (SMC) is a monitoring tool that allows system operators to effectively measure communications uptime, system failures, advance uploading and other Service Level points, as well as to ensure the software control of the PAM. The SMC framework is responsible for:

- Configuring the PAM for its operational environment
- Monitoring network infrastructure and services (SMTP, POP3, HTTP, NNTP, PING, etc.), host resources, environmental factors,
- Analyzing measurements and operational statistics
- Monitoring alarms, alerts, and traps
- Providing customizable visual maps and sub-maps of all incorporated networks and systems
- Supervising Event management and giving advance notice of pending problems
- Providing troubleshooting tools for rapid problem solution

The SMC framework provides two interfaces:

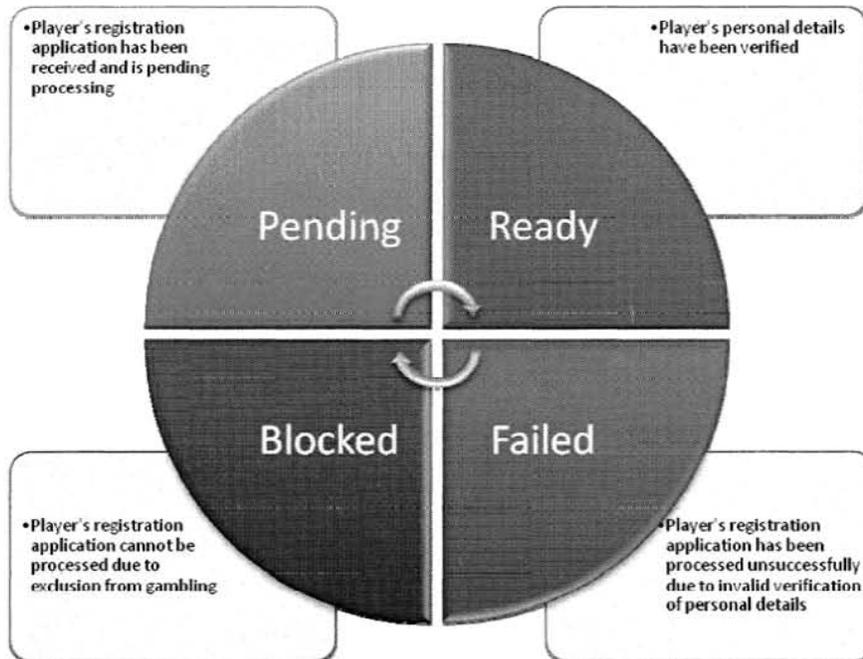
- A Command Line Interface (CLI), by which the system administrator provisions and requests system data through a primitive interface defined on a terminal window's command line; and
- The WMC (Web Management Center) graphical user interface that communicates with PAM

PAM provides verification features such as: Player's registration verification of residency, age, or duplicate accounts, etc. Players can register with the System and login via any supported channel through a unique registration procedure and access many different games over different channels. The web registration application provides an electronic registration form that consists of a full set of personal profile data fields. Validation of residency & underage participation control: The System is capable of monitoring the age and all other personal data of prospective players by enforcing pre and post-registration crosschecks using internal or external data sources.

The information that is kept internally may include date of birth, the SSN number (when allowed) and the place of residence that the player submits during the registration process. A prospective player may be required to submit copies of forms of identification (e.g. driver's license or passport) in order to be granted full access to services. An authorized System's operator can accept or reject, depending on the validity of the credentials, pending registration requests. The information can also be referenced against national or private service databases, if available, or external sources such as banks and relevant credit checking organizations or IP geo-location System. Personal data submitted to system is crosschecked with official data. If it

is confirmed that the player fulfils the necessary conditions, s/he will be permitted to continue the registration process.

Processes described here are performed one time only on registration.



Player Registration Status

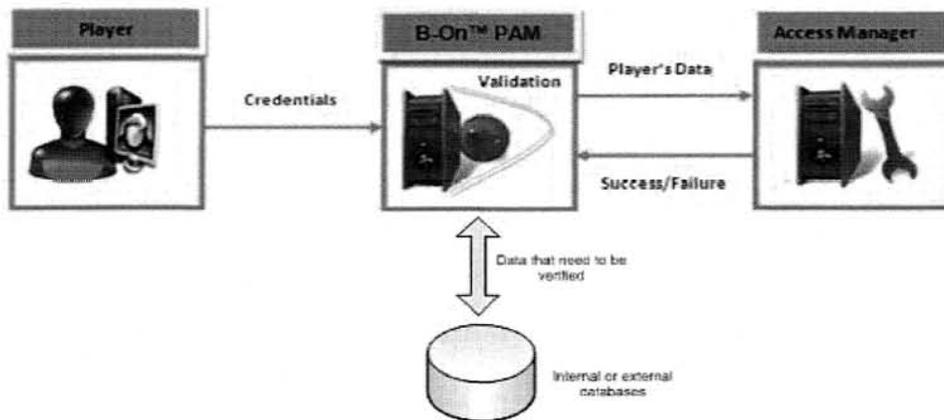
In order to provide maximum password security upon completion of the registration, and after the validation of data, the account with a unique user ID and a temporary encrypted password is created in the database. The password will be valid only for a certain period of time and has to be changed at the first successful login attempt.

### **Duplicate Accounts**

During registration the information that players submit is verified against information that is already in the databases in order to verify their uniqueness. If a conflict is detected, prospective players are required to re-submit the data that causes the conflict. The registration process is implemented in three basic steps:

1. Players submit their personal details,
2. If the validation process of the submitted data returns no error, an account for the player is created in the database over a secure and encrypted channel,

3. If the validation process of submitted data or duplicate account check verification returns an error, the player is informed by indicating the cause of the error. In this case, the player may either be requested to repeat the registration procedure, correcting the field in error, or to follow a different registration method.



Registration Process – Assurance Check Mechanism

## GAMES PLAYED OVER THE INTERNET

While this may be in Texas' future, it is important to note that INTRALOT is currently in the process of implementing Internet based entertainment games for New Hampshire and Idaho. While the convenience of purchasing lottery tickets over the Internet will inevitably be legal in the future, INTRALOT is committed in the meantime to supporting the retail network that is so important to the success of the Lottery. These Internet play game tickets will be purchased at the retailers and a receipt will print with a valid form of a web code. The player then goes home, logs into the Lottery's web site, enters the web code printed on the receipt given to the player by the retailers. This idea gets players to come to the store to get the codes needed to play the Lottery's games on the Internet. This is designed to get players to come to the retailers where they will hopefully buy other items and to get players to interact with and use the Lottery's website in preparation for the day when Lottery ticket sales on the Internet is legalized.

The same scenario can be implemented using points in the Lottery's VIP or Players club, instead of play costing money in the form of web codes received from purchasing Lottery products at the retailers, the players receive points in the Players Club for purchasing regular Lottery products, such as one point for one dollar. The players can then play the Lottery's games on the Internet and win or lose more points as part of their Player Club benefits, which can be used to redeem prizes given by the retailers. The idea being that Players then have to go into the retailers premises to redeem the prizes they may win on the Internet games website.

We have been very active in helping our Lottery clients position their web-based VIP Clubs. For instance, following is a snapshot of how we are making a difference in Idaho.

## **Idaho's VIP Club Initiative**



### **Background**

Not long after our partnership began, INTRALOT and the Idaho Lottery began focusing on building a viable VIP Club. In July 2007, the Idaho Lottery worked with INTRALOT to introduce a North American industry first, offering players a “true rewards” card for playing the Lottery. For each \$1 spent on a lotto product (Powerball, Hot Lotto Sizzler, Wild Card 2, and Pick 3), players receive one VIP Players Club point. Points are redeemed through the Idaho Lottery’s VIP Incentive Store. Store offerings include Apple I-pods, digital photo frames and watches. Since the VIP rollout, the Idaho Lottery has also introduced raffles and other promotional rewards in which members can use points as an entry mechanism for trips, event tickets and other Lottery products.

INTRALOT manages the back office capabilities of Idaho’s VIP Players Club Card program. The VIP Player’s Club is used to track and analyze member interactions providing insightful player marketing information. The database helps control advertising costs through the ability to send email blasts, RSS feeds and text messages to VIP Club members. Members are also sent special offers, coupons, promotions, and other Club benefits. VIP Players Club members can



also participate in market research projects and help evaluate new Lottery game ideas. The data from this program is invaluable.

Today, the Idaho Lottery's VIP Club has a membership of upwards of 65,000 VIP Club members. And, to date, nearly 10,000 have utilized their Club Card to redeem points for merchandise. The next step for INTRALOT and the Lottery is to create promotional tie-ins with retailers (i.e. the ability to redeem points at the point-of-purchase). INTRALOT has extensive experience in developing and managing these types of systems for our clients around the globe and even right here in the United States.

Creating effective and measurable retailer and player promotions programs for both the online and Instant ticket product is something we do each and every day with great and measureable success. We welcome the chance to put that expertise to work for the Texas Lottery. Not only will we have an online product manager, instant ticket product manager, promotions manager and five additional promotional staffers, the Texas Lottery will have access to the entire INTRALOT promotion teams. Promotions are key to creating player and retailer excitement. An increase in excitement will no doubt lead to increased sales and revenues – it's that simple.

2. The Proposer must describe its incentive programs for Retailers, including when such programs should be initiated and the benefits of such programs in maximizing revenue to the State from sales of Texas Lottery Products.

The Texas Lottery's retailer commission and cashing bonus program rewards retailers for selling and cashing lottery products. LOTOS™ O/S offers fully automated support for all retailer financial transactions and reporting, including, billing, EFT sweeps, commissions and bonuses.

INTRALOT has worked closely with lotteries around the world to create effective Retailer sales growth incentive programs. Embedded in our System is the Premium Points Program for retailers. Our experience is that retailers, like players, enjoy specially designed promotions and incentives. The Premium Points Program is a great way to actively engage Retailers in their own promotions. Under conditions specified by the Lottery, the INTRALOT System can issue a form for a retailer or clerk to use to enter a special drawing or participate in other retailer incentive programs or promotions.

A Retailer Clerk Incentive Program can be set up as long or short-term promotions and can be triggered by one of the following items or any other events:

- Single Play Sales
- Single Draw Sales
- Multi-Play Sales
- Multi-Draw Sales
- Amounts (the total worth of the ticket)
- Pack Settlements

Each promotion or Premium Point Program may have a single game or multiple games assigned to it. Through the Management Terminal parameters for the Program are entered using the “Promotions Definition” screen.

- The Promotion Style indicates whether the promotion is a ticket or a coupon promotion.
- The Promotion Type sets whether it is a Buy X Get Y, Nth ticket, or Discount.
- The Priority Number dictates in what order promotions will take precedence when a wager triggers multiple promotions.

The selection of which game(s) or promotional feature to be included in the promotion can be checked off within the Game Selection container, located on the Selection tab of the screen.

The screenshot shows the 'Promotion Program Definition' window. The 'General Promotion Information' section includes: Promotion Number (36), Promotion Style (Ticket Promotion), Begin Date (7/16/2004) at 12:00:00 AM, Promotion Name (Buy 10 Draws Powerball), End Date (7/30/2004) at 12:00:00 AM, Priority Number (2), Promotion Status (Active), and Promotion Type (Buy X Get Y). The 'Selection' tab is active, showing 'Game Selection' with 'Powerball' checked, 'Selection Time Range' from 12:00:00 AM to 11:59:59 PM, and 'Target Retailers' with options for All Retailers, One Retailer, Chain Account, Key Account, City, Zip Code, County Code, Region Code, Full Service Terminal, and Linked Service Terminals (if any). Buttons for 'Insert' and 'Exit' are at the bottom.

Points in the Premium Point Program accumulate on the System and can be viewed or printed in a report. Point accumulation can also be sent to the terminal so that the retailer, clerk or even Lottery field marketing personnel can view it and keep the retailer apprised of the status.

The Retailer Clerk Incentive program can be set up for chain stores and the points can be viewed at the chain level all the way down to the store level. More so, the parameters for setting up the program can be such that promotions can be designed around Districts, geographies, and clusters of retailers or even system-wide. Points processing can be performed by Lottery personnel from the Management terminals and reports will be developed, as specified by the Lottery. The reports can provide activity summaries, details and accounting information. Examples of retailer incentive programs include:

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- Partner Play in which every “nth” ticket generated the System generates a duplicate ticket for the salesclerk.
- Retailer Contests can be structured around any marketing objective the Lottery decides. For instance, during low sales periods a retailer contest might be designed around POS displays where retailers are nominated for display creatively.
- Mystery Shopper Incentives in which randomly selected retailer locations are anonymously visited and reviewed. Incorporated in these Mystery Shopper Incentive Programs can be “Ask for Sale” contests whereby clerks are encouraged to “ask for the sale” and prizes and points can be awarded to those clerks who do just that or “Keep it Full” promotions that encourage retailers to keep the instant ticket dispensers full.
- WinStation™ Retailer Campaign in which if players find any of the dispensing bins in the WinStation empty they can go to the retail counter and get a free t-shirt or other item.
- Retailer Drawings in which retailers can qualify for merchandise drawings based on the number of packs they settle or some other criteria.

INTRALOT will provide the Lottery with an annual incentive program for retailers. The key in any retailer incentive program is rapid rewards. Within five (5) working days of the conclusion of any retailer contest or promotion we will provide the Lottery with a list of winning Retailers and the corresponding prizes. Within thirty (30) days we will have all prizes delivered to the respective retailers.

In addition to providing retailer placement assistance, INTRALOT can offer the Lottery a host of retailer marketing programs aimed at adding value to the retailer chain that go beyond retailer optimization and placement. Retailer marketing initiatives like the RMS Retailer Marketplace™ a program that allows retailers to market “their products” to lottery players (and even non-players).

## **The RMS Retailer Marketplace™**

The core objectives of this innovative program are to:

- Create new profits for Lottery retailers,
- Drive new lottery sales even during low jackpot periods, and
- Increase both player and retailer goodwill toward the Lottery.

This program, for the first time allows Lottery retailers to market their goods and services directly to, and offers their own special promotions for Lottery players. This means that whether a retailer is big or small, they now have the ability to advertise directly to their Lottery players.

The Lottery adds a link on their existing Web site that connects players to the Retailer Marketplace™ Web site.





When a player logs in, all participating retailers in their surrounding area will appear with exact location information, both as a list and on an easy-to-read map.

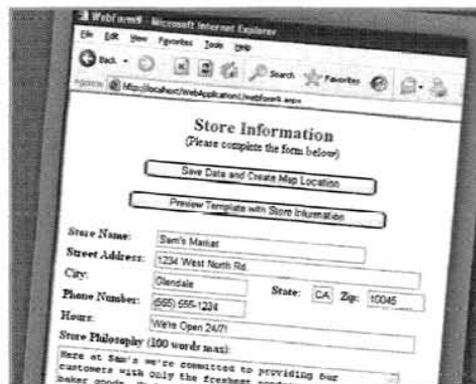
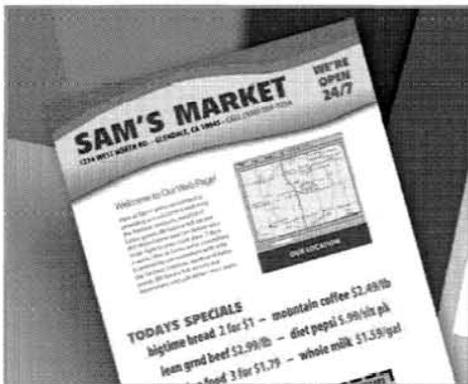


When the player clicks on any of the retailer links, their special full-page Web site appears. Retailers can advertise SPECIAL OFFERS and even post printable COUPONS that players can redeem at the store. That's a powerful marketing opportunity that savvy lottery retailers will be able to tap into.

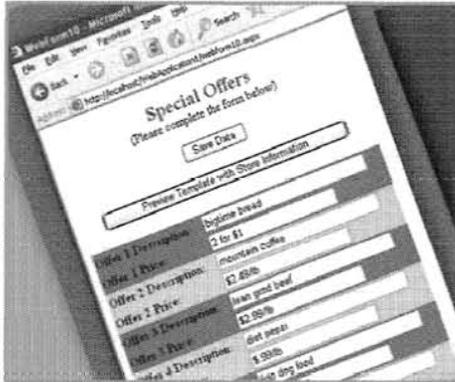
# intralot



To help retailers design their Web pages, coupons and ads, RMS has developed a, Web-based software program called AdBuilder™. With AdBuilder™, retailers can easily create and manage their own Web pages by simply choosing from professionally designed templates, entering their store information and any special offers and coupons into easy-to-use on-line forms.



All content would be approved by the Lottery and reviewed by INTRALOT to assure that it conforms to content and layout standards before it is posted in the Retailer Marketplace™.



Retailers who do not want to create their own Web pages can still participate and INTRALOT would produce the entire Web page for them from the information they provide.

Retailers can independently and competitively choose the special deals and coupons they offer to drive Lottery players back to their stores. More customer traffic back to the retailers will translate into more profits for the retailers and increased revenue for the Lottery.

#### Support for INTRALOT's In-store Player Transaction and Advertising Displays:

- As Retailers create their Web pages, the RMS AdBuilder™ software guides them quickly through the process, allowing them to pick from professionally designed templates, and immediately showing them what their Web page will look like.
- When satisfied, the retailer clicks the "Finished/Send" button and then AdBuilder™ will compose and send the completed Web page image files to the Lottery for approval and INTRALOT for file and layout review.
- Once approved, these files are immediately posted by INTRALOT inside the Retailer Marketplace™ on the Web site.
- Retailers can also control how long their specials and coupons will run by entering start and stop dates and times when they create or change the ads.



This program speaks positively and directly to the retailers who might be concerned about the Lottery moving away from them to pursue other channels of distribution and points of sale with its customers, eventually including the Internet Players will directly benefit because the retailers will be offering them discounts and special deals on merchandise and other special promotions.

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INTRALOT will download of retailer specific or Lottery advertising to be displayed on our monitors at NO ADDITIONAL COST to the Lottery. Downloading of content to retailer terminals will occur at low-volume periods and will not affect the performance of the System during peak activity periods, such as during Powerball, Mega Millions and Mega Bucks Plus jackpot mania and other high traffic and peak times throughout the day.



## **CUSTOM RETAILER SPECIFIC ADS VIA AdBuilder™**



## **CUSTOM LOTTERY ADS VIA AdBuilder™**



The goal in all of these types of promotions is to maximize the revenues to the State, while at the same time, we must make it fun for the retailer to become actively engaged in promoting, branding and marketing Lottery products.

**intralot**

**A GLOBAL LEADER  
YOUR LOCAL PARTNER**



**INTRALOT**  
**THE RIGHT FIT FOR TEXAS**



## 8.6 PROMOTIONAL EVENTS AND RETAILER PROMOTIONS

The Texas Lottery works with the Lottery Operator to select promotional selling events and instore Retailer promotions that create awareness and interest for Texas Lottery Products among adult Texans. The sale of Lottery tickets at selling events and conducting in-store Retailer promotions are intended to increase product trial and educate new and potential players about Lottery Products. The Texas Lottery also conducts product trial events where Lottery Products are not sold.

TLC promotions emphasize creating awareness of Lottery Products, their availability in certain retail environments and product trial. Promotional Instant Tickets and promotional items may be distributed at these events. Retailer promotions, selling events, non-selling events, Retailer sales incentives, and media promotions are used in coordination to create awareness, interest and trial of Lottery Products.

### Promotional Events

The Texas Lottery currently participates in approximately 70 to 80 community and statewide fairs, festivals and events around the State of Texas each year. The events include selling and non-selling (product trial) events and range from single-day smaller community events (e.g., minor league baseball games, etc.) to the State Fair of Texas which operates for approximately one month each Fall.

### Retailer Promotions

A list of current Retailer promotions types and their description is detailed below:

#### Active Participation Events

- Customer Appreciation Events – The Lottery Operator provides a promotional trailer, equipment and staff for Retailer special events, anniversary sales or grand openings. The Lottery Operator coordinates the promotion with the Retailer and provides POS to advertise the event. The Retailer is required to sell tickets from the trailer and supply prizes for the spinning wheel used for Lottery promotions. The Retailer may be required to provide media support such as radio remotes, TV or newspaper advertising, and promotional flyers as approved by the Lottery.
- Spin & Win Events– The Lottery Operator conducts promotions using the Lottery spinning wheel at Retailer locations. The Lottery Operator coordinates the promotion with the Retailer, provides POS to advertise the event, and brings equipment and staff for the promotion. Players are required to purchase Texas Lottery tickets in order to spin the wheel and win promotional prizes provided by the Texas Lottery and the Retailer.
- Ambassador Promotions – The Lottery Operator conducts Ambassador Promotions. Lottery Operator staff work at the Retailer location during a designated period to act as a Lottery Product ambassador engaging customers and teaching them about Lottery Products and/or



the equipment used to sell Lottery Products (e.g., player-activated equipment, etc.). Players receive a promotional item or other prize provided by the Retailer with a eligible Lottery purchase.

Passive Participation Events

- Retailer Store 2nd Chance Drawings – The Lottery Operator supplies Retailers with a drawing box, entry forms, Texas Lottery promotional items and POS advertising the dates and times of the drawing. The Retailer is required to provide a prize(s) from the store. Players with a non-winning Lottery ticket get to enter their ticket into the drawing for a chance to win a prize. No purchase can be required for this promotion.
- Ask for the Sale – The Lottery Operator provides Retailers a designated number of Instant Tickets (provided by the Texas Lottery), clerk stickers, and POS to promote the Ask for the Sale promotion. The Ask for the Sale promotion is a way to increase Lottery sales and to train employees to always ask for the sale. If a clerk forgets to ask the customer if he/she would like to purchase a Lottery Product, the customer will receive a free Instant Ticket. After the promotion, any tickets remaining are awarded to the Retailer to divide among the Retailer’s sales staff.

The following table identifies the Promotional Events and Retailer Promotions requirements.

**Table 95. Promotional Events Response Requirements**

**Response Requirements**

- The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT acknowledges, accepts and will deliver the roles and responsibilities and detail requirements indicated in Table 94 Promotional Events and Retailer Promotions Requirements and Table 96 Promotional Events Service Levels.

INTRALOT will identify promotional items with the Lottery that are need for each quarter’s promotions. We will request promotions items for each event and recommend retailer participation. We will coordinate the statewide deployment of all equipment to support each event. INTRALOT will request, set up, remove and inventory the equipment, tickets, materials and signage for each promotion. INTRALOT will provide the promotional staff for promotional activities throughout the event including nights, weekends and holidays. We will coordinate Lottery Product sales at single or multiple site locations, providing technical support for the duration of the event; and ensure the Retailer is available to participate in the selling event. INTRALOT will support multiple retailer promotions simultaneously across the state. We will provide detailed written reports to the Texas Lottery evaluating each promotional event or retailer promotion with recommendations for future participation in the event/promotion or modifications for enhancing future success. Reports will be filed by type of promotion, district and date or as otherwise specified by the Texas Lottery.

INTRALOT will provide all ancillary promotional equipment including the following:

- **Large Lone Star Spinning Wheels.** Thirty-six inch (36") spinning wheels, screw on molding, six (6) foot metal pole with metal base, axle for metal pole, heavy-duty plastic indicator with indicator holder.
- **Small Lone Star Spinning Wheels.** Twenty-four inch (24") spinning wheels, screw on molding, five (5) foot metal pole with metal base, axle for metal pole, heavy-duty plastic indicator with indicator holder.
- **Legends for Spinning Wheels.** The Successful Proposer must provide erasable legends per trailer for the spinning wheels. Design, size, and other exact specifications for the legend will be approved by the Texas Lottery prior to production
- **Promotional Trailers.** A sufficient number of Promotional trailers will be provided to support the Promotions Plan schedule. Promotional trailers will be of appropriate size to meet the needs and support the Promotions Plan. Currently, the Texas Lottery uses two different size trailers with the largest being seven (7) feet, six (6) inches inside height by eight (8) feet (8') wide by twelve (12) feet (12') long. The trailers will have compatible hookups for Lottery gaming equipment to operate multiple components simultaneously. There will be a method for securing cash and Lottery tickets in the trailer. Each trailer will be equipped with four (4) exterior adjustable flood lights, have a minimum power requirement of 20 amps and will include at least four (4) internal and two (2) external one hundred ten (110) volt outlets. Each trailer will include a CD stereo system with speakers with a built-in rack to hold the equipment, a security system, ticket displays and ample storage for promotional components. Trailer design considerations will include customer flow, safety, equipment and electrical needs, security, lighting, signage, storage, and Retailer, player and staffing needs. INTRALOT submit multiple promotional trailer options for consideration by the Texas Lottery that will support the promotions plan. The final design, size, specifications, equipment and layout of the trailers will be submitted to the Texas Lottery for approval prior to procurement.
- **PA Systems.** INTRALOT will provide a sufficient PA systems to support the Promotions Plan schedule. Each trailer will have a PA system with two (2) handheld cordless microphones and two wireless (non-handheld) microphones. The PA system will have an amp of at least two hundred (200) watts of power and must have two (2) speakers.
- **General Supplies and Equipment.** INTRALOT will provide all items that are essential to conducting a promotional event or Retailer promotion. This includes branded tents, banners, signage, generators, first aid kits, safety equipment, tables, portable booths and other promotional equipment as determined and approved by the Texas Lottery.

