

TO: All Parties Interested in Participating in the Delaware Lottery's Request for Proposal for an Internet Gaming System and Services Solution (FIN13001-iGaming)

FROM: Rebecca Goldsmith
Assistant Director, Delaware State Lottery
RFP Issuing Officer

DATE: March 4, 2013

SUBJECT: Addendum I - Questions and Clarifications of RFP

ADDENDUM I

The following questions and RFP clarifications are issued pursuant to Section 1.7 of the Internet Gaming System and Services Solution RFP.

PART 1 – RFP Content

1.0 Introduction (p.1)

Q1: This section states that "(i) "During the negotiating period, the Primary Vendor shall assist the Lottery in evaluating and selecting Support Service Vendors," and (ii) "The Licensed Video Lottery Agents and the Delaware Lottery will be responsible for selecting the Game Content Vendors." However, in Section 6.1 (Evaluation Committee) of Part 6 (Proposal Evaluation), the RFP only references the Lottery in connection with the "Committee" and the evaluation of the Vendors, and makes no reference to either: (a) the Primary Vendor assisting with the selection of the Support Services Vendors, or (b) the Licensed Video Lottery Agents assisting in the selection of the Game Content Vendors.

Will the Lottery please revise Part 6 to correctly include the following concepts: (1) the Primary Vendor assisting the Lottery in the selection of the Support Services Vendors, and (2) the Licensed Video Lottery Agents assisting the Lottery in the selection of the Game Content Vendors??

The State of Delaware revises Section 1.0 in the RFP in this addendum as follows:

“(i) “After the Contract with the Primary Vendor has been awarded, the Primary Vendor shall assist the Lottery in selecting Support Service Vendors,” and (ii) “The Delaware Lottery will be responsible for selecting the Game Content Vendors and seek input from the Licensed Video Lottery Agents.”

The Lottery shall not revised Part 6; however, the following statements are being issued for clarification:

- (1) The Primary Vendor shall be present in the Support Service presentations to the Lottery and offer their technical and operational expertise to the Evaluation Committee prior to selection.
- (2) The Licensed Video Lottery Agents are not part of the Evaluation Committee but may attend and ask questions in all of the Vendor presentations.

Q2: Can you confirm that for the purpose of this RFP that the expectation is that there will be a separate internet lottery system and a separate sports wagering system, and will there be a common PA (Player Account Management) system between the two (and other gaming services going forward)?

This RFP does not explicitly address Internet Lottery or Sports Wagering.

Q3: Additionally, will the Lottery consider deferring the selection of the Game Content Vendors until after the selection of the Primary Vendor and execution of the Contract with such Primary Vendor, as the determination of the best-suited Game Content Vendors necessary for seamless integration into the Primary Vendor’s solution would be more appropriate once the Primary Vendor has been selected and has executed the Contract with the Lottery.

No. The Lottery is on a strict timeframe for Production Operations Live Date, and as such will not defer the meetings with the Game Content Vendors.

Q4: Would a mobile service supplier in either lottery and/or sports be regarded as a Support Services Vendor

This RFP does not explicitly address Internet Lottery or Sports Wagering. However, mobile services may submit as a Support Service Vendor. See Section 4.4 paragraph 3 (page 115) for further detail.

Q5: Will the Production Operation Launch date for Lottery and Internet Gaming include transactional mobile services lottery or sports? Or would mobile Lottery or Sports be bracketed with *mobile games for handhelds*, as above, on a launch basis?

This RFP does not explicitly address Internet Lottery or Sports Wagering.

Q6: Vendor Criteria. The RFP states that All Vendors: it is required as a minimum that any Vendor submitting a proposal fulfills the following qualifications:

- A. One or more current clients, either government or private/commercial entities, to whom the

- Vendor has legally supplied products or services in the Internet gaming sector, including backend technology platform, operations support services or game content (casino table games, Video Lottery Games, poker, keno, bingo, sports betting and/or lottery) for a minimum of one (1) year.
- B. Operated such products or services in regulated markets in either Europe or North America.
 - C. Offered such products or services for real money (cash) wagering. has legally supplied products or services in the gaming sector

This requirement is too stringent, there should be exceptions for certain circumstances that benefits Delaware to allow the state to be the leader in Internet Gaming and not just a follower. I would like to make a suggested change to the RFP by crossing off "required" and added "desirable". I think this change achieves the same objective and yet opens up the door for innovative solutions and exceptional content providers to also respond to the RFP, it will be up to these providers to explain why Delaware should offer their solutions or content even though they are currently not offered in Europe and North America.

[Respectfully, the Lottery rejects the request to change the RFP.](#)

1.6 Schedule (p.7-8)

Q1: The RFP provides that the Proposal Submissions are due from all Vendors on March 15, 2013, at 3 p.m. EST. However, as: (i) the Vendors did not receive the GLI-19 Technical Specifications until February 15, 2013, and (ii) more importantly, the schedule set forth in Section 1.6 only allows Vendors eleven (11) calendar days from the receipt of the Lottery's responses to the written questions (to be issued on March 4, 2013) to finalize and submit their Proposals, the period in which a responsible Vendor can prepare a Proposal that satisfactorily meets the Lottery's directives and allows for such Vendors to submit the best possible solution to the Lottery is unreasonably brief. Will the Lottery please consider extending the submission date for the Proposal until April 15, 2013?

[No. The Lottery is unable to offer an extension to the Proposal submission date due to the strict timeframe for Production Operations Live Date.](#)

Q2: The RFP, along with various other sections of the RFP, provide that the Lottery desires that the Vendor's Internet Gaming Solution go "live" and begin taking wagers (i.e., "Production Operations" date) no later than September 30, 2013, which is only approximately four months following the date in which the Lottery expects to execute the Contract with the Primary Vendor. This compressed implementation schedule is an extremely considerable burden (and possibly unattainable) on all potential Primary Vendors. Based on this Vendor's prior experiences, proper implementation of equivalent solutions (i.e., similar to the Internet Gaming Solution requested by the Lottery) take anywhere between six (6) and nine (9) months from the execution of the Contract with the applicable lottery, depending on the complexity of the integration, testing, and certification requirements. As the Internet Gaming Solution requested by the Lottery: (i) requires the Primary Vendors to develop solutions that integrate with three (3) unrelated Licensed Video Lottery Agent's (LVLA's) solutions, as well as solutions provided by the Game Content Vendors and Supply Services Vendors, and (ii) will require various third-party testing and certification

processes that will require additional implementation time, a responsible Vendor may not be able to meet the current four (4) month-plus implementation schedule. Will the Lottery please consider revising the implementation date (i.e., "Production Operations" date) set forth in the Section 1.6 of the RFP (being September 30, 2013) to "a date mutually agreed upon by the Lottery and the Primary Vendor during the negotiations of the Contract," to allow such parties to take into consideration the various complexities required by integrating with the various LVLAs' solutions, the selected Game Content Vendors' solutions, and the selected Supply Services Vendors' solutions, as well as consider the significant testing and certification requirements in connection therewith?

Q3: Is it the Lottery's anticipation that the operators will begin offering all RFP specified game types (e.g. casino, poker, bingo, etc.) and all RFP specified functions of the platform on September 30, 2013?

Same answer provided for Q2 and Q3. The Lottery will not revise the language. The Lottery recognizes the tight timeframe required for Production Operations Live Date, but intends to adhere to such date; however, the Lottery may be willing to consider a staged approach for game offering and non-critical functionality. Reasonable circumstances outside the control of the Lottery and/or the Vendor may also be taken into consideration.

1.10 Proposal Format (Volume I. Paragraph 5) (p. 10)

The Lottery requires that the Vendor's Proposal contain: "3. Formal Agreement by the Vendor to comply with all of the Terms and Conditions (Part 2)." Additionally, Section 2.0 (Introduction) of Part 2 (Terms and Conditions) provides in the 4th paragraph that the "Contracting Vendor(s) will be expected to enter into negotiations with the Delaware Lottery, which will result in a formal Contact between the parties."

