

DELAWARE STATE LOTTERY

REQUEST FOR PROPOSAL

INTERNET GAMING SYSTEM AND SERVICES SOLUTION

FIN13001-IGAMING

JANUARY 31, 2013

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PART 1 – RFP CONTENT**1.0 Introduction**

The Delaware State Lottery (“DSL” or “Lottery”) is issuing this Request for Proposal (the “RFP”) to invite interested Vendors to submit Proposals for the implementation of an Internet Gaming System and Services Solution (the “Internet Gaming Solution” or “Solution”) which is a turnkey offering inclusive of a backend technology platform, operations management and support services as well as an array of game content from multiple Vendors to offer casino table games, Video Lottery games, poker, bingo and keno. The Solution may at some point in the future integrate with DSL’s future Internet lottery system and Internet sports wagering system, which does not currently exist and is not included in this RFP.

The Internet Gaming Solution under this RFP is broken down into several specific components (See Figure 1):

- 1. Backend Technology Platform provider** (or “Platform Provider”): The backend technology is the underlying software that provides an integrated suite of modules including but not limited to account management, network management, single wallet solution/cashier, player registration, multi-level tracking and reporting, sophisticated promotional and bonusing tools, customer service tools as well as integration with multiple Game Content Vendors.
- 2. Operations Management provider:** The Operations Management provider is an experienced online gaming operator or a company that has demonstrated operating expertise in managing an online gaming business. The Operations Management provider offers expertise in managing the various components of an Internet gaming operation including payments, customer service, responsible gaming policies, fraud and collusion, game play limits, network management, chat management, tournament and progressive management, general support services as well as ability to manage an online gaming business for multiple partners or brands.

The Operation Management expert also is a leader in bonusing and promotions, marketing, VIP Management, player segmentation and communication (which may or may not be part of the required services).

- 3. Game Content Vendor(s):** Game Content Vendors develop and offer games that are found in a typical casino environment, and whose games are based on a predominance of chance including but not limited to casino table games, Video Lottery Games, poker, keno or bingo.
- 4. Support Services Vendor(s):** Support Service Vendors provide third party expertise required for a robust and secure Internet gaming operation. Such services include but are not limited to payments, hosting, player authentication and identification, geo-location, IP blocking, etc.

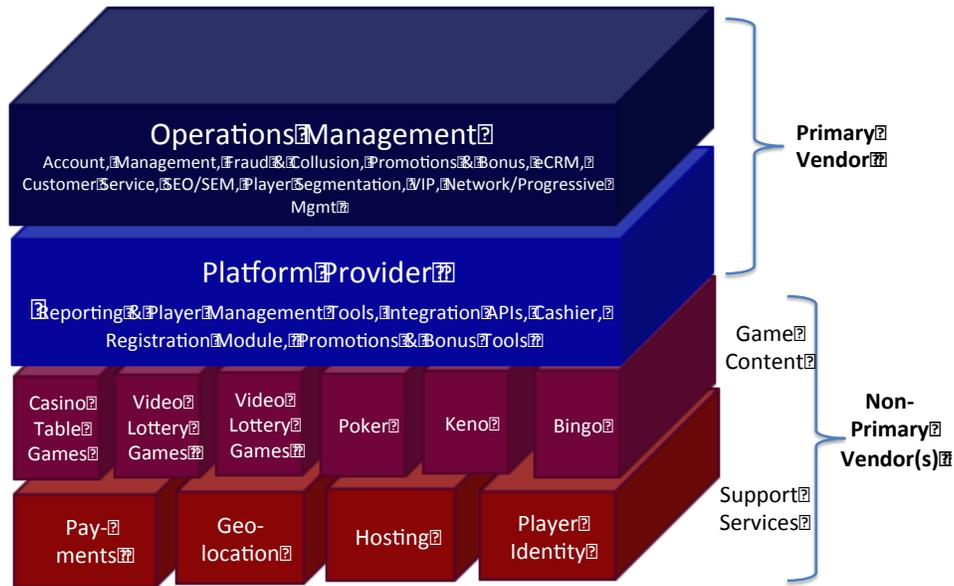


FIGURE 1

Figure 1 depicts the various types of Vendors that comprise the Turnkey Internet Gaming Solution the Delaware Lottery is seeking. The top of Figure 1 demonstrates required expertise of the Primary Vendor, which is a **single** Vendor that provides both the Backend Technology Platform and the Operations Management expertise (the “Primary Vendor”). The Primary Vendor must demonstrate leading expertise in managing an end-to-end solution including business competence and operational expertise. The Primary Vendor submission may be a single company or a joint submission, comprising of two or more companies.

Game Content and Support Services Vendors are required to work with the Primary Vendor, integrating their respective products and services into the Primary Vendor’s Backend Platform as well as assist the Primary Vendor in managing the Turnkey Solution on behalf of the Lottery. All selected Vendors must demonstrate experience in delivering and managing their products and services to multiple licensees/operators.

The Delaware Lottery, through its Proposal Evaluation Committee shall be solely responsible for the selection of the Primary Vendor. The Delaware Lottery in conjunction with the Licensed Video Lottery Agents, will be responsible for the selection of the Game Content Vendors. The Delaware Lottery, in conjunction with the Primary Vendor will be responsible for the selection of the Support Service Vendors.

The Internet Gaming Solution will specifically be offered through branded websites owned by Delaware’s Licensed Video Lottery Agents with a single point of control through the Delaware Lottery. The Licensed Video Lottery Agents currently include Delaware Park, Dover Downs Hotel & Casino, and Harrington Raceway & Casino. The Primary Vendor must be able to provide each Licensed Video Lottery Agent:

1. the ability to select the games of their choice from a list of pre-qualified Game Content Vendors
2. the ability to offer their own branded website and mobile application(s)

3. the ability to create and manage their own marketing, bonusing/promotions, VIP management, player communication, player rewards bonuses and other marketing programs. (Note: marketing and promotions shall require the approval of the Lottery)

With the exception of website branding, game content offering and marketing/promotions/player communication, the remainder of products and services comprising the Internet Gaming Solution shall be standardized across the Licensed Video Lottery Agents. Vendors agree to work directly with the Video Lottery Agents to the extent any custom or non-standardized products or services are desired. Any custom or non-standardized offering shall be approved by the Lottery, and each Video Lottery Agent shall be responsible for any incremental expenses incurred from such custom offering.

As part of the Proposal evaluation, the Lottery places great importance on the ability to 'go live' in a timely manner with a compelling array game content supported by best of breed products and services. As such, Vendors will be evaluated on their existing distribution and integration experience. Specifically, the Primary Vendor shall be evaluated on the current product offering, supporting a sufficient number of Game Content Vendors (casino table games, Video Lottery games, poker, keno and bingo) that are certified by an accredited online gaming certification company. With regard to Game Content Vendors, importance will be placed on both game titles that have a solid track record in the online gaming sector as well as proven titles that are available in the Licensed Video Lottery Agent's floor. During the Contract, the Primary Vendor must be able to continue to enhance the product offering to include new payment methods, verification and/or geo-location sources, content feeds as well as incorporate additional games and features approved for use in Delaware.

Vendor Qualifications

1. **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.
2. **Primary Vendor: In addition to the above, it is required at a minimum that the Primary Vendor (or one company party to a joint submission) fulfills the following qualifications:**
 - A. Has offered, either by way of propriety development or third party integration, casino table games, Video Lottery games, poker, keno, bingo, sports betting or lottery for a minimum of two (2) years in a highly regulated environment (e.g. UK, Italy, Spain, France, etc.).
 - B. Has offered, either by way of propriety development or third party integration, a minimum of thirty (30) games or game variants for a minimum of one (1) year.

It is the Lottery's intent to begin offering Internet Gaming no later than September 30th, 2013. All proposed components of the Solution must be delivered, installed, implemented, acceptance tested

and ready to be operational by the agreed-upon schedule. In this RFP, the Lottery has defined a series of objectives, requirements and a Proposal evaluation approach that will represent its best interests in conformance with Lottery policies, State regulations and Delaware statutes.

The Primary Vendor is expected to enter into a written agreement (the "Contract") with the Lottery within twenty (20) business days after notice of award identifying it as the Primary Vendor. The Contract will cover an implementation period plus five (5) years of Production Operations including such time as is necessary to complete the Lottery business week then in progress, with an option for four (4) one (1) year renewals, exercised in whole or in part at the discretion of the Lottery. The Contract term may run a shorter period, as determined by the Lottery, due to causes such as Contract termination or loss of statutory authority by the Lottery.

During the negotiating period, the Primary Vendor shall assist the Lottery in evaluating and selecting Support Service Vendors. Once the Primary Vendor has signed the Contract with the Lottery, the Primary Vendor will then negotiate and enter into agreement with the Support Service Vendors on behalf of and subject to the approval of the Delaware Lottery, with the exception of payment processing who may also require an agreement with the Delaware Lottery. Going forward, the Primary Vendor shall be responsible for the day-to-day management of the Support Service Vendor relationships. For the avoidance of doubt, the Support Services do not include any game content.

The Licensed Video Lottery Agents and the Delaware Lottery will be responsible for selecting the Game Content Vendors, and as such, the Delaware Lottery will be the direct contracting counterparty. As the third party Game Content Vendors will be required to integrate and/or offer their games through the Primary Vendor's Solution, the Primary Vendor, to the extent necessary, may also enter into a basic contract with the Game Content Vendors to address implementation, integration and other operations related issues. The Lottery Director shall approve all contracts.

The Vendor should be aware after Production Operation launch date the Lottery intends to expand the initial product offering of the Internet Gaming Solution to add new wagering formats, additional games including mobile games for handhelds and other remote devices as well as social, skill and casual games. Vendors should include information regarding their ability to expand in their Proposal.

Internet Gaming Solution shall not be in conflict with either the Federal or the Delaware Constitution, nor any Federal or Delaware Law. The Lottery reserves the right to withdraw or amend this RFP in light of changes to Federal legislation. As the Lottery wishes to have the system operational and available for use no later than September 30th, 2013, the Lottery is issuing this RFP to provide Vendors time to meet the above deadline. This RFP is issued under the terms of the Delaware procurement provisions in 29 Del. C. Section 6981. An electronic copy of this RFP in Word or PDF format is available at the Delaware Lottery website: <http://delottery.com/rfps.asp> or <http://www.bids.delaware.gov>. Vendors with a disability may receive accommodation regarding the means of communicating this RFP or participating in the procurement process. For more information, contact the Issuing Officer no later than ten days prior to the deadline for receipt of Proposals.

Public notice has been provided in accordance with 29 Del. C. § 6981.

1.1 Lottery Objectives

The Lottery has the following objectives for issuing this RFP and entering into a Contract for the implementation and operation of the Internet Gaming Solution.

- Install a fully integrated Internet Gaming Solution that will meet the needs of the Lottery for the term of the Contract
- Obtain an Internet Gaming Solution that will securely and effectively monitor and manage Internet Gaming on behalf of Delaware’s licensed Video Lottery Agents for both internet (fixed) and remote devices
- Obtain an Internet Gaming Solution that is operationally sound, incorporates the highest level of integrity and security, and minimizes risk for the Lottery
- Obtain an Internet Gaming Solution that promotes responsible gambling to ensure the safety of all players
- Obtain an Internet Gaming Solution that will lead to high player satisfaction for quality and performance
- Obtain an Internet Gaming Solution that will fulfill the varying demands of the Licensed Video Lottery Agents
- Obtain a Solution that is sufficiently flexible to meet the Lottery's evolving requirements
- Ensure that all proposed systems and services are operational by the agreed-upon schedule and Production Operations live date
- Ensure the system and services for corrections, improvements and expanded features are delivered in a timely manner
- Maximize proceeds from Internet Gaming for the Lottery and State of Delaware in a safe and responsible manner
- Maintain the highest standards for player authentication, identification and geo-location verification of players within the State of Delaware.
- Maximize economic development in the state of Delaware through additional jobs

Fulfillment of these objectives is consistent with the RFP evaluation criteria cited in this RFP.

1.2 Overview of the RFP

This Request for Proposals (RFP) will provide the information necessary to submit Proposals.

Part One (1) provides high-level background and Proposal preparation information.

Part Two (2) defines terms and conditions that will apply to the Contracts.

Part Three (3) provides additional background information and specifications of the Internet Gaming Solution.

Part Four (4) contains the Response Format. This is broken down to three (3) sections including:

Section A: The Primary Vendor: (includes both Backend Technology Platform & Operations Management provider in a single submission). This may be a single company submission or a joint company submission by an experienced backend technology platform Vendor and/or licensed Internet gaming operator or supplier with substantial Internet gaming operating experience. The operations management expertise should have experience in working in well-respected regulated markets.

Section B: Game Content Vendor. This specifically relates to the game suppliers including game-only content suppliers or operators with proprietary games as well as Vendors that offer their games as part of a greater product offering including backend platform and/or operations.

Should a Vendor choose to submit for Section B as a Game Content Vendor and also submit for Section A as the Primary Vendor, the Vendor, in acting as the Primary Vendor must agree to integrate all third party Game Content Vendors that are selected by the Licensed Video Lottery Agents and the Lottery.

Section C: Support Services Vendor. Support Service Vendors provide third party expertise required to offer a robust and secure Internet gaming operation. This includes but not limited to products and services required to operate the Solution including player authentication and identification, hosting, payments, IP blocking and geo-location. The selection of the Support Services will be determined jointly by the Lottery and the Primary Vendor, once the Primary Vendor has been selected.

A submitting Vendor has the choice to fill in a combination of the three (3) Sections (e.g. only Section B, both Sections A and B or all three Sections). Suppliers and operators are encouraged to submit jointly for the Primary Vendor (subject to Sections 1.22 and 1.23), if an individual company does not possess experience in offering both the Backend Technology Platform and Operations Management expertise.