2 The Proposer must provide a description of the promotional equipment and capabilities to support the promotions plan and describe the Proposer's approach to promotions and how the plan will be developed.

Retail success depends upon one thing: the ability to be proactive. Given the recent economic crisis, many retailers have been forced into reactive mode. This is understandable, but it's contra productive. Examination of the retail sector during these recent tumultuous economic times reveals one clear fact: the stores that have done the best have been those that have taken a proactive approach to selling. To ensure the success of each promotion, the promotions team will complete the following checklist prior to any event or promotion:

- Completion of pre-event proforma, a document that sets measureable targets, analysis of promotional item allocations and goals for the promotion.
- Written submission of promotion overview, rules and promotional items to Texas Lottery
- Receipt of Lottery Approval
- Development of detailed promotional briefing
- Kick-off meeting with participating retailers
- Promotion support schedule including 24-hour support information for promotional staff and retailers
- Site survey of promotional site
- Development of any marketing collateral material
- Receipt of Texas Lottery approval for collateral
- Promotion specific training for promotional and retailer staff
- Promotion coordinator ensures all equipment arrives at the event is clean and in good working order.

At the conclusion of each promotion or event, the promotional staff will complete the items on the following checklist:

- Follow-up survey with participating retailers to gauge satisfaction and evaluate opportunities for improvement
- Return of remaining promotional items/tickets as directed by the Texas Lottery
- Completion of post-event analysis including performance metrics (sales summary, promotional item usage, etc.) and ROI estimates to be presented to the Texas Lottery

Few products respond as well to promotions than the Lottery category, but why do we limit ourselves to the same promotions?

- 2<sup>nd</sup> Chance Drawings
- Nth Ticket
- "Ask for the Sale"
- Spin and Win Events



The reason is simple – lack of creative energy to design the promotional calendar, lack of process to ensure promotions generate expected sales lift and lack of manpower to execute the promotions plan. INTRALOT will change that with the Texas Lottery. First, we will have a six-person in-state promotions team dedicated solely to the promotional efforts of the Texas Lottery. Second, we have formed a strategic partnership with MOSAK Advertising + Insights, Inc. an Austin-based, minority-owned firm that has demonstrated a keen eye toward promotional Return On Investment. Third they have created award winning creative new highly successful promotional campaigns for gaming companies across the country. While our in-state team of promotional experts will be responsible for executing on the promotions plan, they will be led by our Texas based marketing professionals and joined by the MOSAK team to create, develop, implement and measure the promotions that we propose.

The days of a handful of LSR promotional events per district are gone. Selling the Lottery is a full-time “promotional operation” with all retailers afforded the opportunity to participate – whether it is a statewide promotion generated via the LOTOS O/S or a one-site retailer promotion. INTRALOT will provide all the necessary promotional equipment and capabilities to support the promotions plan for the Texas Lottery as detailed in the Detail Requirements of Table 94.

We will provide ancillary items that are necessary to conducting a successful promotional event or Retailer promotion, including tents, banners, signage, tables, portable booths, and safety and first-aid equipment.

- Large Lone Star Spinning Wheels to be used at large-scale special events like the State Fair and various Festivals and Fairs across the State.
- Small Lone Star Spinning Wheels that can be used at the local retailer-level to create planned or even “on-the-spot” promotions during regular LSR visits. All of our spinning wheels – large and small – will have erasable legends.
- A caravan of Promotional Trailers that can be rolled out across the State complete with wired and wireless PA Systems.

The promotional equipment, artwork and materials we will recommend and will provide will all be approved by the Lottery prior to use. INTRALOT will provide the Texas Lottery with a recommended promotional events calendar as part of our annual plan. This plan will be detailed and specific with an emphasis on creating awareness and interest of target lottery products as well as product trials. There are several steps that will be utilized in developing our promotions plan for the Texas Lottery:

- An ongoing review of INTRALOT’s Promotional Database that highlights not only the best Lottery promotions worldwide, but also looks at other successful promotions being run by other brands outside the lottery category.
- Our Quarterly Promotional Reviews where we will discuss create and refine our promotional calendar.
- Continuous leverage of our LSR teams to help identify retailers interested in participating in promotions.



- Identifying and analyzing the potential traffic counts at various festivals and events statewide to determine the viability of conducting a Lottery promotion at these events.

INTRALOT, MOSAK and will work together with the Texas Lottery to develop and document a formal annual Promotions Plan that will be submitted by April 30 each year. The Promotions Plan will include recommendations for Lottery Product kick-off events, annual promotional events (e.g., State Fair of Texas, South by Southwest Music and Film Festival, etc.). The Plan will be very robust and detailed and contain a package of suggested promotional events and programs that take into account the full scope of the Texas Lottery's advertising and marketing efforts in creating a complete package of support for Lottery Products across the State. The Plan will contain projected staffing requirements, promotional item and ticket quantity projections distribution, point-of-sale signage needs and related equipment plans. This promotions plan will be updated on a quarterly basis as we evaluate promotion performance and new opportunities present themselves. Equally important, as discussed in earlier in our proposal, our Lottery Sales Representatives will be responsible as part of their incentive plan to conduct retailer promotions in their territory throughout the year. The Promotions Plan will include:

- Promotional events (selling and non-selling) not exceeding 120 calendar Days total per year. Each promotional event may be one (1) Day or as many as 30 Days in duration with no more than four (4) events being conducted concurrently statewide.
- Total Active Participation Retailer Promotions not exceeding 7.5% of the Retailer base for the State per year.
- Total Passive Participation Retailer Promotions not exceeding 18% of the Retailer base for the State per year.

INTRALOT will support the Lottery's current 70 to 80 community and statewide fairs, festivals and events around the State of Texas each year create a additional promotional events including:

### **Spin & Win Events**

INTRALOT will provide staffing and coordination for Spin & Win events utilizing the Lottery spinning wheel at retailer locations (and other larger events). For instance, each individual who purchases a qualifying Lottery product will be given a chance to spin the wheel for a chance to win a promotional prize supplied by the Texas Lottery. We will coordinate all aspects of the promotion including providing a promotion overview sheet to the Retailer which details the relevant information including the date, time, prize descriptions and name(s) of our promotional staff that will be on-site.

### **Ambassador Promotions**

INTRALOT will provide promotional staff to work at new retailers, corporate accounts, and selected retailers to act as a Lottery Product ambassadors. The goal of this program is to engage current and prospective players to teach them about new and existing Lottery products. Ambassadors also teach retailers how to sell the new products and teach new players how to play them. We will provide Lottery approved promotional and retailer staff apparel that ensures that the Lottery brand is well represented. Each customer who purchases a qualifying Lottery



product will receive a promotional item or prize. We will provide on-property signage to alert current and potential customers as to the date of the promotion.

## **2<sup>nd</sup> Chance Drawings**

INTRALOT will supply the items necessary to run a second chance drawing. This will include a custom drawing drum, entry forms and Texas Lottery promotional items for the winners. We will design point of sale promotional collateral designed to inform current and prospective Lottery customers about the date and time of the drawings. Lottery customers with a non-winning ticket will be eligible to enter their non-winning ticket into the drawing drum for a chance at additional promotional prizes.

## **Ask for The Sale**

INTRALOT will develop custom Point of Sale displays, stickers to facilitate Ask for The Sale promotions. During this promotion, customers who are not asked if they would like to purchase a Lottery product by the retailer staff will be entitled to a free Instant Ticket. Tickets not given to the retailer customers by the end of the promotion will be given to the retailers for their own promotions or employee incentives. This will help stimulate lottery sales by training retailer employees to always ask for sale.

## **Customer Appreciation Events**

INTRALOT will utilize our promotional trailers, equipment and staff for retailer special events, anniversary sales or grand openings. Additional opportunities to generate additional interest and peak excitement among players and non-players include:

- **The Lottery Cube** which replaces the traditional cash cube in which players stand in an enclosed cube for a predetermined amount of time while trying to grab cash which is being blown about by powerful fans. This promotion replaces the cash with game tickets (either on-line or instant or both) so that individuals will have the opportunity to grab multiple tickets within a set time period. This type of promotion generates a great deal of audience excitement. This could be used as a potential prize from the Spinning Wheel. When used effectively at larger events, the Lottery Cube draws an audience and creates participation and interaction.
- **The Match & Win Game Board** in which a large game board with 36 (6 rows by 6 columns) of sealed envelopes is presented. Each envelope contains a Lottery or Retailer prize. Participants will select envelopes until they find two envelopes that contain the same prize and will be awarded the value of that prize. The Match & Win game board has been used successfully at gaming operators around the world. It creates a tremendous degree of interaction among participants and the audience.

While INTRALOT promotions will be more aggressive than they currently are, we understand the Lottery's the event safety and security requirements and your requirements surrounding the scope and limitations on promotions. We will deploy, measure, improve, deploy, and re-measure to constantly improve the effectiveness of Texas Lottery Promotions.



3. The Proposer must identify the entire promotions program team whose full-time responsibility will be to develop and run the statewide promotions plan. Proposers must provide detailed resumes for all the promotions team members outlining their experience conducting promotional activities. The Proposer must describe its use of full-time dedicated team members working on the program and must also identify any other staff who will assist with the promotions plan, describing how the team will be coordinated and trained to maximize the benefits of the program.

**Confidentiality Claimed**  
**Not released**



**Confidentiality Claimed**  
**Not released**

**Please reference the MOSAK Advertising + Insights Overview inserted at the end of Part 8.3 Sales and Marketing.**

To ensure that our promotional team meets certain requirements INTRALOT will prepare a custom training and certification program for all promotion, marketing and sales staff members. The objective of this course will be to ensure that all promotional employees are fully trained in each of the following areas:

- Customer Service Skills
- OnQ™ System Set-Up and Operation (INTRALOT's promotional suite)
- Texas Lottery Requirements and Procedures

Following the initial training and certification, each employee of the promotions department will complete quarterly enhancement training to maintain their skills and proficiencies.

In addition to the full-time promotional staff, we may also utilize "street teams" which will be comprised of other INTRALOT Texas employees who will be used on an as-needed basis. These individuals will be used to supplement the full-time staff during resource intense time periods such as Customer Appreciation Events, the State Fair and anywhere else where additional staff is needed. Each member of the "street team" will also undergo a thorough training process and pass a proficiency test to ensure that they are capable of representing the professional standards required by INTRALOT and the Texas Lottery.

For each promotions position, INTRALOT would hire only the most qualified individuals with the first opportunity being given to qualified individuals who already work on the Texas Lottery



account for the current Lottery Provider. The job descriptions for full-time dedicated team members working on the promotions program are highlighted below.

### **Promotions Manager (1)**

The promotions manager will be responsible for translating the TLC's brand marketing objectives into an effective promotional strategy. This individual will:

- Lead the identification and evaluation of promotional programs that reinforce TLC's marketing initiatives and brand positioning
- Be responsible for screening prospective properties and partners, negotiating partnership agreements, managing ongoing partner and agency/vendor relationships
- Developing unique, solutions driven promotional programs that enhance brand equity for the Lottery.

A Bachelor's degree is required; and MBA is preferred with a minimum of 5 years of marketing experience in positions of increasing responsibility as well as a proven track record of successful program development, implementation and marketing leadership specifically in the area of promotions.

- Proven abilities in translating brand/marketing strategies into appropriate and effective promotional programs and alliances
- Experience in evaluating prospective properties and partners; experience in negotiating promotional agreements
- Experience in managing outside agencies and vendors
- Strong strategic and conceptual abilities coupled with a high bias for action and a proven track record of results
- Experience in a start-up and/or rapid growth environment, sound judgment, a strong work ethic and the ability to manage and motivate cross functionally is highly desired
- Strong strategic, entrepreneurial, communication and interpersonal skills as well as expertise in problem solving, prioritizing, tactical execution, planning and analysis

### **Promotions Coordinator (2)**

Assist the Promotions Manager in the execution of marketing initiatives through the development of strategic promotions utilizing marketing trends and internal sales data. The ideal candidate will fully grasp marketing concepts and have the ability to analyze data in order to achieve marketing goals. A Bachelors degree with a minimum of 2-3 years of marketing experience is required. A proven track record of successful program development, implementation and marketing leadership specifically in the area of promotions.

- Experience and proficiency with both traditional marketing vehicles, including direct mail, sponsorships, retailer events, as well as more current marketing vehicles like Facebook and Twitter
- Excellent communications skills
- Proven ability to communicate at many levels within an organization



- Demonstrated success in conceptualizing and executing creative promotions and marketing events

In addition the person in this role will:

- Help to identify, negotiate and execute strategic partnerships and sponsorships that drive sales and increase brand awareness by partnering with external contacts, including concert venues, sports teams, cultural entities and community members
- Work collaboratively with local Marketing Managers on yearly and quarterly marketing plans
- Develop, negotiate and maintain proficient working relationships with the TLC and multiple vendors
- Analyze in-store promotions and provide recommendations on future promotional plans

### **Promotions Assistants (3)**

#### **Responsibilities**

Act as the conduit between the TLC and its retailers and customers during on site events and promotions. Assist the promotions and marketing departments in a variety of capacities, including:

- Setting up and representing the Lottery at on-site appearances at various locations and events and driving the Lottery-branded vehicle.
- Having the ability to assist and coordinate with the Marketing & Promotions Managers, Promotions Specialist, Administrative Assistant and other department members;
- Ability to assist with set-up and/or execution of assigned TLC events, maintain event equipment within department
- Being responsible for the upkeep and maintenance of all TLC-branded vehicles & equipment
- Develop, plan and carry out creative ways of increasing public awareness of the Lottery
- Serves as a liaison for the promotions department assigned during events
- Flexible availability hours. Willing to work weekdays, and weekends. (Morning, afternoon, and nights)

Must be at least 18 years of age with a High School Diploma and some college and must have a valid driver's license and clean driving record.

- Present a positive attitude at events
- Set up and maintain proper equipment for all events
- Able to lift 50 lbs;
- Multitask and work long hours including night and weekends;
- Excellent communication skills and able to interact effectively with the Lottery

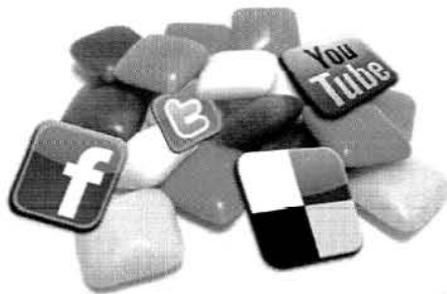
4. The Proposer may offer an alternative approach and equipment for conducting promotional events and Retailer promotions in support of Lottery Products. The Texas Lottery reserves the sole right to select the approach and equipment to be used for all promotional events.

INTRALOT believes that the lottery industry must continually offer alternative approaches and equipment for conducting promotional events. In addition to using the Player Advertising Display (PAD) screen for communicating information about player transactions, ticket validation, jackpot Information, new game announcements, Amber Alerts and player winning information, we would use the PAD for messaging about Lottery promotions and contests. This would augment static media such as posters, spinners and banners. Our partner MOSAK will be responsible for creating promotional messaging for display on the PADs.

INTRALOT is bringing to Texas two new key employee positions – **Social Media** and **Interactive Media Coordinator**. Together, these individuals will be responsible for assisting our promotions team in developing Lottery-approved promotions utilizing these two mediums.

We believe that social media promotions can give lotteries the power to take an active role in managing their brand by creating interactive profiles (micro websites) with lottery product information. The ability to grab potential players and get them discussing the games, posting comments and continually promoting the brand, while futuristic for many lotteries is something that many of the top brands are doing today.

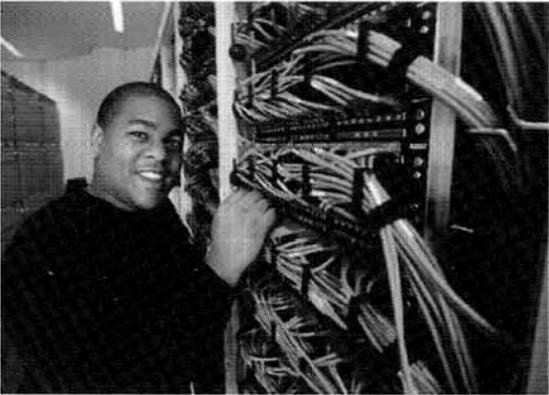
Engaging players with mobile technology is another avenue that we are ready to deploy for the Texas Lottery. We will provide retailer tie-ins and corporate sponsorships of winning numbers. INTRALOT is on the cutting edge in terms of creating interactive promotional strategies and will support the Lottery with these new promotional efforts



We will present the Lottery with state-of-the-art alternative approaches and equipment for conducting promotional events and Retailer promotions. We understand that the Lottery reserves the sole right to select the approach and equipment to be used for all promotional events.

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## 8.7 MARKETING MATERIALS AND RELATED EQUIPMENT

The Lottery Operator provides a variety of marketing materials and related equipment to support sales and marketing activities for all Lottery Products. Texas Lottery Retailers carry an average of twenty-four (24) Instant Ticket Games per store. The following table identifies the marketing materials and related equipment requirements.

**Table 98. Marketing Materials and Related Equipment Response Requirements**

### Response Requirements

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT acknowledges accepts, and will provide the roles and responsibilities and detail requirements indicated in Table 97 Marketing Materials and Related Equipment Requirements and Table 99 Marketing Material and Related Equipment Service Levels.

INTRALOT will provide, position and maintain the marketing materials and related equipment for each retailer in accordance with the specifications listed in the Detail Requirements of Section 8.7 (Table 97) including: PlayStations; Instant Ticket Dispensers; Neon Lottery Signs with attached LED/Starlite Signs; and signage for our fleet vehicles.

We will ensure that the equipment is in new condition including but not limited to appearance and functionality; and we will replace any worn or damaged equipment not only at the request of the Texas Lottery, but also as a result of the efforts of our LSR teams in the field who are charged with ensuring that the retailer network is properly maintained. We agree to resolve all non-sales and/or non-validation equipment problems and return the equipment within the time requirements outlined by the Texas Lottery.

INTRALOT's Marketing Manager, working with the Director of Sales will be responsible for conducting a quarterly inventory and condition summary of all marketing materials and related equipment. Any equipment repair and replacement requirements will be noted in this quarterly report that will be provided to the Lottery.

INTRALOT will resolve all non-sales and/or non-validation equipment problems return equipment to service within three (3) days of notification as is required under section 3.60.45 of the RFP.

INTRALOT will provide a quarterly inventory of all marketing materials and related equipment. That report will include a summary of the condition of all items in that inventory.

2. The Proposer must provide an overview of the marketing materials and related equipment that will be used to support sales and marketing activities for all Lottery Products.

## PlayStations

The PlayStation is an excellent marketing tool for lotteries. Just as all retailers are different PlayStations are different as well –each can serve a unique need in the various retailer trade styles. INTRALOT is offering the Lottery and its retailers a selection in PlayStations that best suit the retail environment. Every retailer that wants a PlayStation will receive a PlayStation.

The Texas Lottery will approve which PlayStations described below before they are presented to the retailer. INTRALOT's staff will provide, deliver, position, install and replace PlayStations to continue the Texas Lottery product visibility in the retail marketplace. All of the PlayStations offered will meet all of the specifications pertaining to design, layout, material and construction as stipulated in the RFP.

INTRALOT's Lottery Sales Representative working in partnership with the Lottery and the retailer community will assess and present retailers with PlayStation options from a model identical to the one's currently deployed throughout Texas (Figure 1) to a model designed to allow retailers to sell newspapers and other impulse purchases (Figure 2). Additional models include this one (Figure 3) that is currently in the field in Arkansas and allows for vertical or horizontal positioning of the play slips.



Figure 1



Figure 2



Figure 3

## Concept



**Figure 4**

A PlayStation that is still in the concept and development stage (Figure 4), but will be ready for deployment in Texas at the time of the system conversion. It is a PlayStation that provides mounting for the ticket checker and a LCD monitor

### **Instant Ticket Dispensers**

INTRALOT will purchase, deliver, properly position and maintain a supply of instant ticket dispensers to support all active games at each retailer location. These dispensers will support all pack sizes of games. We strongly believe in supporting a 1:1 ratio of games to dispenser slots in order to maximize sales for the Texas Lottery.

We recommend ticket dispensers from Schafer Systems, Inc. of Adair, Iowa. The dispensers from Schafer can support all pack sizes, are durable. Secure and are consistent with the dispensers currently in the field in Texas. INTRALOT will submit instant ticket dispenser choices for Lottery approval during the conversion.

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Outside of the success of our WinStation™ we have found that on-counter placement of instant ticket dispensers is the most effective for generating increased sales.



While Schafer Systems produces many different types of instant ticket dispensers, we recommend the 6” Modular-Mini (shown above) because it is among the most versatile. The convenient “snap together” feature allows these dispensers to be stacked on top of each other.

The patented 6” Modular Mini provides security and excellent product exposure, while occupying a small footprint at the point-of-sale. Multiple dispensers can be snapped together in a vertical or horizontal configuration, and can be easily located in a number of different arrangements to be suit the individual needs of the retailer.

During the conversion period, our Lottery Sales Representatives will be responsible for working with the retailer to ensure the best possible dispenser configuration and dispensing unit. Our Corporate and Key Account teams will work closely with representatives of the various corporate and key accounts to ensure that they have the right dispenser for their environment. As with PlayStations, we believe that all retailers are different and have different requirements when it comes to instant ticket dispensing units – that is why in addition to the 6” Modular Mini we will make recommendations on other types of dispensing units that might make better sense.

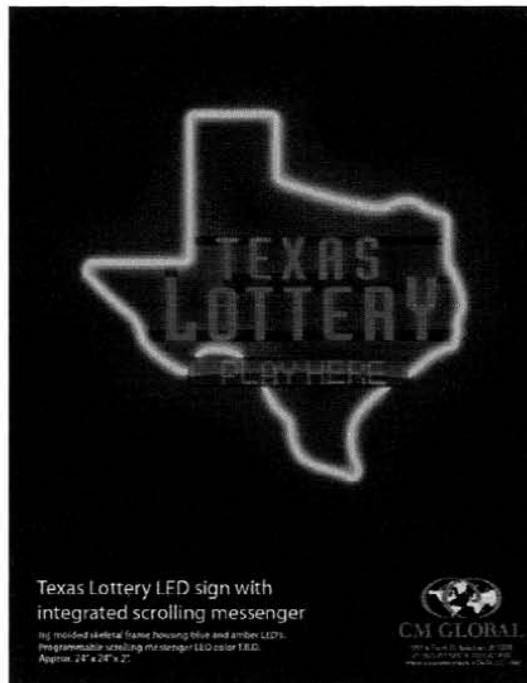
Working with Shafer Systems, INTRALOT will be able to combine and configure instant ticket dispensing units into many eye-catching ways to make sale easier – units customized to specific retailer needs and minimal counter top footprint. Our LSRs are prepared to design the right instant ticket dispensing unit configuration for each retailer.



INTRALOT will ensure the Instant Ticket dispensers are able to securely store, display and dispense all tickets and pack sizes offered by the Texas Lottery. We will provide adequate dispensers to accommodate the inventory selection maintained by each retailer. INTRALOT will also provide unique dispensers that are used to market and sell specialized Lottery products such as a spotlight game, suite of games etc.

### Neon Lottery Signs with attached LED/Starlite Signs

INTRALOT will supply a Neon Lottery Sign with attached LED/Starlite for each retailer during the term of the contract. These signs will include a scrolling messaging display that is remotely programmable by the Texas Lottery. Signs can be updated via wired/wireless communication through the Retailer Sales Terminal/Lottery Gaming System. INTRALOT will be responsible for maintaining and replacing, if necessary, all neon signs for the term of the contract.