Q1: Will the Lottery please confirm that the "Formal Agreement" required is simply a statement from the Vendor that it agrees to comply with the Terms and Conditions? Additionally, please also confirm that the Vendor's agreement to comply under Item No. 3, would be subject to those exceptions that the Vendor has listed in Item 2 (List of all exceptions to the Terms and Conditions) and that the Vendor will have the opportunity to negotiate these exceptions to the Terms and Conditions in accordance with Section 2.0?

The Lottery confirms that the Formal Agreement is simply a statement from the Vendor that it agrees to comply with the Terms and Conditions (Part 2) and the RFP Specifications (Part 3), but Vendors are permitted to take exceptions to Terms & Conditions and RFP Specifications. Failure to specify any exception will be interpreted as acceptance of the Terms & Conditions and RFP Specifications. The Lottery reserves the right to deny any and all exceptions taken to the Terms & Conditions and the RFP Specifications; however, during contract negotiations the Vendor will have the opportunity to negotiate those exceptions to the Terms & Conditions and the RFP Specifications that were not denied by the Lottery previously.

Q2: Does the volumes relating to each other should each be in their own separate sealed package? Or should the distinct volumes be submitted in the single sealed package?

Each Volume shall be sealed separately; however, both sealed Volumes should be delivered together in the same package or box.

Q3: In this section of the RFP, it specifies a formal Agreement must be submitted by the Vendor to comply with all Terms and Conditions (Part 2). What is a Formal Agreement in this context, is there an Appendix or set document to review and complete?

The Lottery confirms that the Formal Agreement is simply a statement from the Vendor that it agrees to comply with the Terms and Conditions (Part 2) and the RFP Specifications (Part 3), but Vendors are permitted to take exceptions to Terms & Conditions and RFP Specifications. Failure to specify any exception will be interpreted as acceptance of the Terms & Conditions and RFP Specifications. The Lottery reserves the right to deny any and all exceptions taken to the Terms & Conditions and the RFP Specifications; however, during contract negotiations the Vendor will have the opportunity to negotiate those exceptions to the Terms & Conditions and the RFP Specifications that were not denied by the Lottery previously.

1.12 Withdrawal of Proposals (p. 12)

The RFP states that the costs associated with a Vendor's Proposal withdrawal must be borne by the Vendor. What would the associated costs of a Vendor Proposal Withdrawal be?

Expenses typically associated with the withdrawal of a Proposal includes, but is not limited to, travel expenses incurred by the Vendor's representative or agent, any related postal expenses or any other related such expenses. Also see Section 1.31 Proposal Bond for potential additional expenses.

1.20 Ownership of Proposal Contents by the Lottery (p.13)

The RFP states that "any and all materials submitted by the Vendor shall become the property of the Lottery (emphasis added)." As this statement could be misinterpreted to mean that the Lottery takes ownership of the confidential and/or proprietary material of the Vendor included within the Proposal, will the Lottery please confirm that the Vendor shall retain exclusive ownership of any and all confidential and/or proprietary information of the Vendor that is contained in such submitted materials and marked as "Proprietary Information" in accordance with Section 1.21?

The contents of the proposal remain the property of the State of Delaware and the Lottery. The information itself in the proposal remains the ownership of the Vendor.

1.21 Confidential Proposal Materials (Paragraphs 3 & 4) (p.14)

The Lottery requires that the "Proprietary Information" contained in the Vendor's Proposal be marked as such in the Proposal, and the Vendor will also include a letter from its legal counsel acknowledging the

legal basis for such markings in a “separate, sealed envelope.” To ensure that the Vendor is correctly marking and submitting the “Proprietary Information,”

Q1: Will the Lottery please confirm that the “separate, sealed envelope marked ‘Proprietary Information’” will include only the letter from the Vendor’s legal counsel that cross-references those Sections in the Proposal that contain the “Proprietary Information” and the legal basis for exclusion from public disclosure? That is, the “separate, sealed envelope” does not need to include the actual text of those Sections of the Proposal that include the “Proprietary Information,” with the original version of the Proposal containing a redacted copy?

Q2: Will the Lottery please confirm it is requesting **only** the letter from the Vendor’s legal counsel be provided in a separately sealed envelope, **not** all sections and/or pages marked as “Proprietary Information” provided in a separately sealed envelope?

Same answer provided for Q1 and Q2. For clarification, the Sections of the proposal that are considered proprietary to the Vendor shall be clearly marked as “Proprietary Information”. The Lottery also now requests an additional copy of that documentation marked “Proprietary Information” be placed in a separate sealed envelope with the letter from the Vendor’s legal counsel. The front of such envelope should be marked with the Vendor’s name and labeled “Proprietary Information”.

1.22 Lead Vendors (p. 14)

Q1: In the beginning of Section 1, the RFP states that a Primary Vendor may be more than one person or entity. However, Section 1.22 indicates that “the Lottery will not accept any Proposals that reflect an equal teaming arrangement or from Vendors who are co-bidding on this RFP.” How should Vendors submitting a Primary Vendor Proposal that includes more than one entity refer to themselves to ensure the Proposal is accepted?

As per Section 1.22 of the RFP. “Any Contract that may result from this RFP shall specify that the Lead Vendor is solely responsible for fulfillment of any contract with the Lottery as a result of this procurement. The Lead Vendor will assume all responsibility for work quality, delivery, installation, maintenance, and any supporting services required by a subcontractor.”

The Proposal must clearly identify which entity assumes the lead Vendor role.

Q2: If a Support Services (Non-Primary) Vendor has a binding Term Sheet with a Primary Vendor that requires the Support Services Vendor and Primary Vendor to enter into a binding agreement to provide the services if the Primary Vendor is selected, will that fulfill the requirements of this section?

Any contractual agreement between the Primary Vendor and Support Services Vendor must include the contracting requirements as outlined in the RFP. As per Section 1.22 of the RFP, “If a joint submission is proposed, a copy of the joint venture or terms of agreement clearly describing the responsibilities of the partners must be submitted with the Proposal.” It is not clear what constitutes a “binding Term Sheet”

until the term sheet is reviewed. If the binding Term Sheet reflects the terms of agreement, as stated above, then it must be submitted as part of the proposal, and will be taken into consideration.

Q3: Are Support Services Vendors required to submit a response to the RFP in conjunction with a Primary Vendor or can a Support Services Vendor submit its own freestanding response?

The Support Service Vendors are not required to submit a response with the Primary Vendor. A Support Service Vendor is able to be included in a joint Proposal of a Primary Vendor but is also able to submit separately.

1.30 Proposal Tenure (p. 16)

The RFP states that Vendors shall be strictly held to the terms contained in their Proposals. The contents of this RFP and the Proposal will become contractual obligations, if a Contract ensues. Failure of the Vendor to accept these obligations will result in cancellation of the Contract award. As a Support Services Vendor, an exact cost for implementation may depend on the Primary Vendor selection. Is there latitude with regards to these specifications for Support Services Vendors?

The Lottery recognizes the Primary Vendor is unknown at the time of submission. Vendor Pricing should be as detailed as possible and identified in the RFP response in Section 5. If the Support Vendor believes that its price may vary by potential Primary Vendor, then it is up to the Support Service Vendor to identify specific circumstances and Vendors where the pricing may vary.

1.31 Proposal Bond (p. 16)

(Crossed referenced with 2.12 Bonds and Insurance Company Qualifications (p. 26-28))

Will the Lottery please confirm whether, in the event more than one vendor submits a Proposal to be the Primary Vendor, each vendor must meet the insurance and bonding requirements?

Each Contracting Vendor is required to meet the insurance and bonding requirements. To the extent that a Game Content Vendor does not contract directly with the Lottery (i.e. is part of the bid of the Primary Vendor) then that Vendor will not be required to meet the insurance and bonding requirements. If a Game Content Vendor that is also bidding as part of the Primary Vendor is not selected as the Primary Vendor, then the Game Content Vendor may offer their games separately. In this scenario, the Game Content Vendor will be required to contract directly with the Lottery and will then be required to meet the insurance and bonding requirements. Any Support Services Vendors that contract directly with the Lottery will also be required to meet the insurance and bonding requirements (e.g. payment processing). It is the goal of the Lottery that all other Support Service Vendors contract directly with the Primary Vendor, and as such will not be required to meet the insurance and bonding requirements as this will be covered in the agreement with the Primary Vendor. This does not prohibit the primary Vendor from making the same or similar requirements in their contract.