Companies that are jointly submitting for the Primary Vendor may be able to submit more than once with another Backend Technology or Operations Management provider. If a Vendor's opts to submit more than once, it is advisable to keep the total submissions to a reasonable number.

Game Content and Support Service Vendors are encouraged to submit independently to maximize choice for the Lottery.

Part Five (5) defines how pricing must be submitted.

Part Six (6) describes evaluation criteria, how Proposals will be evaluated, and the proceedings leading to execution of a Contract with the Primary and Game Content Vendors ("Contracting Vendors").

1.3 Issuing Officer

The Issuing Officer, acting on the Lottery's behalf, is the sole point of contact with regard to all procurement matters relating to the RFP, from the date of release of this RFP until the Lottery's notice of Contract award. All communications concerning this procurement must be addressed in writing to the Issuing Officer:

Ms. Rebecca Goldsmith, Assistant Director
Delaware Lottery
1575 McKee Road
Dover, Delaware 19904
Telephone: (302) 744-1605
Fax: (302) 739-6706
Email: rebecca.goldsmith@state.de.us

Communications made to other State of Delaware personnel or attempting to ask questions by phone or in person will not be allowed or recognized as valid and may disqualify the Vendor. Vendors should rely only on written statements issued by the RFP the Issuing Officer.

To ensure that written requests are received and answered in a timely manner, electronic mail (e-mail) correspondence is acceptable, but other forms of delivery, such as postal and courier services can also be used.

1.4 Contracting Officer

The Contracting Officer shall act on the Lottery's behalf for contractual matters. The Contracting Officer is:

Mr. Vernon Kirk, Director
Delaware Lottery
1575 McKee Road
Dover, Delaware 19904

1.5 Restrictions on Communication with Lottery

Other than to the Issuing Officer, neither the Vendors nor their agents, representatives or lobbyists shall make any unsolicited contact with Lottery staff, or their representatives, regarding this RFP. Prior to signing a Contract, Vendors shall not represent themselves to any parties as having the endorsement of the Lottery, nor as the Lottery's Internet Gaming Solution. For Vendors currently doing business with the Lottery, any communication regarding this RFP is prohibited except as provided for in this RFP. Any Vendor causing or attempting to cause a violation or circumvention of this ethical standard may, in the sole discretion of the Lottery, be disqualified from further consideration. The Lottery may retain consultants or legal counsel to assist in the review and evaluation of this RFP and the Vendors' responses. Vendors shall not contact consultant or legal counsel on any matter related to the RFP.

1.6 Schedule

The following dates are established for informational and planning purposes. The Lottery reserves the right to change any of the dates.

Event	Date
RFP Issued	January 31, 2013
Technical Specifications Issued	February 15, 2013
Vendors submit written questions	February 22, 2013 by 3 p.m. EST
Lottery answers questions in Addendum	March 4, 2013
Proposal Submissions due for all Vendors	March 15, 2013 by 3 p.m. EST
Vendor Presentations: Primary Vendor and Game Content Vendors	April 1-12, 2013
Final Recommendation to Lottery Director: Primary Vendor and Game Content Vendors	April 19, 2013
Intent to Award Primary Vendor and Game	

Content Vendors by Lottery Director:	April 22, 2013
Vendor Presentations: Support Service Vendors	April 30-May 3, 2013
Final Recommendation to Lottery Director: Support Service Vendors	May 8, 2013
Decision by Lottery Director: Support Service Vendor	May 10, 2013
Production Operations	September 30, 2013 (no later than)

If Delaware extends the submission deadline above, all the requirements for the submitting Vendors will be extended accordingly to the new extended deadline. All amendments will be available on the DSL website, <http://delottery.com/rfps.asp> or <http://www.bids.delaware.gov>. Interested potential Vendors are required to check back with the DSL website on a regular basis.

1.7 Vendor Conference, Questions and Clarification of RFP

No Vendor conference will be held. The Request for Proposal and its clarifications and amendments will suffice for Proposal preparation.

Questions relevant to this RFP must be mailed, faxed, or e-mailed to the Issuing Officer at the location set forth in Section 1.3. Vendors must observe the time schedule for submitting questions. This schedule will ensure that the Lottery has adequate time to respond to all questions and that the responses will be provided to Vendors in time to be incorporated into their Proposals. Vendors are cautioned **that an RFP inquiry shall be written in generic terms and must not contain cost information**. The inclusion of specific cost in an inquiry may result in the Vendor's disqualification.

All Vendor questions should be submitted in the following format. Deviations from this format will not be accepted.

- Section number
- Paragraph number
- Page number
- Text of passage being questioned
- Question

Questions not submitted electronically shall be accompanied by a CD and questions shall be formatted in Microsoft Word.

A copy of all questions, the Lottery's responses, and any changes in the RFP will be documented in published addenda communicated to all submitting Vendors directly by e-mail with delivery receipt requested. All questions will be consolidated into a single set of responses. Vendors' names will be removed from questions in the responses released. Addenda to this RFP, as well as the RFP itself, will be posted on the website of the Delaware State Lottery: <http://delottery.com/rfps.asp> and <http://www.bids.delaware.gov>. Written acknowledgement of all addenda issued prior to the Proposal

due date shall become part of the Vendor's Proposal. The Lottery is not bound by any statement related to this RFP made by any State of Delaware employee, contractor or its agents.

1.8 Discrepancies and Omissions

Responding Vendors are fully responsible for the completeness and accuracy of their Proposal, and for examining this RFP and all addenda. Failure to do so will be at the sole risk of Vendor. 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. This will allow issuance of any necessary addenda. It will also help prevent the opening of a defective Proposal and exposure of Vendor's Proposal upon which award could not be made. All unresolved issues should be addressed in the Proposal.

Protests based on any omission or error, or on the content of the solicitation, will be disallowed if these faults have not been brought to the attention of the Issuing Officer, in writing, no later than ten (10) calendar days prior to the time set for opening of the Proposals

1.9 Vendor Presentations

The Lottery requires proposing Vendors to make an oral presentation of their Proposal. These presentations for Primary Vendors and Game Content Vendors, and are being scheduled for April 1st to April 12th 2013. Presentations will be held at the Lottery Office, 1575 McKee Road, Suite 102, Dover, Delaware 19904. Proposing Vendors must make arrangements with the Issuing Officer on either March 21st or 22nd between the hours of 10 am and 3 pm Eastern Standard Time to secure a date and time. Scheduling will be conducted on a first come, first serve basis but is subject to change until the close of business on March 25th, 2013.

The Vendor representative(s) attending the oral presentation shall be technically qualified to respond to questions related to the proposed system and its components. All of the Vendor's costs associated with participation in oral discussions and system demonstrations conducted for the Lottery are the Vendor's responsibility.

1.10 Proposal Format

The Proposal must be submitted in two (2) separate volumes and received by the Lottery no later than the date and time provided in Section 1.6. All responses must be submitted in a sealed package, which must be identified on the outside of the enclosure with the Vendor's full name and address. The sealed package must be specifically addressed to the Lottery's Issuing Officer and note the specific procurement: DSL 2013-1. Proposals that are unsealed, unsigned, or otherwise materially non-conforming may be declared non-responsive.

By submitting a Proposal, each Vendor shall be deemed to acknowledge that it has carefully read all sections of this RFP, including all forms, schedules and exhibits hereto, and has fully informed itself as to all existing conditions and limitations.

Non-conforming Proposals will not be considered. Non-conforming Proposals are defined as those that do not meet the requirements of this RFP. The determination of whether an RFP requirement is substantive or a mere formality shall reside solely with the Lottery and the Evaluation Committee.

VOLUME I – Technical (Non-Price) Proposal

The Technical Proposal shall include descriptive and technical matters only and must be appropriately labeled on the outside of the enclosure with the Vendor's name and address. **No cost figures shall be contained in the Technical Proposal.** The original plus six (6) copies of this part, except as otherwise instructed in this RFP, must be addressed to the Lottery's **Issuing Officer**. In addition, the Technical Proposal must be submitted on a USB device or CD-ROM using only a Microsoft Word or PDF file format. **NOTE: One (1) copy of the required financial background information (Section 4.1.14) should be filed with the original Proposal and not with all copies. Such financial information shall be provided on either a USB device or CD-ROM. No printed copy of the financial material is required.**

The contents of the Technical (non-price) volume must follow this outline, employing divider pages with tabs to separate the response sections:

1. Transmittal Letter. The transmittal letter shall contain names, addresses, and telephone numbers of individuals who are authorized by the Vendor to address matters related to the Proposal including, but not limited to, contractual, technical, site visit, and background investigation issues.
2. List of all exceptions to the Terms and Conditions (Part 2) and RFP specifications (Part 3). The Lottery reserves the right to deny any and all exceptions taken to the RFP requirements.
3. Formal Agreement by the Vendor to comply with all Terms and Conditions (Part 2).
4. Disclosure of Litigation and Other Information (see Section 1.33).
5. Acknowledgement of all RFP addenda.
6. Response in Part 4 in identical order of the sections which includes
 - A. A general set of questions to be completed by all Vendors set forth in Section 4.1
 - B. Vendor Specific set of questions separating the three (3) Vendor sections set forth in Sections 4.2 to 4.4. Within these three (3) sections, more specific questions are to be completed only if that particular section pertains to the Vendor's products and services (e.g. Hosting Vendors, Payment Vendors, etc.)

VOLUME II – Price Proposal

The price volume must be identified on a separate enclosure. The Price Proposal shall be signed in ink by an individual authorized to legally bind the Vendor. **The original plus six (6) copies of this part must be addressed to the Lottery's Issuing Officer.** The contents of the Pricing Proposal must follow the below outline, employing divider pages with tabs to separate these response sections:

1. Transmittal Letter
2. Pricing for the three (3) Vendor types. For those companies submitting for more than one Vendor type, Vendors must include pricing for each section individually ("Single Price") (e.g. acting as a Game Content Vendor or Primary Vendor only), and has the option to offer an all-inclusive price ("Bundled Price") (e.g. an integrated solution whereby one Vendor offers game content, platform and operations).

The response must be in the format designated more specifically in Part 5.

To guard against premature opening, sealed Proposals shall be submitted, plainly marked with the Proposal title, Vendor name, and time and date of the Proposal opening. Evaluation of the Proposals is expected to begin shortly after the Proposal due date. To document compliance with the deadline, the Proposal will be date and time stamped upon receipt.

It is the expectation of the Lottery that Vendors can fully satisfy the obligations of the Proposal in the manner and timeframe defined within the Proposal. Proposals must be realistic and must represent the best estimate of time, materials and other costs including the impact of inflation and any economic or other factors that are reasonably predictable.

The State of Delaware and Delaware Lottery shall bear no responsibility or increased obligation for a Vendor's failure to accurately estimate the costs or resources required to meet the obligations defined in the Proposal.

1.11 Proposal Receipt and Opening

Vendors choosing to hand-deliver Proposals must take into consideration that the Lottery is a secure facility and the Vendor must arrive early enough to comply with security procedures before being admitted to the Lottery's office. The date and time stamp of the Issuing Officer is the official time of the Proposal receipt. For purposes of Proposal delivery, Vendors should note that the office hours of the Delaware Lottery are 8:00 a.m. to 4:30 p.m. Monday through Friday, excluding State holidays. **The Proposal due date and time is March 15, 2013 no later than 3:00 p.m.**

Any Proposal submitted by US Mail shall be sent by either certified or registered mail. The proposing Vendor bears the risk of delays in delivery. The contents of any Proposal shall not be disclosed as to be made available to competing entities during the negotiation process.

Upon receipt of Vendor Proposals, each Vendor shall be presumed to be thoroughly familiar with all specifications and requirements of this RFP. The failure or omission to examine any form, instrument or document shall in no way relieve Vendors from any obligation in respect to this RFP.

There will be no public opening of Proposals but a public log will be kept of the names of all Vendor organizations that submitted Proposals. The contents of any Proposal shall not be disclosed to competing Vendors prior to contract award. Proposals will be opened only in the presence of the State of Delaware personnel. Any unopened Proposals will be returned to Vendor.

Upon request, the Issuing Officer will confirm receipt of any Proposal by telephone or electronic mail (e-mail). Proposals will be subject to public opening on the due date by the Issuing Officer. The proposing Vendor's name will be read publicly and recorded. Price Proposals will not be opened on the due date. At the time of Notice of Award, Proposals may be viewed by written request of the Issuing Officer.

1.12 Withdrawal of Proposals

A Vendor may withdraw its Proposal at any time before the opening of Proposals if the withdrawal is received in writing before the opening at the location designated in this RFP. A Vendor or its authorized representative may withdraw its Proposal in person if, before the opening, the identity of the person requesting withdrawal is established and that person signs a receipt for the Proposal. Proposals may be re-submitted in accordance with the Proposal due date in order to be considered further.

Proposals become the property of the Delaware Lottery at the Proposal submission deadline. All Proposals received are considered firm offers at that time. After the opening of Proposals, a Vendor may request in writing that its respective Proposal be withdrawn. Such a request may be allowed only upon the approval of the Lottery. The costs associated with a Vendor's Proposal withdrawal must be borne by the Vendor.

1.13 Modification of Proposals

Any changes, amendments or modifications to a Proposal must be made in writing, submitted in the same manner as the original response and conspicuously labeled as a change, amendment or modification to a previously submitted Proposal. Changes, amendments or modifications to Proposals shall not be accepted or considered after the hour and date specified as the deadline for submission of Proposals.

1.14 Late Proposals

Proposals submitted pursuant to this RFP must be received by the Issuing Officer no later than the date and time shown in the Section 1.6. Failure of a Vendor to submit a Proposal by the specified time will result in rejection or disqualification of the Proposal. Proposals rejected or disqualified for lateness will be returned unopened to the Vendor.