### Signage

There were multiple good Signage choices that should be evaluated by the Lottery. It is proven that jackpot signs do increase awareness of the Lottery, its games and jackpot levels, which creates impulse purchases, and helps drive sales. INTRALOT proposes the following signs from Carmanah® Signs. The example to the right is of a single jackpot sign and below is a two game jackpot sign both were designed for the Iowa Lottery by Carmanah®.

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Centrally updated jackpot signs for the retailers are effective and efficient communications tools to get information about the jackpot size to the playing public. This holds true especially for games like Mega Millions and Powerball, where sales levels increase exponentially as the jackpot grows. Investments in centrally updateable jackpot signs are quickly returned in the form of increased sales. The signs also provide branding and point of sales identification and constant re-enforcement to prompt play. INTRALOT strongly suggests investing now for the future through signage that will effectively drive sales even higher.

INTRALOT will assist the Lottery's retailers with sign placement and provide the installation of signs either to the ceiling grid or the window frame. All mounting supplies for either method are provided. The signs are warranted for a period of three years, parts and labor. The signs come complete with a 12-volt wall adaptor that plugs into a standard 120 volt 15 amp power outlets.



**TWO GAME JACKPOT SIGN**

A cornerstone of the marketing materials we can provide the Lottery is the Player Advertising Display (PAD). As discussed in the section on terminals, INTRALOT's terminals have hard disks as standard equipment of a minimum of 40 GB for the microLot and 160 GB for the PHOTON and can therefore store hundreds of videos and hundreds of animations of 30 seconds or more each far exceeding the RFP requirements.

INTRALOT is pleased to offer a 17-inch LCD flat panel display for use in retailer locations.

Flat panel displays described below obtain their content from the retailer terminals. Retailer terminals obtain the content to display on the flat panels from information that has been downloaded from the Central Site. Local storage on the retailer terminal provides ample space for videos and sound. Video and sound content is downloaded in the background to the terminals without affecting the performance of the terminals or the network. Content may also be loaded at the retailer location through the use of a memory stick. Content may be tailored to an individual retailer, groups of retailers, or the entire retailer network. Each display can be partitioned to display several types of content simultaneously e.g., to show multiple messages at the same time, customer transaction information and jackpot and marketing messages.



Display content will easily be viewable at distances of 15 feet or more and may be targeted for the entire network, groups of retailers, or a single retailer and can consist of static data, animated graphics, and full motion video with sound.

As an added value, multimedia capabilities are available directly from speakers built into the monitor or from speakers built into both of the terminals offered. In addition, the terminals have an external port that can be used to drive an additional set of auxiliary speakers. All terminals are fully capable of storing sound, static image files, and any other animations which may be displayed based on terminal events or any other criteria as may be determined by the Lottery.

The Player Advertising Display (PAD) has many uses, including the display of customer transactions, winning numbers, Jackpot information, promotions, AMBER Alerts, lottery advertisements, and monitor style games.

The display type is an Active TFT Color LCD Screen with high image resolution capability. It provides the capability to accommodate graphics, text, or multimedia content. The display contains an integrated set of stereo speakers for full sound reproduction.

The display is an industrial grade and is characterized by high luminosity and wide angle of view. The display is covered with a special overlay, in order to minimize the reflections that are created in locations with extreme lighting. It provides environmental protection to spills and other adverse conditions found in retail shops, bars, hotel lobbies, and restaurants.

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The display's angle can be set from 0 degrees up to 25 degrees from the vertical. The display's maximum viewing angle is 120 degrees horizontal and vertical. It is self-contained and has a stand that facilitates its accommodation on any horizontal surface. The display monitor is available as a pole-mounted device, providing the retailer with additional counter space and providing the customer with greater visibility. The height of the pole is adjustable, giving the retailer additional flexibility in positioning the monitor. The monitor may also be wall-mounted or placed on a tabletop. The proposed display also has the capability of being partitioned and displaying multiple messages at the same time i.e. customer transaction, marketing messages.



Marketing mode (no player)

The screenshot shows a terminal display for Texas Lottery games. On the left, there is a vertical list of game logos: MEGA MILLIONS, POWERBALL, LOTTO TEXAS, Texas Two Step, Cash Five, PICK 3, and DAILY 4. Below these logos is the website address www.txlottery.org. On the right, a rounded rectangular box displays the following transaction summary:

**Current Player Transactions**

Wagers: 5	Amount: \$10.00
Pays: 1	Amount: -\$25.00
Cancel: 1	Amount: -\$2.00
<b>Total Amount Due: -\$17.00</b>	

Below the transaction summary, the text reads: "GOOD LUCK – THANKS FOR PLAYING" and "Please Play Responsibly". At the bottom right, there is a dark box with a scratch-off logo and the text: "LOTS OF GAMES TO PLAY", "MILLIONS OF PRIZES TO WIN INSTANTLY!", and "SCRATCH-OFFS".

**Sales mode (a player is active on the terminal)**

- The Proposer must describe its capability to update signage within the Retailer environment via wired/wireless communication with the Retailer Sales Terminal/Lottery Gaming System.

INTRALOT has offered a detailed response in Part 7.11 (Table 62) detailing its messaging capabilities through the Retailer Sales Terminals and our ability to send network messages (including streaming video) or video file downloads to Terminal resident storage on all Retailer Sales Terminals.

Similarly, the Retailer Sales Terminals are capable of receiving, storing and transmitting wired and wireless messaging to other messaging communication devices such as the signage identified in the Detail Requirements of Part 8.7 of the Request for Proposals.



INTRALOT's terminals have hard disks as standard equipment of a minimum of 80 GB for the microLot+ and 160 GB for the PHOTON and can therefore store hundreds of videos and hundreds of animations of 30 seconds or more.

In the case of the LED/Starlite or other display signage that we are proposing, the individual Retailer Sales Terminals obtain the content to display from information that has been downloaded from the Central Site.

Local storage on the retailer terminal provides ample space for videos and sound. Video and sound content is downloaded in the background to the terminals without affecting the performance of the terminals or the network. Content may also be loaded at the retailer location through the use of a memory stick. Content may be tailored to an individual retailer, groups of retailers, or the entire retailer network. Each display can be partitioned to display several types of content simultaneously (e.g., to show multiple messages at the same time, customer transaction information and jackpot and marketing messages).

The signage provided by INTRALOT are configured with a wireless receiver that can accept messages from the on-line terminal. The terminal's USB transmitter is a component of the entire sign assembly. The RF link is a closed loop between the USB transmitter and the sign receiver. The sign's microprocessor verifies that the data is correct and then it will update the display. Only the update string is transmitted to the sign. Both the signal to the sign and the sign's response verifying correct data is encrypted. The terminal and transmitter module can update multiple signs.

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YOUR LOCAL PARTNER**



**INTRALOT**  
**A BRIGHT FUTURE FOR TEXAS**



## 8.8 RESEARCH AND LOTTERY PRODUCT DEVELOPMENT

The Lottery Operator conducts research to gather insightful and reliable information about people's perceptions, attitudes, and behaviors as they relate (actually or potentially) to the Texas Lottery and its products. The goal is to provide supportive information that may be used in decision-making and budget development processes. The primary objective of research conducted by the Lottery Operator is to identify opportunities to improve and sustain existing Lottery Products' sales and develop new Lottery Products and/or Lottery Product enhancements to meet or exceed customer expectations.

**Table 101. Research and Game Development Response Requirements**

### Response Requirements

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT acknowledges, accepts and will deliver the roles and responsibilities and detail requirements indicated in section Table 100 Research and Lottery Product Development Requirements.

INTRALOT will:

- Monitor new lottery products or lottery game enhancements implemented in other States for viability in Texas
- Develop new lottery product concepts
- Conduct and provide the results of research studies and performs an analysis of the viability of the lottery products or lottery product enhancements that will be proposed to the Texas Lottery
- Provide requested research data to the Texas Lottery within an agreed-upon time period
- Analyze and develop variety of research reports based on information and data provided
- Evaluates viability of new lottery product or lottery product enhancement introduction in context of current product offerings
- Maintain an ongoing research and development program in the areas of game design and new concept development and operation. The results of such research will be shared with the Texas Lottery upon request.
- Consult with the Texas Lottery related to research design whenever research is conducted on the Texas Lottery's behalf.
- Provide geo-demographic sales forecasts to assist in marketing and expansion decisions. Sales forecasts will include:
  - a) Mapping capability—capable of mapping to at least street level by each major city in the state and county in the rural areas;
  - b) Geo-coding—the ability to use floating decimal or comparable architecture to plot Retailer locations;



- c) Propensity to play—ability to produce the propensity to play for each Texas Lottery Product by, but not limited to county, zip code and city; and
- d) Site Identification—ability to break down areas by business type.
- Provide the Texas Lottery with the latest version of graphics programs that provide sales analysis by county, zip code, city, or other criteria as designated by the Texas Lottery.
- Provide comparative reports against other U.S. lotteries on a quarterly basis and must make the data accessible to Texas Lottery personnel.
- Identify up to two million (2,000,000) Texas households, as a result of demographic, geographic and psychographic analysis provided by the Texas Lottery, and produce an address list for use by the Texas Lottery, at least quarterly or upon the request of the Texas Lottery
- Respond timely to requests for research and data requirements (e.g., zone level purchasing information) from Texas Lottery research and advertising vendors.
- Provide upon request a detailed analysis and plan for new lottery products or product modifications. The analysis will include the following:
  - Additional lottery products proposed—indicate the order in which those products might be introduced in Texas;
  - An indication of the anticipated time required to develop and implement a new lottery product or product modification, while maintaining sales levels of all games at maximum levels, based on experience in other states; and
  - The possible impact (cannibalization) of new games or game modifications on existing Lottery Products.

2. The Proposer must provide an overview of its research and development process for new games and new game introductions. This must include an overview of all the variety of research methods utilized to develop, gather, analyze and report data.

INTRALOT will provide the Lottery with new gaming products and product ideas throughout the life of this contract (and even before any go-live date). Today, INTRALOT has one of the most robust, technically advanced and continuous programs of research and development in the industry. Our new game program is focused on gaming concepts to attract new players, products and technologies that drive revenues and increase efficiencies.

INTRALOT will quickly gain extensive knowledge of Texas Lottery retailers, players and potential players. Players don't buy something unless they want it, and retailers won't sell what they don't understand or what complicates their job. INTRALOT will utilize state-of-the-art research and analysis techniques combined with common sense industry knowledge to find out what our lottery stakeholders really want today and tomorrow. We will find and present the Lottery the best available ideas and concepts from around the nation and around the world. INTRALOT will propose product and promotional initiatives for the consideration of the Texas Lottery. We embrace the challenge and look forward to working as your partner to develop game products that will grow your revenues.

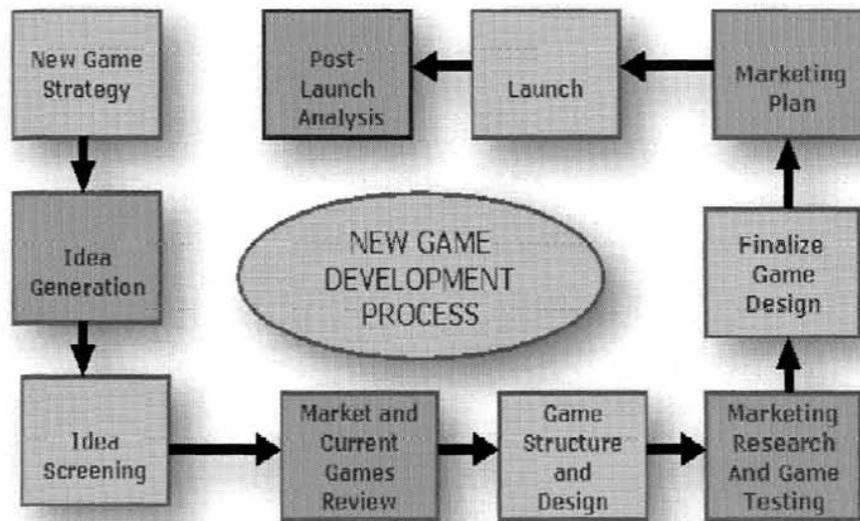
INTRALOT has an extensive on-line Game Library, which might add to games currently in the product mix. We also have a great deal of experience with non-traditional games including interactive video-style games, Internet scratch games, and monitor games. Although we believe that some of these non-traditional game styles would be very beneficial to your on-line

offerings, we understand that you are restricted from making some of these types of game available.

Our Game Development Group is composed of INTRALOT developers, marketing staff, operation managers, ex-Lottery Directors, retired Lottery marketing executives from other companies, and several former Lottery product managers. The Texas Lottery would add greatly to the productivity and creativity of this group.

INTRALOT will develop new products and promotions that fit well with the existing product mix, grow sales and do not cannibalize existing products. Recently, we have begun testing several potential new game concepts with players in several jurisdictions through a web-based survey methodology. In the past few months we have surveyed nearly 3,000 players on a host of new game opportunities.

Our game research process is elaborate as detailed in the following chart.



This is a cyclical process where new concepts are brought to market and subsequently evaluated for their effectiveness. Our open research process gives us the ability to test games, promotions and even gaming products with retailers, players and non-players in order to gauge not only interest, but also cannibalization impacts prior to implementation decisions. The results of these evaluations are then used in future concept research. This process is designed to ensure that there are always new game and promotional concepts to keep the Texas Lottery’s products fresh and exciting.

INTRALOT’s LOTOSTM O/S software supports all game styles currently in use by the Texas Lottery plus many more. INTRALOT’s SPECTRUMTM Game Library includes more than 400 games, making it the most modern and extensive game libraries in the market today. The SPECTRUMTM game library hosts a wide range of available games with an evolutionary way games can be added or amended.

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INTRALOT's "OnQ™" technology provides an exhaustive range of available game configuration parameters and the simplicity of on-line, real-time parameterization. Software development isn't required with OnQ™ to change an existing game or when a new game capable of using our generic game modules needs to be added. This means that new games often only need to be activated and tested.

The wide range of LOTOS™ O/S game modules makes it rare for a new lottery game not to be in the system's existing functionality. However, in the rare occasion that an entirely new game needs to be introduced, plugging in a new generic range module in the SPECTRUM™ game library and activating the necessary parameters can easily accomplish this.

The following is a summary describing INTRALOT's vast game library and our capability to expand beyond traditional games and play options. The INTRALOT Game Library can be subdivided into the following major categories:

**Specific or Strict Games:** These are the most common game specifications. The customer specifies the exact game functionality and the set of parameters that specify or define the specific type and functionality are then "fixed" to these requirements. For example, a customer requests a Lotto game with six selected numbers from 49 available. It has four winning categories and the distributed amount for each category is a percentage of the sales.

**Open Parameter Games:** These are games where the certain parameters can be modified. The customer specifies the exact game functionality and the set of parameters that defines functionality that is "fixed to a range". This allows flexibility to alter the characteristics of a game. For example, a customer requests a Lotto game. In the beginning, the game will have a starting matrix of six numbers out of 49, but the second year, the game will be a five numbers out of 45 matrix plus one number out of 50. Furthermore, in the beginning, the game will have four winning tiers with distributed amounts but later in the second year, two new tiers will be added with fixed amounts.

**Fully Parameterized Games:** This is the fully open design game philosophy. For example, a customer requests a Lotto game. The first year starts with an open parameter game with a six of 49 matrix with pari-mutuel prizes. The second year, a new game will be introduced, concurrently, with a six of 45 matrix with fixed prizes. Then, in the third year, a new game will be added, concurrently, with a five of 50 matrix plus a one of 20 (like Powerball or Joker).



The INTRALOT game library includes many different game types:

- Monitor and KENO Type Games: This game matrix is “KENO X/Y/Z”, where X is the total numbers available to player, Y is the length of the winning column and Z the maximum allowed selected numbers from the player. For example: KENO 80/20/12, KENO 70/15/10, etc.
- Lotto Games: This game matrix is “Lotto X/Y and K/L”, where X/Y is the first sub-area of play and K/L is the second sub-area of play. For example, LOTOS™ O/S supports many lotto games such as: Lotto 6/49, Lotto 3/90, Lotto 5/45, Joker 5/45 and 1/20, Powerball 5/59 and 1/39, etc.
- Pick Games: This game matrix is “Pick X”, where X defines the length of the allowed combination. For example: Pick-3, Pick-4, Pick-5, Pick 6 and Pick-10.
- Match Games: These games cover the series of non-betting games such as the matches of football, soccer, basketball, tennis, hockey, and other sports-type games. Its basic matrix is Match X, where X defines the number of participating matches. For example: pick 8 of 8 matches, etc.
- Betting Games: These games cover fixed-odds betting. They have hierarchical design with events, groups and codes. These games support all types of betting like normal and special matches, tournaments, specialized events, “Ante post,” “Asian handicap,” “Big Night Out,” “Each Way,” “Formula A1,” and other popular areas.
- Racing Games: This game introduces fixed and pari-mutuel racing game-types. As an extension of the aforementioned betting game this game type is based on racing wagering, such as horseracing, greyhound racing, car racing, etc.
- TV Games: Mainly targeted towards games with high visibility, such as TV Shows, Live Draws, and attractions, this game-type covers games like “Bingo,” “Tic-Tac-Toe,” etc.

The LOTOS™ O/S Game Library offers various capabilities and functionalities. (Note that the list below is not exhaustive):

- Multiple Draws: Almost all games support multiple consecutive draws.
- Advance Play: The player can select which draw that he/she wishes to wager on.
- Quick Pick: The players have the option of either selecting specific numbers or allowing the System to select random numbers. Furthermore, the Quick Pick option can be selected on the play-slip, a specific group/area of the play-slip or even a specific part of a group. This allows partial Quick Picks where the player selects certain numbers of a set and then allows the computer to select the rest of the numbers.
- Grouping Games: This option allows players to play two or more types of games simultaneously. Nebraska, Montana and Idaho all offer grouped games as a one-touch feature of their terminals.
- Embedded Game Variations: Based on information and data from the original game, various options are available to players to maximize their chances to bet and win.



- Pooling Games: This capability allows the same ticket to be shared equally (pooled) between different players.
- Secondary Games: LOTOS™ O/S introduced the secondary game (played together with the primary game). We've added additional functionality to support multiple secondary games in a hierarchical tree under the primary game but also under other secondary games.
- Promotional Service: All promotions can be applied to the games with various ways to combine playing methods and players in order to address specific needs.

*Please reference INTRALOT's Confidential Game Library DVD located in a confidential folder on the DVD inserted at the front of the Technical Proposal Binder I.*

INTRALOT recognizes the importance the Texas Lottery places on market research and new game development. We are cognizant of the current research contract that the Lottery has with IPSOS-Reid. INTRALOT's proposed research not only augments, but also may even make the Ipsos-Reid research contract unnecessary. INTRALOT will robustly research any new game introduction considered by the Texas Lottery. One of the research methodologies that we will utilize is the **Game Optimizer™**

### **The Game Optimizer™**

Game Optimizer™ is a program developed by the Independent Lottery Research (ILR) organization in Illinois and provided by Leo Shapiro & Associates (LSJ), one of the nation's premier market research companies. LSJ and ILR employ a full range of quantitative research techniques, including phone surveys, online studies, and intercepts. The Game Optimizer™ is state-of-the-art game concept evaluation system that we believe is more effective than traditional qualitative focus groups. Game Optimizer™ research assumes that lotteries do not need to merely keep current players of games engaged in the lottery, but to attract new players with new games.

The overall objectives for game evaluation research include:

- What types of games are most likely to appeal to different opportunity segments
- Within each game type, what price point, prize structure, and prizes are likely to generate the greatest interest in purchasing?
- How do interest levels vary by different consumer segments the Lottery is trying to reach (i.e., lapsed players, non-players, women, young adults, etc.)?
- What is the potential of themed games for generating interest among new players?
- How effective are various proposed games in both generating sales at the outset, as well as sustaining sales after the first few weeks in a retail environment?
- What ticket elements are most important for generating interest in purchasing?

Historically, lotteries have used qualitative research methods to test new game concepts. Qualitative exploration of game concepts gives guidance on the features and attributes that generate interest in games, but it cannot make quantifiable estimates of which games are most likely to be successful with which segments of consumers and how they will actually perform with other games.



We recommend conducting a study with a robust quantitative sample of adults via on-line research techniques like Game Optimizer™. On-line techniques are proposed so that respondents can see the different games and simulate play as they evaluate each game concept. On-line surveys asking respondents to choose from among sets of games closer reflect the actual buying experience than viewing games in isolation.

The on-line survey sample will balance the demographic distribution of the state adult population, as well as to ensure sizable samples of key player segments to allow for segment analyses. Different weighting schemes are applied in order to analyze the data in a number of ways (i.e., proportionate to jurisdiction population overall or by player segment).

An on-line evaluation and testing design will give INTRALOT and the Texas Lottery the strategic information it needs to make better decisions about new game introductions. Every new game should be developed to attract new players and sustain their interest beyond introduction.

The ultimate scope of the research and design will be developed after the number of games to be studied and timing of the studies are refined. However, for discussion purposes, we have made some initial judgments to illustrate scope, design, and budget.

Initially, we propose to draw the sample of 1,000 respondents from player segments as follows:

- 250 Core Multi-state players (play games at least once a week)
- 250 Core Other on-line game players (play games at least once a week)
- 250 Infrequent/Lapsed on-line players (play less than once a week but more than once a year)
- 250 Non-players (have never played on-line games but are open to doing so)

INTRALOT will design this research to screen a number of alternative game concepts using ILR's Game Optimizer™ system to determine which options offer the strongest opportunity in the market for generating new players, infrequent and lapsed players.

This system is used to screen and determine interest levels in 10-15 game concepts at a single time. The study will be designed to evaluate different themes, price points, prize structures, ease of play, etc. in total and among key player segments. The research will identify motivations and barriers to playing proposed games, as well as anticipated frequency of play, suggested refinements and communication diagnostics. The statistical stability of the data provides greater levels of confidence than utilization of qualitative forums as a screening tool.

The Texas Lottery may also want to use on-line screening tools to initially screen through dozens of potential new game concepts before actually testing a smaller set of games, and the study can also be designed to accomplish this objective.

In addition to traditional estimate of interest, likelihood of playing, spend, etc., we will use the MaxDiff Module of the Game Optimizer™ tool, which uses a form of Discrete Choice analysis called Maximum Differential Scaling (MaxDiff). The major benefit of the method is that it allows evaluation of more items than traditional Discrete Choice methods. With a sample size of 1,000, MaxDiff can easily evaluate about 20 different games at a single time. In the MaxDiff module, respondents are shown four or five different games at one time and asked to indicate which of the 4-5 they would be most likely to play and which they would be least likely to play.

This system is useful for understanding how games actually perform when competing with other games, not just their appeal when viewed independently. The study can also be designed to evaluate the appeal and importance of game attributes, such as prize structures, rather than actual games.

## **PreVu™ Game Testing and Forecasting**

In addition to the Game Optimizer™, INTRALOT will employ the PreVu™ research testing methodology from Crestwood Associates. Crestwood Associates was founded in 1987 and began conducting market research for U.S. lotteries in 2003 with its engagement with the California Lottery. To date, Crestwood Associates has conducted market research projects for Arizona, Florida, Georgia, Idaho, Illinois, Kentucky, Louisiana, Maryland, New Jersey, Oregon, Virginia, Washington State and the District of Columbia.

The methodology, shown to the right, replicates real world experience by capturing “the magic of the moment.” Players make initial game buying decisions almost instantaneously, and PreVu™ is able to reliably capture that reaction and ascertain the reasons why. Lotteries are provided with accurate, top-of-mind responses on the key metrics of trial, purchasing and loss tolerance plus the diagnostics that influence game play.

We believe that new business forecasting should be transparent, easy to understand and divisible into the requisite components to enable marketers to not only decide which games have the greatest potential, but to also provide the insights required to best leverage the inherent market opportunity. Our forecasting process leverages PreVu™ metrics to essentially mimic marketplace experience, using certain adjustments based upon experience and judgment.



- 1 Timed viewing of concept(s):**  
↑ Respondents are exposed to a single concept image for approximately 8-12 seconds to replicate the brief, initial experience the consumer uses to make an initial evaluation.  
↓
- 2 Top-of-mind exploration:**  
↑ Once the concept disappears, respondents are asked a series of questions aimed specifically at gathering initial communications and top-of-mind reactions. The back button is disabled to insure all responses are unaided.  
↓
- 3 In-depth investigation with concept(s) present:**  
↑ Respondents answer additional probes with the concept present. Exposure time and responses are not controlled.  
↓
- 4 Side-by-side comparison of all the concepts:**  
Concepts are viewed together and preferences are obtained. This comparison provides additional insights and exacerbates differences between concepts.