PART 2 – Terms & Conditions**2.0 Introduction (p. 21)**

Q1: The Lottery states that “by submission of the Proposal, all Vendors agree to the Terms and Conditions contained herein.” As the above listed statement is not entirely correct, as pursuant to Section 1.10 (Volume I – Item No. 2), the Vendors are allowed to provide a list of exceptions to the Terms and Conditions. Will the Lottery please confirm that the Successful Vendor will be permitted to negotiate the Terms and Conditions to the extent exceptions that were listed in accordance with Section 1.10?

Q2: As a general comment, the RFP contains terms and conditions that it expects to become part of a contract with the selected Vendor(s). The Lottery provides the opportunity for the bidding Vendors to indicate to which of these terms and conditions the Vendors object, if any, and indicates in Section 2 that the contract will be subject to negotiation. Based on this understanding, it is our understanding that the appropriate time to discuss such terms and conditions will be during contract negotiation. Is that correct? If not, we would like to reserve the right to ask additional clarifying questions regarding the terms and conditions.

Answer is the same for Q1 and Q2. The list of exceptions to the Terms & Conditions must be identified in the RFP response as specified in section 1.10. Vendors are permitted to take exceptions to Terms & Conditions and RFP Specifications. Failure to specify any exception will be interpreted as acceptance of the Terms & Conditions and RFP Specifications. The Lottery reserves the right to deny any and all exceptions taken to the Terms & Conditions and the RFP Specifications; however, during contract negotiations the Vendor will have the opportunity to negotiate those exceptions to the Terms & Conditions and the RFP Specifications that were not denied by the Lottery previously.

2.5 Emergency Extension (Paragraph 1) (p.22)

Will the Lottery please revise the first paragraph of Section 2.5 as follows: “The Lottery reserves the right to reactivate or further extend the initial Contract, or any renewal thereof, at the rates and upon the terms and conditions then in effect on thirty (30) days’ notice for one (1) **ninety- (90) day** period if a different Vendor is chosen for a subsequent Contract and the subsequent Vendor’s Solution does not meet the requirements of the Lottery. To meet this requirement, the Primary Vendor for this Contract must maintain the Solution in a state of readiness through the date of full Conversion to the new Vendor and for thirty (30) calendar days thereafter. **During such ninety- (90) day emergency extension period, the parties may mutually agree on a successive emergency extension period(s), which shall be under rates, terms and conditions as agreed to by the parties.**”

There will be no change to this section of the RFP. The Lottery will not commit to a maximum 90-day period. The Lottery will put into the contract that the Lottery will make best efforts to go live with a new Vendor as soon as reasonably possible, once the new Vendor has been selected.

2.6 Vendor Responsibilities (p. 22-23)

The section provides that a Vendor is liable for all third-party equipment and/or services that are provided in connection with the Vendor's Proposal "whether or not the Vendor is the manufacturer, product or direct provider of the equipment, software or services." or. Further, this section also provides that the assumption of such liabilities is subject to representations and warranties, which the Lottery and the Vendor may negotiate. Will the Lottery please confirm that the Successful Vendor, prior to executing the Contract, will have a reasonable opportunity to negotiate any such representations and warranties with respect to the assumption of liability of third-party goods/services?

Please address this in the exceptions response and provide an explanation of potential representations and warranties to take into consideration.

2.7 Subcontractor Approval (p. 24)

This section requires that any proposed subcontractors are "subject to the prior written approval of the Lottery." Will the Lottery please confirm that this written approval shall not apply to the extent such subcontractors were identified in the Vendor's Proposal (i.e., the acceptance of such Vendor's Proposal identifying such subcontractors satisfies any written approval requirement)?

If the sub-contractor is identified in the Proposal and accepted during contract negotiation, then no further approval by the Lottery is required. If the subcontractor is identified outside of this process, then prior written approval by the Lottery is required.

2.9 Historical Audit and Accounting Requirements (p. 24)

The RFP states "A Contracting Vendor shall have a complete corporate financial audit conducted annually, at its own expense. The audit must follow generally accepted auditing standards (GAAP), or the appropriate non-U.S. equivalent. A copy of a Contracting Vendor's certified financial statements shall be provided no later than forty-five (45) days after the close of the Contracting Vendor's fiscal year." Will the Lottery change 45 days to 120 days? It typically takes 30-45 days until year-end actuals are released, and therefore nearly impossible to provide certified financial statements in the same amount of time.

No, the Lottery cannot make the requested change. However, the Lottery shall amend the deadline for filing an annual report to 90-days after the close of the Contracting Vendor's fiscal year.

2.10 Ongoing Accounting Records (p. 25)

The RFP states that a Vendor shall maintain all public records, as defined by 29 Del. C. § 502(7), relating to the Contract and its deliverables for the time and in the manner specified by the Delaware Division of Archives, pursuant to the Delaware Public Records Law, 29 Del. C. Ch. 5. During the term of the Contract, authorized representatives of Delaware may inspect or audit a Contracting Vendor's performance and

records pertaining to the Contract at the Vendor's business office during normal business hours. Is this any Vendor? (i.e. Primary, Game Content and Support Services Vendors)

[Yes. All Vendors are subject to these requirements.](#)

2.11 Ongoing Right to Audit Contracting Vendor's Operations (p. 25)

Q1: This section permits the Lottery to audit Vendor's records with respect to Delaware Lottery operations. In connection with any such audit, will the Lottery please revise Section 2.11 to provide that such audits will be conducted: (i) upon reasonable advance written notice, (ii) during Vendor's normal business hours, (iii) in a manner that does not unreasonably interfere with the Vendor's business, and (iv) subject to the Vendor's security procedures?

[Please address this in the exceptions response and provide alternative language to such exceptions.](#)

Q2: The RFP states that the Lottery reserves the right to audit a Vendor's records and operations as they relate to Delaware Lottery operation. Said audits may be conducted by the Lottery's own auditors, or by an independent firm specified by the Lottery. A Vendor shall agree to cooperate fully with any and all audits. Is this any Vendor? (i.e. Primary, Game Content and Support Services Vendors)

[Yes. All Vendors are subject to these requirements.](#)

2.12 Bonds and Insurance Company Qualifications (p. 25)

This section states that the Vendor shall "indemnify and save harmless and defend all illegal or equitable actions brought against the State. Will the Lottery please revise this to correct reference "legal" actions and/or explain what the Lottery means by "illegal"

This is a typographical error. The term should be 'legal'.

2.12.2.4 Bonds and Insurance Company Qualifications - Automobile Bodily Injury Liability Insurance (p. 26)

Will the Lottery accept evidence of \$1,000,000 CSL policy for Bodily Injury and Property Damage for Automobile Bodily Injury Liability Insurance?

The lottery agrees to amend the insurance requirement to accept evidence of \$1,00,000 CSL policy only for Auto Bodily Injury Property Damage Liability.

2.12.4 Performance Bond (p. 27)

Q1: Will the Lottery please add language that the Performance bond can be annually renewable?

Yes. The Performance Bond may be annually renewable.

Q2: Will the Lottery accept an Industry Standard bond form that includes annual language?

Subject to the pre-approval of the Lottery, the Lottery confirms that it may accept an industry standard bond form that includes annual language.

2.13 Vendor Error Liability (p. 28)

Q1: This section appears to contradict many of the liquidated damages clauses that appear in Section 2.14, creating a separate liability for matters already addressed by an agreed upon remedy and thereby undermining the agreement of the parties. We respectfully request it be deleted.

The Lottery shall not delete the section. Sections 2.13 and 2.14 are intended to be complimentary. Section 2.13 states that the Vendor is responsible for its errors. Section 2.14 attempts to quantify the liability of such Vendor error.

Q2: This section requires that the Contracting Vendor agree to accept unlimited liability to pay damages for "any specific and definite financial obligations arising as a result of errors and faults by the Contracting Vendor's staff, agents, subcontractors, the Internet Gaming Solution as well as the Game Content Vendors' systems".