1.15 Demonstrability of Proposed Solution

The Lottery requires that all major elements of software, services and hardware proposed by a Vendor, be capable of a demonstration that indicates the Vendor's ability to meet the requirements specified in this RFP. Failure to propose demonstrable products may result in rejection of Vendor's Proposal. New models, product upgrades and releases of existing hardware and software may be described but are not required to be demonstrable.

Demonstrations may consist of a walk-through of a Vendor's Solution or simulation of the product at the Vendor's facilities, or may consist of observing operations at the premise of a Vendor's existing licensee, or a presentation at some other appropriate venue.

While functions and features demonstrated upon request for the Proposal evaluation effort need not be identical in all respects to specifications of this RFP, common transactions, functions, and operations are expected.

1.16 Readiness for Production and Delivery

The Lottery requires that the software, technology or services proposed in the RFP already be operational in a European or North American Internet gaming environment, with the exception that equivalent or improved newer releases/models or newly launched games are acceptable. The Lottery will not consider or accept major configuration items that are at the specifications or conceptual stage, early in development, or are products only announced but not yet engineered and ready for manufacture and delivery.

The Lottery acknowledges that there may be additional integration required for some of the selected Game Content as part of the product readiness for this RFP. As such, the Lottery places value on those Vendors that already have this integration completed. The Lottery acknowledges that the Primary Vendor's existing technology would likely require adaptation to the Delaware requirements and that software would be developed and/or integrated accordingly. A Proposal based on undeveloped

products, however, will be rejected.

1.17 Proposal Clarification Process

The Lottery may request clarifications from Vendors for the purpose of resolving ambiguities or questioning information presented in the Proposals. Clarifications may occur throughout the Proposal submission review and/or the Proposal evaluation process. Clarification responses shall be in writing and shall address only the information requested. Responses shall be submitted to the Lottery within the time stipulated at the occasion of the request. Clarifications are for the purpose of resolving ambiguities and improving the understanding of the Lottery regarding a Proposal. In no case does the clarification or any other process permit revision or supplementation of the Proposal offerings after submission. Clarifications are an opportunity to explain, but not enhance, the Proposal.

1.18 Latitude in Proposal Contents

Each Vendor is expected to provide the Lottery with information, evidence and demonstrations that will make possible a Contract award that best serves the stated interests of the Lottery. Vendors are given latitude in the degree of detail they offer or the extent to which they reveal plans, designs, systems, processes, and procedures. There is no limit on the number of pages; however, Vendors should prepare their Proposals simply and economically, providing a straightforward and concise description of their ability to satisfy the requirements of this RFP. Proposals that are of excessive length, or contain a preponderance of boilerplate text, are discouraged. Emphasis in each Proposal should be on completeness and clarity of content. Failure of a Vendor to provide the appropriate information or materials in response to each stated requirement or request for information may result in lower scores during the evaluation. Unless otherwise stated, responses to complex RFP requirements that are stated in a form semantically equivalent to "Vendor agrees to comply" or "Not Applicable" may be rejected for non-responsiveness at the discretion of the Lottery.

1.19 Proposal Disclosure by Vendor

Disclosure by a Vendor or agent of the Vendor of Proposal contents prior to the Notice of Award may result in rejection of the Proposal.

1.20 Ownership of Proposal Contents by the Lottery

Any and all materials submitted by the Vendor shall become the property of the Lottery and may be returned only at the option of the Lottery. The Lottery reserves the right to use any and all information contained in a Proposal unless prohibited by law.

1.21 Confidential Proposal Materials

All documents submitted, as part of the Vendor's Proposal will be deemed confidential during the evaluation process. Vendor's Proposals will not be available for review by anyone other than the Lottery Proposal Evaluation Committee or its designated agents. There shall be no disclosure of any Vendor's information to a competing Vendor prior to award of the contract.

However, the State of Delaware is a public agency as defined by State law, and as such, it is subject to the Delaware Freedom of Information Act, 29 Del. C. Ch. 100. Under the law, all the State of Delaware's records are public records (unless otherwise declared by law to be proprietary or confidential) and are subject to inspection and copying by any person upon request. Vendor(s) are advised that once a Proposal is received by the State of Delaware and a decision on Contract award is made, its contents become public record and nothing contained in the Proposal will be deemed to be

confidential with the exception of trade secrets, commercial or financial information, or proprietary data of a privileged or confidential nature, as defined under 29. Del. C. chapter 100, and are clearly marked by the Vendor as "Proprietary Information".

When Proprietary Information is submitted as part of the Proposal, Vendor(s) must clearly mark each section/sub-section containing such information as "Proprietary Information". In a separate sealed envelope labeled "Proprietary Information" along with the RFP number, a letter from the Vendor's legal counsel must describe the documents marked as Proprietary Information, representing in good faith that the Proprietary Information is not "public record" as defined by 29 Del. C. § 10002(d), and briefly stating the reasons that the documents meets the said definitions.

Upon receipt of the Vendor's Proposal, accompanied by the separate, sealed envelope marked "Proprietary Information" the Lottery will open the envelope to determine whether the procedure described above has been followed. Requests of "Proprietary Information" are acknowledged by the Lottery as confidential and will make best endeavors to honor as such. However, the confidential information may not be legally binding on the RFP Committee to prevent disclosure under the Freedom from Information Act, and if successful may be evaluated under the provisions of the Act, 29 Del. C. chapter 100.

Any financial decisions will be made at the sole discretion of the Lottery. Pricing information may not be designated as proprietary or confidential.

1.22 Joint Proposals

Joint Proposals will only be permitted for those submitting for the Primary Vendor. As such, Proposals from multiple Vendors will be allowed only if one of the venture partners is designated as the "Lead Vendor." The Lead Vendor must be the joint venture's contact point for the Lottery and be responsible for the joint venture's performance under the contract, including all project management, legal and financial responsibility for the implementation of all Vendors' systems. 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. Significant services specified in the Proposal shall not be subcontracted without prior written approval by the Lottery, and approval of a request to subcontract shall not in any way relieve the Vendor of responsibility for the professional and technical accuracy and adequacy of the work. Further, the Lead Vendor shall be and remain liable for all damages to the Lottery caused by negligent performance or non-performance of work or any other legal or financial issued caused by its subcontractor or its sub-subcontractor. Any subcontractor that provides any technology, services or game content to the Primary Vendor will be subject to full Vendor due diligence, background checks and licensing with the Delaware Lottery and maybe be required to obtain a Delaware Business License with the Delaware Division of Revenue as if they were a Primary Vendor.

Lead Vendor: The Lottery expects to negotiate and contract with only one "Lead Vendor." The Lottery will not accept any Proposals that reflect an equal teaming arrangement or from Vendors who are co-bidding on this RFP. The Lead Vendor, together with the co-submitting Vendor will be responsible for the managing the products and services of other selected Vendors or subcontractors. 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 Lottery will make contractual payments only to the awarded Primary

Vendor. Payments to Support Service Vendors or subcontractors are the sole responsibility of the Successful Primary Vendor. Game Content Vendors are exempt from this clause, which is the responsibility of the Delaware Lottery. For the avoidance of doubt, Game Content Vendors that will be integrating their games with the Primary Vendor shall not be considered a subcontractor.

1.23 Multiple Proposals from a Single Vendor

Vendors submitting for the Primary Vendors have the option of submitting more than one Proposal in conjunction with another joint venture partner. The goal is to enable the Delaware Lottery the greatest amount of choice in making the final selection for optimal Primary Vendor. The option to submit multiple Proposals is specifically limited to companies submitting for the Primary Vendor with another joint venture partner. Primary Vendors submitting also for Game Content and Support Services may submit multiple Proposals. However, Vendors submitting solely for Game Content and Support Services Vendors may submit one Proposal only. Note: For the avoidance of doubt, the purpose of allowing Primary Vendors to submit more than one Proposal is not to team with different Game Content or Support Service Vendors. Game Content Vendors and Support Service Vendors are encouraged to submit individually.

Within a Proposal, the Vendor may identify options (Offered Options) as set forth in Section 1.36, including solicited and unsolicited products, services, and features that the Vendor believes may be appealing and useful to the Lottery. The inclusion of options accommodates the purpose of defining alternatives through multiple Proposals.

1.24 Multiple Source Contracts

Pursuant to 29 Del. C. § 6986, the Delaware Lottery may award a contract for a particular professional service to two or more Vendors if the agency head makes a determination that such an award is in the best interest of the State of Delaware.

1.25 Costs Associated with Proposal

Neither the Lottery nor the State of Delaware shall be liable for any of the costs incurred by a Vendor in preparing or submitting a Proposal, including, but not limited to preparation, copying, postage, delivery fees, and expenses associated with solution demonstrations, presentations, and Contract negotiations.

1.26 Mandatory and Desirable

Specifications in the RFP, including the specifications outlined in Part 3, shall be regarded by the Vendor as mandatory, as denoted by terms such as "required," "must," "shall," "may," "should" and "will," and their semantic equivalents, except where a function, feature, or capability is specifically noted as being "desirable" or an "option." In the case of a "desirable," the Vendor is not required to offer such as expressly described in the RFP; however, the evaluation of the Vendor's offering may be more favorable if desirable functions, features, and capabilities are offered.

1.27 Material Requirements Deviations

Material requirements of the RFP are those set forth as mandatory, without which an adequate analysis and comparison of Proposals is impossible, or those that affect the competitiveness of Proposals, or the cost to the Lottery. Proposals that do not meet all material requirements of this RFP or that fail to provide all required and mandatory information, documents, or supporting materials, or include language that is conditional or contrary to terms, conditions, and requirements, may be rejected as non-responsive. The Lottery, in its sole discretion, reserves the right to determine

whether a Proposal meets the material requirements of the RFP.

1.28 Non-Exclusive Rights

Nothing in this RFP or the Contract resulting from this RFP shall preclude the Lottery from licensing, purchasing or otherwise arranging for other gaming concepts, products, services, or equipment, for use in another processing system or for use as an integral part of the Solution described in this RFP.

1.29 Proposal Cancellation, Rejection or Selection

The Lottery reserves the right to cancel this solicitation at any time during the procurement process, for any reason or for no reason. The State of Delaware makes no commitments expressed or implied, that this process will result in a business transaction with any Vendor.

The Lottery reserves the right to reject any or all Proposals, to advertise for new Proposals, to arrange to receive or itself perform and obtain the services and goods to be obtained hereunder, to abandon the need for such goods and services, or to award in whole or in part a Contract deemed to be in the best interests of the Lottery and the State of Delaware.

This RFP does not constitute an offer by the Delaware Lottery. Vendor's participation in this process may result in the Delaware Lottery selecting a Vendor to engage in further discussions and negotiations towards the execution of a Contract. The commencement of such negotiations does not, however, signify a commitment by the State of Delaware to execute a Contract nor to continue negotiations. The State of Delaware may terminate negotiations at any time and for any reason, or for no reason.

1.30 Proposal Tenure

Proposals must remain valid for a period of twelve (12) months. Proposals remaining valid less than this timeframe may be rejected. The State of Delaware reserves the right to ask for an extension of time if needed.

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.

1.31 Proposal Bond (PRIMARY VENDORS ONLY)

The Primary Vendor must submit a Proposal Bond with the Proposal. The Proposal Bond must be acceptable to the Lottery in form and substance, and issued by an approved issuer, in the amount of fifty thousand dollars (\$50,000). This bond will guarantee the availability of the goods and services at the price(s) quoted in the Proposal for a period of twelve (12) months after submission of the Proposal. In lieu of the Proposal Bond, the Lottery will accept a secured check from the Vendor in this amount. The check or Proposal Bond shall be made payable to the Delaware Lottery.

The check or Proposal Bond will be returned to an unsuccessful Primary Vendor upon the execution of a Contract with the Successful Primary Vendor. The check or Proposal Bond of the Successful Primary Vendor will be retained until the Contract is officially executed and until the Lottery is furnished with an acceptable Performance Bond (Section 2.12.4). The check or Proposal Bond will be forfeited to the Lottery if the Successful Primary Vendor fails to timely submit the Performance Bond or other security, as required, or fails to execute the Contract when required to do so by the Lottery. Bonds shall be

issued by a reliable surety company with a record of successful continuous operation and licensed to do business in the State of Delaware.

1.32 Disclosure and Investigations during Proposal Evaluation

Subsequent to Proposal submission, the Lottery may initiate investigations into the backgrounds of Vendors and individuals or entities related to any officers, directors, members, principals, investors, owners, subcontractors, employees, or any other individuals or entities related to the Vendor, as deemed appropriate. For Joint Submissions, this will include the Lead Vendor as well as any named joint Vendors or any substantial subcontractor to the Vendor that is supplying third party technology, services, content or hardware.

Such background investigations may include fingerprint identification by the Delaware State Police and the Federal Bureau of Investigation, and shall require the provision of information by the Vendor and related persons and companies as noted above. The Lottery may reject a Proposal based upon the results of these background checks. A Vendor is advised that any person who knowingly provides false or intentionally misleading information in connection with any investigation by the Lottery may cause the Proposal to be rejected, or a subsequent Contract to be canceled. If a Vendor or a substantial subcontractor is a subsidiary of a parent entity, the Lottery may request the above disclosures from the parent entity as necessary.

Once a Contract is signed with the Lottery as a Vendor for the Internet Gaming Solution, a Contracting Vendor is required to obtain a license to supply products and services for the Internet Gaming Solution with the Delaware Lottery and obtain a Delaware Business License with the Delaware Division of Revenue.

1.33 Disclosure of Litigation and Other Information

Since the Lottery has a strong interest in all Vendors' continuing ability to produce secure, high quality products and services, the Lottery requires that Vendors list and summarize pending or threatened litigation, administrative or regulatory proceedings or similar matters that could materially affect the Vendor. As part of this disclosure requirement, Vendors must state whether they or any owners, officers, directors, or partners have ever been convicted of a felony. Failure to disclose such matters may result in rejection of the Proposal or in termination of a Contract. Such disclosures should be submitted with the Proposal. This is a continuing disclosure requirement; any such matter commencing after submission of a Proposal and, with respect to any Vendor after the execution of a Contract, must be disclosed in a timely manner in a written statement to the Lottery.