The essential metrics used in this forecasting include:

Key Metric	Study Metric	Crestwood Adjustment
Trial	Player expressed purchase intent scores based upon 5 point scale and using the top-of-mind measures that are derived from the PreVu™ process	Adjustments are applied to the various levels of purchase intent
Player Value	The player's stated purchase frequency) and stated purchase quantity	None
Retention	Crestwood uses as input the number of attempts players are expected to play without a "satisfactory prize"	Crestwood has developed a formula based on the player's loss tolerance and the game odds

INTRALOT has one of the industry's most robust game research teams. They will actively support Texas game design efforts throughout the term of the contract.



3. The Proposer must describe the methods that will be utilized to obtain and use geographic and psychographic information for making business recommendations to the Texas Lottery.

INTRALOT is pleased to offer a geo-demographic/psychographic application provided by Nielsen Claritas. For 35 years, marketers have used Nielsen Claritas for demographic data, marketing software and market segmentation services. Nielsen Claritas is the nation’s leading provider of syndicated surveys and databases of consumer behavior. While ranked as the 15th largest Lottery worldwide, the Texas Lottery would easily rank within the Fortune 500 list of American corporations.

Working together with Nielsen Claritas the INTRALOT team will support the Texas Lottery team with a range of core geographic and psychographic research initiatives:

- |  |   |
|--|---|
| <b>Segmentation and Targeting</b>          | Segment and target customers precisely: <ul style="list-style-type: none"><li>• Develop strategies to acquire, retain, and cross-sell customers.</li><li>• Understand the activities that drive buying decisions.</li></ul>                                   |
| <b>Media Mix</b>                           | Discover the best media and advertising options: <ul style="list-style-type: none"><li>• Integrate segmentation and site analysis tools with key media currencies.</li><li>• Ability to deliver offers and promotions that resonate.</li></ul>                |
| <b>Distribution Strategy and Execution</b> | Build effective site selection strategies: <ul style="list-style-type: none"><li>• Evaluate site locations and selections.</li><li>• Optimize retailer locations and channels in a given market.</li></ul>  |
| <b>Building Retailer Relationships</b>     | Increase sales and marketing efficiencies: <ul style="list-style-type: none"><li>• Add business intelligence to retailer files.</li><li>• Boost direct marketing response rates by targeting retailers and geographic areas most likely to respond.</li></ul> |

The INTRALOT / Nielsen Claritas partnership provides the Lottery with geo-demographic and psychographic sales forecasts to assist in marketing and retailer expansion decisions. These sales forecasts will include, (a) mapping capability to the street level; (b) geo-coding to plot



Retailer locations; (c) propensity to play data for each Texas Lottery product down to the zip code level; and (d) site location capabilities necessary to identify business areas.

INTRALOT will provide the Lottery with the latest version of a graphics program that can provide sales analysis by county, zip code, city or other criteria as designated by the Lottery. Quarterly (or upon request of the Texas Lottery), we will identify up to two million Texas households as a result of demographic, geographic and psychographic analysis and produce an address list for use by the Texas Lottery.

The Nielsen solution for Understanding Your Customers delivers a holistic picture that leads to new players and solid loyalty.

### **1. A Demographic Analysis Suite**

The Demographic Analysis Suite provides access to comprehensive demographic data including U.S. demographics, consumer household demographics, population characteristics, consumer behavior, consumer spending, employment, and household demographics.

Claritas Household Demographics Appends that provide the ability to get to know the customer at the household level for analysis, modeling and targeting. Common items for age, estimated income, own/rent and others yield high match rates while more specific items are available but with greater variability in coverage.

Nielsen Claritas Pop-Facts a database of accurate and up-to-date population information that includes Census 1990, 200 and current year estimates and five-year projections. With more than 4000 variables, we can conduct trend analysis, populate your data warehouse and analyze your markets.

Nielsen Claritas SiteReports an online platform that provides convenient access to reports with charts and maps of demographic data, allowing you to analyze markets, select site locations and target your best customers and prospects more efficiently.

INTRALOT proposes to conduct Nielsen Claritas Primary Research on all the Texas Lottery games existing and proposed. The Primary Research will yield the necessary information required to estimate demand potential for game play using proposed Nielsen software tools for site and market planning. Nielsen will collect data on game play using established opt-in survey panels for residents in the state of Texas. The panel will be conducted in English and Spanish.

Specifically questions will be asked about:

- Type of game played
- Frequency of play
- Amount spent for each game
- Frequency of play by price point for Instant Games.

Claritas demographics and PRIZM are multi-sourced models that use information from a combination of data sources that predict behavior. Taken together, this information will form the basis for INTRALOT's aggressive retailer recruitment and optimization program. We are



committed to expanding the Texas Lottery's retailer network and through the use of this geo-demographic and PRIZM models we will be able to identify under-served markets.

## **2. ConsumerPoint**

Nielsen ConsumerPoint is a consumer targeting software application used to harness the collective power of customer segmentation, behavioral survey data and market demographics in one robust system to increase marketing effectiveness. ConsumerPoint® performs customer analysis, prospect identification and market optimization by accessing the powerful, market leading segmentation systems of Nielsen PRIZM. ConsumerPoint provides clients with a tool for creating effective customer acquisition, cross-sell and retention strategies.

ConsumerPoint allows clients to analyze behavioral profiles from multiple sources such as MRI - such as Nielsen Pop-Facts or Nielsen Consumer Buying Power. Data importing capabilities allow ConsumerPoint users to easily combine and analyze what they know about their customers with Nielsen's unique perspective on the U.S. marketplace.

With ConsumerPoint, INTRALOT accesses the essential reports, maps and charts in the classic Who / What / Where / How sequence to analyze segment distributions for markets and trade areas, behavioral profiles, lifestyle correlations, market potential, target concentration, actual vs. potential strategy grids and media preferences. Additionally, users have access to utilities that query multiple database formats for the creation of geo-summary data, profiles and targeted customer lists. ConsumerPoint offers access to a prospect list fulfillment tool. The ability to quickly create targeted customer lists or download prospect lists enables the implementation of cross-sell and acquisition strategies.

### **With ConsumerPoint INTRALOT will:**

- Create behavioral profiles and geographically summarized data from a player record database
- Compare what we know about your players (and non-players) to robust market data
- Identify high opportunity segments for market dominance and low opportunity segments for realignment
- Determine the most effective channels and market strategies for your products
- Tailor messaging, offers and creative to specific consumer targets

## **3. Distribution Strategy and Execution – Prime Location™**

Nielsen Distribution Strategy and Execution solutions involve diagnosing and prioritizing the business issues that will have the greatest impact based on thorough, accurate forecasting. Prime Location supports effective retailer optimization and recruitment.

Working together with Nielsen/Claritas, INTALTO will development separate models for on-line and instant products. For model development, we will use information for each retailer location, including sales history by game, location address, number of terminals, operator



experience, etc. We will combine this information with Claritas data sources on demographics, demand for Lottery games, retail activity, and employment.

Applying winner's file data for each game type plus syndicated sources that survey a representative cross section of U.S. Households regarding lottery gaming behaviors and usage patterns enhances Prime Location™ functionality. This information is applied to the PRIZM NE segmentation system where profiles are developed for on-line and instant gaming. These profiles are made available in Prime Location where Census or user defined geographic areas can be scored based on the household composition of the area, which helps to determine propensity to play for each game type. Reports can be generated for each location that summarizes the propensity to play for each game type. These areas can also be displayed thematically where high potential areas relative to an existing or prospective location can be easily identified. For instance:

- Based on Daily Drawing Games
- Heavy Lottery Usage (based on #Times Bought/Last 12 months)
- Based on Instant Games
- Light Lottery Usage (based on # of times bought/Last 12 months)
- Based on Lotto Drawing Style Games and Multi-Jurisdictional Games

This information is used in Prime Location to understand total market demand potential based on usage activity by game type. This information is also compared to winner's file profiles for the Texas to determine those segments that are currently under penetrated. This enables the Texas Lottery to develop specific marketing and advertising strategies that speak to specific segments.

#### **4. Sales Territory Re-alignment**

Nielsen and INTRALOT have the ability to utilize a combination of game profiles, sales performance data, and current sales territory definitions to 'balance' sales territories across the state of Texas. The purpose of this analysis is to provide direction on the realignment of existing sales resources to optimize the servicing of existing retailers. The realignment is based on the relationship between existing and performance potential across the client base, time it usually takes to service each existing client, distance traveled, etc.



4. The Proposer must identify the research and development staff whose full-time responsibilities are to conduct research on new selling opportunities and new marketing strategies. Proposers must also identify any staff who may assist with these activities, but will not be assigned to the Texas Lottery account on a full-time basis.

INTRALOT will use the same marketing and research staff we described in section 8.3 Marketing whose full time responsibilities are to conduct research on new Texas selling opportunities and new marketing strategies. The description contained in section 8.3 is repeated here for convenience.

**Confidentiality Claimed**  
**Not released**



**Confidentiality Claimed  
Not released**



**Confidentiality Claimed**  
**Not released**

#### **Instant Product Manager**

The individual is tasked with supporting the marketing team in managing the Texas Lottery's instant product category. The Product Manager will interface with various marketing and Lottery functions as well as outside vendors to achieve instant product sales objectives. We anticipate that this individual will be proactive in helping to generate new ideas for instant games and promotions. This person will work closely with our LSR's in helping to best position these games at the retailer locations.

#### **Online Product Manager**

The Online Product Manager supports the marketing team in managing the Texas Lottery's online product category. Recognizing that the online games portfolio is among the more



profitable product categories for lotteries, this individual will work closely with the research team to develop and test new online games and promotions.

### **Interactive and Social Media Coordinators**

Knowing what's hot now and what's next will be key for any brand, including lotteries. That is why we felt it was important to create two unique (Interactive Coordinator and Social Media Coordinator) and separate positions to support our Texas Lottery sales and marketing efforts. These individuals will have a passion for exploring cutting edge social and interactive networking platforms and be prepared to not only present ideas and possibilities for the Lottery to consider, but they will also be positioned to execute on those programs. Championing the Lottery brand online will be tantamount for marketing success over the next five to 10 years.

### **Promotions Coordinators (2) and Promotions Assistants (3)**

The Promotion Coordinators will be responsible for the development, coordination and implementation of marketing efforts in conjunction with the Texas Lottery marketing strategies. The Coordinators will act as liaisons with Lottery marketing staff coordinating online and instant game, as well as promotional strategies to effectively introduce new games and system enhancements, to support existing games, and to optimize retailer and player participation. In addition, the Coordinators will direct both internal and external resources of an event from conception to execution.

Meanwhile, Promotions Assistants will be responsible for assisting Promotions Coordinators, namely in the coordination and execution of various events and promotions.

Additionally, as part of our in-state Marketing organization we have a dedicated research team which is described in detail in Part 8, Table 101.

INTRALOT has **partnered with two Austin-based firms** who will assist us in the formulation and execution of our marketing strategies and programs and plans. MOSAK Advertising and Insights is a woman owned HUB advertising and marketing consulting firm that will assist us in designing marketing programs that will drive sales and increase revenues and increase most important, increase the "fun factor" for your games. MOSAK is an industry leader in providing marketing and advertising services to more than 60 gaming clients, including the Oregon Lottery. Located in Austin, Texas, MOSAK Advertising & Insights is a full-service marketing and advertising agency founded in 2000 by former gaming executives. Through years of experience working for some of the industry's leading gaming companies, MOSAK realized that there was a lack of agencies that truly understood the unique attributes of the gaming industry. Taking the best practices they had identified from their own experience and from maintaining a close-knit community of gaming professionals, they developed best practices in marketing and advertising specifically for the gaming sector.

This strategic partnership will tap the depth of MOSAK's services:

- Graphic Design



- Web Design/Development
- Promotions Development
- Database Marketing
- Strategic Planning
- Public Relations
- Media Planning/Buying
- Qualitative/Quantitative Research

Immediately upon award of the contract, we intend to engage MOSAK with help in creating our initial strategic marketing plan. MOSAK knows that the best marketing plans are those that are developed to support a company's overall goals and objectives. When developing a marketing plan, MOSAK looks at the overall marketing schedule, which in our case, will involve mass-promotions, new game launch schedules, and overall business concerns, such as seasonal business levels. Once the plan is developed and approved, MOSAK will not only assist INTRALOT in implementing the plan, but also continuously monitor it and recommend improvements. The team that MOSAK will dedicate to INTRALOT and the Texas Lottery account is exceptional.

**Monique Threadgill, President and Founder of MOSAK.** A graduate of Texas A&M University in College Station, Monique began her professional career in Nevada holding marketing positions of increasing responsibility with companies such as Hilton Hotels, Station Casinos, Empress Entertainment and Multimedia Games. In 2000, she formed MOSAK Advertising & Insights. Her goal was to create an agency that provided the skills and experiences of a large agency with the attention to cost-effectiveness and detail of a small agency. She has a proven track record for conceptualizing and implementing strategic marketing plans and an acute sense of not only how to attract business, but also to ensure that the marketing programs are effective and profitable. She is keenly aware of maximum return on the marketing and advertising dollar. She is a guest lecturer at the University of Nevada's Gaming Management Program.

**Andrew Jones, Vice President of Research and Analysis,** started his career as a database administrator and business analyst working for the Station Casinos in Missouri. Since starting at MOSAK in 2000 he has served as a strategic consultant for more than 20 casinos and gaming companies throughout the United States and internationally. Andy directs much of the market research efforts for the Oregon Lottery.

**Kelly Clancy serves as Vice President for Client Services** at MOSAK. After nine years working on the front lines of the gaming industry, Kelly left to join MOSAK where she is able to maximize her customer service and communications skills while serving as the main contact on client accounts.

**Chris Martin, Vice President at MOSAK,** started his career at the MGM Grand Hotel & Casino in Las Vegas and has worked as Director of Marketing for several casinos and gaming companies. His understanding of marketing and promotions is often called on by many gaming properties across the country as he provides invaluable experience to MOSAK's clients who



need his breadth and depth of experience but cannot justify a full-time position for someone at that level.

INTRALOT will also partner with **NuStats, Inc. for market research services**. Headquartered in Austin for nearly 30 years, NuStats offers a local presence of a Texas-savvy research team with a deep, full awareness of Texas lifestyles, and sensitivity to the local and regional forces that impact the Texas Lottery.

NuStats is a survey science consultancy specializing in complex and typically large-scale quantitative research on Americans, measuring and explaining their attitudes and motivations, their behavior and propensity to change it, their revealed and stated preferences, and the underlying processes that drive choice. The firm is a recognized leader in designing and executing creative survey research methods, applying qualitative techniques and other innovative data-gathering activities, and interpreting data critical to clients' missions. In 1984, NuStats was founded 25 years ago by Dr. Carlos Arce, formerly with the Survey Research Center of the University of Michigan at Ann Arbor, whose vision in fusing rigorous survey science and cutting-edge technology with traditional market research and consulting remains as the foundation for the company's strategic direction. In July 2006, Dr. Arce and his partner Dr. Johanna Zmud, sold their company to PTV AG of Karlsruhe, Germany. NuStats now operates as a wholly owned subsidiary of PTV AG. (For more details on NuStats, Inc. and how INTRALOT proposes to leverage their expertise, please Part 8, Table 101.)

In addition to our Texas staff, we will provide corporate support that includes staff with specialized gaming knowledge. This personnel from our U.S. headquarters (Duluth, Georgia) and International headquarters (Athens, Greece) will work directly with INTRALOT's Texas CMO staff and the Texas Lottery reflecting the leading edge innovation that we are known for. The following table provides a snapshot of INTRALOT's corporate marketing support and discipline areas that the Lottery can expect our support and guidance.

<b>INTRALOT's Corporate Marketing Expertise</b>	
Marketing Consulting	INTRALOT's Marketing Consulting team is a worldwide group of specialists with a wealth of lottery-specific knowledge and expertise. They analyze markets, uncover market trends, and help to develop new products and technologies. Working with the INTRALOT Texas Chief Marketing Officer they will provide assistance with formulating marketing strategies and tactics aimed at increasing revenues and net benefits to the citizens of Texas.

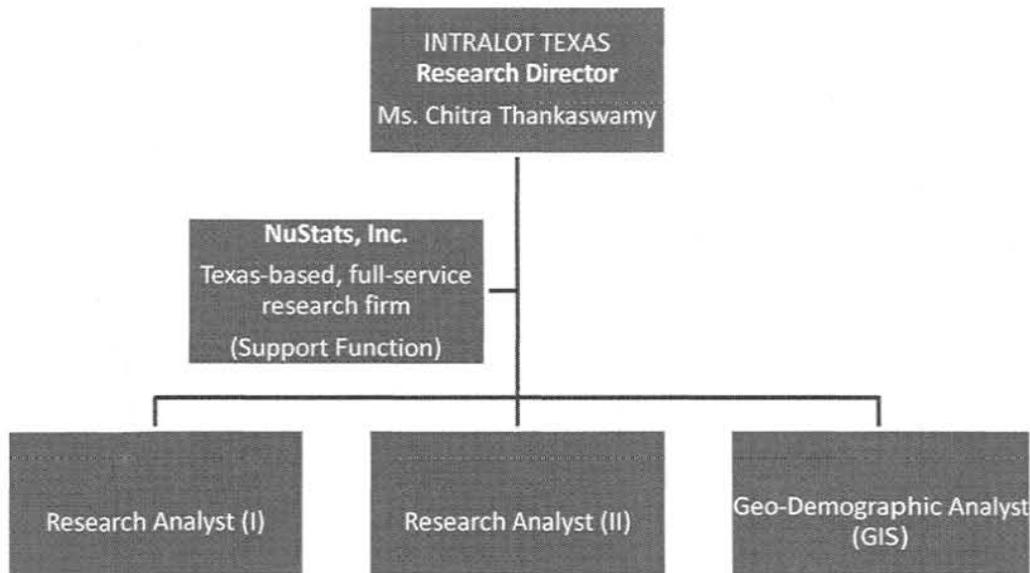


Key Account and Retail Development	INTRALOT's Key Account and Retail Development team is focused on developing the retailer network – everything from working with new chains and retailers to uncovering new technologies that streamline the selling process. This group will work very closely with the Texas LSR team in devising strategies to increase retail sales and penetrate new markets, as well as expand the retailer network.
Market Research	INTRALOT's Corporate Market Research team conducts numerous quantitative and qualitative studies worldwide for our clients – everything from usage and attitude studies to new game and concept research. We have conducted surveys with over 500,000 players and non-players on five continents.
Product Marketing	INTRALOT's Product Marketing group is focused on bringing new products and technologies to market aimed at serving the gaming industry. This group ensures that the Company's products and services are aligned and responsive to the needs of our clients worldwide.
New Media	INTRALOT's New Media group oversees the rollout of new marketing and advertising initiatives for our clients worldwide – everything from Internet-based player loyalty and VIP programs to social media initiatives on Facebook.

**Confidentiality Claimed**  
**Not released**

5. The Proposer must identify the research and/or data analyst staff whose full-time responsibilities are to respond to special reporting requests, develop/respond to requests for specialized sales analysis, etc. Proposers must also identify any staff who may assist with these requirements, but will not be assigned to the Texas Lottery account on a full-time basis.

The following organization chart outlines and identifies the in-state research and data analyst staff whose full-time responsibilities are to respond to special reporting requests, as well as develop and respond to specialized sales analysis and other requirements as identified by both the Texas Lottery and INTRALOT.



***Ms. Chitra Thankaswamy***

***Director of Research***

INTRALOT’S Texas Director of Research is responsible for the development and management of all resources required to meet the INTRALOT Texas market research needs and objectives. This individual reports directly to the Chief Marketing Officer and supports the entire INTRALOT Texas marketing team from Sales and Marketing to Corporate and Key Accounts. This individual serves as INTRALOT’s liaison to all of its outside market research vendors including Crestwood Associates, Independent Lottery Research, Nielsen Claritas, NuStats and PivotPoint Strategies and directs and supports all of our Texas research initiatives. Additionally, this individual provides support to the INTRALOT Texas financial team. Ms. Thankaswamy has over 10 years of market research experience and is quite familiar with the lottery industry having worked for Oberthur Gaming in San Antonio and now as Senior Research Analyst for Dell Computer. She is a graduate of the University of Texas.



### ***Research Analyst (2)***

These individuals are responsible for designing and administering various market research functions that support sales, product development, as well as strategic planning. They are solely dedicated to the INTRALOT Texas operations and will be responsible for, under the direction and supervision of the Director of Research responding to special reporting requests, as well as developing and responding to specialized sales analysis. Working with the Director of Research these Analysts will be responsible for creating and monitoring sales optimization and incentive plans to be used by the Director of Sales and Lottery Sales Representatives.

### ***Geo-Demographic Analyst (1)***

The position is responsible for coordinating and executing on the research efforts as detailed through INTRALOT's partnership with Nielsen/Claritas. This individual will be responsible for coordinating and conducting the various geo-demographic and segmentation analysis that the Lottery requires – from site selection and sales team optimization to market segmentation and geo-demographic analyses.

In addition to our Texas market research staff, we will provide corporate support that includes staff with specialized gaming knowledge from our corporate headquarters in Duluth, Georgia as well as our worldwide base of operations in Athens, Greece. It is expected that these individuals will be called in to consult with the Lottery directly on a host of marketing and market research issues. (Additional support has been identified in Table 101, Response Requirement 2 under our research and development process).

Most important, as described in Table 101, Requirements 2 and 4, we will have the expertise of NuStats, an Austin-based market research firms with a staff of more that 50 professional staff members, including research managers, survey scientists, statistical analysts, geographers, economists, planners, communication specialists, and technicians.

NuStats operates as a matrix organization, under which the necessary resources are available to and managed by a principal investigator or project team leader. These individuals secure resources, as needed, from any of the firm's functional areas, including research services, data processing services, statistical and programming services, and administrative services, as well as from external sources. The structure was designed to enhance NuStats' ability to respond and react to client needs and perform project work in well-invested, high-performing teams. As our strategic research partner, we will be able to tap into the resources of NuStats.

The following table identifies the different departments and groups within INTRALOT positioned to assist the Texas Lottery and INTRALOT Texas in all facets of marketing and market research.