Given that such language provides for significantly more financial liability than what is required under Delaware law, will the Lottery please amend this provision to provide that the Vendor shall not be liable for any such errors to the extent that the Lottery is not required to pay damages under Delaware Law? Further, while it is reasonable for a Vendor to assume liability for its own staff, agents, and

subcontractors, it is completely unreasonable for the Lottery to require a Vendor to assume liability for the Game Content Vendors' systems, as the Primary Vendor: (i) has not been provided with any information with respect to such Game Content Vendors' system, and (ii) will have no ultimate control over such Game Content Vendors' systems (and further, Vendor will also have no control over the selection of such Game Content Vendors – such selection which is to be performed solely by the Lottery). As such, will the Lottery please delete the requirement that the Vendor assume liability for the Game Content Vendors' systems?

This is a typographical error. The Lottery has deleted the words 'as well as the Game Content Vendors' systems'. The new language reads as the following 'A Contracting Vendor will be liable for any specific and definite financial obligations arising as a result of errors and faults by the Contracting Vendor's staff, agents, subcontractors and the Internet Gaming Solution'.

Any further requests for interpretation should be addressed in the exceptions response and include alternative language to such exceptions.

2.14 Liquidated Damages Provisions (p.28)

Q1: Will the liquidated damages proposed in this section be subject to negotiation between the parties?

Q2: Will the amount of liquidated damages assessed reasonably relate to damage actually incurred by the Lottery? Will the Lottery be authorized to assess liquidated damages in the event the Lottery does not suffer actual damages?

Q3: Will the Lottery please revise the Second Paragraph of Section 2.14 to read as follows: "The Lottery shall not be entitled to recover multiple Liquidated Damages for any given incident."?

Q4: Will the Lottery agree that liquidated damages will not be assessed by the Lottery under multiple provisions relating to a single incident?

Same answer for Q1, Q2, Q3 and Q4. If a Vendor has an issue with any of the Liquidated Damages, this issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

Q5: Since liquidated damages are a contractual agreement by the parties to provide a specific, agreed upon remedy to situations for which such remedy would be difficult to calculate otherwise, the requirement that liquidated damages are “in addition to, and not in lieu of, such other remedies as may be available to the Lottery” undermines the agreement of the parties and prevents a meeting of the minds. Will the lottery agree the assessment of liquidated damages shall be in lieu of the right of the Lottery to institute a cause of action for consequential damages?

The Lottery will not agree that the assessment of liquidated damages shall be in lieu of the right of the Lottery to institute a cause of action for consequential damages.

2.14.1 Notification of Liquidated Damages (p. 28)

Since the contract to be entered under this RFP will be a long-term, multi-year contract, will the Lottery agree that liquidated damages must be assessed within a reasonable time frame to be agreed by the parties following the Lottery becoming aware of the event giving rise to liquidated damages?

If a Vendor has an issue with any of the Liquidated Damages, this issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

2.14.5 Payment of Liquidated Damages (p. 29)

How exactly will this provision apply to Vendors filing as Primary Vendor with multiple entities? Will the assessment be directed against the particular Vendor providing the goods or services subject to assessment?

If a Primary Vendor submits with multiple entities, the Primary Vendor shall be responsible for the Liquidated Damages on behalf of all of the non-contracting Vendors (i.e. other entities that do not contract directly with the Lottery). This does not preclude the non-contracting Vendor from having an agreement with the Primary Vendor that addresses how the violating Vendor shall pay for the Liquidated Damages.

2.14.6 Applicability of Liquidated Damages and Pro Rata Liquidated Damages (p. 29)

Q1: Will the Lottery please revise Section 2.14.6 to provide that “the Vendor shall not be required to pay liquidated damages to the extent any such delays are due to other Vendors and/or the Licensed Video Lottery Agents?

Q2: Will the Vendor be subject to liquidated damages to the extent the incident was caused by the Lottery, its retailers, third parties, communications failures or events of Force Majeure?

Q3: This section provides that a Vendor shall not be required to pay liquidated damages for “delays specifically due to or approved by the Lottery.” The term “specifically” could be misinterpreted to mean

that the Lottery could be 99% the cause of such delay, but the Vendor would still be responsible for such delay as the Lottery was not 100% the cause of such delay. Will the Lottery consider replacing the term “specifically” with the phrase “to the extent”?

Same answer to Q1, Q2 and Q3. If a Vendor has an issue with any of the Liquidated Damages, this issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

2.14.10 Timely and Accurate Reports (P. 31)

The RFP states that damages for each late, insufficient, or inaccurate report or file, the Lottery may impose liquidated damages on the violating Vendor up to one hundred dollars (\$100) per report until the report is provided, made sufficient or corrected.. Is this up to \$100 per report, per day?

Yes. This section shall read: “The Liquidated Damages for a late report is up to \$100 per report per day until the report is provided, made sufficient or corrected”.

2.14.11 Timely and Accurate Data and Information (p. 31)

The “Damages” subsection provides for liquidated damages in the amount of \$100 per hour, per file, in the event of late, insufficient, or inaccurate data file delivery. Unlike the other liquidated damages provisions, the Lottery does not provide a grace period. Will the Lottery please consider adding a reasonable grace period for delivery of such information?

If a Vendor has an issue with any of the Liquidated Damages, this issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

2.14.12 Failure to Provide Current Software or Enhancements for the Internet Gaming Solution (p. 31)

This provision raises a broader issue regarding the upgrades subjected to liquidated damages under this section. To confirm, the upgrades that will be provided are those that the Vendor makes generally available to all its customers only, correct? Other upgrades and updates are provided subject to the terms of the contract, correct?

As it states in the RFP “all Contracting Vendors shall install the latest version of the software or games and provide upgrades. The Contracting Vendors will use best efforts to ensure that the latest version of software or any upgrades that are offered to other clients will also be offered to the Delaware Lottery in a timely manner, unless an extension is authorized in writing by the Director”.

For clarification, this does not include custom order upgrades.

2.14.15 Failure to Report Incidents (p. 32)

We are unaware of any memorandum of understanding and no such memorandum is included in the documents comprising the contract, so we suggest this be deleted

The memorandum of understanding in this case is a generic term used to provide for the handling of any future agreement, formal or informal, between the Vendor and the Lottery that are unknown at the current time.

2.14.16 Failure to Remedy Audit Recommendation (p. 33)

How will the Lottery apply this provision when a Vendor raises a good faith objection to implementing a recommendation of an auditor?

The Vendor shall have the ability to raise a good faith objection to implementing a recommendation of an auditor. The Lottery shall in its determination decide if the objection is valid.

This applies only to audits performed by the Lottery or any agent of the lottery or the Division of Gaming Enforcement. This explicitly does not include the State of Delaware Auditor of Accounts.

2.15 Ownership of Materials (p.33)

Q1: Will the Lottery clarify that its right to use whatever data, documentary material, or operating reports it will own pursuant to this provision shall be subject to whatever intellectual property rights are held by any third party(ies) that may be applicable thereto?

If the question refers to the delivery system of the data, documentary material or operating reports, and if delivery system was not customized for the State of Delaware, then such Intellectual Property shall be the ownership by the Vendor.

Q2: In addition to the material described in this provision, will the Lottery include Games, Game Content, and improvements to the materials described in this section?

The Games, Game Content and improvement to the materials is included in the software code and as such shall be the ownership of the providing Vendor, provided that any customized material paid for by the State of Delaware shall be owned by the State of Delaware.

2.16 Right of Use (p. 34)

Q1: Will the Lottery confirm that its right to use the equipment, facilities, software, licenses, and documentation of the Vendor pursuant to this section shall be limited to circumstances in which the Vendor breaches its obligations to maintain and support the products and services in the manner that the Vendor is expressly obligated to perform under the Contract, and fails to cure the alleged breach within the prescribed period after receipt of written notice from the Lottery of such breach?