1.34 Change of Financial Condition

If a Vendor, who has submitted a Proposal in response to this RFP, experiences a material change in financial condition prior to Contract award or during the term of a Contract with the Lottery, the Lottery must be notified in writing at the time the change occurs or is identified. A "material change" in financial condition is defined as any event which, following Generally Accepted Accounting Principles (GAAP) or non-US equivalent standards, would require a disclosure in the annual report of a publicly traded entity. Failure to notify the Lottery of such a change may result in the rejection of a Vendor's Proposal or termination of the Contract. The Lottery reserves the right, based on its assessment of a material change in financial condition, to reject the Vendor's Proposal or terminate the Contract unilaterally without penalty.

1.35 Change of Ownership

If a Vendor, who has submitted a Proposal in response to this RFP, experiences a material change of ownership prior to Contract award or during the term of a Contract with the Lottery, the Lottery must be notified in writing at the time the change occurs or is identified. A “material change in ownership” is defined as any merger, acquisition, assignment or change in parties who comprise ownership greater than ten (10) percent of the Vendor or the parent company of the Vendor. Failure to notify the Lottery of such a change may result in the rejection of a Vendor's Proposal or termination of the Contract. The Lottery reserves the right, based on its assessment of a material change in ownership, to reject the Vendor's Proposal or terminate the Contract unilaterally without penalty.

1.36 Offered Options

An Offered Option is not identified in this RFP but may be identified by the Vendor and included in the Proposal. Vendors may offer options that the Lottery may not have been aware of at the time the RFP was written. The Lottery makes no commitment to quantity or timing for acquisition of Offered Options. The Lottery is not obligated to consider an Offered Option a benefit.

1.37 Vendor Collusion

By submission of a Proposal, the Vendor certifies that in connection with the Proposal:

- The prices in the Proposal have been arrived at independently, without consultation, communication, or agreement for the purpose of restricting competition with any other Vendor or with any competitor.
- Unless otherwise required by law, the prices quoted have not been knowingly disclosed by a Vendor, and will not knowingly be disclosed by a Vendor prior to Contract award directly or indirectly to any other Vendor or to any person not representing a Vendor.
- No attempt has been made or will be made by a Vendor to induce any other person or entity to submit or not submit a Proposal for the purpose of restricting competition.

Any evidence of agreement or collusion among Vendor(s) and prospective Vendor(s) acting to illegally restrain freedom from competition by agreement to offer a fixed price, or otherwise, will render the offers of such Vendor(s) void.

The Delaware Lottery is aware that a Vendor has the option to submit multiple Proposals with different partners to act as the Primary Vendor. In doing so, that particular Vendor will have knowledge of pricing of their multiple bids, and as such, shall not disclose any information contained in each Proposal with parties of competing bids.

1.38 Hiring and Other Business Relationships with the Lottery

During the period from the RFP release until the signing of the Contract, Vendors are prohibited from officially or unofficially making any employment offer or proposing any business arrangement whatsoever to any Lottery employee or member of the Lottery Commission. A Vendor making such an offer or proposition may be disqualified from further consideration, or a Contract signed pursuant to this RFP may be terminated unilaterally without penalty.

This paragraph does not prevent the employment by a Vendor of a State of Delaware employee who has initiated contact with the Vendor. However, State of Delaware employees may be legally

prohibited from accepting employment with the contractor or subcontractor under certain circumstances. Vendors may not knowingly employ a person who cannot legally accept employment under state or federal law. If a Vendor discovers that they have done so, they must terminate that employment immediately.

Furthermore, for the duration of this RFP process, Vendors, their employees and any representative, designee or agent of the Vendor shall refrain from:

- Providing meals, entertainment or other expenses for the Lottery's Director, officers, or employees; and
- Providing gifts of any value to the Lottery's Director, officers, or employees.

1.39 Applicable Laws and Procedures

The RFP, the Vendor Proposals, the resulting Contract and the processes associated with the procurement shall be governed by the laws of the State of Delaware. With respect to any and all legal action or proceedings arising under this RFP or any Contract resulting thereunder, a Vendor, by submission of a Proposal, consents to the venue and jurisdiction of all courts of the State of Delaware which is the place of the issuance of this RFP, the place where a Contract will be executed, and the principal place where the obligations of the Vendor to the Lottery are to be performed.

In submitting a Proposal, Vendors certify that they comply with all federal, state and local laws applicable to its activities and obligations including:

- the laws of the State of Delaware;
- the applicable portion of the Federal Civil Rights Act of 1964;
- the Equal Employment Opportunity Act and the regulations issued there under by the federal government;
- a condition that the Proposal submitted was independently arrived at, without collusion, under penalty of perjury; and
- that products, services, and activities provided to the general public under resulting Contract conform with the Americans with Disabilities Act of 1990, and the regulations issued there under by the Federal government.

If a Vendor fails to comply with the above obligations, the State of Delaware reserves the right to disregard the Proposal, terminate the Contract, or consider the Vendor in default.

The Contracting Vendor shall keep itself fully informed of and shall observe and comply with all applicable existing Federal and State laws, and County and local ordinances, regulations and codes, and those laws, ordinances, regulations, and codes adopted during its performance of the work.

1.40 Headings

The headings used in this RFP are for convenience only and shall not affect the interpretation of any of the terms and conditions hereof.

1.41 Organizations Ineligible to Bid

Any individual, business, organization, corporation, consortium, partnership, joint venture, or any other entity including subcontractors currently debarred or suspended is ineligible to bid. Any entity ineligible to conduct business in the State of Delaware for any reason is ineligible to respond to the RFP.

PART 2 – TERMS AND CONDITIONS

2.0 Introduction

This section describes the terms and conditions that apply to the procurement and which will become part of the Contract executed pursuant to this RFP. By submission of a Proposal, all Vendors agree to the Terms and Conditions contained herein.

The Successful Vendor(s) will be required to enter into a written agreement with the Delaware Lottery. The State of Delaware reserves the right to incorporate standard State contractual provisions into any contract negotiated as a result of a Proposal submitted in response to this RFP. Any proposed modifications to the terms and conditions of the standard contract are subject to review and approval by the State of Delaware and Delaware Lottery. Vendors will be required to sign the Contract for all procured services, and may be required to sign additional agreements.

The Contracting Vendor(s) will be expected to enter negotiations with the Delaware Lottery, which will result in a formal Contract between parties. Procurement will be in accordance with subsequent contracted agreement. This RFP and the selected Vendor's response to this RFP will be incorporated as part of any formal Contract.

The State of Delaware's standard contract will most likely be supplemented with the Vendor's software license, support/maintenance, source code escrow agreements, and any other applicable agreements. The terms and conditions of these agreements will be negotiated with the selected Vendor during actual contract negotiations.

The Successful Vendor shall promptly execute a contract incorporating the terms of this RFP. No Vendor is to begin any service prior to receipt a State of Delaware purchase order signed by two authorized representatives of the agency requesting service, properly processed through the State of Delaware Accounting Office and the Department of Finance. The purchase order shall serve as the authorization to proceed, in accordance with the bid specifications and the special instructions, once it is received by the Successful Vendor.

If the Vendor to whom the award is made fails to enter into the agreement as herein provided, the award will be annulled, and an award may be made to another Vendor. Such Vendor shall fulfill every stipulation embraced herein as if they were the party to whom the first award was made.

2.1 Contract Elements

The Contract between the Lottery and the Contracting Vendors shall include as integral parts thereof:

- An executed contract
- This RFP
- Clarifications and Addenda to this RFP
- The Vendor's Proposal
- Any modifications to the Vendor's Proposal, if properly submitted and any Proposal clarifications
- Purchase Order

In the event there is any discrepancy between any of these contract documents, the following order of documents governs so that the former prevails over the latter: the executed Contract, Lottery's RFP,

Vendor's Proposal, modifications and clarifications and purchase order. No other documents shall be considered. These documents will constitute the entire agreement between the Lottery and the Contracting Vendors.

The failure of a party to insist upon strict adherence to any term of a Contract resulting from this RFP shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term, or any other term, of the Contract.

2.2 Amendments to the Contract

Any Contract provision resulting from this RFP may not be modified, amended, altered, changed, renewed, varied, waived or augmented, except in writing executed by both parties hereto, and any breach or default by a party shall not be waived or released other than in writing and signed by the other party.

2.3 Severability

If a court of competent jurisdiction determines any portion of a Contract to be invalid, it shall be severed and the remaining portion of a Contract shall remain in effect.

2.4 Term of Contract

A Contract resulting from this RFP will be in effect from the Contract effective date, including an implementation period and five (5) years of Production Operations, plus such time as is necessary to finish out the Lottery business week in progress. The Lottery's current business week runs from Monday through Sunday but is subject to change by the Lottery. The Contract term may run a shorter period, as determined by the Lottery, due to causes such as Contract termination or loss of statutory authority by the Lottery.

The Lottery reserves the right to renew the Contract at its sole discretion up to a maximum of four (4) one (1) year renewals, provided that each single option to renew is exercised by the Lottery at least ninety (90) days prior to the end of the initial Contract period, or the prior renewal period thereof, or at a time mutually agreed upon by both parties.

2.5 Emergency Extension

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) or more thirty (30) day periods 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.

Exercising these rights shall not be construed as obligating the Lottery to repeat the procurement process for any subsequent Contract or conferring any right or expectation for the Primary Vendor to continue operating the Solution after the expiration of any such emergency extension period.

2.6 Vendor Responsibilities

The Vendor will be required to assume responsibility and liability for delivery, installation and maintenance of all equipment, software, support services, and all contractual activities offered in its Proposal and for the provision of all other goods and services offered in or acquired by its Proposal, and will directly make such representations and warranties to the Lottery, to which the Lottery and

the Vendor may agree, whether or not the Vendor is the manufacturer, product or direct provider of the equipment, software or services.

2.6.1 Primary Vendor Responsibilities

Primary Vendor will be responsible, in conjunction with the Delaware Lottery, for pricing and settling of game and bet offerings, including the managing of games or betting limits on either a per event, game, session or a per player basis or both for the payment of all bona fide and valid player winnings.

In addition to abiding by the responsibilities set forth in Section 2.6, the Primary Vendor will contract with the Support Service Vendors and Game Content Vendors as required, regardless if the Vendor is selected by the Lottery, Primary Vendor itself, or jointly and as such, will negotiate in good faith with the Non-Primary Vendors. The Primary Vendor will be the main point of contact with regard to all contractual matters for Support Service Vendors such as payments, hosting, geo-location, identification etc. The Delaware State Lottery and the State of Delaware are third party beneficiaries of this Agreement, with full rights to enforce its provisions against the contracting parties. All contracts between the Primary Vendor and Support Services Vendors must include language specifically identifying the Delaware State Lottery and the State of Delaware as third party beneficiaries of the Agreement between the Primary Vendor and Support Services Vendor, with full rights to enforce its provisions against the contracting parties.

While the Lottery will contract directly with all Game Content Vendors, the Primary Vendor may also be obligated to contract directly with the Game Content Vendor with regard to other related business matters such as integration and game management.

The Primary Vendor may have its own subcontractors; however, the Primary Vendor must accept full responsibility for and will be liable to the Lottery for any such subcontractor's performance. To the extent that a Support Service Vendor may have subcontractors, all responsibility for Support Services' subcontractors is to be sufficiently covered in the Support Service Vendor Contract with the Primary Vendor.

2.6.2 Non-Primary Vendor Responsibilities

All Support Services Vendors that supply equipment, software, support services and other contractual activities offered as part of the Internet Gaming Solution shall be obligated to contract directly with the Primary Vendor and shall negotiate in good faith with the Primary Vendor. The Delaware State Lottery and the State of Delaware are third party beneficiaries of this Agreement, with full rights to enforce its provisions against the contracting parties. All contracts between the Primary Vendor and the selected Support Services Vendors must include language specifically identifying the Delaware State Lottery and the State of Delaware as third party beneficiaries of the Agreement between the Primary Vendor and the Support Services Vendor, with full rights to enforce its provisions against the contracting parties.

Support Service Vendors may have subcontractors; however, that Vendor must accept full responsibility for and will be liable to the Primary Vendor for any such subcontractor's performance.

Game Content Vendors shall contract directly with the Lottery, and shall accept full responsibility for and will be liable to the Delaware Lottery for any subcontractors. To the extent that Game Content Vendors is required to contract directly with the Primary Vendor, the Game Content Vendor shall negotiate in good faith and shall be responsible for its subcontractors on matters that relate between

the Game Content Vendor and the Primary Vendor. The payment process Vendors may also have to contract directly with the Lottery as well and will negotiate in good faith

2.7 Subcontractor Approval

Any proposed subcontractors shall be subject to the prior written approval of the Lottery. Subcontractors that provide significant or critical functions are subject to background checks of personnel and principals as described in previous paragraphs of this RFP section.

2.8 Covenant against Contingent Fees

A Contracting Vendor warrants that no person or selling agency has been employed or retained to solicit or secure an agreement pursuant to this RFP upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, bona fide established commercial or selling agencies retained by the Vendor for the purpose of securing business. For breach or violation of this warranty, the Lottery shall have the right to terminate any in accordance with the termination clause, and in its sole discretion, to deduct from any Contract any price or consideration or otherwise recover the full amount of any such commission, percentage, brokerage or contingent fee.