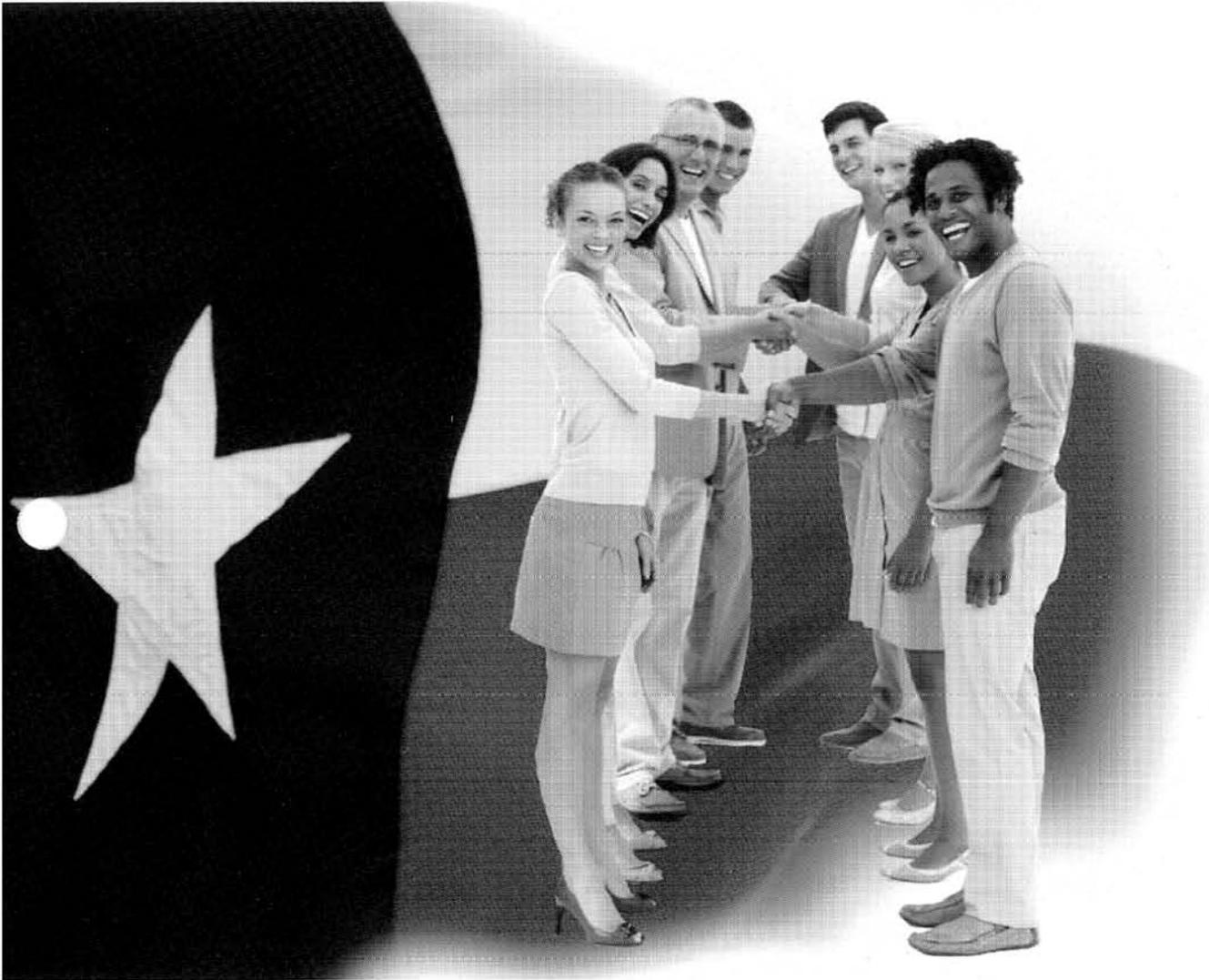
<b>INTRALOT's Corporate Marketing Expertise</b>	
Marketing Consulting	INTRALOT's Marketing Consulting team is a worldwide group of specialists with a wealth of lottery-specific knowledge and expertise. They analyze markets, uncover market trends, and help to develop new products and technologies. Working with the INTRALOT Texas Chief Marketing Officer they will provide assistance with formulating marketing strategies and tactics aimed at increasing revenues and net benefits to the citizens of Texas.
Key Account and Retail Development	INTRALOT's Key Account and Retail Development team is focused on developing the retailer network – everything from working with new chains and retailers to uncovering new technologies that streamline the selling process. This group will work very closely with the Texas LSR team in devising strategies to increase retail sales and penetrate new markets, as well as expand the retailer network.
Market Research	INTRALOT's Corporate Market Research team conducts numerous quantitative and qualitative studies worldwide for our clients – everything from usage and attitude studies to new game and concept research. We have conducted surveys with over 500,000 players and non-players on five continents.
Product Marketing	INTRALOT's Product Marketing group is focused on bringing new products and technologies to market aimed at serving the gaming industry. This group ensures that the Company's products and services are aligned and responsive to the needs of our clients worldwide.
New Media	INTRALOT's New Media group oversees the rollout of new marketing and advertising initiatives for our clients worldwide – everything from Internet-based player loyalty and VIP programs to social media initiatives on Facebook.



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**A GLOBAL LEADER  
YOUR LOCAL PARTNER**



**INTRALOT**  
**A PROUD PARTNERSHIP WITH TEXAS**

## **Part 9 Warehouse and Distribution**

### **9.1 Overview**

All shipping and receiving functions for Instant Tickets are provided from a secured central distribution warehouse provided and maintained by INTRALOT. Secure warehousing facilities are also provided and maintained by INTRALOT for the storage and distribution and return of On-Line Ticket stock, play slips and promotional items. Packing and distribution functions include filling orders, ticket packaging, documentation, tracking, and security and destruction of unsold, returned or unused tickets, and On-Line Ticket stock. INTRALOT will comply with Texas Lottery approved management and security procedures and rules for the receipt, storage, assignment, delivery, return and destruction of materials associated with Lottery Products. Delivery of Instant Tickets to Retailers will be contracted with a third party courier service by INTRALOT.

INTRALOT understands, acknowledges, and agrees to comply with the requirements as stated above.

### **9.2 New Instant Ticket Delivery and Storage**

The Texas Lottery contracts with Instant Ticket Manufacturers (ITMs) to produce Instant Ticket games. The Instant Ticket games are produced at the ITM's facility and shipped to the central distribution warehouse. The ITMs provide electronic game files to be loaded on the Lottery Gaming System. Random Instant Ticket packs are tested to ensure the tickets meet Texas Lottery security and validation standards. Once approved by the Texas Lottery, Instant Tickets are distributed to Retailers across the State of Texas.

INTRALOT is committed to helping the Texas Lottery grow its top line sales and bottom line contribution to the Foundation School Fund. INTRALOT will bring unprecedented technology, process and staffing to the Texas Lottery. INTRALOT's world class warehouse technical solution surpasses the state of the art in the lottery industry. From our automated IntraSell Ticket Order Sorting System and our Lone Star and UPS distribution partner's GPS based package tracking system to our Lottery Sales Representative (LSR) Siebel Customer Relationship Management System (CRM) we have applied logistic technology best practices to enable delivery of warehousing and distribution service levels never seen before by the Texas Lottery. Real technical magic is in the vast information reserves of the LOTOS™ Instant Game Management System's (IGMS) Oracle™ database. The information stored in our databases is the building block of ever increasing service levels. We measure everything that happens in the warehouse and then analyze it to identify opportunities to improve our processes. From pick and pack accuracy to the length of time it takes to receive and warehouse ticket deliveries, we develop management plans to constantly improve efficiency, security and accuracy.



INTRALOT's technical solution is the most secure of any in the Lottery Industry. We barcode everything including the rack positions used to store instant ticket pallets. Each pallet of instant tickets is pre-assigned a specific bar-coded storage rack. Tickets are automatically picked by our Automatic Ticket Order Sorting System. The information stored in its computers is analyzed to develop improvements in inventory flow and sorting accuracy. Each ticket and book of tickets is tracked from receipt to sales or destruction. This audit trail is available in real time and in regularly scheduled reports. INTRALOT will dramatically exceed the Texas Lottery's service level expectations for warehouse and distribution security. **Our LOTOS™ security features have never been breached.** Our LSRs are able to maintain a tight chain of custody of partial and full book returns using their hand held Integrated Portable Terminal (IPT). The LSR can assume custody of a retailer's returned stock and change the status of that stock on the central system. The central system calculates the credit associated with the return and prints a receipt for the retailer on the IPT.

INTRALOT's Instant Ticket Management solutions will drive instant sales past the Lottery's greatest expectations. The Ticket warehouse, telemarketing Customer Sales Representatives (CSR's), marketing, and LSRs will all be orchestrated by INTRALOT's Chief Marketing Officer and staff. INTRALOT is moving our corporate Marketing Office to Texas to focus on marketing innovation in Texas. We are staffing Texas with our most experienced leaders in all areas of Lottery services. We are heavily investing in technology, information, structured process and the right people to make Texas the most successful lottery in America. Texas will be INTRALOT's flagship project and we are totally committed to driving tremendous annual growth in Instant and On-line ticket sales.

INTRALOT has extensive warehouse and distribution experience and our lottery professionals have in-depth expertise that relate directly to the scope of this section. Both the General Manager and the Warehouse and Distribution Manger proposed in our Staffing Plan have extensive knowledge of best practice warehouse and distribution operations. They know what must be done to perform the instant ticket and consumable warehousing and distribution functions to completely satisfy the Texas Lottery.

The following sections describe our world class Warehouse and Distribution solutions.



**Primary Site – located at 201 W Howard Lane, Austin, TX**

Having retained 150,000 square foot facilities in Austin Texas for our Offices, Primary Data Center and Central Warehouse, INTRALOT is well positioned and immediately ready to undertake and successfully complete Texas Lottery instant ticket, merchandise, point of sale material and consumable distribution. Our Central Warehouse Site was chosen specifically to accommodate the stringent requirements necessary to securely receive, warehouse and ship instant tickets and related gaming supplies. Our proposed site is conveniently located minutes away from major overnight courier hubs in the Austin metropolitan area.

**Table 103 New Instant Ticket Delivery and Storage Response Requirements**

### Response Requirements

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT has the capacity, approach, methods, and specific processes in place and will exceed the requirements of Table 102, New Instant Ticket Delivery and Storage Requirements, Roles and responsibilities. INTRALOT acknowledges, accepts and will deliver the roles and responsibilities and detail requirements indicated in table 102, Section 9.2. INTRALOT will comply with Te Lottery approved management and security procedures and rules for the receipt, storage, assignment, delivery, return and destruction of materials associated with Lottery Products.

2. The Proposer must describe the level of automation to be used in managing, fulfilling, and storing Instant Ticket orders.

Managing, fulfilling and storing Instant ticket orders is a highly automated process using INTRALOT'S LOTOS™ IGMS IntraSell which is our instant ticket telemarketing application including provisions for auto order, auto reorder, and telemarketing predictive order all combined



with our automatic order sorting machinery. All orders for instant tickets received before close of business will be filled and shipped the same day for ground service delivery the following day, from the INTRALOT'S central warehouse. INTRALOT's commitment for retailer service and order processing exceeds the requirements of the lottery, and further intends to utilize Lone Star Overnight, headquartered in Austin and a TEXAS company serving every zip code in TEXAS, thus not only raising the bar of order processing and service delivery, but also maximizing Jobs for Texans and Revenue for Texas.

**Confidentiality Claimed - Not Released**

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Confidentiality Claimed - Not Released



Confidentiality Claimed - Not Released

***intralot***

Confidentiality Claimed - Not Released

## Confidentiality Claimed - Not Released

Orders are received in the blue totes on the conveyor by the Order Packers downline from the auto sorter, one book is scanned from each order at the packing station to identify the order and generate a shipping label and manifest.



The order is then placed in Tyvek Bags and on a conveyor to delivery bins which are moved directly into the couriers waiting trailer.

INTRALOT's distribution experts use hand held wireless scanners to:

- Inventory new shipments
- Take warehouse inventory
- Assign pallets of instant tickets to a bar coded grid space in the instant ticket storage racks
- Pull pallets of instant tickets for pick and pack
- Pick and Pack tickets on the manual pick and pack stations
- Receive and change the status of partial and full book returns



- Change status of returned full books to available
- Change the status of instant tickets during destruction

3. The Proposer must describe the proposed staging and distribution plan for simultaneous Instant Ticket game sales launches.

Game load files are received from the Instant Ticket Manufacturers and loaded into the IGMS Oracle™ database. This can be with one, two or more games since there is no limitation of the number of games that can be loaded for an instant ticket initial launch event. Games assigned to the next initial distribution are scheduled for pick and pack by LOTOS™ IGMS. The initial order allocations are generated by game for each retailer by LOTOS™ IGMS.

**Confidentiality Claimed**  
**Not released**



INTRALOT stages the packed new game allocations in a warehouse area separate from regular daily orders until it is time for the new game to ship. INTRALOT uses distinctively colored packing bags and distinctive color decals for boxes to help warehouse staff and retailers identifying new game shipments. This prevents initial order premature shipment. CSR's and LSRs will remind retailers when to expect new game shipments.

4. The Proposer must describe in detail it's warehousing and distribution methodology and staffing plan, including any automated functions.

### **INTRALOT Warehousing**

INTRALOTS warehouse will be designed and organized for quick and easy inventory access using multi-tiered pallet racking. Each multi-tiered rack pallet position will have a unique bar code assigned to facilitate inventories. Instant game pallets are stored by game number. Full pallets of games will be moved from the multi-tiered pallet racking to the staging area in book number serial sequence order from low to high. Racks will be filled in numerical order from low to high with pallets of instant tickets in numerical order from low to high. Each delivery of instant tickets will be inventoried both on the truck and prior to placement in the multi-tiered racks. After initial racking of the pallets of instant tickets it will be obvious if someone were to remove cartons of tickets or move one of the pallets in the middle of the serial ticket number order.

Some of the features of the Austin Central Warehouse include:

- A separate storage area for consumables and packing supplies Adequate space between rows of instant ticket inventory racks for safe operation of Material Handling Equipment (MHE).
- Climate controls to accommodate industry specifications for thermal paper and instant tickets.
- Numerous loading docks to accommodate the fast paced tempo required to operate the Texas Lottery instant ticket, consumables, POS and Merchandise warehouses efficiently.

**An Uninterrupted Power System (UPS) and automated fuel powered generator for mission essential equipment with sufficient fuel to last at least 48 hours** The following graphic foldout insert depicts the anticipated layout of INTRALOT's Austin based office, and warehouse facilities , we have included illustrative floor plans for the entire facility immediately following this page,

INSERT 11x17 WAREHOUSE AND FACILITY FLOOR PLANS

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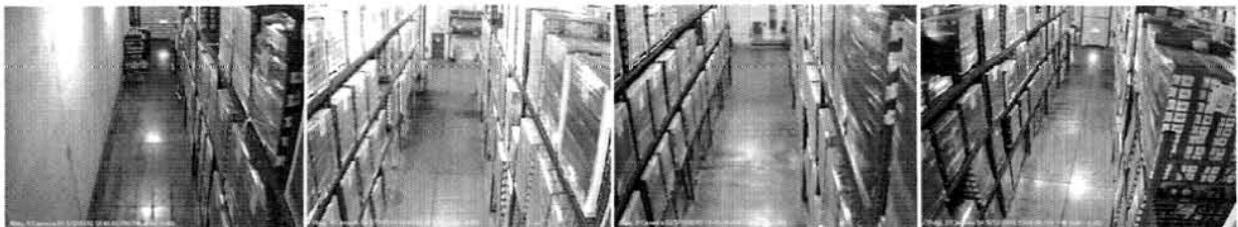
# **intralot**

A large MUSL compliant caged area will be located in the central warehouse to store a six month supply of ticket stock with a separate adjoining security area designated for returned ticket processing and staging. Another caged area will be built in an area of the warehouse to store discontinued games or other material until cleared for destruction.

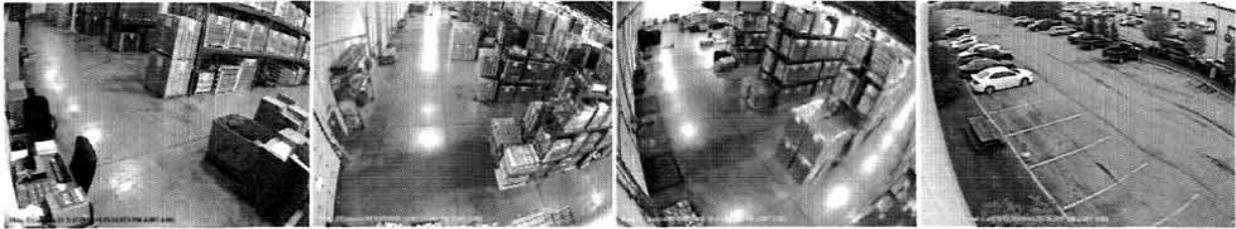


**Caged Area for Returns, Separate Caged area for MUSL thermal paper**

The Central Warehouse will be highly secure with a full array of state-of-the-art surveillance and monitoring equipment for interior and exterior access points, strategic production locations and secure work areas. Live views from security cameras will be streamed to Lottery security staff and INTRALOT Operations staff 24/7. The warehouse facility will be secured, locked and alarmed during non operational hours. INTRALOT's warehouse security plan and design will be presented to the Texas Lottery for approval prior to implementation.



**Ohio - Surveillance Cameras in every aisle within the facility**



**Ohio - Surveillance Cameras cover every area of the facility**

## **New Ticket Arrivals**

- INTRALOT currently works with SGI, GTECH and POLLARD, the major instant ticket printers in North America and is well acquainted with their shipping and logistical practices. We frequently exchange delivery schedules or other pertinent information that may impact timely preparation and shipment of the instant product.
- Upon arrival of a new game shipment, the INTRALOT receiving clerk, material handlers and required Texas Lottery personnel will inspect the Bill of Lading, including verification of the seal number(s) on the trailer(s), at which time the designated INTRALOT staff will break the unopened seal. Note: We understand this process must be in accordance with Texas Lottery established procedures and will be modified accordingly.
- Skids of tickets will be inspected for damage, unloaded from the truck(s) and placed in the receiving area reserved for inspection of incoming shipments. The INTRALOT receiving clerk (under supervision of Texas Lottery staff) will review and annotate a skid log during unloading to verify all materials in the shipment are received, noting any exceptions to the contrary on the bill of lading.
- After the shipment is unloaded, and the contents verified, the pallets are moved to their designated storage location and recorded into the LOTOS™ Inventory System. From this point, all movements involving status changes of ticket packs are recorded in the Instant Gaming Management System (IGMS) for the life of the game through destruction.
- All shipments in and out of the Central Warehouse will be logged by a designated INTRALOT security person and inventory clerk or as specified by Texas Lottery security procedures. For ease of locating full skids of boxes, whether instant tickets or gaming supplies, our material handlers will operate wireless barcode guns to associate the inventory item or game number of instant tickets, the skid number, and the inventory bay / rack location where each individual skid of instant tickets or inventory type of product is placed.
- After the Texas Lottery has completed tests on randomly selected packs of tickets and given approval, designated INTRALOT operations staff will load the game on the gaming system and set the appropriate parameters. The game will be made available for distribution in the gaming system on the date directed by responsible Texas Lottery staff. INTRALOT understands that unusual circumstances may require this process be compressed to

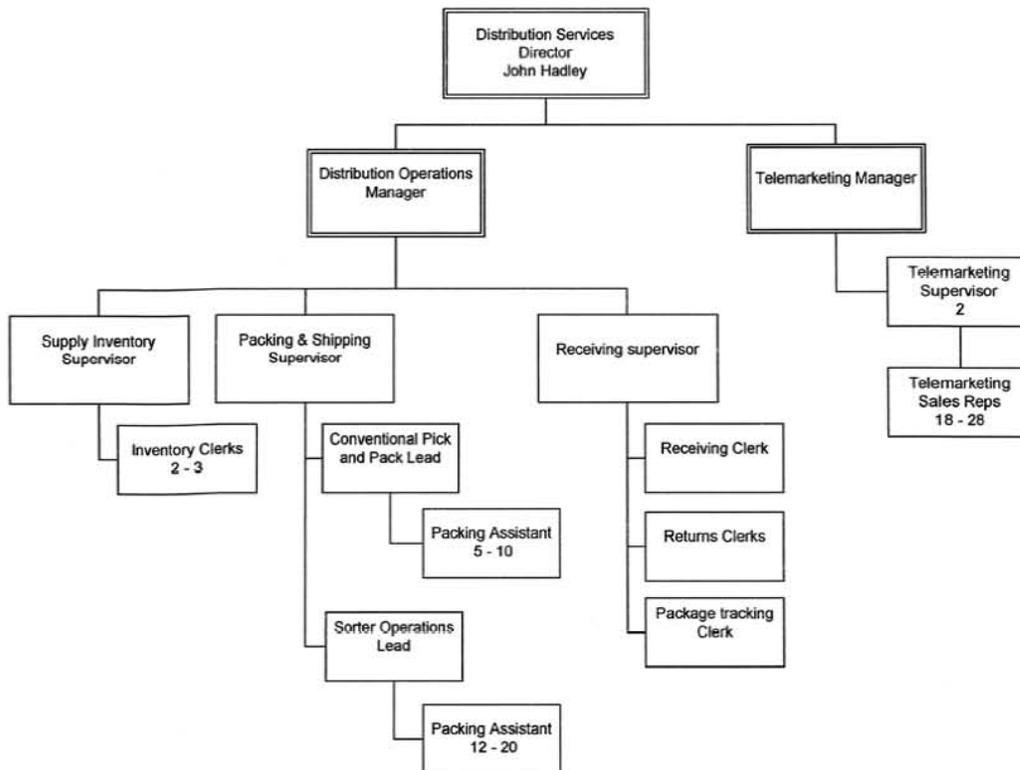


accommodate market demands or unforeseen circumstances and will do everything possible to do so when the situations arise. The Texas Lottery can rest assured INTRALOT and their operations staff will help resolve any issue/problem with the installation of a new Instant Ticket game validation files.

## Distribution Methodology

### Staffing Plan

INTRALOT provides a robust work force with proven capable leadership for warehousing and distribution shown by the planned organization depicted below.



**Texas Distribution Services Organization Chart**

INTRALOT has placed emphasis on adequate highly trained manpower to properly service the Texas Lottery’s retailers and help them maximize their sales potential. In addition to developing relationships with the retailers, our CSR’s will work closely with our LSR’s and Field Service Techs (FST’s) to provide exceptional customer service every day.

Texas Lottery insists on flawless inventory procedures and accountability of its instant ticket inventory. INTRALOT has high experienced individuals ready to fill these key positions in Texas. They will ensure our staff and Warehousing/Distribution procedures comply with all Texas Lottery procedures and requirements. From our General Manager to the newest warehouse distribution clerk, our charter is to consistently meet and beat the Lottery's service level requirements for warehousing and distribution.



INTRALOT's Terry Patterson – Proposed Deputy General Manager for Texas is an industry veteran with 20+ years of Lottery and Instant Ticket Experience.

**Confidentiality Claimed**  
**Not released**

INTRALOT's John Hadley – Proposed Distribution Services Director for Texas has setup Distribution for New York, Ohio, South Carolina, and Florida Lotteries in his 16+ year Lottery Industry Career.



### **9.3 Instant Ticket Delivery**

The Texas Lottery designs and introduces approximately 90 to 100 new Instant Ticket games each year. New Instant Ticket games are delivered to Retailers in accordance with the designated launch dates identified by the Texas Lottery in the Instant Ticket game plan. Daily inventory replenishment is also fulfilled based on orders initiated by Retailers and the Lottery Operator's ticket inventory management personnel and automated inventory system.

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Not released**



**Confidentiality Claimed**  
**Not released**

**Table 106                      Instant Ticket Delivery Response Requirements**

**Response Requirements**

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT will exceed the requirements of Table 105, Instant Ticket Delivery Requirements. INTRALOT acknowledges, accepts and will deliver the roles and responsibilities and detail requirements indicated in table 105, Section 9.3. INTRALOT processes all orders received by 4:30 PM for shipment that day. With the exceptions caused by Texas Lottery holidays, all orders received Monday through Thursday will be delivered within 36 hours and Friday orders will be delivered within 72 hours.

- 
2. The Proposer must describe its plan for processing and shipping ticket orders on weekends, holidays, and other times based on ticket ordering activity and under special circumstances as required by the Texas Lottery.

The INTRALOT warehouse team sets their holidays each year around the holidays observed by the Texas Lottery. INTRALOT implements special distribution plans weeks ahead of holidays and peak sales periods. Many of the holidays taken by state and federal workers are not taken by our courier. In preparation for a holiday, INTRALOT CSRs will work ahead and help the retailers place instant ticket orders to maintain inventory during and after the holiday. Those orders will be picked, packed and shipped for delivery before the holiday if the holiday is observed by our contract carrier and delivered on the holiday for holidays not taken by our contract courier.

Should the requirement arise, with the Lottery's approval, INTRALOT is prepared to process and ship instant ticket orders on weekends and/or holidays. Deliveries may be accomplished by one or more of the following depending on the circumstances:

- Normal contract courier
- INTRALOT Field Service Technicians and INTRALOT Lottery Sales Rep network
- A hybrid of our contract courier and INTRALOT network
- Other means as dictated by the situation and approved by the Texas Lottery such as United Parcel Service or FedEx

3. The Proposer must describe the process (including security features) to be used to document the delivery of tickets and obtain proof of signed delivery receipts from individual Retailers.

INTRALOT's procedure utilizes the package tracking and delivery technology used by LSO and UPS to document signed confirmation that retailers accepted delivery of the ticket orders. Courier drivers upload their delivery confirmations via their company hand held tracking devices upon return to their respective hub. Delivery information is accessible directly by INTRALOT employees and the Lottery via internet connection with LSO and UPS on-line parcel tracking system. LSO and UPS also provides a weekly electronic summary of package delivery via shipment reports from



their tracking system. INTRALOT will provide the Texas Lottery with requested delivery confirmation information in electronic format such as PDF report files and excel spread sheets. Note: Should tickets be delivered by internal assets, the chain of custody will be documented directly on IGMS and with a signed receipt by the recipient.

4. The Proposer must describe its proposed ticket order delivery plan for Retailers in geographically remote areas.

The sheer size of Texas presents unique logistical challenges delivering instant ticket orders to some retailers. INTRALOT processes all orders received by 4:30 PM for shipment that day. With the exceptions of a few holidays taken by our contract courier, all orders placed Monday through Thursday will be delivered within 36 hours and Friday orders will be delivered within 72 hours. In cases where our primary courier is not able to provide next day service by ground delivery, we will either use their next day air service or establish another delivery process which may include one of the following:

- INTRALOT Field Service and INTRALOT Lottery Sales Rep network
- A hybrid of commercial courier and INTRALOT network
- Other means as dictated by the situation and authorized by the Texas Lottery such as UPS or FedEx

INTRALOT will make standard distribution arrangements that are acceptable to the Texas Lottery once these retailers are identified.