Q2: Will the Lottery confirm the following: (i) that its right to use the equipment, facilities, software, licenses, and documentation pursuant to this section shall be subject to the rights in Intellectual Property held by the Vendor or applicable third parties; (ii) as between the Lottery and Vendor, the Vendor shall be deemed to own all rights, title, and interest in all Vendor equipment, facilities, software, licenses, and documentation covered by this section; and (iii) that its right to create derivative works from Vendor or third-party equipment, facilities, software, licenses, and documentation shall be limited only to modifying and/or creating works reasonably contemplated by the Lottery and the Vendor under the Contract?

Q3: In the event that the Lottery does obtain a right to use Vendor equipment, facilities, software, licenses, and documentation, will the Lottery confirm that it will not disclose Vendor proprietary information or materials to third parties, except for subcontractors and third parties required to operate the Vendor's system, and prior to any disclosure of Vendor's equipment, facilities, software, licenses, and documentation to such subcontractors and third parties, the subcontractors and third parties will have entered into a non-disclosure and restriction on use agreement with the Vendor that is deemed sufficient by the Vendor?

Same answer for Q1, Q2 and Q3. This issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

2.17 Force Majeure (p. 35)

Will the Lottery please delete the phrase "for cause" and replace with "for convenience" to avoid any ambiguity?

No. There will be no change to this section.

2.19 Personal Background Investigations (p. 36)

Q1: This provision requires the disclosure of very sensitive personally identifying information. Will the Lottery please reconsider the need to disclose the date of birth and social security numbers? If not, please provide the specific statutory or other authority for requesting this information; whether disclosure is mandatory or voluntary; what uses will be made of the information; the methods and procedures to be utilized by the Lottery to prevent any unauthorized disclosure; and the consequences, if any, of failure to provide the information.

No. The Lottery will not reconsider. Nothing in 2.19 requires the Vendor to submit information at time of Proposal. Prior to Contract Award, this information may be requested as the Lottery deems appropriate. At Contract Award, this standard information (see 29 Del. C. ch. 48) will be required. Such information is required to conduct background checks on executives, owners of the companies, employees, contractors

and agents assigned to and associated with the Delaware Lottery Proposal. All Information will be sent directly to the Division of Gaming Enforcement.

Q2: Will the Lottery agree that access to a Vendor facility is subject to the reasonable safety and security procedures in place at such facility?

This issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

Q3: The RFP states that upon award of a Contract, the Vendor shall submit and allow, at a minimum, the following security elements (clauses 1 to 7). Shall this provision and each of its sub-clauses (1-7) apply to all Vendors? (i.e. Primary, Game Content and Support Services Vendors). And would they be applicable to all members of staff or key members of staff/relevant project teams?

Yes. The Lottery may initiate investigations into the backgrounds of any officers, principals, investors, owners, subcontractors, employees, or any other associates of a Vendor that it deems appropriate.

2.20.1 Production Ready Acceptance Test (Paragraph 3) (p. 36)

This section provides that “all defects” discovered during acceptance testing must be corrected and re-tested. Will the Lottery please revise this statement so that the obligation to correct and retest is with respect only to “all material defects...”?

No. The Lottery will not revise this section.

2.20.3 Tests Following Contract Award - Prior Use (p. 37)

Use prior to acceptance is unacceptable, unless it is subject to all terms of the contract, including full compensation. Will the Lottery delete this provision?

No. The Lottery will not delete this section.

2.21 End of Contract Obligation (p. 37)

Will the Lottery please confirm that a Vendor shall not be obligated to migrate data that is confidential and proprietary information of such Vendor unless adequate protection of such confidential and proprietary information will be given, including, but not limited to, requiring the successor vendor to execute a non-disclosure agreement?

This issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

2.22.2 Workload Accommodation (p. 38)

The RFP states that any Vendor must provide any changes to the software such as upgrades such that increased volumes of transactions shall be included in the Vendor's pricing for the platform, service or game. Does this apply to Support Service Vendors? For a mobile service vendor, if Delaware Lottery required support for a new and recently released, but minor, mobile operating system would Delaware Lottery expect and require that such development is accommodated in all cases within any regular service/platform fee?

Yes. This applies to all Vendors including Support Service Vendors. The new releases, upgrades or other changes refer to standard releases, upgrades or changes. These are expected to be included in the baseline price including any additional development or support. To the extent that any of these releases, upgrades or other changes are optional, not standard, or if they exceed RFP specifications, this may either be accounted for in the baseline price (Section 5) or may be subject to reasonable negotiated limitations at time of contract negotiations or service offering.

2.22.4 Equipment and Software Corrections and Upgrades - Upgrades and Other Changes (p. 38)

The RFP states that Software upgrades and changes shall be included in the Baseline Price, even if additional developments are required by the Vendor to create or adapt software for the Lottery's needs;

Q1: This section creates an open-ended obligation to provide unlimited software development for free to the Lottery, which is not acceptable. Will the Lottery agree that this provision will be subject to reasonable negotiated limitations?

Q2: Does this apply to Support Service Vendors? For a mobile service vendor, if Delaware Lottery required support for a new and recently released, but minor, mobile operating system would Delaware Lottery expect and require that such development is accommodated in all cases within a Baseline Price?

Answer is the same for Q1 and Q2. Question 2 is repetitive with 2.22.2.

The new releases, upgrades or other changes refer to standard releases, upgrades or changes. These are expected to be included in the baseline price including any additional development or support. To the extent that any of these releases, upgrades or other changes are optional, not standard, or if they exceed RFP specifications, this may either be accounted for in the baseline price (Section 5) or may be subject to reasonable negotiated limitations at time of contract negotiations or service offering.

2.25 Patented Materials and Processes (p.39-40)

Will the Lottery please revise the second sentence of the second paragraph of this section as follows: "The Lottery shall be granted the right or license to employ said items ~~indefinitely~~ for the term of the Contract in the execution of Lottery business; however, the Lottery shall not license, distribute or

otherwise commercialize such items.”?

This was a typographical error. The Lottery will revise as follows: “The Lottery shall be granted the right or license to employ said items indefinitely in the execution of Lottery business; however, the Lottery shall not license, distribute or otherwise commercialize such items.”

2.26 Use of Copyrighted or Trademarked Material (p. 40)

Will the Lottery confirm that the Vendor is not responsible for any act of infringement that resulted from acts or requests from the Lottery?

No. The Vendor is obligated to ensure that use of materials does not infringe on copyright, trademark, or other intellectual property rights of third parties.

As per the second paragraph of this section: *“If it is determined that use of certain materials constitutes infringements, then the Vendor is obligated to obtain permission or to cease such infringing use and provide the Lottery with an equivalent product. The Vendor must indemnify the Lottery and the State of Delaware from any damages sought as a result of the infringement.”*

This issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

2.28 Attachment of Third-Party Systems or Products (Paragraph 3) (p. 40)

Q1: As such, and as the Primary Vendor should be entitled to remuneration for its costs and expenses (including integration costs) in connection with the addition of new products, systems or services not supplied by the Primary Vendor for the RFP, regardless of whether such Primary Vendor gains responsibilities, will the Lottery please delete the provision “but for which the Primary Vendor will gain responsibility” from Section 2.28?

Q2: The requirement states “The Lottery reserves the right to attach to the Solution or otherwise install software, products, or systems other than those required by this RFP.” Will the attachment of third party systems or products be subject to appropriate confidentiality, indemnification and waivers of liability obligations from the third party?

Same Answer for Q1 and Q2. This issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

2.31 Termination Other Than Default (p. 41)

Q1: Will the Lottery please revise this Section 2.31 to provide that in the event that the Lottery terminates the Contra for convenience, that the Vendor will also be equitably compensated for the

“unfinished” documents and materials, regardless of whether such documents or materials are “useable” in their transferred state?

This issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

2.31.1 Termination for Cause (Without Compensation) (p. 41)

Q1: To avoid ambiguity, will the Lottery please revise Item 2 to provide that the Vendor must be in material “violation of a specific provision” in order to give rise to termination for cause?

This issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

Q2: Item 4 of Section 2.31.1 states the ability of the Lottery to terminate the Contract if an officer or employee of a Vendor or subcontractor for making deposits cash or wagers cash on the Delaware Internet Lottery. Will the Lottery please revise Item 4 to limit the ability to terminate those individuals who are expressly prohibited from such activities pursuant to Section 2.29 (Playing Restrictions for Internet Gaming Insiders) and not all employees or subcontractors in general?