2.9 Historical Audit and Accounting Requirements

Any Contracting Vendor must meet specific auditing and accounting obligations:

1. 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.
2. If applicable, a Contracting Vendor shall provide the Lottery with Securities and Exchange Commission (SEC) 10-K reports as they are issued, or the appropriate non-U.S. equivalent in English, together with any other reports required pursuant to Section 13 of the Securities and Exchange Act of 1934, as amended.
3. A Contracting Vendor is required to maintain its books, records and all other evidence pertaining to the contract in accordance with generally accepted accounting principals (GAAP), or the appropriate non-U.S. equivalent in English and such other procedures specified by the Lottery. These records shall be available to the Lottery, its internal auditors or external auditors (and other designees) at all times during the Contract period and for five (5) years from the Contract expiration date or final payment on the Contract, whichever is later.
4. PRIMARY VENDOR ONLY: Third-party review of the Primary Vendor's Delaware operations must also be conducted annually. This audit will be a Statement on Auditing Standards (SAS) 70 audit, Type 2, at the sole discretion and determination of the Lottery, and shall be paid for by the Primary Vendor. For this review, the Primary Vendor will suggest, for the Lottery's approval, the firm(s) to perform the work. All financial aspects shall be conducted pursuant to auditing standards as issued by the American Institute of Certified Public Accountants, or non-US equivalent. Annual reviews shall occur on a July through June basis and will be reported to the Lottery not later than forty-five (45) days after the close of the State's fiscal year. The first audit shall cover a partial year ending with the State's fiscal year.

2.10 Ongoing Accounting Records

A Contracting Vendor is required to maintain its books, records and all other evidence pertaining to the Contract in accordance with Generally Accepted Accounting principles (GAAP), or non-US equivalent in English, and such other procedures specified by the Lottery. These records shall be available to the Lottery, its internal auditors or external auditors (and other designees) at all times during the Contract period and for three (3) full years from the expiration date or final payment on the Contract, whichever is later.

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.

2.11 Ongoing Right to Audit Contracting Vendor's Operations

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.

2.12 Bonds and Insurance Company Qualifications

All required bonds (if bonds) and insurance must be issued by companies which are A rated or higher by A.M. Best & Co., have a record of successful continuous operation, are licensed, admitted, and authorized to do business in the State of Delaware, and are approved by the Lottery. Required coverage and limits must be put into effect as of the effective date of the Contract and must remain in effect throughout the term of the Contract, as determined by the Lottery. Each Contracting Vendor must submit copies of each required insurance contract, and any renewals thereof, to the Lottery upon the Lottery's request. The insurance policies must provide thirty (30) days' advance written notice of cancellation, termination or failure to renew any policy.

A Vendor shall purchase adequate insurance for the performance of the contract, and by submission of a bid, agrees to indemnify and save harmless and to defend all illegal or equitable actions brought against the State, any agency officer and/or employee of the State, for and from all claims of liability which is or may be the result of the Vendor's actions during the performance of the Contract. The purchase or non-purchase of such insurance or the involvement of the Vendor in any legal or equitable defense which the State, its agencies and their respective officers, employees and agents might have such claims, specifically including the defense of sovereign immunity where applicable, the State and all agencies, offices and employees thereof shall not be financially responsible for the consequences of work performed, pursuant to the said Contract.

2.12.1 Insurance

All Vendors shall purchase and maintain insurance for claims set forth below which may arise out of or result from a Contracting Vendor's operations under the Contract, whether such operations are by a Vendor or by any subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

1. Claims under workers' disability compensation, disability benefit and other similar employee benefits acts.

2. Claims for damages because of bodily injury, occupational sickness or disease, or death of a Vendor's employees, or any person other than the Vendor employees.
3. Claims for damages because of injury to or destruction of tangible property, including any resulting loss of use.
4. Errors and Omissions Insurance that will indemnify a Vendor, the Lottery, Licensed Video Lottery Agents, and the State of Delaware for any losses incurred due to downtime of the Internet Gaming Solution, for errors or omissions caused by a Contracting Vendor, or for any act or omission of the Vendor, its officers, employees, agents, subcontractors or assigns regardless of negligence.

2.12.2 Insurance Coverage and Limits

Specific coverage requirements are listed below. The defined dollar amounts are minimum limits. A Contracting Vendor must provide these or as otherwise designated by Delaware Statutes during the course of the Contract. Statement of self-insurance to cover these obligations will be considered nonresponsive.

2.12.2.1 Property Insurance. Insurance on all buildings, fixtures and equipment provided or used in providing the Solution must be maintained in the amount of actual replacement cost thereof. This policy must insure real and personal property including contents, equipment and mobile items against fire, collision, flood, etc.

2.12.2.2 Comprehensive General Liability Insurance. Commercial General Liability and Property Damages Insurance with a limit of \$1,000,000 per person and \$3,000,000 per occurrence.

2.12.2.3 Professional Liability/Errors and Omissions/Product Liability Insurance. Amount: \$3,000,000 [or limits of not less than \$1,000,000 per claim, to be in force and effect at all times which will indemnify the Successful Vendor and the DSL for direct loss which may be incurred due to any error caused by the Successful Vendor, its officers, employees, agents, subcontractors or assigns regardless of negligence].

2.12.2.4 Automobile Bodily Injury Liability Insurance. Covering drivers and vehicles employed in connection with the operation of the Contract with limits of not less than \$300,000 per personal injury to each person and \$25,000 for property damage.

2.12.2.5 Worker's Compensation Insurance. To cover all of Vendor's employees during the term of the Contract in accordance with Delaware Statutes, or other applicable worker's compensation laws.

The Errors and Omissions Insurance must indemnify the Lottery, its Commissioners, Licensed Video Lottery Agents, officers and employees, and the State for direct loss due to any act or omission of the Contracting Vendor and coverage must continue until one (1) year past the term of the Contract or any extension thereof.

All other insurances covered by this Section must be effective when performance commences under the Contract and continue through the term of the Contract or any extension thereof. The Lottery must receive thirty (30) days' advance written notice of cancellation, termination or failure to renew any policy. Any subcontractor to the Primary Vendor must comply with the insurance coverage and

limits above.

2.12.3 Certificates of Insurance

Certificates of insurance and any renewals thereof must be furnished to the Lottery Contracting Officer on the date of Contract execution, with the exception of the certificate for Errors and Omissions Insurance, which must be furnished no later than ten (10) business days prior to the launch of the Production Operations.

2.12.4 Performance Bond

Upon notification of receiving the Contract award, the Successful Vendors will be required to obtain a Performance Bond or other acceptable form of security in the amount of one million dollars (\$1,000,000) for the Primary Vendor and two hundred fifty thousand (\$250,000) for Game Content Vendors for every year of the Contract. The Performance Bond may be paid in full or in part to the Lottery if the Successful Vendor defaults in the performance of the Contract or has occasioned uncompensated liquidated damages.

The Performance Bond may be assessed liquidated damages if these damages have not been received by the Lottery within thirty (30) calendar days of written notice to the Vendor that they have been incurred.

Other forms of security may be acceptable but are subject to the Lottery's discretion. Failure to post an additional bond or security within seven (7) days after notice that the proposed security is inadequate shall be grounds for immediate termination of the Contract.

2.12.5 Litigation Bond

Upon notification of receiving the Contract award, the Successful Vendors will be required to obtain a Litigation Bond or other acceptable form of security in the amount of one million dollars (\$1,000,000) for the Primary Vendor and two hundred fifty thousand (\$250,000) for Game Content Vendors. The Litigation Bond is in place to discourage unwarranted litigation by permitting the Lottery to recover damages, including reasonable attorneys' fees, resulting from such litigation. A claim upon the bond may be made by the State of Delaware and/or the Delaware Lottery if the following three conditions are all met:

1. The Vendor sues the State of Delaware, Delaware State Lottery, or any of their officers, employees, or agents with regard to any matter relating to the award of contracts pursuant to this RFP.
2. The Lottery is the prevailing party in such suit.
3. The court determines that such suit or any portion thereof was frivolous, was commenced in bad faith, or was not based upon reasonable grounds.

After contracts are signed with the Successful Vendors, a Litigation bond may be released with the approval of the Delaware State Lottery, if a Vendor completes a covenant not to sue.

2.12.6 Fidelity Bond

Prior to Contract execution, the Successful Vendors will be required to obtain a Fidelity Bond in the amount of five million dollars (\$5,000,000) for the Primary Vendor and one million two hundred and

fifty thousand (\$1,250,000) for Game Content Vendors covering any loss to the Lottery due to any fraudulent or dishonest act on the part of the Vendor's officers, employees, agents or subcontractors. Such an event, in the sole discretion of the Lottery, could be grounds for termination of the Contract, whether or not the losses arising as a result thereof were paid under the crime insurance policy. If the violating Vendor's policy does not cover agents or subcontractors, then the Vendor must ensure that these entities have equivalent insurance in their own right. This bond is not in lieu of any other actions deemed appropriate by the Lottery or the State of Delaware.

2.13 Vendor Error Liability

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, the Internet Gaming Solution as well as the Game Content Vendors' systems. These cases include, but are not limited to, bet offerings and limits, database and reporting errors, financial transaction errors, bonus leakage, game related result errors as well as general errors with the code, other software and hardware.

2.14 Liquidated Damages Provisions

In the below-listed liquidated damages sections, the Lottery and Contracting Vendors agree that it can be extremely impractical and difficult to determine actual damages sustained by the Lottery. **Therefore, the parties agree that the liquidated damages specified in all the sections below are reasonable and are not to be construed as punitive. In the case that damages can be precisely determined and are less than the schedules shown below, actual damages will then apply.**

Assessment of liquidated damages shall be in addition to, and not in lieu of, such other remedies as may be available to the Lottery. Except and to the extent expressly provided herein, the Lottery shall be entitled to recover liquidated damages under each section applicable to any given incident.

2.14.1 Notification of Liquidated Damages

Upon determination that liquidated damages are to or may be assessed, the Lottery shall notify a Contracting Vendor of the assessment in writing. The availability of any period of cure will depend on the situation and will be in the sole discretion of the Lottery.

2.14.2 Conditions for Termination of Liquidated Damages

As determined appropriate by the Lottery, the following are the conditions under which a Contracting Vendor may obtain relief from the continued assessment of liquidated damages that have been imposed.

1. Except as waived in writing by the Lottery, no liquidated damages imposed shall be terminated or suspended until the Contracting Vendor issues a written notice verifying the correction of the condition(s) for which liquidated damages were imposed, and all corrections have been subjected to testing or other verification at the discretion of the Lottery.
2. As appropriate, the Vendor shall conduct testing of any correction, as the Lottery deems necessary. Such testing shall be developed jointly by the Lottery and the Vendor, and must be approved by the Lottery.

2.14.3 Severability of Individual Liquidated Damages

If any portion of the liquidated damages provisions is determined to be unenforceable in one or more applications, that portion remains in effect in all applications not determined to be invalid and is

severable from the invalid applications. If any portion of the liquidated damages provisions is determined to be unenforceable, the other provision or provisions shall remain in full force and effect.

2.14.4 Waivers of Liquidated Damages

The waiver of any liquidated damages due the Lottery shall constitute a waiver only as to such liquidated damages and not a waiver of any future liquidated damages. Failure to assess liquidated damages or to demand payment of liquidated damages within any period of time shall not constitute a waiver of such claim by the Lottery.

2.14.5 Payment of Liquidated Damages

All assessed liquidated damages will be deducted from any moneys owed to the violating Contracting Vendor by the Lottery and, in the event the amount due by the violating Contracting Vendor is not sufficient to satisfy the amount of the liquidated damages, the violating Contracting Vendor shall pay the balance to the Lottery within thirty (30) calendar days of written notification. If the amount due is not paid in full, the balance will be deducted from subsequent payments to the violating Contracting Vendor. At the Lottery's sole option, the Lottery may obtain payment of assessed liquidated damages through one (1) or more claims upon the Performance Bond. For the avoidance of doubt, the Lottery shall impose liquidated damages on the violating Vendor only. The Lottery shall determine which Vendor(s) are responsible for any violation that incurs such liquidated damages.

2.14.6 Applicability of Liquidated Damages and Pro Rata Liquidated Damages

A Contracting Vendor shall not be required to pay liquidated damages for delays solely due to matters as enumerated in the section entitled "Force Majeure", or for time delays specifically due to or approved by the Lottery. In all the below liquidated damages sections, the damages shall be pro-rated for partial periods.

2.14.7 Late Installation of the Internet Gaming Solution

Condition

The Contracting Vendor shall complete all installation preparations as required, complete testing to the Lottery's satisfaction, pass Lottery acceptance testing, comply with all other contractual requirements in effect during the implementation period, and achieve readiness for production operations.

Damages

The Lottery may impose liquidated damages for each calendar day of delay as follows:

1. Readiness for Start of Lottery Acceptance Testing. Up to one thousand dollars (\$1,000) per day for the Primary Vendor (which includes the Support Service Vendors) and up to two hundred fifty dollars (\$250) for Game Content Vendors, beginning thirty (30) days prior to agreed Production Operation launch date.
2. Production Operations. Up to ten thousand dollars (\$10,000) per day for the Primary Vendor (which includes the Support Service Vendors) and up to two thousand five hundred dollars (\$2,500) for the Game Content Vendors beginning with agreed Production Operation launch date. At launch, all Solution requirements must be ready to go live.
3. Missing Deliverables. Up to five hundred dollars (\$500) per day for the Primary Vendor (which

includes the Support Service Vendors) and up to one hundred twenty five (\$125) for the Game Content Vendors for each and every failure to provide a deliverable, meet a requirement, or resolve an acceptance test problem pursuant to the agreed upon project schedule until such is provided or performed.

2.14.8 Backend System Down

Condition

The system shall be defined to be "down" if deposits or withdrawals cannot be made by players, players cannot access their accounts or the games offered by a Game Content Vendor. This also includes the event that data communications is lost with any of the Licensed Video Lottery Agents such that players cannot deposit or withdraw at the venues. Given that Internet gaming is a 24/7 activity, the total time the system is "down" shall be the sum of the total time down, regardless if it is outside of standard business hours.