5. The Proposer must describe the procedures and materials that will be used to package Instant Tickets for delivery to Retailers.

The packaging materials INTRALOT uses are rugged, tamper proof, sealable Tyvek envelopes and corrugated boxes. The 5 mil Tyvek envelopes, with a 1/4" pouch seal on all sides, are custom designed for Lottery products and used in over 20 states. In addition, we use corrugated boxes which accommodate heavier shipments. INTRALOT will create multiple orders from orders that would result in packages heavier than practical for retailer delivery. Once boxes and envelope containers are sealed at our warehouse, any attempts to open them are obvious to the retailers, couriers and INTRALOT staff. Shipping labels that conform to each couriers standards are automatically printed after the invoice is scanned by shipping personnel. The label contains:

- The name and address of the Lottery retailer
- A contact name for the location
- A tracking barcode readable by our contract carrier's billing and tracking system
- A barcode that will allow the retailer to confirm delivery of each package in the shipment through the INTRALOT retailer terminal and System.



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INTRAOT will proactively monitor the quality of orders packaged and placed for the retailers. Our Distribution Manager and distribution leads will ensure effective training is received by our distribution personnel. Quality checks will include random order inspections. INTRALOT



distribution personnel have a culture of accuracy and quality. All warehouse personnel look for inappropriately wrapped instant tickets, miss-cut tickets and other visible flaws. INTRALOT will exceed the Lottery's warehousing and distribution expectations. At INTRALOT exceptional service and total quality management are the everyday standard.

7. The Proposer must describe the methods, procedures, hardware and software to be used to monitor Instant Ticket inventory and ensure that optimum inventory levels are maintained at each Retailer location.

INTRALOT's LOTOS™ Instant Games Management System (IGMS) IntraSell application predicts retailer inventory needs, tracks warehouse inventory and provides reports to ensure optimum inventory levels are maintained at each retail location. IGMS maintains and reports the history of a pack and/or tickets (both in groups of tickets, sequentially or non-sequentially numbered and individually) within a pack in real time.

### **Retailer Inventory Control**

IGMS IntraSell establishes and controls optimal inventory high and low levels for each retailer. In addition, INTRALOT CSR and LSR staff will fine tune reorder points and inventory levels for each instant ticket price point at each retailer with our replenishment and predictive ordering software.

INTRALOT's Customer Service Representatives will review each retailer's inventory on a biweekly basis; other frequencies may be driven by sales volume or Texas Lottery preference. INTRALOT Lottery Sales Representatives assigned to each retailer will ensure that overstock or under stock situations are minimized and quickly resolved. INTRALOT's CSR's and LSR's will develop strong relationships and trust with the Texas Lottery retailers and our IntraSell software tools will properly size instant ticket orders. Many of our Ohio retailers tell us "Just place my order, you know what I need".

The Instant Game Management System (IGMS) automatically calculates an optimum instant ticket order quantity for each game price point. This is based on each retailer's average number of packs sold by price point, call cycle, delivery lead time, confirmed inventory, stock ordered but not received, and maximum on-hand quantity for each game. These parameters are established for each retailer and each instant game price point.

INTRALOT Customer Service Representatives (CSR,s) will have an array of tools that display instant and on-line two week sales average, predictive ordering algorithms, average weekly packs sold, inventory on hand, inventory in-transit, inventory returned and much more. These user friendly tools enable the CSR's to customize instant ticket orders that prevent out of stock situations until the next shipment is delivered.

Another CSR tool is the Ad Hoc call list. During peak seasonal sales or prior to a holiday weekend, the IGMS can create a special Ad Hoc call list comprised of a selection of best selling games, a particular level of retailer sales and low inventory retailers. As an example, the resulting list would



be added to the normal Thursday call list to ensure retailers in need received inventory the next day (Friday) before a long weekend with a Monday holiday. This helps minimize the chance of a stock out due to unusual sales patterns during heavily traveled holiday weekends.

INTRALOT's proactive approach to retailer replenishment and our customer service tools separate us from our competitors in our ability to grow sales. Recently in Ohio, we help set the single highest day sales record for instant games and the highest instant sales for March and April ever recorded. The Ohio lottery is approaching their highest instant sales year ever. This all occurred in INTRALOT's transition year!

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### **9.3.1 Warehouse Instant Ticket Return Verification**

There are three types of ticket returns that occur from Retailer locations: partial pack returns, full pack returns and manual returns. LSRs are responsible for the return ticket processes at the Retailer level. This section covers the steps to transfer tickets from the Retailer location through verification and return processing at the central distribution warehouse facility.

Following the retrieval of tickets from the Retailer:

1. Manual (Damaged, Defective, Retailer Sales terminal unavailable for processing, etc.) pack ticket returns are delivered to the central distribution warehouse for credit to the Retailer's account and retention for destruction.
2. Full pack ticket returns (processed by Terminal at Retailer) will be delivered to the central distribution warehouse for verification and destruction or re-distribution based on the status of the game.
3. Partial pack ticket returns (processed by Terminal at Retailer) will be delivered to the central distribution warehouse for verification of the range of tickets returned and retention for destruction.

**Table 109 Warehouse Instant Ticket Return Verification Response Requirements**

#### **Response Requirements**

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT will meet and in many cases exceed the requirements of Table 108, Warehouse Instant Ticket Return Verification Requirements. INTRALOT acknowledges, accepts and will deliver the roles and responsibilities and detail requirements indicated in table 108, Section 9.3.1

2. The Proposer must describe the process and procedures (including security features) that will be used to document and store partial packs of Instant Tickets returned from Retailers and the tracking system that will be used to follow the packs returned to the warehouse.

As an industry best practice, INTRALOT LSR's will periodically pick up partial packs of stagnant and unsold tickets from retailers, issue credits, and order newer better selling games to replace them. Partial pack pickups may also be due to change of ownership, the sale of the retailer's establishment and other business reasons. These transactions are accommodated through the LSR's INTRALOT Portable Terminal called the IPT or over the retailer's terminal.

The LSR takes custody and inventories individual tickets and/or full books of instant tickets at the retailer's location. The LSR logs onto IGMS either through the terminal or an IPT and records the status change for these partial pack returns by scanning the bar code from each pack. The LSR provides a receipt to the retailer and sends a message to the Lottery to issue credit for the recovered

inventory. The LSR transfers custody of the partial book tickets to the Regional Office where the status of the tickets is changed in the IGMS to document their new location.

Return packs are consolidated at the Regional Office and shipped weekly by courier to the Austin Warehouse. Upon leaving the Regional Office the status for the consolidated partial tickets is changed to "In Transit". Upon receipt of the partial tickets in the Austin warehouse, the tickets status are changed from in transit to in the partial returns warehouse as described below. All partial tickets are inventoried at each phase of their transit from retailer back to the central warehouse.

Upon receipt of regional returns, all the boxes of partial packs are compared to the bill of lading from the courier. After the inventories are verified, processing of partial packs is processed as follows:

1. Launch the INTRALOT IGMS PIC N PAC application, and then select the partial returns option.
2. Select status 12, returned-p from the drop down menu
3. The first ticket of the partial pack is located and scanned
4. The last ticket is located and scanned.
5. After this process is complete for all partial returns they are boxed, labeled and palletized for auditing purposes. Once pallets are full, they are labeled and await destruction.

Credit is issued to the retailer after confirmation of receipt by the LSR or according to the Texas Lottery's direction.

- |   |
|---|
| <ol style="list-style-type: none"><li>3. The Proposer must describe the procedures for locating Instant Tickets that are in a "Hold," "Lost Warehouse," "Lost Retailer," or "In Transit" status longer than the permitted time limit.</li></ol> |
|---|

**Please note: No tickets have been unaccounted for or LOST in the performance of our Ohio Distribution Services Contract.**

IGMS Reports for items listed as on "Hold", in the "Lost Warehouse" or "In Transit" for more than 60 days (or as otherwise specified by the Lottery) are readily available to the Texas Lottery and INTRALOT staff. Practically, INTRALOT would investigate any ticket with a status of "In Transit" more than five (5) days. INTRALOT will immediately investigate any ticket that enters a status that implies that its location is unknown. The Texas Lottery will be immediately notified about missing ticket incidents should they occur.

The transaction history data identifies who was changing the status of the partial books of instant tickets during the return process. The only time those tickets would be out of INTRALOT's custody would be during transit by our Courier. If the history file showed that the tickets were received by the partial instant ticket receiving function, INTRALOT warehouse inventory staff would search the Warehouse to locate packs or partial books of tickets that are in a "LOST Warehouse" or "Hold" status. If the history file showed that the tickets were inventoried at the



District Sales Office but not shipped to the Austin Warehouse, LSRs would search the District Sales Office for the missing tickets. If the history data showed that the partial books of instant tickets was received from the retailer but not transferred to the District Sales Office, the responsible LSR would search their vehicle for the missing tickets. Using reports and tracking tools available in INTRALOT's LOTOS and IGMS system, INTRALOT is able to find "lost" tickets or change their status accordingly.

### 9.3.2 Stolen and Damaged Instant Ticket Reporting

If a Retailer reports Instant Tickets as stolen or damaged, the Retailer may be eligible for a credit for those tickets based on Texas Lottery rules and/or procedures. The Retailer notifies INTRALOT, and INTRALOT enters the tickets into the Texas Lottery's stolen/damaged ticket database and the Lottery Gaming System.

Before requesting credit from the Texas Lottery for stolen tickets, the Retailer must report the theft to a local law enforcement agency. INTRALOT then verifies validation attempts on these reported stolen tickets and provides feedback to the Retailer regarding the stolen Instant Tickets. The Texas Lottery monitors the process.

If Instant Tickets assigned to a Retailer are damaged and the damage was not caused by the Retailer or the result of circumstances within the Retailer's control, the Retailer can request credit from the Texas Lottery for the damaged tickets. The Retailer must notify INTRALOT, and INTRALOT enters the damaged tickets into the Texas Lottery's stolen/damaged ticket database and the Lottery Gaming System. The Texas Lottery monitors the process.

#### Table 112 Stolen and Damaged Instant Ticket Reporting Response Requirements

##### Response Requirements

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT meet and in many cases exceed the requirements of Table 111, Stolen and Damaged Instant Ticket Reporting Requirements. INTRALOT acknowledges, accepts and will deliver the roles and responsibilities and detail requirements indicated in table 111, Section 9.3.2.

2. The Proposer must describe how damaged and stolen tickets will be processed.

INTRALOT's call center will take reports and document stolen and damaged ticket information twenty-four (24) hours a Day, seven (7) Days a week, three hundred sixty-five (365) Days a year. Appropriate Texas Lottery security personnel will be advised when Texas Lottery tickets are reported damaged. Tickets damaged while in possession of the courier will not be delivered, but

returned to the Central Warehouse at the earliest opportunity. The courier will electronically report orders that were damaged on a daily basis to the instant ticket warehouse. The returns clerk will call the retailer to advise them and reenter another order for immediate delivery.

If damaged tickets are delivered to the retailer or tickets become damaged after they are received by the retailer, they are normally reported either in an inbound call to the INTRALOT call center or directly to the LSR. The call center associate enters notes for each book number reported damaged in the IGMS and will notify the CSR organization of the need to reorder replacement game books.

On the next LSR visit, the LSR will inventory and take custody of the damaged instant ticket books. The central system calculates the credit associated with the return and prints a receipt for the retailer on the LSR's IPT. The LSR changes returned book statuses to LSR inventory possession and transports the damaged books to their regional office. The local LSR office staff will inventory the damaged books and take custody of them after changing their status to indicate their new location. The damaged books or partial books are consolidated at the regional office and picked up weekly by courier for return to the Central Warehouse. When damaged tickets are returned by the courier to the central instant ticket warehouse, they are inventoried and the status of each damaged book is changed to "damaged" by authorized warehouse inventory clerks. Undamaged books incorrectly returned will be returned to available status in the warehouse. Damaged tickets will be presented to the Texas Lottery Warehouse and Security Representative for inspection and held in a secure area in preparation for later destruction. There are currently 988 status options for instant tickets in IGMS. Additional status options can be added as required. These status options permit a comprehensive chain of custody to manage the security of instant tickets.



**Partial pack returns are held securely until destruction is authorized by the Lottery**



Texas Lottery security personnel will be advised when Texas Lottery tickets are reported stolen. Reports of stolen tickets are normally received as in inbound call to the INTRALOT call center. The call center associate will take the stolen ticket report. The retailer tells which game books and which numbers of tickets from those game books were stolen. The call center associate enters the ranges of the stolen tickets into the Instant Game Management System (IGMS) changing their status to stolen. This prevents cashing of those stolen tickets after the report is taken. A daily IGMS stolen ticket report is forwarded to the Texas Lottery. Our instant ticket Customer Service Representative (CSR) reviews the stolen ticket reports on the following work day and determine whether the retailer needs immediate replenishment of the stolen instant ticket inventory. The status of "stolen" orders/packs cannot be changed.

#### 9.4 Instant Ticket and On-Line Ticket Stock Destruction

INTRALOT will either contract with a Texas Lottery approved document destruction vendor or procure an industrial shredder to destroy Instant Tickets and On-Line Ticket stock that will no longer be circulated to Retailers. The Texas Lottery approves and witnesses the destruction of all Instant Tickets, On-Line Ticket stock and any other related materials.

**Table 114 Instant Ticket and On-Line Ticket Stock Destruction Response Requirements**

##### Response Requirements

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT will fully satisfy the requirements of Table 113, Instant Ticket on-line ticket Stock Destruction Requirements. INTRALOT acknowledges, accepts and will deliver the roles and responsibilities and detail requirements indicated in table 113, Section 9.4.

2. The Proposer must describe the process and/or procedures to ensure the destruction of Instant Tickets, On-Line Ticket stock and other materials will be performed only with permission of the Texas Lottery and under the direct supervision of Texas Lottery personnel.

Instant tickets that are designated for shredding will be staged in a secure area until the scheduled destruction date. Pallets of instant games to be shredded will be clearly marked and have a copy of required documentation with the contents of the pallet and appropriate reports from the LOTOS IGMS inventory system. These documents show that these instant tickets are appropriately classified in the system prior to shredding. A complete inventory listing of the shred job and appropriate IGMS reports will be presented to the Texas Lottery for review and approval.

Upon approval and under supervision by the Texas Lottery, INTRALOT will commence shredding either with an in house industrial shredder or a commercial off site shredding service. INTRALOT will implement the destruction method the Lottery prefers. All shredding procedures will be documented and approved by the Texas Lottery prior to any shredding of instant tickets, gaming materials or supplies. Prior to shredding or sending materials to be destroyed by a commercial off site shredding service, a complete inventory of all items to be destroyed will be signed by authorized Texas Lottery Personnel and the INTRALOT warehouse manager. Unless both signatures are present on the destruction documentation, no destruction is authorized.

3. The Proposer must describe its process for the destruction of Instant Tickets, On-Line Ticket stock and/or other materials.

Designated INTRALOT security staff will scan the barcodes of instant tickets, Online Ticket Stock and/or other materials and change the status of returned tickets and other materials destined for destruction in the appropriate databases of the LOTOS™ Inventory System. The returns clerk will then move them to the destruction returns area of the central warehouse where they will be stored securely until instructed to destroy them by authorized Texas Lottery Personnel and the INTRALOT warehouse manager.

INTRALOT will install a heavy duty commercial shredding system or contract with a Lottery approved off-site shredding company.

Instant Tickets returned for destruction to the Central warehouse will be securely stored in a designated area until shredding is properly authorized and occurs. After shredding has occurred the residue will be picked up by a recycling company.

Online ticket stock scheduled for destruction (partial rolls) will be kept separate from active inventory in a secure returns area in the central Warehouse. Collections of online ticket stock that are scheduled for destruction will be appropriately marked to prevent future use. Online ticket stock destruction will be accomplished by shredding analogously to instant tickets.

Personnel conducting instant ticket and online ticket stock destruction will do so under observation of Texas Lottery security staff. The shredding operation will be under security camera surveillance and recorded for the Texas Lottery to review as required. After the instant games tickets are verified destroyed, a confirmation document will be sent to the Texas Lottery security staff. The detailed procedures for instant ticket and online ticket stock destruction will be submitted to the Texas Lottery Security for approval prior to start of operations.

Prior to shredding or sending materials to be destroyed by a commercial off site shredding service, a complete inventory of all items to be destroyed will be signed by authorized Texas Lottery Personnel and the INTRALOT warehouse manager. Unless both signatures are present on the destruction documentation, no destruction is authorized.



## 9.5 Promotional Item and Point Of Sale (POS) Verification and Receiving

Promotional items are procured by the Texas Lottery and verified, received, tracked and distributed by Texas Lottery and INTERLOT personnel. The items are distributed to Retailers, current players and potential players during sales contests, incentives, promotional events or other events that create awareness and interest for Lottery Products. In addition, Point of Sale (POS) advertising materials (e.g., pump toppers, playstation inserts, mini billboards, jumbo posters and Terminal toppers) are produced by the Texas Lottery's advertising vendor and shipped to INTRALOT for distribution. The POS advertising materials are distributed to Retailers by LSRs.

**Table 116 Promotional Item and POS Verification and Receiving Response Requirements**

### Response Requirements

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT will meet or exceed y the requirements of Table 115, Promotional Item and Point of Sale (POS) Verification and Receiving Requirements. INTRALOT acknowledges, accepts and will deliver the roles and responsibilities and detail requirements indicated in table 115, Section 9.5.

2. The Proposer must describe how and where promotional items and POS will be received, stored and distributed to meet Texas Lottery requirements.

Promotional Items and POS will be received and stored at the Central Warehouse in accordance with approved Texas Lottery and INTRALOT mutually agreed warehouse procedures. Just prior to new game launches, new instant games and new promotions, the Texas Lottery's promotional items and POS will be delivered by courier to the INTRALOT District Warehouses (10 District Warehouses are planned). After delivery of initial launch POS and promotional items, to each of the district warehouses, INTRALOT's Lottery Sales Representatives will deliver and install the promotional items and marketing POS prior to the start of the promotion, new instant game or new online game. INTRALOT LSRs will help each retailer properly merchandise the promotional and POS materials. LSRs will train each retailer how to sell and play each new game. LSRs will post notifications of recent store winners on signs and banners to generate more Lottery product excitement for each retailer's lottery players and potential lottery players.

3. The Proposer must describe the process for the verification, receiving, and ongoing inventory of promotional items.

INTRALOT'S LOTOS™ Premium Inventory System application simplifies inventory management and distribution of promotional items or other lottery supplies. Promotional items will be received by the Austin Warehouse receiving clerks. Inventory data will be captured by scanning barcodes or manually entered into LOTOS™ IGMS database. Promotional items will be securely stored in their own area at the Austin Warehouse. Just prior to the promotion or POS related event they will be distributed to the Regional warehouses. The LSRs will transport promotional items to the retailers. A complete chain of custody of promotional materials will occur analogously to how instant tickets are handled. Inventory management, distribution and chain of custody are managed by the Premium Inventory System. POS and promotional item inventories and locations can be verified in real time in the IGMS Premium Inventory system.

## 9.6 Promotional Merchandise Inventory

A detailed itemized physical inventory of all promotional merchandise is performed annually by the Texas Lottery and INTRALOT. The information is used for financial reporting.

**Table 118 Promotional Merchandise Inventory Response Requirements**

### Response Requirements

1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT will meet and in many cases exceed the requirements of Table 117, Promotional Warehouse Inventory. INTRALOT acknowledges, accepts and will deliver the roles and responsibilities and detail requirements indicated in table 117, Section 9.6.

2. The Proposer must describe the process for handling incoming and ongoing inventory of all Texas Lottery promotional merchandise.

INTRALOT will receive all Texas Lottery promotional merchandise shipments at the Austin Warehouse in accordance with INTRALOT Warehouse and Texas Lottery procedures. The merchandise containers will be inspected closely for damage during shipment. Texas Lottery staff assigned to the Central Warehouse will immediately be notified of any abnormalities. The merchandise will then entered into the Premium Inventory System and stored in the designated promotional material area under continuous surveillance by security cameras and also recorded on digital video recorders for later reference as needed.



Upon direction by the Texas Lottery, the merchandise will be distributed to INTRALOT Regional offices for use as approved by the Texas Lottery. All inventory movements will be tracked by the Premium Inventory System including unused merchandise that is returned to the Regional Office after promotional events. Promotional merchandise inventories and POS usage for the respective events will be documented and retained for future reference. INTRALOT will produce a monthly physical inventory report for promotional merchandise inventory in our custody. INTRALOT'S LOTOS™ Premium Inventory System provides a comprehensive inventory management and chain of custody solution that will easily interface with the Lottery's inventory/financial management system.

INTRALOT fully understands the importance of safe guarding Lottery merchandise and will ensure 100% of the merchandise is used for its intended purpose.

### 9.7 Warehouse and Distribution General Requirements

Warehouse and Distribution Services are the activities associated with the central distribution warehouse and the storing of Instant Tickets, On-Line Ticket stock, On-Line play slips and other materials. Table 12- identifies warehouse and distribution general requirements.

**Table 120 Warehouse and Distribution General Response Requirements**

**Response Requirements**

- 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT will meet or exceed all requirements of Table 119, Instant Ticket delivery Requirements. INTRALOT acknowledges, accepts and will deliver the roles and responsibilities and detail requirements indicated in table 119, Section 9.7.

- 2 The Proposer must describe the processes that will be utilized to accomplish Instant Ticket order processing and packing at the central distribution warehouse.

Orders received by 4:30 P.M. Monday through Thursday will be delivered the next day by Lone Star Overnight, INTRALOT's Texas based courier. Orders received by 4:30 on Friday will be delivered the following Monday. INTRALOT will notify the Texas Lottery immediately if inventory conditions result in our inability to process instant ticket orders for any instant game. INTRALOT conducts regular physical inventories of the instant ticket warehouse on an annual basis. Our standard inventory control methodology reconciles one hundred percent (100%) of all ticket pallets, cartons, books and individual tickets and roll stock by pallet, carton and individual roll identification number. 100% inventory control is maintained of all instant tickets (partial and whole book), ticket stock (cartons and individual roles) and promotional materials whether this



material is located in the Austin Warehouse, our District Sales Offices or in our LSR or FST vehicles. INTRALOT will provide all required reports including:

- Annual instant ticket report (August 31<sup>st</sup>)
- Short carton report
- Open carton report
- Tickets count by game

Instant ticket orders could be initiated on INTRALOT's LOTOS™ IGMS in numerous ways:

- Retailer calls their INTRALOT Customer Service Representative
- Retailer orders instant ticket on their terminal
- Retailer faxes an order to INTRALOT's CSR department
- Retailer sends an e-mail to INTRALOT's CSR department
- Retailer places an order on the Lottery Retailer website
- The CSR calls and discusses inventory levels with the retailer then creates an order
- The LSR reviews inventory levels with the retailer and places instant ticket orders on their IPT or over the retailer's terminal
- The LOTOS™ IGMS can operate in an auto order creation mode

Once instant ticket daily orders are entered into LOTOS™ IGMS, they are processed for fulfillment in the Austin Warehouse.

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3. The Proposer must describe the process that will be utilized to prevent the theft of Instant Tickets and rolls of On-Line Ticket stock being returned to and stored at the central distribution warehouse.

All partial and full book instant ticket returns and all full and partial roll online ticket stock collected from retailers will be entered by the scanning barcodes or manual entry into the LOTOS IGMS database by the LSR using their IPT (Intralot Portable Terminal) or from the retailer's terminal for any product which must be returned. All items picked up for return will have a properly documented chain of custody in accordance with INTRALOT and the Texas Lottery "returns" procedures as the product moves from the retailer to the district warehouse to the central warehouse where they will be inventoried every step of the way, consolidated and labeled in boxes of partial instant ticket book, ended games, reissue games or Online ticket stock and securely stored until destruction is authorized. All boxes will be sealed with distinctive security tape, and loaded on a pallet which will be wrapped for shipment to the central warehouse. Once a week, a courier will pick up the returns from each Regional Office and deliver them to the central warehouse where authorized personnel will securely process, inventory, and store the materials until proper disposition is determined and authorized.