No. The Lottery will not revise this section.

Q3: Will the Lottery confirm that it will use all reasonable efforts to mitigate those excess costs and/or lost revenue in the event it secures articles and/or services from other sources following Termination for Cause?

The Lottery will not revise this section.

Q4: If a Primary Vendor’s contract is terminated with cause, what is the condition of the Support Services Vendor contracts?

Any Support Service Vendor contracting directly with the Primary Vendor will be terminated. However, those Support Service Vendors may be considered for a contract with the new Primary Vendor.

2.31.2 Termination without Cause or for Convenience (With Possible Compensation) (p. 42)

Q1: In the event that the Contract is terminated for convenience, the second full paragraph provides that the Vendor is due “reasonable expenses for products, materials, supplies, and services rendered, for which the Vendor has not yet been compensated.” As this determination of “reasonable” is subjective, and ultimately does not reflect the actual expenses incurred, will the Lottery please replace the term “reasonable” with “actual and verifiable” so that the statement reads as follows: “...said compensation

should be limited to the actual and verifiable expenses for products, materials, supplies and services rendered, for which the Vendor has not yet been compensated.”

This issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

Q2: Termination for failing to reach a contract for a modification or additional services seems out of proportion with the underlying event. Will the Lottery delete this provision?

This issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

2.32 Termination for Default (p. 43)

Will the Lottery please confirm and revise Section 2.32 to provide that the Lottery’s right to terminate for default relates only to “material” defaults, nonperformance issues, or other infractions?

This issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

Will the Lottery please confirm that it will use all reasonable efforts to mitigate those excess costs in the event of termination for default?

As the definition of “excess costs” is unclear, no confirmation can be made at this time. This issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

2.35 Funding Out Clause (p. 43)

The RFP states that payment to a Contracting Vendor resulting from this RFP shall be payable solely out of the income, revenues, and receipts of the Lottery’s Internet Gaming operations. How would this relate to milestone payments during a development or integration cycle pre-production launch? There seems to be some ambiguity in relation to clause 2.24

The response to the question above is specifically addressed in section 2.43: Compensation During Implementation, and reads as follows: ‘A Contracting Vendor for this RFP will not receive any compensation from the Lottery until a complete implementation has been effected, Production Operations are fully supported by the Contracting Vendor, the Lottery has formally accepted the Solution, and sales begin.’

2.38.1 General Indemnification (p. 44)

Q1: Will the Lottery please revise the last paragraph to read as follows: "These indemnification clauses shall not apply to the extent, if any, that such death, bodily injury, property damage or other damages are caused by the negligence or reckless or intentional wrongful conduct of either the State, the other Vendors (including any Support Services Vendor or Game Content Vendor), or any Licensed Video Lottery Agents."?

Q2: Will the Lottery agree that the Vendor's indemnification obligations will be limited to acts or omissions of negligence or unauthorized action by the Vendor? Indemnification for the full and complete performance as obligated by the contract seems unfair.

Same answer for Q1 and Q2. This issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

2.38.2 Patent/Copyright Infringement Indemnification (p. 45-46)

Q1: Will the Lottery confirm that Vendor should only be required to indemnify the Lottery and the State of Delaware to the extent that the materials provided by the Vendor infringed the rights of a third party, and not to the extent that any infringement resulted from acts of the Lottery?

As per Section 2.26, the Vendor is obligated to ensure that use of materials does not infringe on copyright, trademark, or other intellectual property rights of third parties. If the Vendor has a specific circumstance of concern, this issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

Q2: Will the Lottery confirm that Vendor's legal counsel shall control any such defense?

This issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

Q3: Will the Lottery confirm that obligations of the Vendor with respect to procuring the right to use third party-intellectual property or replacing products or services with non-infringing alternatives is limited to circumstances in which the Lottery has a reasonable belief based on the advice of competent intellectual property legal counsel, that such products or services at issue infringe the enforceable intellectual property right of a third party?

The Lottery requires that all submitting Vendors ensure the use of the products and services does not infringe on copyright, trademark or other intellectual rights of third parties. As per Section 2.26, the Vendor is obligated to ensure that use of materials does not infringe on copyright, trademark, or other intellectual property rights of third parties. If the Vendor has specific circumstances of concern the issue may be addressed during contract negotiations.

2.43 Compensation During Implementation (p. 46)

The RFP states that a Contracting Vendor will not receive any compensation from the Lottery until a complete implementation has been effected, Production Operations are fully supported by the Contracting Vendor, the Lottery has formally accepted the Solution, and sales begin. How would this relate to milestone payments during a development or integration cycle pre-Production Launch? There seems to be some ambiguity in relation to clause 2.24.

There is no ambiguity. Section 2.24 relates to ongoing payments during the contract. This section 2.43 specifically relates to compensation during implementation. Read together, (1) there is no compensation during implementation (2.43), and (2) Compensation addressed 2.24 only relates to compensation after implementation is completed and specified launch milestones have been achieved.

2.44 Authority of Lottery (p. 46)

Will the Lottery please revise Section 2.44 to correctly acknowledge the rights of the Vendors to dispute those Lottery determinations in accordance with Section 2.33?

This issue may be addressed in the exceptions response. Please provide alternative language to such exceptions.

2.48 Hosting and Data Requirements

Is there an opportunity to initially serve game content from existing data centers that are outside the US in licensed jurisdictions, such as Gibraltar? This would help ensure that the State will be able to have gaming content up and running well within the established timeline for "Go Live".

The Lottery recognizes the accelerated schedule to the Production Operations date. So long as the Primary Vendor and the Game Content Vendors' platforms do not require confidential, personally identifiable information to be hosted outside the United States, the Lottery will consider the option for the Game Content Vendor to host their games outside the United States for a limited period of time.

2.50 Product Readiness (p.48)

As a Primary Vendor does not have access to the various Licensed Video Lottery Agent's systems and architecture, would the Lottery please: (i) provide details on the extent of the integration that would be required by the Primary Vendor with respect to those Licensed Video Lottery Agent's systems and architecture, and (ii) confirm that such Licensed Video Lottery Agent's will assume and be responsible for those costs and expenses associated with the integration between the Primary Vendor and such Licensed Video Lottery Agent's systems and architecture?

The Licensed Video Lottery Agents operate different land-based casino management systems. Two of the systems are Bally Technologies (two different versions) and one system is IGT.

The Lottery understands that all integration requires joint responsibility by the Vendor, the Licensed Video Lottery Agent and potentially the land based system provider in order to complete any integration. It is also recognized that the integration level desired by the Licensed Video Lottery Agent may vary accordingly. The responsibility of the costs associated with such integration will be subject to negotiation.

2.54 Foreign Vendor Requirements (p. 50)

The RFP states that foreign vendors who will not have a workplace with employees in Delaware and are not incorporated in Delaware must appoint an agent for service of process in Delaware. Is this any Vendor? (i.e. Primary, Game Content and Support Services Vendors)

Yes. All Vendors are subject to these requirements.

PART 3 – TECHNICAL BACKGROUND INFORMATION AND SPECIFICATIONS FOR THE INTERNET GAMING SOLUTION

3.0 Introduction

Will Delaware Lottery require integration and/or interoperability testing? If so, what will be the requirements and duration?

Yes. The Delaware Lottery will require integration and/or interoperability testing as part of the testing process. The Lottery and its designated test laboratory will work with each Vendor to determine the most appropriate and cost effective integration testing approach.

3.1.2.1 Remote Back System, 3.1.2.5 Disaster Recovery (p. 52)

This section of the RFP outlines the requirements of the Remote Backup Site and the associated Disaster Recovery System. It is unclear if the Lottery is requesting three (3) separately located systems: 1) Primary Site; 2) Remote Backup System; 3) Disaster Recovery System.