Damages

In the event that the system has been down, the Lottery may impose liquidated damages as a result of the total time during each daily operational sales period that the Backend system is down, except for the first fifteen (15) minutes, according to the following schedule:

1. Liquidated damages in an amount up to two thousand dollars (\$2,000) for Primary Vendor (which includes the Support Service Vendors) and up to one thousand dollars (\$1,000) for Game Content Vendors may be assessed for each one (1) hour of system downtime.
2. In the event that three (3) downtime incidents in excess of fifteen (15) minutes each have already occurred in a business week, the grace period of fifteen (15) minutes shall be rescinded, and liquidated damages shall begin immediately with any subsequent outage in that week.

2.14.9 Backend System Degraded Performance

Condition

The system shall evidence "degraded performance" of no more than one (1) hour during the week. The system shall be considered as having degraded performance when:

1. There is a substantial delay in accessing and playing the games as per the agreed upon Contract.
2. No or limited ability for Primary Vendor and/or Licensed Video Lottery Agents to gain access to the Backend Technology Platform (e.g. no or limited access to player accounts or reports despite players being able to access and play the games).
3. Customer service requests from players at less than 80% as the specified in the Contract's Service Level Agreement. Terms to be agreed by the Primary Vendor and the Lottery.

Damages

In the event that the system has "degraded performance" that collectively exceeds thirty (30) minute in a day, the Lottery may impose liquidated damages as a result of the total time during each daily operational sales period that the central system is "degraded", except for the cure period of the first hour, according to the following schedule:

1. Liquidated damages in an amount up to one thousand dollars (\$1,000) for Primary Vendor (which includes Support Service Vendors) and up to five hundred dollars (\$500) for Game Content Vendors may be assessed for each one (1) hour of degraded time.
2. In the event that two (2) downtime incidents in excess of one (1) hour have already occurred in a business week, the grace period of one (1) hour shall be rescinded, and liquidated damages shall begin immediately with any subsequent outage in that week.

2.14.10 Timely and Accurate Reports

Condition

The Contracting Vendor shall produce and deliver timely, sufficient and accurate management reports within the specified timeframes (e.g. daily reports, weekly report), as approved by the Lottery. Liquidated damages will apply if the report is late or deficient for more than one (1) report time period (e.g., daily report is two days late).

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.

2.14.11 Timely and Accurate Data and Information

Conditions

The Successful Vendor shall provide the DSL with timely, sufficient, and accurate data within the specified time frames and descriptions in the Contract. Data shall be produced and delivered on both a scheduled and on-request basis according to the schedule approved by the DSL.

Damages

For each late, insufficient or inaccurate deliverable required by this Contract, the Director may impose liquidated damages in the amount of one hundred dollars (\$100) per hour per file, until the required accurate file is provided to the DSL.

2.14.12 Failure to Provide Current Software or Enhancements for the Internet Gaming Solution

Condition

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. In addition, Contracting Vendors must complete an acceptance test of the required modification or addition to the software, and receive the Director's written approval of such test, within the time frame specified.

Damages

The Director may impose liquidated damages on the violating Vendor for up to five hundred dollars (\$500) per day that the modified or additional games are not installed. The Contracting Vendor is not

obligated for liquidated damages if the Director opts to release the change at a later time than provided in the agreed upon schedule.

2.14.13 Unauthorized Software and/or Hardware Modifications

Condition

All changes to the software or hardware used to provide the gaming Solution must be reported to the Delaware Lottery. Prior written approval of the Lottery is required before the Contracting Vendor modifies any software or hardware, which would impact game outcome determination, system security, system data logging or system reporting functions.

Damages

If a Contracting Vendor has implemented 'modifications' to any software or hardware as defined in Section 2.23 without the prior written approval of the Lottery, the Lottery may issue a written order that the change or modification be removed and the System restored to its previous operating state at the Contracting Vendor's expense. "Modification" does not include replacement of a System component with an essentially similar working component in the event of necessary maintenance. Further, the Lottery may impose liquidated damages up to ten thousand dollars (\$10,000) per violation on the violating Vendor in addition to any other damages that may occur as a result of such unauthorized modification.

2.14.14 Unauthorized Access

Condition

The Contracting Vendor shall preclude personnel not authorized by the Lottery from accessing the Delaware Internet Gaming Solution including computer facilities, the computerized systems, and any System data or software.

Damages

If the violating Vendor fails to preclude access by unauthorized personnel, the Lottery may impose liquidated damages up to ten thousand dollars (\$10,000) on the violating Vendor for each person and for each incident in violation. Each and every act that permits access by an unauthorized person is an incident.

2.14.15 Failure to Report Incidents

Condition

It will be the responsibility of the Contracting Vendor to immediately report all significant incidents related to the operation of the Internet Gaming Solution. The immediate reporting shall be delivered by the violating Vendor personally or by telephone within one (1) hour of the discovery of the incident to the Delaware Lottery and the appropriate Video Lottery Agent(s), followed by a letter addressed to the Lottery Director within twenty-four (24) hours of the incident. All written reports and notifications may be sent by courier or facsimile copy directly to the Lottery Director. At a minimum, each of the following types of events shall require a written report:

1. System takeovers and major equipment failures;
2. Major communications failures;

3. Significant operator errors;
4. Major incidents of non-reconciliation of player accounts and game play for a period of more than three (3) consecutive calendar days;
5. Emergency software or hardware changes;
6. Security violations;
7. Systemic bonus abuse, collusion or fraud;
8. Significant player winnings (to be defined in the Contract);
9. Play evidenced by a minor or outside that of the Delaware border;
10. Other conditions as defined by a memorandum of understanding; or
11. Any situation that may cause the general public to become alarmed and/or that may damage the integrity, reputation or public image of the Lottery.

Damages

In the event that the violating Vendor fails to report incidents as defined in this Section and required by this RFP, the Lottery may impose liquidated damages up to one thousand dollars (\$1,000) per day until an incident is correctly reported.

2.14.16 Failure to Remedy Audit Recommendations***Condition***

If the Contracting Vendor fails to address recommendations made as a result of a software or operational audit by a recognized authority such as the State of Delaware, or Lottery-approved auditors, there will be liquidated damages assessed.

Damages

In the event that audit recommendations addressing any of a Contracting Vendor's activities are not corrected within ninety (90) days of notification, unless specifically exempted by the Lottery Director, the violating Vendor may be charged liquidated damages of five thousand dollars (\$5,000) at the end of the initial 90-day period and an additional five thousand dollars (\$5,000) for each subsequent 30-day period or any portion thereof, for which the audit recommendation corrections have not been completed.

2.15 Ownership of Materials

Ownership of all data, documentary material and operating reports originated and prepared exclusively for the Lottery and the Licensed Video Lottery Agents pursuant to any Contract resulting from this RFP shall belong to the Lottery.

A Vendor will retain ownership of the software code, network systems, purchased hardware, system documentation and other materials originally supplied by the Vendor.

2.15.1 Ownership of Player Data

The Delaware Video Lottery Agents shall retain full ownership of all customer data acquired or maintained while performing services for the Delaware Lottery and in conjunction with a Contract. Customer data includes, but is not limited to, all player data from game play as well as deposit/withdrawal, fraud, collusion, personal player information as well as all qualitative information pertaining to players such as all analytical information/data on players, e.g. player segmentation and Factoring.

The Delaware Lottery has the right to access all player data. During the lifetime of the Contract, the Vendor has the right to access the customer data for the benefit and on behalf of the Lottery and the Licensed Video Lottery Agents.

2.16 Right of Use

If, for any reason other than a breach of the Contract by the Lottery, a Contracting Vendor loses the ability or refuses to service the Lottery, as provided by this Contract, the Lottery shall retain the right to use the equipment, facilities, software, licenses and documentation for items owned by the Contracting Vendor and which are necessary to provide contractual services.

Such usufruct [right] shall be limited to the right of the Lottery to possess and make use of these items solely for the use and benefit of the Lottery in maintaining, altering and improving the operational characteristics of the programs and systems being used under the Contract. Such usufruct shall be limited in time for the duration of the Contract and in scope to those items being used by the Lottery and on the Lottery's behalf under the Contract. All items, including modifications or alterations thereof, shall be kept in confidence, except to the extent that they are public records under Delaware law, and shall be returned to the Contracting Vendor when their use, according to this paragraph, has been fulfilled.

If there has been a determination, in the sole discretion of the Lottery, that a discontinuity of a Contracting Vendor's operations may be anticipated and this provision may be exercised, the Contracting Vendor shall provide training to the Lottery in the operation of the Vendor's system, at the Lottery's request.

2.17 Force Majeure

A Force Majeure occurrence is an event or effect that cannot be reasonably anticipated or controlled and is without the fault or negligence of the non-performing party. As herein used, Force Majeure includes, but is not limited to, fire, explosion, action of the elements, strike or labor disturbance, rationing, war, terrorism, act of any governmental authority or agency, civil disturbance, governmental interference, or any other cause which is beyond the control of the party affected, and which, by the exercise of reasonable diligence, said party is unable to prevent delays arising as a result thereof or to predict and through advance planning avoid such delays.

Except as otherwise provided herein, neither the Contracting Vendor nor the Lottery shall be liable to the other for any delay in, or failure of performance of, any covenant contained herein nor shall any such delay or failure of performance constitute default hereunder, to the extent that such delay or failure is caused by Force Majeure. The existence of such causes of delay or failure shall extend the schedule for performance to such extent as may be necessary to complete performance in the exercise of reasonable diligence after the causes of delay or failure have been removed.

Any such delay in or failure of performance shall not in and of itself give rise to any liability for damages; however, the Lottery may elect to terminate the Contract for cause should its continuing operations, in its sole judgment, be materially threatened or harmed by reason of extended delay or failure of performance.

During a period of non-performance due to Force Majeure, payments from the Lottery to the Contracting Vendor will be suspended.

2.18 Security Program under the Contract (PRIMARY VENDOR ONLY)

Prior to operations under the Contract, the Primary Vendor shall establish a security program (Operations Security Plan) for the entire Solution, subject to the written approval of the Lottery. This program must be updated, reviewed, and approved annually by the Lottery, which shall include information pertaining to this Section 2.18.

2.18.1 Security Violation Reporting

The Primary Vendor shall immediately report any security procedural violation, violation of law (e.g., theft), or disappearance of any data, log files, or other equipment, software or material used or to be used in the performance of this Contract. If the violation requires public notification, all communication shall be coordinated with the Delaware Lottery.

2.18.2 Security Information Updates

The Primary Vendor shall report any change in, addition to, or deletion from, the information disclosed to the Lottery. The report shall be in the form of a letter addressed to the Lottery and shall be delivered to the Lottery within thirty (30) days of the effective date of the change, addition, or deletion. In particular, the Primary Vendor must report the involvement of any of the Vendor's employees, owners, or agents in any known criminal arrest (exclusive of minor traffic violations) or investigation.

2.19 Personal Background Investigations

The Lottery may initiate investigations into the backgrounds of any officers, principals, investors, owners, subcontractors, employees, or any other associates of a Vendor it deems appropriate. Background investigations may include fingerprint identification by the Delaware State Police and the Federal Bureau of Investigation, or the appropriate non-US equivalent, with all investigation expenses to be paid by the Vendor. By submission of a Proposal, a Vendor consents to such investigations and to cooperate with such investigations.

The Lottery reserves the right to remove any and all employees of such Vendor from any responsibility in the performance of services as provided for under this RFP, based upon the results of background checks, or if the Lottery finds that any such employee is not performing in the best interest of the Lottery. The Lottery may extend this requirement to include any officers and employees of the Vendor and any subcontractors involved in any way in the implementation, installation and operation of the Solution. The Lottery may also extend this requirement to include investors and owners (with a five percent or greater interest).

Upon award of a Contract, the Vendor shall submit and allow, at a minimum, the following security elements:

1. list of the names, addresses, dates of birth, and Social Security numbers of all employees and subcontractors assigned to and associated with this Contract.
2. Authorizations signed by the employees and subcontractors to allow law enforcement agencies to release relevant background information. This may be extended to include officers, investors, owners and associates.
3. Assurance to the Lottery that, as changes are processed throughout the Contract and any extension thereof for the aforementioned types of personnel, any changes in this requested data and authorization shall be reported to the Lottery within one (1) calendar month.
4. Notification in writing to the Lottery within ten (10) business days if any person, group of persons, partnership, corporation, associate group of investors, limited liability company or other legal entity acquires directly or indirectly the beneficial ownership (as defined by Securities and Exchange Commission Regulation §240.13d-3) in the amount of five percent (5%) or more of the ownership interest in, or any class of equity securities of, the Vendor or the parent company of the Vendor. Background investigation and licensing may be required for these new owners and if the investigations are unsatisfactory, the Lottery may, at its option, terminate the Contract, after providing thirty (30) days written notice to the Vendor.
5. Unfettered and unannounced access, inspection and evaluation privileges for all phases of performance and for all facilities and premises used by the Vendor in fulfillment of this Contract and any extension thereof.
6. Immediate notification in writing to the Lottery Security Director of all terminations and resignations of employees and staff assigned to and associated with this Contract.
7. Confirmation from all employees and/or subcontractors assigned to and associated with this Contract that they agree not to conduct wagering on the Delaware Internet Gaming Solution through the Delaware Lottery or any of the Licensed Video Lottery Agents during the term of this Contract and any extension thereof.

2.20 Tests Following Contract Award

2.20.1 Production-Ready Acceptance Test

The Lottery will conduct a series of acceptance tests of a Successful Vendor's installation, in accordance with the specifications of this RFP, the Proposal, the Contract, and working papers developed jointly by a Vendor and the Lottery during the implementation project. The Lottery may test for each and every requirement in this RFP. Cooperation of the Successful Vendor in these tests is required. Successful Vendors will not be responsible for Lottery testing expenses.

The Lottery will not consider any components ready for Lottery acceptance testing while still under development by the Vendor, or still subject to Quality Assurance verification by the Vendor. The Lottery may establish reasonable standards for readiness of the Solution for acceptance testing, known as "entry criteria".