**Caged Area for Returns,  
Separate Caged area for  
MUSL thermal paper**

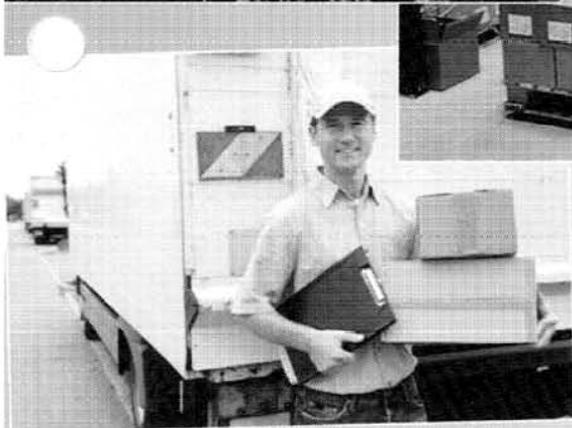
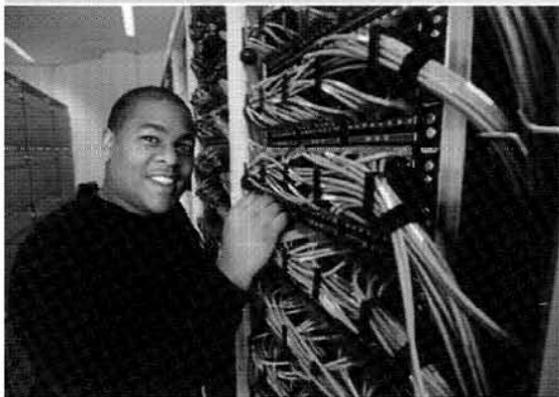
Upon arrival at the Central warehouse, all product shipments received will be inspected and compared to the shipping manifest, then taken to the designated

returns cage for processing by authorized INTRALOT staff in accordance with Texas Lottery directives. Books that can be reissued will be changed to "available" and moved to the staging area. Partials and close outs will be processed and staged in a secure cage to await approval for shredding. Partial roll ticket stock will be staged in accordance with Texas Lottery security directives to await destruction and full roll ticket stock will be scanned and returned to inventory for future distribution.



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**A GLOBAL LEADER  
YOUR LOCAL PARTNER**



# **INTRALOT**

## **Jobs for Texans + Revenue for Texas**

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Texas Staffing Summary  
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Page 1 of 12

June 30, 2010

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The logo for 'intralot' is written in a bold, lowercase, sans-serif font. The letters are black and have a slight shadow or depth. Below the text is a thick, horizontal black line that tapers off to the right, resembling a stylized underline or a graphic element.

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Page 7 of 12

June 30, 2010



Texas Implementation and Conversion - Corporate Executive Staff

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Page 8 of 12

June 30, 2010

Texas Implementation and Conversion – Operations Staff

The logo for Intralot, featuring the word "Intralot" in a bold, italicized, sans-serif font. The logo is positioned on a dark, textured background that appears to be a signature strip.

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Page 9 of 12

June 30, 2010

# Texas Implementation and Conversion - Technical Staff



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10 of 12

June 30, 2010

# Texas Implementation and Conversion - Marketing



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Page 11 of 12

June 30, 2010



# Texas Implementation and Conversion – Accounting and HR

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12 of 12

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Texas Lottery  
Test Plan

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Texas Lottery: High Level Test Plan  
Status: Approved      Revision: 1.0

Confidential and Proprietary Trade Secret    iv  
Document Code:                      US-TX-QA-01.001



Texas Lottery  
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Status: Approved      Revision: 1.0

Confidential and Proprietary Trade Secret v  
Document Code:              US-TX-QA-01.001



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Document Code:              US-TX-QA-01.001



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Document Code:      US-TX-QA-01.001



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Confidential and Proprietary Trade Secret 3  
Document Code: US-TX-QA-01.001



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Texas Lottery: High Level Test Plan  
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Confidential and Proprietary Trade Secret 4  
Document Code:      US-TX-QA-01.001



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Texas Lottery: High Level Test Plan  
Status: Approved      Revision: 1.0

Confidential and Proprietary Trade Secret 5  
Document Code:              US-TX-QA-01.001



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Texas Lottery: High Level Test Plan  
Status: Approved      Revision: 1.0

Confidential and Proprietary Trade Secret 6  
Document Code:      US-TX-QA-01.001



Texas Lottery  
Test Plan

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Texas Lottery: High Level Test Plan  
Status: Approved      Revision: 1.0

Confidential and Proprietary Trade Secret 7  
Document Code:      US-TX-QA-01.001



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Test Plan

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Texas Lottery: High Level Test Plan  
Status: Approved Revision: 1.0

Confidential and Proprietary Trade Secret 8  
Document Code: US-TX-QA-01.001



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Test Plan

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Texas Lottery: High Level Test Plan  
Status: Approved      Revision: 1.0

Confidential and Proprietary Trade Secret 9  
Document Code:      US-TX-QA-01.001



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Status: Approved Revision: 1.0

Confidential and Proprietary Trade Secret 10  
Document Code: US-TX-QA-01.001



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Texas Lottery: High Level Test Plan  
Status: Approved      Revision: 1.0

Confidential and Proprietary Trade Secret 11  
Document Code:      US-TX-QA-01.001



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Test Plan

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Confidential and Proprietary Trade Secret 12  
Document Code: US-TX-QA-01.001



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Test Plan

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**Not released**

Texas Lottery: High Level Test Plan  
Status: Approved Revision: 1.0

Confidential and Proprietary Trade Secret 13  
Document Code: US-TX-QA-01.001



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Test Plan

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**Not released**

Texas Lottery: High Level Test Plan  
Status: Approved Revision: 1.0

Confidential and Proprietary Trade Secret 14  
Document Code: US-TX-QA-01.001



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Test Plan

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**Not released**

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Texas Lottery: High Level Test Plan  
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Document Code:      US-TX-QA-01.001



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Test Plan

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**Not released**



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Test Plan

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**Not released**

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Texas Lottery: High Level Test Plan  
Status: Approved      Revision: 1.0

Confidential and Proprietary Trade Secret 17  
Document Code:      US-TX-QA-01.001



Texas Lottery  
Test Plan

**Confidentiality Claimed**  
**Not released**

Texas Lottery: High Level Test Plan  
Status: Approved      Revision: 1.0

Confidential and Proprietary Trade Secret 18  
Document Code:      US-TX-QA-01.001



Texas Lottery  
Test Plan

**Confidentiality Claimed**  
**Not released**

Texas Lottery: High Level Test Plan  
Status: Approved      Revision: 1.0

Confidential and Proprietary Trade Secret 19  
Document Code:      US-TX-QA-01.001



Texas Lottery  
Test Plan

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Texas Lottery: High Level Test Plan  
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Confidential and Proprietary Trade Secret 20  
Document Code:      US-TX-QA-01.001



Texas Lottery  
Test Plan

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Status: Approved      Revision: 1.0

Confidential and Proprietary Trade Secret 21  
Document Code:      US-TX-QA-01.001



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Test Plan

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Confidential and Proprietary Trade Secret 22  
Document Code: US-TX-QA-01.001



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Test Plan

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**Not released**

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Texas Lottery: High Level Test Plan  
Status: Approved      Revision: 1.0

Confidential and Proprietary Trade Secret 23  
Document Code:      US-TX-QA-01.001



Texas Lottery  
Test Plan

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Confidential and Proprietary Trade Secret 24  
Document Code: US-TX-QA-01.001



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Status: Approved      Revision: 1.0

Confidential and Proprietary Trade Secret 25  
Document Code:      US-TX-QA-01.001



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**Not released**

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Texas Lottery: High Level Test Plan  
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Confidential and Proprietary Trade Secret 26  
Document Code:      US-TX-QA-01.001



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Test Plan

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**Not released**

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Texas Lottery: High Level Test Plan  
Status: Approved      Revision: 1.0

Confidential and Proprietary Trade Secret 27  
Document Code:      US-TX-QA-01.001



Texas Lottery  
Test Plan

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**Not released**

Texas Lottery: High Level Test Plan  
Status: Approved Revision: 1.0

Confidential and Proprietary Trade Secret 28  
Document Code: US-TX-QA-01.001



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Confidential and Proprietary Trade Secret 30  
Document Code: US-TX-QA-01.001



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Confidential and Proprietary Trade Secret 31  
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Document Code:      US-TX-QA-01.001



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Status: Approved      Revision: 1.0

Confidential and Proprietary Trade Secret 34  
Document Code:      US-TX-QA-01.001



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Document Code:      US-TX-QA-01.001



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Confidential and Proprietary Trade Secret 36  
Document Code: US-TX-QA-01.001



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Confidential and Proprietary Trade Secret 37  
Document Code: US-TX-QA-01.001



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Texas Lottery: High Level Test Plan  
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Confidential and Proprietary Trade Secret 38  
Document Code:      US-TX-QA-01.001



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Test Plan

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Texas Lottery: High Level Test Plan  
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Document Code:      US-TX-QA-01.001



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Texas Lottery: High Level Test Plan  
Status: Approved      Revision: 1.0

Confidential and Proprietary Trade Secret 40  
Document Code:      US-TX-QA-01.001



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Texas Lottery: High Level Test Plan  
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Confidential and Proprietary Trade Secret 41  
Document Code:      US-TX-QA-01.001



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Test Plan

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Texas Lottery: High Level Test Plan  
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Confidential and Proprietary Trade Secret 42  
Document Code: US-TX-QA-01.001



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Texas Lottery: High Level Test Plan  
Status: Approved      Revision: 1.0

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Document Code:      US-TX-QA-01.001



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Confidential and Proprietary Trade Secret 44  
Document Code: US-TX-QA-01.001



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Confidential and Proprietary Trade Secret 45  
Document Code:      US-TX-QA-01.001



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Test Plan

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Confidential and Proprietary Trade Secret 46  
Document Code: US-TX-QA-01.001



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Confidential and Proprietary Trade Secret 47  
Document Code:      US-TX-QA-01.001



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Confidential and Proprietary Trade Secret 48  
Document Code: US-TX-QA-01.001



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Document Code:      US-TX-QA-01.001



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Document Code: US-TX-QA-01.001



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Document Code: US-TX-QA-01.001



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Document Code:      US-TX-QA-01.001



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Document Code:      US-TX-QA-01.001



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Document Code:      US-TX-QA-01.001



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Confidential and Proprietary Trade Secret 57  
Document Code: US-TX-QA-01.001



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Confidential and Proprietary Trade Secret 58  
Document Code: US-TX-QA-01.001



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Confidential and Proprietary Trade Secret 59  
Document Code:      US-TX-QA-01.001



Texas Lottery  
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Confidential and Proprietary Trade Secret 60  
Document Code:      US-TX-QA-01.001



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Confidential and Proprietary Trade Secret 61  
Document Code:      US-TX-QA-01.001



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Texas Lottery: High Level Test Plan  
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Confidential and Proprietary Trade Secret 62  
Document Code:      US-TX-QA-01.001



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Confidential and Proprietary Trade Secret 63  
Document Code:      US-TX-QA-01.001

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## 10.6 End of the Contract Conversion Plan

The Texas Lottery requires that the Successful Proposer shall fully cooperate with any replacement provider and the Texas Lottery and assist with planning for the End of Contract Conversion Period. This is to ensure a complete knowledge transfer to the Texas Lottery and any designated entity for Texas Lottery-specific functions, information, processes, and procedures.

The Successful Proposer shall be responsible for managing the implementation of the End of Contract Conversion Plan while the Texas Lottery and/or any designated entity such as a replacement provider will be responsible for managing the implementation of the Business Cutover Plan to new services. The Business Cutover Plan will address unique or different aspects of the replacement solution. The Successful Proposer shall provide input relating to the goods and services provided by the Successful Proposer under the Contract and regarding all activities required of the Successful Proposer during conversion. This includes implementing the overall transition plan to move the services to the Texas Lottery and/or the replacement provider (the —Business Cutover Plan□).

The Successful Proposer, the Texas Lottery and any replacement provider will manage performance of their respective responsibilities in a cooperative and coordinated fashion. The parties will communicate through scheduled meetings and other communications as may be appropriate. The parties must communicate with each other regarding any circumstances that come to one of the parties' attention that may impact the performance of either of the other party(ies)'s responsibilities during any point in the conversion. The following table identifies the roles and responsibilities that the Successful Proposer and the Texas Lottery will perform.

**Table 134 End of Contract Conversion Plan Response Requirements**

**Response Requirements**

- 1. The Proposer must acknowledge and accept the roles and responsibilities and detail requirements indicated in this section.

INTRALOT acknowledges accepts and will deliver the roles and responsibilities and detail requirements indicated in Table 133 End of Contract Conversion Plan Requirements.

INTRALOT will schedule meeting to begin planning for the transition from our services to the Texas Lottery or their replacement provider. We will develop an end of Contract Conversion Plan that details the activities that are required for INTRALOT's support of a successful transition. INTRALOT acknowledges and agrees that in addition to the activities in the Contract Conversion Plan, we will participate as requested by the Texas Lottery in sub plans for the following:

- Communication
- Human Capital Management
- Business Cutover
- Relationship Management
- Contract Management
- Asset Management
- Financial Management
- Security Management

INTRALOT will participate in the detailed planning activities including developing a timetable with milestones and a process with critical controls for the transfer of the provision of the goods and services provided under the contract from INTRALOT to the replacement provider or back to the Texas Lottery in coordination with the Business Cutover Plan. INTRALOT will submit documentation of the management structure we will employ in the execution of the End of Contract Conversion Plan. Within ten (10) Working Days of commencement of the End of Contract Transfer Period, INTRALOT will provide details of our personnel and other resources that will provide End of Contract Conversion services, including a list of INTRALOT's subject matter experts and other personnel who will be engaged. INTRALOT will work with the Texas Lottery to define the scope and extent of our obligations to the relevant hand-over activities and resource profiles. INTRALOT will provide a list of the Texas Lottery's and/or the replacement provider's obligations that are necessary for the proper and timely execution of the End of Contract Conversion Plan

INTRALOT will identify the End of Contract Conversion information including documents that are to be delivered to the Texas Lottery during the hand-over process. We will provide copies of process and procedure manuals to the Texas Lottery no later than ten (10) Days after commencement of the End of Contract Transfer Period.

INTRALOT will provide a detailed End of Contract Conversion Plan. Any and all System changes during the term of the Contract must be reflected in an updated End of Contract Conversion Plan. The End of Contract Conversion Plan will address:

- Contract assignment to either the Texas Lottery or the replacement provider
- Asset purchase assignment to either the Texas Lottery or the replacement provider
- Inventory assignment to either the Texas Lottery or the replacement provider
- License assignment to either the Texas Lottery or the replacement provider
- Network and system diagrams
- Materials pertaining to the Successful Proposer's System (including but not limited to: memoranda, notes, records, drawings, manuals, computer software).

INTRALOT will promptly remove all our equipment and materials from each Retailer location and from Lottery property after final conversion to the replacement provider, within a reasonable period as set by the Texas Lottery. Equipment and materials not removed promptly will be considered abandoned and may be disposed of at the Texas Lottery's sole discretion. All costs will be deducted from any amounts owed to INTRALOT and if no payments are due, then billed back (charged) to INTRALOT.



1. The Proposer shall describe the following processes and factors related to End of Contract Conversion with the Texas Lottery:
  - a) People Processes:
    1. Knowledge transfer to the Texas Lottery or replacement provider
  - b) Management Processes:
    1. Issue Management
    2. Risk Management and Mitigation
    3. Exit Reporting (Type and Frequency)
  - c) Technology
    1. Handover Procedures
    2. Tools, Software, Network Connections and Data Transfer
  - d) License Transfer (Indicate Where This Would Be Required)

The following is INTRALOT's overview of the processes and factors related to End of Contract Conversion with the Texas Lottery. Additional detail will be provided by INTRALOT, to the Texas Lottery's satisfaction, in the timeframe leading up to this point in the operational lifecycle. It will encompass the entire operation and reflect the then-current personnel, processes, technology, licensing, and other factors provided under INTRALOT's contract with the Lottery. INTRALOT will assign a skilled Project Manager to support this process.

### **People Processes**

INTRALOT will fully support the personnel knowledge transfer to the Texas Lottery or replacement provider. Knowledge of the operation will be provided to Texas Lottery personnel through training and day-to-day operation over the contract term along with any refresher training for Lottery personnel or initial training for replacement provider personnel on those parts of the established operation that will be retained after the end of the contract with INTRALOT.

INTRALOT will also fully support and work with the Lottery or replacement provider for the transfer of physical personnel to the Lottery or replacement provider's employ where desired. The timing of the transfer of any personnel will be coordinated with the Lottery to ensure that INTRALOT continues to be able to acceptably perform its responsibilities under the contract.

## **Management Processes**

INTRALOT will provide the following management processes associated with end of contract conversion that mirror those used for conversion to INTRALOT and detailed within Part 10 of our proposal. These will be modified accordingly to reflect requirements of INTRALOT being the outgoing provider as required.

**Issue Management** – will provide a mechanism for organizing, maintaining, and tracking the resolution of issues. Control mechanisms and process will enable the identification, method to address, and prioritize problems and issues.

**Risk Management and Mitigation** – procedures to manage and mitigate risk will be defined and implemented. They will include procedures for risk identification, analysis, and mitigation actions to be utilized as well as responsible personnel for managing identified risks.

**Exit Reporting** – INTRALOT agrees provide the type and frequency of exit reporting mandated by the Texas Lottery to fully support and ensure the smooth conversion to the replacement provider. It further agrees to report on all activities, accomplishments, milestones, identified issues, and on issues and problems.

## **Technology**

**Handover Procedures** – INTRALOT will prepare and provide handover procedures for any and all technology that will remain post-contract. It agrees to execute activities required for the actual handover of technology to the Texas Lottery and/or the replacement provider should it be training, documentation, or other action.

**Tools, Software, Network Connections and Data Transfer** – Likewise, INTRALOT will fully support technology transfer to the Texas Lottery and/or it's replacement provider for any tools, software, network connections, or data transfer that will continue post-contract. This entails tools, software, network connections, data transfer, or other items deemed required for a smooth transition to the replacement provider.

## **License Transfer**

INTRALOT will provide for the transfer of any required licenses to the Texas Lottery and/or it's replacement provider for any such items that will continue post-contract. Such license transfers may be required for technology, software, processes, games, or any other INTRALOT-owned property as a right-to-use if not covered by any other existing agreement such as the contract or be instituted during the course of the contract through amendment(s).



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**A BRIGHT FUTURE FOR TEXAS**

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# **INTRALOT**

## **Jobs for Texans → Revenue for Texas**



**ATTACHMENT A  
PROPOSER'S COMMITMENT**

I hereby commit INTRACOT, INC.  
(Company Name)

to provide the goods and services described in the attached Proposal for Lottery Operations and Services required by the Request for Proposals for the Texas Lottery Commission.

Signature: [Handwritten Signature]

Title: PRESIDENT & CEO

Date: 6-15-10

***intralot***

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Amendment No. 34

ATTACHMENT B  
FINANCIAL COMMITMENT AND RESPONSIBILITY

This financial commitment and responsibility statement is to be completed by the parent corporation's chief financial officer.

INTRALOT INC. is a fully-owned subsidiary  
of  
(Subject)

INTRALOT SA and that as such INTRALOT SA  
(Parent) (Parent)

is fully responsible for any and all financial obligations  
of

INTRALOT INC. up to \_\_\_\_\_  
(Subject) (Dollar-Value)

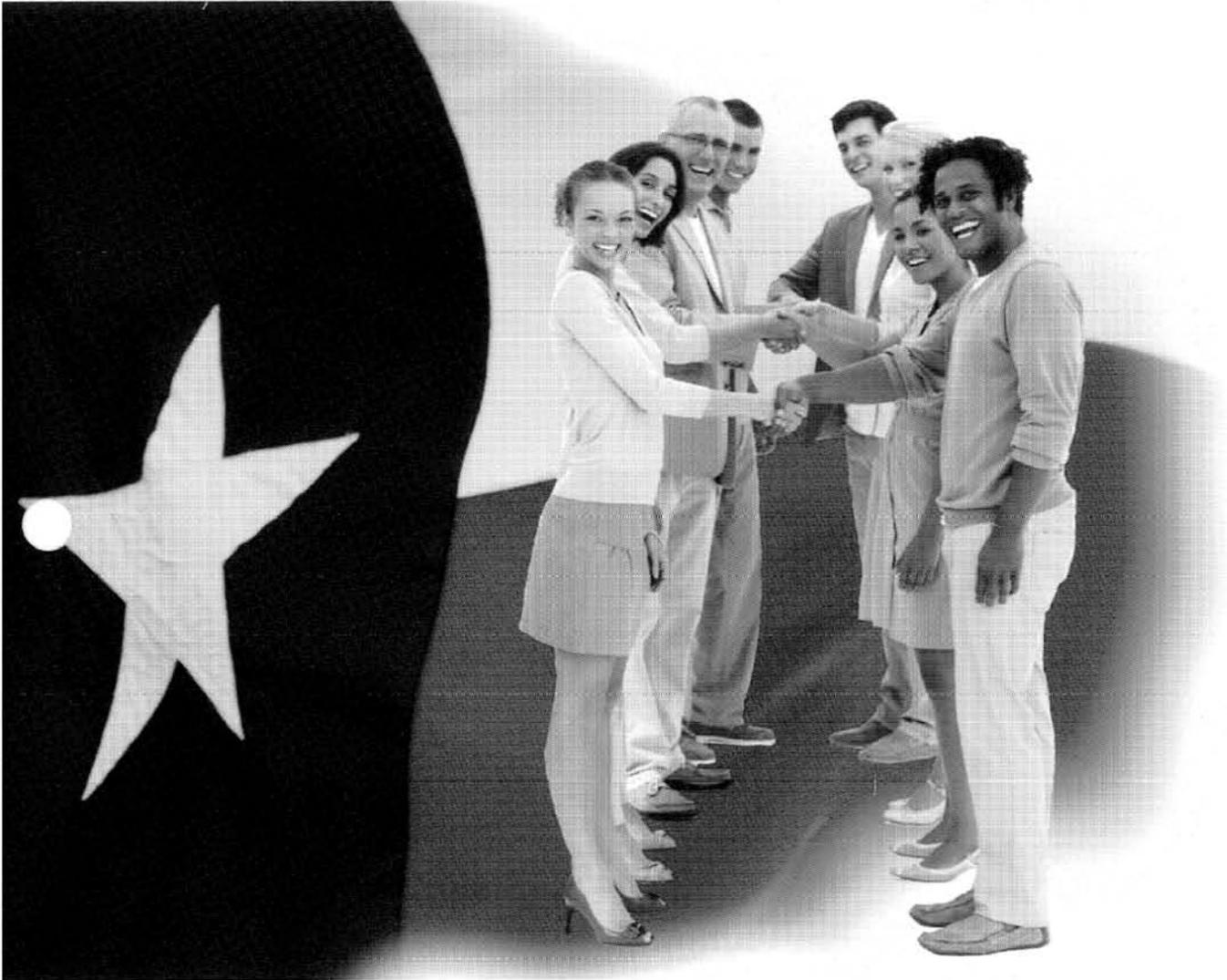
Signature:   
Title: GROUP CFO.  
Date: June 16, 2010

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## **Attachment C**

### **POLICY ON THE UTILIZATION OF HISTORICALLY UNDERUTILIZED BUSINESSES (HUBS)**

INTRALOT takes no exceptions to the RFP regarding Attachment C. INTRALOT has read, understands, acknowledges, accepts and agrees to comply with any requirements as specified regarding Attachment C.

Please note that separate copies of the Attachment C and all related correspondence and documents have been included in separate three ring binders, One Original and Two Copies under special separate cover labeled "HUB Subcontracting Plan (HSP)" and are included with the delivery of INTRALOT's proposal submission in a separate box labeled HUB Subcontracting Plan.

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## **Attachment D**

### **V.T.C.A., GOVERNMENT CODE § 466.155**

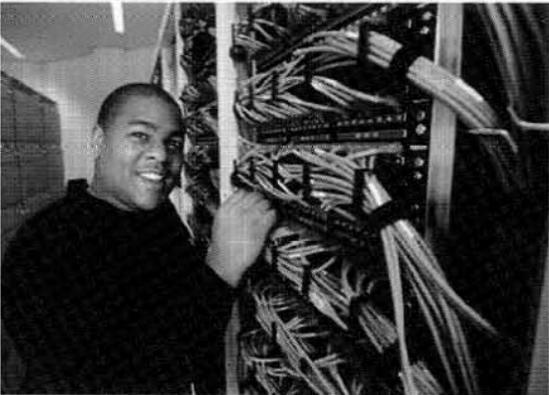
INTRALOT takes no exceptions to the RFP regarding Attachment D. INTRALOT has read, understands, acknowledges, accepts and agrees to comply with any requirements as specified regarding Attachment D.