If a Vendor proposes to use a Primary Site in a fully certified secure datacenter that includes full redundancy of all hardware, software, power and communication links, with zero single points of failure, does the Lottery still require both the additional hot backup site and the DR Site? The requirement for an infrastructure design that spans three geographically separated facilities (one for the primary, one for the remote back-up and one for the DR) is not typical and will add significant fixed costs to the solution. In this scenario would the Lottery consider eliminating the requirement for the remote back-up site?

The RFP specifies three separate systems: Primary Site, Back up Sites and Disaster Recovery. Two of the sites (i.e. Primary and Back-up) may be located at the same facility. The Disaster Recovery must be located separate from the Primary Site, specifically at a location that is physically far enough away to prevent a vulnerability of the two locations being susceptible to the same disaster.

3.5.1 Game Software Requirements - Game Software Certification (p. 54)

Q1: The RFP states "All game software must be approved and certified by an independent testing laboratory under contract with the Delaware Lottery. Vendors will be responsible for the costs of independent testing." Will this approval and certification process mirror the current land based process, i.e., submission to licensed regulatory test label for evaluation and approval (example GLI)?

Yes. While the process may not exactly 'mirror' the current land based process due to the fact that online certification may require different processes, overall the processes between online and land based are expected to be similar in that submissions to a licensed regulatory test lab for evaluation and approval is required. Currently, the Delaware Lottery is contracted with GLI.

Q2: The RFP states that all game software must be approved and certified by an independent testing laboratory under contract with the Delaware Lottery. Vendors will be responsible for the costs of independent testing. Is there a list of Independent Testing Labs approved by Delaware Lottery?

Vendors will be required to pay for their own testing. Currently, GLI is the only testing lab licensed by the State of Delaware.

3.10 Internet Gaming Program Authority (p. 57-58)

Will the Vendor be able to negotiate additional remuneration to support the additional features and channels if the Lottery chooses to implement at a later date?

Additional features and channels that exceed RFP specifications are expected to be included in the baseline pricing (Section 5) as a variable pricing mechanism for such support or may be subject to reasonable negotiated limitations at time of contract negotiations.

3.11 Primary Vendor Facilities (p.58)

The RFP state that if either the primary or backup sites are in facilities that share processing support with other business operations of the Primary Vendor, then the Delaware Internet gaming equipment must be physically and logically separated and secure from all other operations, subject to the approval of the Lottery. Physically separating systems is not the most efficient model in the context of iGaming solutions. Also, we understand sharing poker liquidity with operators in other States is a potential future requirement for the Lottery. However, physical separation of the Delaware Internet gaming equipment would make it difficult for liquidity to be shared. Will the Lottery consider only logical separation of Internet gaming equipment if we are able to demonstrate the goals of the Lottery are met by such logical separation?

The Lottery will consider only logical separation of Internet gaming equipment if the Vendor is able to demonstrate the security and information protection goals of the Lottery are met.

3.13 Key Components Requirement and Responsibility Matrix (p.62)**Marketing Section of Matrix (p. 62-63)**

Will the Lottery please confirm that: (i) the Primary Vendor is only responsible for the tools for such marketing, and (ii) that the Licensed Video Lottery Agents are responsible for the fulfillment of these marketing services?

The Lottery has required that the Primary Vendor have a proficient level of operating experience in remote gaming specifically to assist the Licensed Video Lottery Agents in managing an end-to-end online gaming operation. Each Licensed Video Lottery Agent may desire a varying level of assistance from the Primary Vendor when operating its remote/internet gaming operation. A Licensed Video Lottery Agent may desire to completely rely on the Primary Vendor or may desire to take the marketing component in-house. As such, it is advisable, when submitting the Proposal with regard to pricing, that the Primary Vendor offer the option for the Licensed Video Lottery Agent to either operate its own marketing in-house or employ the Primary Vendor's marketing services.

Geo-Location Section of Matrix (p. 65-66)

Will the Lottery identify the areas within the State of Delaware from which Players will be restricted?

There are currently no restrictions within the State of Delaware's boundaries from which Players will be restricted. Any geographic boundary restrictions will be based on the capabilities of the selected geo-location Vendor.

API Integration Section of Matrix (p. 70)

Will the Primary Vendor be allowed to charge the third-party content providers (e.g., Game Content Vendors) a time and materials rate for integration and testing of their products and services?

The Lottery does not have enough information at this time to assess which entity will be responsible for integration and development fees. Each Vendor is encouraged to submit a time and materials rate for integration and testing.

PART 4: VENDOR RESPONSE FORMAT**4.1 All Vendors Background Information (p. 77)**

The sections states 'this section is to be completed by all Vendors. This section should be completed individually for each company that is named in the Proposal as well as each significant subcontractor.' Does this section require the Vendor to provide this information for each vendor/partner used for other Support Services (e.g. KYC and geo-Location) or is this just for the main company submitting the RFP response?

This section is to be completed by all Vendors and named subcontractors, regardless of if the Vendor is bidding by itself or in a joint Proposal.

4.1.9.1 Jurisdictions of Operations (p. 73)

Q1: How does the information requested under this section assist in the evaluation of the Vendors when the operation of the Lottery is limited to the State of Delaware?

The information will assist the Lottery in assessing the Vendor's and subcontractor's operational capability and experience as well as regulatory responsibility. These criteria will to assist the Lottery in evaluating those criteria outline in Part 6.

Q2: Please clarify if this referring specifically to products and services relevant for the Delaware State Lottery or to all products and services offered by the Vendor.

The Lottery is referring to all products and services in all market as well as the philosophy behind the regulatory internal policies for all gaming related activity.

4.1.11.4 Pipeline (p.74)

The Lottery is requesting competitively sensitive information under this provision that may give an advantage to other Vendors in this or other procurements. Will the Lottery please delete this section?

While the Lottery appreciates the highly sensitive nature of this information, the Lottery will not delete this section. It is highly advisable that the Vendor identify this information as 'Proprietary Information' in its Proposal. The Lottery will work to the best of its abilities to keep such information as Proprietary Information. There is always a possibility that a competitive Vendor may try to challenge the proprietary nature of this information. Alternatively, the Vendor has the option not to answer the question at this time, but as expected the lack of information will be part of the Proposal evaluation process.

4.1.11.6 Largest Customers (Licenses). Provide the three (3) largest or most recognized licensed customers (by Gross Gaming Revenue) (p. 74)

Please clarify the time period for which the Delaware State Lottery would like to have data.

The Lottery would ideally like the data to cover the last three years. If such data is not available, then the Vendor shall provide the most relevant period of time as close to three years as possible.

4.1.14.1 Submissions of Financial Statements (p.75)

All Vendors and substantial subcontractors must submit certified financial statements, or federal income tax returns if the Vendor or substantial subcontractor does not have certified financial statements

prepared for the last two (2) fiscal years.” Due to the proximity of the 2012 fiscal year closing, will the Lottery confirm Vendors may submit 2011 and 2010 financial statements to fulfill the “last two (2) fiscal years”?

Yes. The Lottery is asking for the latest years that are available within reason. Given the proximity to the end of the year for 2012, those Vendors whose fiscal year coincides with the calendar year ending in December have the option to submit the years ending December 2011 and 2010 as well as the quarterly data for all of 2012 if the annual information is not available at the time of submission. The Lottery would expect this information would be submitted as soon as available.

4.2.2.11.6 Describe the Vendor’s approach to user authentication and session creation, including storage and retrieval. (p. 88)

When you say users, do you mean users of the systems (e.g. employees of operator) or players as well?

‘Users’ specifically means the internal individuals (employees) who have access to the system.

4.2.2.11.7 Describe how the proposed Internet Gaming Solution provides protection from fraud from administrative users. Describe how the proposed Solution would manage and restrict access on multiple levels within the organization: such as superior rights, system administrator, customer service, developer, fraud, payments, etc. “ (p. 89)

When you say users, do you mean users of the systems (e.g. employees of operator) or players as well?

‘Users’ specifically means the internal individuals (employees) who have access to the system.

4.2.2.12.2 Describe the Primary Vendor’s current network policies as well as suggested policies for the Delaware Lottery and the Licensed Video Lottery Agents. (e.g. limitations of multiple accounts, tournament payout withholding, player bots, collusion refund for check down, chip dumping etc.). (p. 89)

When you reference network in this question, want to clarify that are you talking about the network of sites, not a physical network, correct.