All defects discovered during acceptance testing must be corrected and re-tested by the Vendor in a timely manner. If the software is shown to contain such number of defects as to render the Solution

un-testable in a practical sense and their remedy is untimely, the Lottery reserves the right to halt acceptance testing until the Solution is corrected and testable in a practical sense once again. Acceptance testing halts may lead to delays in Solution delivery and liquidated damage assessments for the Contracting Vendor.

The Lottery, at its sole discretion, will determine whether performance against the acceptance tests is adequate, and whether Conversion can proceed to production as scheduled. Passing an acceptance test in no way removes the obligation for the Vendor to meet, and to continue to meet, all documented specifications. Failure of the Vendor to pass these tests may result in the Vendor having to make corrections, delay Conversion or pay liquidated damages.

2.20.2 Certification Tests

The Lottery requires the Contracting Vendor's products and services be tested and certified by an independent ISO Accredited (17025 & 17020) laboratory to ensure it consistent performance with the specifications prior to implementation. Throughout the term of the contract, the Delaware Lottery may require the selected Vendor to retain an independent third party testing laboratory to test any change to ensure the system performs consistently with the applicable change order. (Note: the Delaware Lottery currently contracts with Gaming Laboratories International). A Contracting Vendor must cooperate in submitting all appropriate materials for the testing. Certification is an expense that must be borne by the Contracting Vendor.

2.20.3 Prior Use

The State of Delaware reserves the right to use equipment and material furnished under this Proposal prior to final acceptance. Such use shall not constitute acceptance of the work or any part thereof by the State of Delaware.

2.21 End of Contract Obligation

It is contemplated that the Lottery, approximately twelve (12) months prior to the expiration of the Contract resulting from this RFP will award a new Contract for replacement of the Internet Gaming Solution. The parties understand and agree that the Lottery may utilize part of the last year of the Contract resulting from this RFP or any renewal or extension thereof for Conversion to the replacement Internet Gaming Solution. All of the Vendors shall cooperate fully and in good faith in the Conversion. Cooperation may include but not limited to migration of all critical data including player activity and any qualitative analytics on the player database such as player segmentation, fraudulent player identification, high risk players, player factoring, etc. The incumbent Vendor must produce a transition plan for the delivery to and approval by the Lottery.

The Vendor further shall remove all equipment and materials relating solely to the Vendor's Internet Gaming Solution from Lottery property after final Conversion of any location to the new system, within a reasonable period as set by the Lottery. Equipment and materials not so removed by the Vendor shall be considered abandoned and shall be disposed of at the Lottery's discretion at the cost of the Vendor.

In the event of termination of the contract for any reason, the Contracting Vendor shall implement an orderly return of Lottery assets and the subsequent secure disposal of Lottery assets. When requested by the Lottery, the Vendor shall destroy all requested data according to National Institute of Standards and Technology (NIST) approved methods and certificates of destruction must be provided to the Lottery.

2.22 Equipment and Software Corrections and Upgrades

2.22.1 Corrections

A Vendor must report any relevant deficiencies in hardware or software used in the Solution and is responsible for ensuring that corrections are incorporated into the configuration in a timely and responsible manner.

Any Contracting Vendor is responsible for maintaining hardware and software elements with supported releases. This includes but is not limited to all equipment, game content software, the gaming Solution itself, software for network operations, network management system, database and reporting software, project management system, accounting system and hardware diagnostics. At the time a Vendor is notified by a supplier or a subcontractor that a release is scheduled to have support dropped, it is the Vendor's obligation to install an appropriate upgrade with the Lottery's prior approval.

2.22.2 Workload Accommodation

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.

2.22.3 Management Information and Reporting Changes

Any Vendor must provide all software and stored procedure changes for scheduled administrative reports, ad hoc reports, processing options, and other features required for the Lottery to manage the gaming system, as well as meet reporting obligations and respond to changes in business needs or rules and software for the game enhancements and new games.

2.22.4 Upgrades and Other Changes

Vendors shall be responsible for enhancements (upgrades) to their products and services in a timely manner. Changes and enhancements to the software and equipment which exceed RFP-specifications and which are not otherwise accommodated by the Pricing Method and Options detailed in Part 5, such as, wagering enhancements, promotions, new administrative reporting or changes to existing administrative reporting will be handled as follows:

1. 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; and
2. Capital equipment, hosting facilities, third-party licenses, or substantive service additions or changes will have their pricing negotiated with the Lottery with the support of the Primary Vendor.

2.23 Approval of Hardware and Software Changes and Upgrades

Hardware and software changes and upgrades potentially resulting in "modifications" including changes that may impact system integrity, either intentional or unintentional, impacting game outcome determination, system security, system data logging, system reporting functions, engineering changes or variations from the designs and specifications of the RFP, the Proposal, the Contract, or signed-off working papers must be approved by the Lottery. Any planned hardware and software changes/upgrades that are deemed to not impact the system integrity, game outcome determination, system security, system data logging, system reporting functions, engineering changes or variations

from the designs and specifications of the RFP, the Proposal, the Contract, or signed-off working papers must be reported to the Lottery at the earliest reasonable time but no approval is required. "Modification" does not include replacement of a System component with an essentially similar working component in the event of necessary maintenance.

Change of Control Policy

Vendors shall provide documentation regarding change control policies and procedures required by the Vendor's respective jurisdictions of operation. The Delaware State Lottery intends to employ an effective change control process, which will identify and control critical software and hardware components of the Internet gaming system. Critical software and hardware components are defined as those which may impact system integrity, game outcome determination, system security, system data logging, system reporting functions, engineering changes or variations from the designs and specifications of the RFP, the Proposal, the Contract, or signed-off working papers

2.24 Compensation during Contract

The Contracting Vendors will be compensated no less frequently than on a monthly settlement process. The submitted invoices will be confirmed by the Lottery based on management and accounting reports. Confirmed invoices will be paid within thirty (30) days of receipt. The Lottery will be responsible for paying the all Contracting Vendors, including the Primary Vendor and the Game Content Vendors, unless otherwise agreed. The Primary Vendor will be responsible for directly paying all Support Service Vendors as well as its own subcontractors.

All contract costs must be as detailed specifically in the Vendor's cost Proposal. No charges other than as specified in the Proposal shall be allowed without written consent of the State of Delaware. The Proposal costs shall include full compensation for all taxes that the selected Vendor is required to pay.

The State of Delaware will require a payment schedule based on defined and measurable milestones. Payments for services will not be made in advance of work performed. The State of Delaware may require holdback of contract monies until acceptable performance is demonstrated.

The State fiscal year is July 1st through June 30th. Payments to the Contracting Vendor from the Lottery in any given fiscal year are contingent upon enactment of appropriation legislation.

2.25 Patented Materials and Processes

A Successful Vendor shall only provide for the use of any patented design, material or processes to be used or furnished under this contract by suitable legal agreement with the patentee or owner, and shall file a copy of any necessary agreements with the Lottery. A Vendor shall save and hold harmless the Lottery, the State of Delaware, the Director, the Lottery staff and agents from any and all claims arising out of the use of such patented design, material or process in connection with the work agreed to be performed under this Contract.

Should patentable or licensable designs, materials or processes arise from the Vendor's work under this Contract, the Vendor shall retain the rights to possess, develop and commercialize such items. 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

A Successful Vendor shall have the obligation to ensure that use of materials does not infringe on copyright, trademark, or other intellectual property rights of third parties. This may require the Vendor to obtain permission for use, including payments made for such, to third parties. In particular, the Successful Vendor is required to pay all franchise and/or licensing fees for use of such material including game content employing symbols or names involving intellectual property rights to third parties.

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.

Intellectual Property fees for third-party products, logos, trademarks, brands or labels that a Vendor deploys in the Solution under the Contract shall be included in the Baseline Price with the exemption for Franchised Games that may be negotiated on an individual basis. A Vendor may not separately charge the Lottery an Intellectual Property fee for any items owned by the Contracting Vendor.

2.27 Exclusive Use of the Transaction Processing Systems

Use of a Vendor's hardware and software configuration that processes transactions for the Lottery must be exclusive to the Lottery. Transactions from other sources shall not be commingled with other wager transactions of the Lottery.

2.28 Attachment of Third-Party Systems or Products

The Lottery reserves the right to attach to the Solution or otherwise install software, products, or systems other than those required by this RFP.

The Primary Vendor shall be required to supply to the Lottery, interface specifications to permit other products to carry out all functions and capabilities desired by the Lottery. The Primary Vendor shall provide support to the Lottery in conducting future procurements for such products including providing facilities and support to allow other Vendors to attach or install and test products during the evaluation process. The Lottery will monitor progress to ensure full cooperation.

Should the Lottery propose to add products, systems, or services not supplied by the Primary Vendor for this RFP, but for which the Primary Vendor would gain responsibility, appropriate remuneration of the Primary Vendor shall be negotiated.

2.29 Playing Restrictions for Internet Gaming Insiders

Restrictions apply to the deposit, withdrawal and payment of prizes regarding individuals related to any Successful Vendor or any significant subcontractors. No officer, employee, or immediate supervisor of such employee or relative living in the same household as these individuals shall wager for cash on the Internet through the Delaware Lottery, or be paid winnings, if (i) they conduct duties directly pursuant to the Contract; or (ii) they have access to information made Confidential by the Lottery. Any Vendor or significant subcontractors shall ensure that this requirement is made known to each affected individual.

2.30 Vendor Ethics and Integrity

Any Vendor is obligated to meet high standards for ethics and integrity under this Contract. Any

Vendor and employees:

1. Shall accept no pay, remuneration, or gratuity of any value for performance on or information derived from this project from any party other than the Lottery as described in this Contract, or from any party under contract to the Lottery or seeking to contract with the Lottery with respect to this project.
2. Shall not offer or give any gift, gratuity, favor, entertainment, loan or any other thing of material monetary value to any Lottery employee, or to any individual with the intent of unduly influencing the outcome of this project.
3. Shall not disclose any business sensitive or confidential information gained by virtue of this Contract to any party without the consent of the Lottery
4. Shall take no action in the performance of this Contract to create an unfair, unethical or illegal competitive advantage for itself or others.
5. Shall not have any financial or personal interests relating to this project (other than the Contract itself) without the explicit written consent of the Lottery.

All contact with State of Delaware employees, contractors or agents of the State of Delaware concerning this RFP shall be conducted in strict accordance with the manner, forum and conditions set forth in this RFP

For violation of the above provisions, the Lottery may terminate the Contract, receive restitution from, receive liquidated damages, or take any other appropriate actions against the Contracting Vendor.

2.31 Termination Other Than Default

The Lottery may determine in its sole discretion that the Contract executed with a Contracting Vendor must be terminated, whether for default or for other causes, and whether the Contracting Vendor is due compensation related to the early termination of the contract.

In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports or other material prepared by the Vendor under the contract shall, at the option of the State of Delaware, become its property, and the Vendor may be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials which is useable to the State of Delaware.

2.31.1 Termination for Cause (Without Compensation)

The Lottery may immediately terminate any contract issued as a result of this RFP for any of the following reasons by providing written notice to the Vendor:

1. If a Vendor furnished any statement, representation, warranty, or certification in connection with this RFP or the resultant Contract which is materially false, incorrect, or incomplete.
2. If a Vendor fails to perform any material requirement of the Contract or is in violation of a specific provision.

3. If a Vendor or a subcontractor, officer or owners of 5% or greater commits a fraudulent act or other criminal act in its contractual performance of this Contract or any other contract whether this jurisdiction or another jurisdiction or convicted of a criminal offense during the term of this Contract.
4. If any officer or employee of a Vendor or of any subcontractor deposits cash on the Internet through the Delaware Lottery, wagers cash for a game on the Delaware Internet Lottery outside a testing environment, or attempts to collect winnings.
5. If the Vendor is financially unstable or suffers a material change of financial condition as outlined in Section 1.34 of this RFP.

The State and the Lottery will not be liable for any costs incurred if termination is for any of the causes stated above. In the cases above, the Lottery may cancel a contract with the Vendor that violated the terms above immediately and procure the articles and/or services from other sources and hold a Vendor responsible for any excess costs or lost revenue occasioned thereby.

If after termination for cause, it is determined that the Vendor has not so failed, the termination shall be deemed to have been effected for the convenience of the Lottery.

2.31.2 Termination without Cause or For Convenience (With Possible Compensation)

The Lottery may terminate the Contract at any time by giving written notice of such termination and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. Contract terminations may occur for, but are not limited to, any of the following reasons:

1. In the event the Lottery or State no longer needs the products or services specified in the Contract because of changes in the law or regulations.
2. If funds for the purposes specified under the Contract are not appropriated by the State (Funding Out Clause Section 2.35). The Vendor acknowledges that continuation of the contract is subject to annual appropriation of funds for the purposes specified in this contract. If funds to enable the Lottery to effect continued payment under this Contract are not appropriated or otherwise made available, the Lottery shall have the right to terminate the Contract without penalty at the end of the last period for which funds have been made available. Compensation will not exceed the amount of the last appropriation available.
3. In the event that prices proposed for the Contract modification or for additional services requested by the Lottery cannot be mutually agreed upon by the Vendor and the Lottery.

If the contract is terminated for one of the reasons stated in this section and where it has been determined that the Vendor is due compensation for costs incurred prior to termination, said compensation shall be limited to reasonable expenses for products, materials, supplies and services rendered, for which the Vendor has not yet been compensated. The Lottery will make no payments for unfurnished work, work in progress, or raw materials acquired unnecessarily in advance, in excess of the Lottery's delivery requirements or initiated after receipt of notice of termination.

2.32 Termination for Default

The Lottery reserves the right to cancel a Contract and to pursue any and all legal remedies provided at law, in equity, in this RFP or in the Contract for breach or nonperformance of the Contract or other infractions, whether or not such default results in the cancellation of the Contract executed pursuant to this RFP.