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**ATTACHMENT D-1  
BACKGROUND INFORMATION CERTIFICATION**

Texas Government Code §466.155

Pursuant to Texas Government Code §466.103, the Executive Director of the Texas Lottery Commission may not award a contract for the purchase or lease of facilities, goods or services related to lottery operations to a person who would be denied a license as a sales agent under Texas Government Code §466.155.

INTRALOT, INC.

(Company Name)

certifies that it has reviewed Texas Government Code §466.155 and that it would not be denied a license as a sales agent pursuant to said section.

  
(signature of person authorized to contractually bind the Proposer)

THOMAS F. LITTLE  
(printed name)

PRESIDENT & CEO  
(title)

6-15-2010  
(date)

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**ATTACHMENT E**  
**VENDOR BACKGROUND INVESTIGATION FORM**  
**APPARENT SUCCESSFUL PROPOSER**

Section 466.103 of the Texas Government Code states that the Executive Director may not award a Contract to a person who would be denied a license as a sales agent under section 466.155 of the Texas Government Code.

**FOR ASSISTANCE**

Please call the Enforcement Division of the Texas Lottery at 512-344-5000.

**GENERAL INSTRUCTIONS**

- Type or print all information.
- The Apparent Successful Proposer, including the parent or subsidiary of the Apparent Successful Proposer, may need to complete and return these forms.
- The Texas Lottery is authorized to obtain criminal history records from the Texas Department of Public Safety, the Federal Bureau of Investigation or any other law enforcement agency.
- This form is open to public inspection during normal business hours as required by the Texas Public Information Act, Tex. Gov't. Code Ann., § 552.021.

**SALES AGENT ELIGIBILITY REQUIREMENTS**

The following people are prohibited from holding a Texas Lottery Ticket Sales License:

1. Persons convicted of a felony, criminal fraud, gambling or a gambling-related offense whose sentence, parole, mandatory supervision or probation ended less than 10 years ago.
2. Persons convicted of a misdemeanor involving moral turpitude whose sentence, parole, mandatory supervision or probation ended less than 10 years ago.
3. Persons who are or have been professional gamblers.
4. Persons currently delinquent in the payment of certain state taxes or student loans.
5. The spouses of those people named above.

Also, a business is prohibited from holding a Texas Lottery Ticket Sales License if that business includes a person identified in items 1-5 above and that person:

- is an officer or director of that business;
- holds 10 percent or more of the stock in that business;
- holds an equitable interest greater than 10 percent in that business;
- is owed more than 10 percent of the business's debt;
- owns or leases a business through which the applicant will conduct ticket sales;
- will share in the profits of that business (not including stock dividends); or
- participates in managing the affairs of the applicant or sales agent.



**ELIGIBILITY STANDARDS**

An individual is not eligible for a sales license if:

- a. The individual or the individual's spouse has been convicted of a felony, criminal fraud, gambling or a gambling-related offense or a misdemeanor involving moral turpitude and less than 10 years have passed since the end of the sentence, parole, mandatory supervision or probation served for the conviction.
- b. The individual or the individual's spouse is a professional gambler.
- c. The individual's spouse is currently delinquent in the payment of any state tax.
- d. The individual is an officer or employee of the Texas Lottery Commission or a lottery operator.
- e. The individual's spouse, child, brother, sister or parent (1) lives in the same principal place of residence as the individual and (2) is an officer or employee of the Texas Lottery Commission or a lottery operator.
- f. The individual is delinquent in the payment of a tax or other money collected by the Texas Comptroller of Public Accounts, the Texas Workforce Commission, or the Texas Alcoholic Beverage Commission; in default on a loan made under Chapter 52 of the Texas Education Code; or in default on a loan guaranteed under Chapter 57 of the Texas Education Code.

An entity is not eligible for a sales license if the entity includes any of the following individuals who would be ineligible for a sales license under item a, b, c, d or e above:

- An officer or director of the entity;
- An individual who holds more than 10 percent of the stock in the entity;
- An individual who holds an equitable interest greater than 10 percent in the entity;
- The creditor of the entity who holds more than 10 percent of the entity's outstanding debt;
- The owner or lessee of a business conducted by the entity or through which the entity will conduct a ticket sales agency;
- An individual who shares or will share in the profits, other than stock dividends, of the entity; or
- An individual who participates in managing the affairs of the entity.

An applicant is not eligible for a sales license if the proposed ticket sales location is:

- A location licensed for games of bingo, or
- On land that is owned by:
  - This state, or
  - On which is located a public primary or secondary school, an institution of higher education, or an agency of the state.



By signing below, I certify that the information provided on this form is correct to the best of my knowledge and \_\_\_\_\_ [company name] INTRALOT, INC is not ineligible for a sales license under the eligibility standards described above. I understand that providing false or incomplete information may be grounds for termination of any contract. \_\_\_\_\_ [company name] INTRALOT has read and agrees to abide by the requirements of section 466.155 of the Texas Government Code. I understand that owners/officers/partners/directors, as designated by the Texas Lottery, must furnish a complete legible set of fingerprints, and that failure to do so will result in the termination of any contract. The Texas Lottery is authorized to obtain criminal history records.

sign here

[Handwritten Signature]

President & CEO

6-15-10

Signature of person  
authorized to contractually bind Proposer

Title

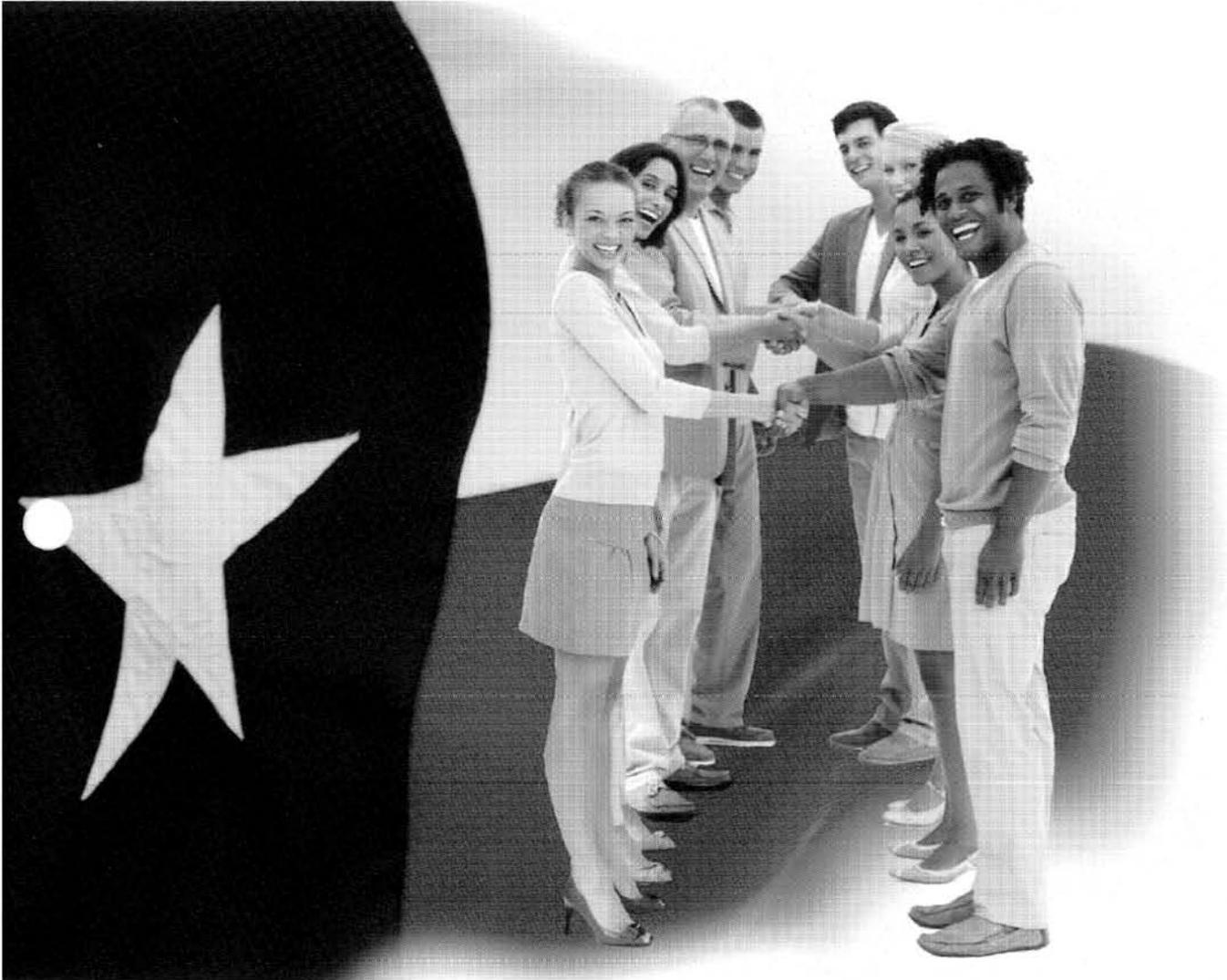
Date

INTRALOT, INC.

Corporation or Legal Business Name

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## **Attachment E1**

### **PERSONAL BACKGROUND DISCLOSURE FORM**

INTRALOT takes no exceptions to the RFP regarding Attachment E1. Upon notification by the Texas Lottery to INTRALOT of the selection of INTRALOT as the apparent successful vendor, INTRALOT will provide all required personal background disclosure forms to the Texas Lottery and agrees to comply with all Texas background investigation requirements.



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## **Attachment E2**

### **BACKGROUND INFORMATION CERTIFIED LIST OF VENDOR PRINCIPALS**

INTRALOT takes no exceptions to the RFP regarding Attachment E2. Upon notification by the Texas Lottery to INTRALOT of the selection of INTRALOT as the apparent successful vendor, INTRALOT will provide all required background information including the information required for the certified list of vendor principals and all other forms to the Texas Lottery and agrees to comply with all Texas background information and investigation requirements.

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## **Attachment F**

### **Sample Performance Bond**

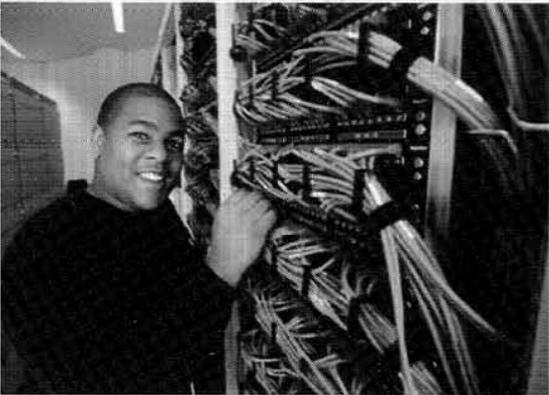
INTRALOT takes no exceptions to the RFP regarding Attachment F. INTRALOT has read, understands, acknowledges, accepts and agrees to comply with any requirements as specified regarding Attachment F.



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## **Attachment G**

### **SCORING MATRIX**

INTRALOT takes no exceptions to the RFP regarding Attachment G. INTRALOT has read, understands, acknowledges, accepts and agrees to comply with any requirements as specified regarding Attachment G.

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## **Attachment H**

### **COST PROPOSAL**

INTRALOT has enclosed Attachment H Cost Proposal separately sealed and under separate cover delivered to the Attention of Patrick F. Thompson at the Law Firm of Graves, Dougherty, Hearon & Moody.

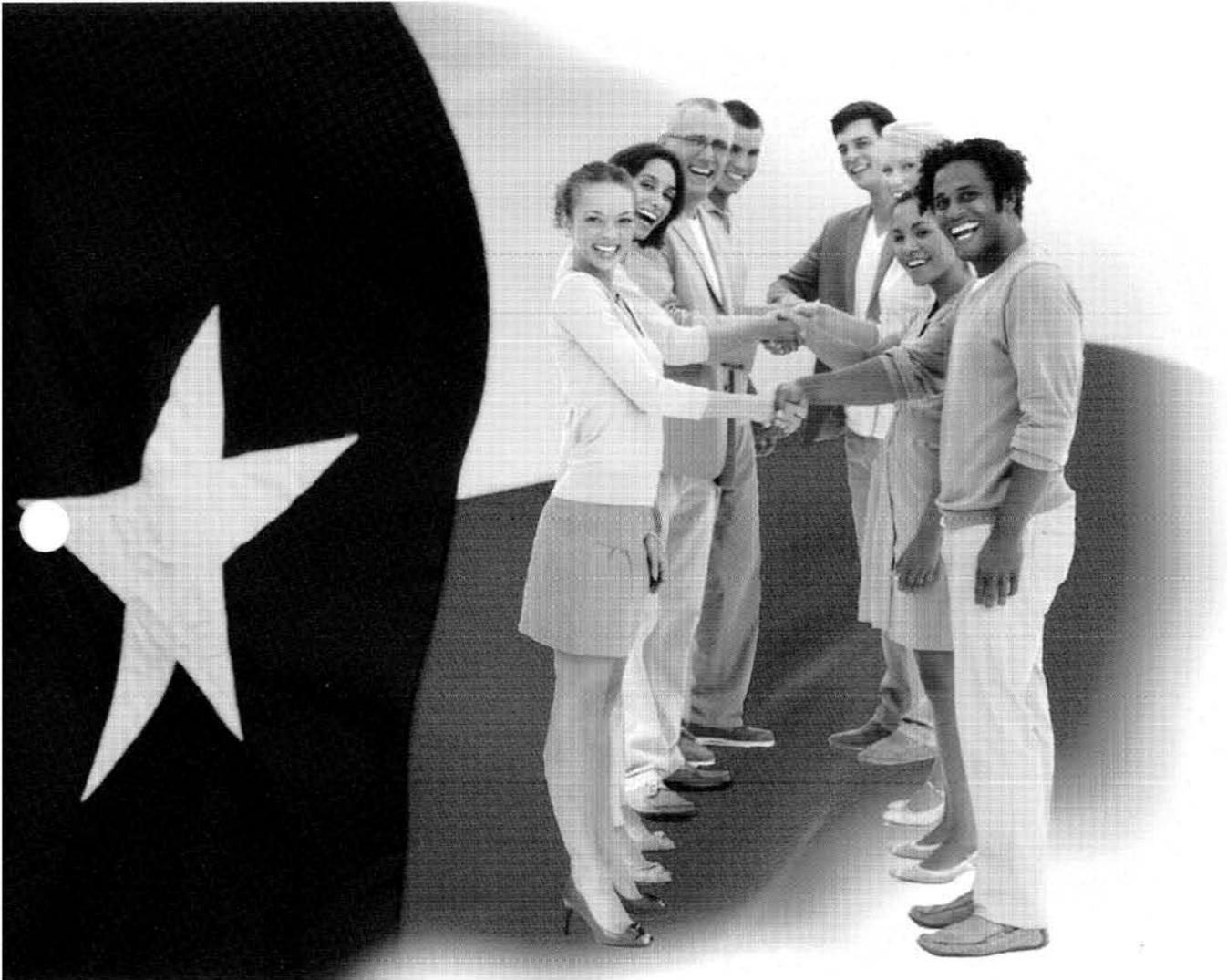
INTRALOT takes no exceptions to the RFP regarding Attachment H. INTRALOT has read, understands, acknowledges, accepts and agrees to comply with any requirements as specified regarding Attachment H.

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## ATTACHMENT I NON-DISCLOSURE STATEMENT

### RECITALS

A. Company wishes to receive certain trade secret, confidential and proprietary information (hereinafter, collectively "Information") pertaining to the Request for Proposals for Lottery Operations and Services 362-10-0001, including, but not limited to, information relevant to Lottery security or information that is claimed to be proprietary by third parties. Company wishes to receive the Information for the sole purpose of responding to the Request for Proposals for Lottery Operations and Services 362-10-0001.

B. Company is willing to receive the Information on the terms and conditions set forth herein.

Therefore, Company agrees as follows:

1. That the disclosure of Information by the Texas Lottery Commission ("TLC") to Company is in strictest confidence and thus Company shall:

- a. (1) Except in accordance with Section 1(c) of this disclosure, not disclose to any other person the Information and (2) use at least the same degree of care to maintain the Information secret as the Company uses in maintaining as secret its own secret information, but always at least a reasonable degree of care;
- b. Use the Information only for the purposes stated herein;
- c. Restrict disclosure of the Information solely to those directors, officers, employees and agents of Company having a need to know such Information in order to accomplish the purpose stated herein;
- d. Advise each such director, officer, employee or agent, before he or she receives access to the Information, of the obligations of Company under this Non-Disclosure Statement, and require each such director, officer, employee and agent to maintain those obligations;
- e. Within fifteen (15) days following the earlier of (i) the deadline for submission of Proposals (if Company does not submit a Proposal) or (ii) request of TLC, return to TLC all documentation, copies, notes, diagrams, and other materials



containing any portion of the Information, or confirm to TLC, in writing, the destruction of such materials; and

f. Immediately upon sale of Company or merger of Company with a third party, return to TLC all documentation, copies, notes, diagrams, and other materials containing any portion of the Information, or confirm to TLC, in writing, the destruction of such materials.

2. This Non-Disclosure Statement imposes no obligation on Company with respect to any portion of the Information received from TLC which: (a)(1) was known to the Company prior to disclosure by TLC, and (2) the Company has no obligation not to disclose or use; (b) is lawfully obtained by the Company from a third party under no obligation of confidentiality; (c) is or becomes generally known or available other than by unauthorized disclosure; (d) is independently developed by the Company; or (e) is generally disclosed by TLC to third parties without any obligation on the third parties.

3. This Non-Disclosure Statement imposes no obligation on Company with respect to any portion of the Information disclosed by TLC, unless such portion is (a) disclosed in a written document or machine readable media marked "CONFIDENTIAL" at the time of disclosure or (b) disclosed orally to Company as being confidential.

4. The Information shall remain the sole property of TLC.

5. TLC DOES NOT MAKE ANY REPRESENTATION WITH RESPECT TO AND DOES NOT WARRANT ANY INFORMATION PROVIDED UNDER THIS NON-DISCLOSURE STATEMENT, BUT SHALL FURNISH SUCH IN GOOD FAITH. WITHOUT RESTRICTING THE GENERALITY OF THE FOREGOING, TLC DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES, WHETHER WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED WITH RESPECT TO THE INFORMATION WHICH MAY BE PROVIDED HEREUNDER, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE. TLC SHALL NOT BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE WHATSOEVER RESULTING FROM RECEIPT OR USE OF THE INFORMATION BY THE COMPANY.

6. In the event of a breach or threatened breach or intended breach of this Non-Disclosure Statement by Company, TLC, in addition to any other rights and remedies available to it at law or in equity, shall be entitled to preliminary and final injunctions enjoining and restraining such breach or threatened breach or intended breach.

7. This Non-Disclosure Statement is governed by the laws of the state of Texas.



8. The rights and obligations of the Company under this Non-Disclosure Statement may not be sold, assigned or otherwise transferred.

This Non-Disclosure Statement is binding upon Company, and upon its directors, officers, employees and agents. This Non-Disclosure Statement is effective as of the date of execution by Company and will continue indefinitely. However, Company's obligations of confidentiality and restrictions on use of the Information disclosed by TLC shall survive termination of this Non-Disclosure Statement.

<b>Company Name</b>	<i>INTRALOT, INC.</i>
<b>Address</b>	<i>11360 TECHNOLOGY CIRCLE</i>
<b>City, State, Zip Code</b>	<i>DULUTH, GA, 30097</i>
<b>Authorized Representative Name (Printed)</b>	<i>TOM LITTLE</i>
<b>Authorized Representative Signature</b>	
<b>Title of Authorized Representative</b>	<i>President &amp; CEO</i>
<b>Date</b>	<i>6-15-10</i>

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## **Attachment J**

### **START-UP COSTS**

INTRALOT has enclosed Attachment J Start-Up Costs separately sealed and under separate cover delivered to the Attention of Patrick F. Thompson at the Law Firm of Graves, Dougherty, Hearon & Moody.

INTRALOT takes no exceptions to the RFP regarding Attachment J. INTRALOT has read, understands, acknowledges, accepts and agrees to comply with any requirements as specified regarding Attachment J.

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## **Attachment K**

### **TLC CURRENT STATE OPERATIONS**

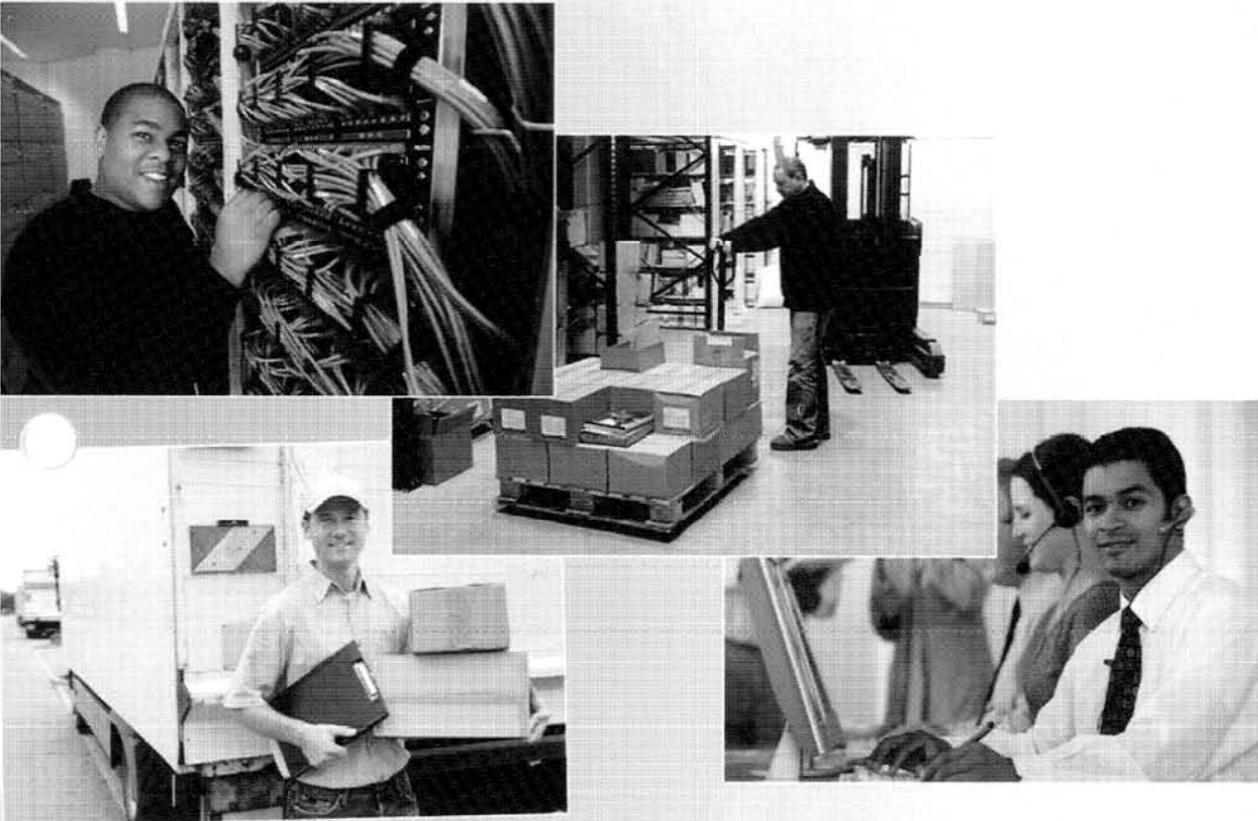
INTRALOT takes no exceptions to the RFP regarding Attachment K. INTRALOT has read, understands, acknowledges, accepts and agrees to comply with any requirements as specified regarding Attachment K.



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## **Attachment L**

### **POTENTIAL SUBCONTRACTING OPPORTUNITIES**

INTRALOT takes no exceptions to the RFP regarding Attachment L. INTRALOT has read, understands, acknowledges, accepts and agrees to comply with any requirements as specified regarding Attachment L.

INTRALOT has submitted a HUB Subcontracting plan (HSP) contained in separate binders and clearly labeled HUB Subcontracting Plan included with our proposal submission, one original and two copies which include completed HSP forms and copies of correspondence with HUB vendors that have been contacted.



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