The word 'network' in this instance refers specifically to a network of sites i.e. initially the Licensed Video Lottery Agents. This could also be expanded to include other licensed operator sites should Delaware seek to compact with other jurisdictions and add additional sites to the network.

4.2.2.12.3 Describe the policies and techniques in place to proactively monitor against network fraud outside of that of the standard tools of the backend platform (if applicable).

When you reference network in this question, want to clarify that are you talking about the network of sites, not a physical network, correct?

Yes. In this case the word 'network' specifically relates to the network of sites that belong to the Licensed Video Lottery Agents.

4.2.3.6.2 Text of Passage Being Questioned: Modular Approach: Development and Testing: Describe the network architecture's modular approach separating development, testing and deployment. Describe ability to perform service maintenance without impacting available surrounding services (e.g. take down, upgrade, restart). (p. 93)

When you reference network in this question, are you talking about the network of sites, or the physical network?

In this case the word 'network' refers to the physical network.

4.2.3.6.3 Modular Approach: Critical Apps: Describe how the network architecture relates to critical applications such as fault tolerance, redundancy, disaster recovery and system backups across various environments including production, testing, staging, reporting. Describe the network architecture's modular approach to ensure no single points of failure (e.g. redundancy). (p. 94)

When you reference network in this question, are you talking about the network of sites, or the physical network?

In this case the word 'network' refers to the physical network.

4.2.3.6.4 Modular Approach: System Functionality: Describe the network's architecture's modular approach in compartmentalizing business critical functions such as marketing, cashier and registration. Be specific as it relates to the Delaware Lottery and the ability for the Licensed Video Lottery Agents to potentially manage their own bonus, promotions, marketing, communication and VIP program. (p. 94)

When you reference network in this question, are you talking about the network of sites, or the physical network?

In this case, the word 'network' refers to the physical network.

4.2.3.10.13 Network Management 1. Describe the tools in place for effectively managing a fair and robust network across multiple sites. 2. Describe the tools in place to set and manage policies to maintain a fair network. 3. List the policies that would need to be put in place in Delaware to assist in managing a fair and robust network. (p. 99)

When you reference network in this question, want to clarify that are you talking about the network of sites, not a physical network, correct?

Yes. In this case the word 'network' specifically relates to the network of sites that belong to the Licensed Video Lottery Agents.

4.2.3.11.2 If not already provided, provide a detailed overview of the network architecture and how it relates to the non-remote gaming platform. (p. 100)

When you reference network in this question, are you talking about the network of sites, or the physical network?

In this case, the word 'network' refers to the physical network.

4.3.9.3.6 Support Services: Live Production Environment (p. 109)

If the Primary Vendor does not provide direct access to a live production system, describe how the Game Content Vendor would support and troubleshoot issues without having direct external access to a live production system. Please confirm that this section is NOT applicable to a Remote Game Server hosted solution?

Yes. The Lottery confirms this section 4.3.9.3 should not be filled out if the Vendor is hosting its own remote gaming server.

4.3.9.3.7 Support Services: Warranty (p. 110)

"Warranty: Describe any Warranty on products or services that is associated with the Game Content Vendor's offering." Please clarify and/or provide further detail as to what is meant by Warranty? Is this to imply performance warranties, functional warranties, representations or warranties?

This is a generic term, which should include all such warranties.

4.3.10 Network Architecture for RGS Hosted Solution. Provide a brief description of the Game Content Vendor's network architecture and capabilities as well as illustrate the level of game integration focusing on the following areas. (p. 111)

When you reference network in this question, are you talking about the network of sites, or the physical network?

In this case the work 'network' refers to the physical network.

4.3.10.1 Network Architecture for RGS Hosted Solution - Provide a concept diagram and component diagram outlining the Game Content Vendor's solution architecture and technology. Describe the network architecture's modular approach separating development, testing and deployment. Describe ability to perform service maintenance without impacting available surrounding services (e.g. take down, upgrade, restart). (p. 111)

When you reference network in this question, are you talking about the network of sites, or the physical network?

In this case the work 'network' refers to the physical network.

4.3.10.2 Describe the functionality and any other relevant application programming interfaces utilized. (p. 111)

Please clarify and/or provide further detail as to what is meant by "the functionality and any other relevant application programming interfaces utilized"

This is a typographical error. This section should read: "Describe the functionality of any other relevant application programming interfaces utilized."

4.3.12.5 Describe hardware and software requirements as well as the application architecture environment. Include infrastructure, communication protocols, network diagrams, operating systems, etc. (p. 113)

When you reference network in this question, want to clarify that are you talking about the physical network, not a network of sites, correct?

In this case the work 'network' refers to the physical network.

4.4 Support Services Vendor Submissions (p. 115)

If a Vendor is submitting a response as a Primary Vendor which includes the provision of Support Services, does the Vendor also need to complete Section 4.4 relating to all third party services that we will use as part of the Vendor's solution, or is Section 4.4 aimed only at vendors submitting a response for standalone Support Services?

If a Vendor is submitting for more than one area of expertise, i.e. Primary Vendor, Game Content Vendor and/or Support Services, all relevant RFP response sections must be completed. It is important that the Lottery get a detailed understanding of each of the individual Support Service Vendors, regardless if a joint or sole submission. If there is general information that is duplicative, the Vendor should indicate as such and cross-reference the place where the information is already stated.

4.4.3.6 Payment Method Availability: Demonstrate ability for players to fund an account using a variety of payment methods including retail terminals as well as distribute funds from Delaware Lottery to player accounts. Specifically describe Vendor's method for distributing funds. (p. 118)

Please clarify the role of retail terminals in relation to the proposed online gaming service. Does the Delaware State Lottery intend to have player fund their online gaming account using a POS terminal?

The Lottery intends to allow the players the option to fund an account using a retail terminal while inside the Licensed Video Lottery Agents' facilities. This may include at the casino (cage) cashier only or potentially also include other points of deposit inside the property.

4.4.3.16.2 Financial Institution Relationship - Describe arrangements with each of the card associations including functionality and if relevant any services that cannot offer in its own name. Describe how such relationships will assist the Primary Vendor in mitigating risk including settlement risk, credit and liquidity risk and operational risk. (P. 119)

Please clarify if the Delaware State Lottery is referring to how the Vendor is technically integrated to the bankcard associations.

Yes. The Delaware State Lottery is referring to how the Vendor is integrated into the bankcard associations as well as how this may benefit the Lottery in mitigating risk.

GLI 19- TECHNICAL SPECIFICATIONS

1.3.1 (e) Would the Lottery please confirm that “regulatory body” means the Delaware Lottery only?(p. 8)

The Lottery confirms that the ‘regulatory body’ referred to in GLI-19 V2.0 which was adopted by the Delaware Lottery refers to all Delaware government related entities including the State of Delaware, the Delaware Lottery and the Division of Gaming Enforcement.

2.4.2 Data Alteration (p. 22)

The Interactive Gaming System shall not permit the alteration of any accounting, reporting or significant event data without supervised access controls. In the event any data is changed, the following information shall be documented or logged:

- a)Data element altered;
- b)Data element value prior to alteration;
- c)Data element value after alteration;
- d)Time and date of alteration; and
- e)Personnel that performed alteration (user login).

How long does the Delaware require the audit logs to be kept for?

The audited logs should be kept for five years.

GENERAL: GLI-19 TECHNICAL SPECIFICATIONS AND THE DELAWARE LOTTERY INTERNET GAMING RFP

In the event of a discrepancy or conflict between the two “Technical Specifications” (GLI-19 vs. RFP Part 3), will the Lottery please clarify what set of “Technical Specifications” takes precedence?

For clarification, the GLI-19 V2.0 is part of the Delaware Lottery Internet Gaming RFP. Pursuant to Section 1.8, “Should a Vendor find discrepancies, omissions, unclear or ambiguous intent or meaning, or should any questions arise concerning this RFP, the Vendor shall notify the Lottery’s Issuing Officer, in writing, of such findings at least ten (10) days before the Proposal opening.”