In case of default by a Vendor, the Lottery and the State may upon thirty (30) days prior written notice to that Vendor, terminate the contract without further liability to the State, its departments, divisions, agencies, sections, commissions, officers, agents and employees, and procure the services from other sources, and hold that Vendor responsible for any excess costs occasioned thereby.

In addition to the remedy of Contract cancellation and all other remedies available to the Lottery hereunder, in the Contract, at law or in equity, the Lottery may in its sole discretion accept partial, incomplete or otherwise non-complying performance, and may deduct from the price to be paid under the Contract a sum which in the Lottery's determination reasonably reflects the difference in value between the contract as it was to have been performed and as it was actually performed.

The Lottery shall be entitled to collect costs incurred as the result of any breach, including court costs and reasonable attorneys' fees.

2.33 Disputes under the Contract

In the event that any dispute arises between the parties with respect to the performance required of a Vendor under its Contract, the Lottery Director shall make a determination in writing and send it to that Vendor. That interpretation shall be final, conclusive and not subject to review in all respects unless the Contracting Vendor, within thirty (30) days of receipt of said writings, delivers a written appeal to the Lottery Director or his duly authorized designee. The decision of the Lottery Director on any such appeal shall be made within thirty (30) days and shall be final and conclusive and the Vendor shall thereafter in good faith and due diligence render such performance as the Lottery Director has determined is required of it. A Vendor's options with respect to any such decision on appeal shall be either 1) to accept the determination of the Lottery Director as a correct and binding interpretation of the Contract, or 2) to make such claims as it may desire before a court of competent jurisdiction.

Pending a final judicial resolution of any such claim, the Vendor shall proceed diligently and in good faith with the performance of the Contract as interpreted by the Lottery Director and, if the contract requires, the Lottery shall compensate the Contracting Vendor pursuant to the terms of the Contract.

2.34 Scope of Agreement

If the scope of any provision of the contract is determined to be too broad in any respect whatsoever to permit enforcement to its full extent, then such provision shall be enforced to the maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the contract shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to the law.

2.35 Funding Out Clause

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. In no event shall the Contract(s) resulting from this RFP constitute or create an obligation, either general or special, debt, liability, or moral obligation of the State of Delaware, or any municipality, political subdivision, or governmental

unit thereof or constitute or give rise to a pecuniary liability of the State of Delaware, or any municipality, political subdivision, or governmental unit thereof nor shall the general credit or taxing power of the State of Delaware, or any municipality, political subdivision, or governmental unit be pledged therefore.

2.36 Equal Employment Opportunity

During the performance of the awarded contract, the Vendor agrees as follows:

1. The Vendor will not discriminate against any employee or applicant for employment because of race, creed, color, sex, age, or national origin. The Vendor will take affirmative action to ensure that applicants are employed and that employees are treated equally during employment without regard to their race, creed, color, sex, age, or national origin. Such action shall include, but not be limited to the following: advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training including apprenticeships. The Vendor agrees to post in conspicuous places, notices to be provided by the contracting agency setting forth the provisions of this non-discrimination clause.
2. The Vendor will, in all solicitations or advertisements for employees placed by or on behalf of the Vendor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, sex, age, or national origin.

2.37 Assignment; Subcontracts

1. Any attempt by a Vendor to assign or otherwise transfer any interest in the contract without the prior written consent of the Lottery shall be void; however, such consent shall not be unreasonably withheld.
2. Services specified by the contract shall not be subcontracted by a Vendor, without prior written approval of Lottery.
3. Approval by the Lottery of Vendor's request to subcontract or acceptance of or payment for subcontracted work by the Lottery shall not in any way relieve Vendor of responsibility for the professional and technical accuracy and adequacy of the work. All subcontractors shall adhere to all applicable provisions of the contract.
4. Vendors shall be and remain liable for all damages to the Lottery caused by negligent performance or non-performance of work under the contract by a Vendor, its subcontractor or its sub-subcontractor.
5. The compensation due shall not be affected by Lottery's approval of the Vendor's request to subcontract.

2.38 Indemnification

2.38.1 General Indemnification

Any Vendor shall indemnify, save harmless and forever defend the State of Delaware, the Lottery and their respective officers, agents, directors, employees, other contractors, and Licensed Video Lottery Agents from and against any and all claims, liabilities, losses, damages, costs, injuries or expenses (including but not limited to reasonable fees and disbursements, expenses of attorneys of the

Lottery's choice, investigation, litigation, settlement, judgment, interest, penalties and court costs), arising from or in conjunction with any of the following:

1. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from (i) the products provided or (ii) performance of the work, duties, responsibilities, actions or omissions of that Vendor or any of its subcontractors under this contract, or (iii) a breach of any representation or warranty made by the Vendor in the Contract.
2. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or related to occurrences that the Vendor is required to insure against as provided for under the Contract.
3. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by the Vendor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable.
4. Any claim, demand, action, citation or legal proceeding against the State, its employees and agents which results from an act or omission of the Vendor or any of its subcontractors in its or their capacity an employer of a person.

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 the State.

2.38.2 Patent/Copyright Infringement Indemnification

Vendor shall warrant that all elements of its solution, including all equipment, software, documentation, services and deliverables, do not and will not infringe upon or violate any patent, copyright, trade secret or other proprietary rights of any third party. In the event of any claim, suit or action by any third party against the State of Delaware or the Delaware Lottery, the Lottery or the State of Delaware shall promptly notify the Vendor in writing, and the Vendor shall defend such claim, suit or action at Vendor's expense.

A Vendor shall indemnify, defend and hold harmless the State of Delaware, the Lottery, its employees and agents from and against all losses, liabilities, damages (including taxes) and all related costs and expenses (including but not limited to reasonable fees and disbursements, expenses of attorneys of the Lottery's choice, investigation, litigation, settlement, lost employee time, judgment, interest, penalties and court costs) whether or not such claim, suit or action is successful. All such costs shall be incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity, service or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, service including methods or the operation thereof become, or in the Vendor's opinion be likely to become, the subject of a claim of

infringement, the Vendor shall at the Vendor's own expense (i) procure for the State the right to use the equipment, software, commodity or service, (ii) or if such option is not reasonably available to the Vendor, replace or modify the same with equipment, software, commodity or service of equivalent function, quality and performance so that becomes non-infringing.

All obligations of Indemnification in this Section 2.38 shall survive the termination of a Contract.

2.39 Taxes, Fees and Assessments

A Vendor shall pay all taxes, fees and assessments upon the Solution, however designated, levied or based. The Lottery is exempt from Federal, State and Local sales and use taxes on the services provided pursuant to a Contract. Such taxes must not be included in the Proposal prices.

2.40 News Releases and Public Disclosure

Vendors may not release any information about this RFP. The Lottery reserves the right to pre-approve any news or advertising releases concerning this RFP, the resulting contract, the work performed, or any reference to the Lottery with regard to any project or contract performance. Any such news or advertising releases pertaining to this RFP or resulting contract shall require the prior express written permission of the Lottery.

2.41 Advertising

A Vendor agrees not to use the Lottery name, logos, images, nor any data or results arising from this procurement process or Contract as a part of any commercial advertising without prior written approval by the Lottery.

2.42 Loss of Statutory Authority

If statutory authority to operate is lost for the Delaware Lottery, then the Contract shall be null and void. In the event of such an occurrence, neither party shall have any remaining obligation or liability thereafter.

2.43 Compensation During Implementation

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.

2.44 Authority of Lottery

On all questions concerning the interpretation of specifications, the acceptability and quality of material furnished and/or work performed, the classification of material, the execution of the work, the assessment of liquidated damages, and the determination of payment due or to become due, the decision of the Lottery shall be final and binding.

2.45 Set-Aside and Supplier Diversity Program

It is the policy of the Lottery to contribute to the establishment, preservation and strengthening of small businesses and businesses owned by women and minorities in our procurement activities. Toward that end, the Lottery encourages Vendors to provide for the participation of Delaware small businesses and Delaware businesses owned by women and minorities through partnerships, joint ventures, subcontracts, and other contractual opportunities.

2.46 Non-Discrimination and Affirmative Action Provisions

Every Contract executed by the Lottery shall contain the following provisions. Any Contracting Vendor agrees and warrants: That, in the performance of the Contract such Vendor will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, mental retardation or physical disability, including, but not limited to, blindness, unless it is shown by such Vendor that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Delaware. Any Contracting Vendor further agrees to take affirmative action to ensure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, mental retardation, or physical disability, including, but not limited to, blindness, unless it is shown by such Vendor that such disability prevents performance of the work involved; and That, in all solicitations or advertisements for employees placed by or on behalf of the Contracting Vendor, such Contracting Vendor agrees to state that it is an "affirmative action and equal opportunity employer".

2.47 Management of Software and Documentation

In the event the Primary Vendor is unable to perform its duties as specified in this RFP, before Conversion to a new Primary Vendor begins, delivery to the Lottery or to the Lottery approved escrow agent, is required of a complete set of the Primary Vendor's software source programs, program object code, operations manuals, service manuals, written procedures, and any such other materials necessary for the Lottery to operate the Solution. The software source and object programs can be delivered on mutually agreeable media. This stipulation includes all software executed on the equipment pertaining to the Internet Gaming Solution and installation packages for third party software products, including those offered by the Non-Primary Vendors. License must be transferable to the Lottery. These materials would allow the Lottery to continue operations in the event the Primary Vendor becomes unable to perform and to the confirm that only authorized software is installed on the Solution.

As Solution changes are implemented, both the change and change documentation shall be provided to the Lottery to continue the Lottery's protection. Changes to Lottery's copy of these materials must be effected within one (1) week of the installation in production operations.

2.48 Hosting and Data Requirements

All Vendors are required to abide by laws and policies mandated by the State of Delaware and the Federal Government. As such, Vendor(s) are required to maintain a primary and backup facility that shall house all confidential player information within the United States. Such confidential player or customer information shall include, but is not limited to, personal data (e.g. individual records, personal identifiers or other customer specific information), financial data (e.g. credit card information, bank accounts), or any other sensitive detailed information that are entrusted to the State of Delaware to safeguard.

All data for the primary site (Section 3.1) must remain with the United States. Only non-confidential information for disaster recovery sites (Section 3.1.1.7 and 3.1.2.5) and the remote Backup site (Section 3.1.2.1) may be located outside the United States. However, it is required that each Vendor agrees to abide by the rules and regulations of the various local privacy and data protection laws.

The Delaware Lottery requires that the Game Content Vendors' primary site be located within the

United States with the option to host their back-up and disaster recovery sites outside the United States, so long as such information remains non-confidential.

All hosting and backup services must abide by State and Federal law, with the goal of allowing the Vendor to select the most cost effective service within that criteria. Vendors may access confidential player data from outside the United States in accordance with carrying out the duties in this RFP so long as such data remains located within the United States. For the avoidance of doubt, such information may not be downloaded, processed or transmitted outside the United States.

The location of the primary and backup hosting facilities shall be sufficiently distanced from one another to ensure the maximum integrity of the Solution, and as such shall be subject to Lottery approval.

2.49 Adherence to an Open Architecture

The Primary Vendor will adhere to maintaining an open architecture for integration of third party game content, and as such the Licensed Video Lottery Agents will have final say over the selection of the game. The Primary Vendor assures to comply with such demands.

2.50 Product Readiness

The Vendor acknowledges that integration with the Licensed Video Lottery Agent's existing land based systems is required and will work with their respective casino management software providers to ensure that such systems will be completed by the target launch date.

2.51 Confidential Information

Any Vendor, its officers, employees, agents, representatives, and subcontractors, shall not disclose to any other person or entity any information pertaining to the Lottery's methods, systems, programs, procedures, or operations at any time without prior written approval of the Lottery, except as may be necessary in its performance of this Contract. The Lottery, its officers, employees, agents, representatives, and contractors, to the extent permitted by law shall not disclose to any other person or entity any confidential, secret, or proprietary information or know-how, concerning the equipment, programming, software, trademarks, trade or commercial secrets, of the Vendor or its subcontractors, at any time without the express prior written approval of the Vendor, except as may be necessary in its performance of this Contract.

In the event that any demand, claim, action, or proceeding of any nature whatsoever is made, asserted, or instituted that has as its purpose or object, or may have as its consequence, the disclosure to any person of any of the information referred to herein, each party shall immediately: notify the other party thereof; and, if legal action is successfully taken by a party to prevent disclosure, the other party shall not disclose such information unless, until, and only to extent required to do so, by the final order of a judicial, legislative, executive the or administrative authority having actual jurisdiction thereof.

Support Service Vendors agree that the information shared in any Proposal related to this RFP, regardless if the pages are marked confidential or proprietary shall be shared with the Successful Primary Vendor, which at the time the information is shared will be under strict confidentiality with the Delaware Lottery. If there is any proprietary information that the Support Service Vendor believes could create a conflicting situation than the Support Service Vendor shall clearly identify the conflicting information and the Delaware Lottery will take into consideration.

2.52 Compliance with Industry Standards Associations

All services, products, systems, and procedures to be employed by any Vendor must comply with the issue of standards current at the time of Contract performance as issued by any association—such as International Organization for Standardization (“ISO”), Payment Card Industry (PCI) and Data Security Standards (“DSS”), Telecommunication Industry Assoc. (“TIA”), etc.

2.53 State Standards for Cyber Security and Confidentiality

- **Standard Practices:** The contractor(s) shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all services furnished to the State. The contractor(s) shall follow practices consistent with generally accepted professional and technical policies and standards. The contractor(s) shall be responsible for ensuring that all services, products and deliverables furnished to the State are consistent with practices utilized by, or policies and standards promulgated by, the Department of Technology and Information (DTI) published at <http://dti.delaware.gov/information/standards-policies.shtml>. If any service, product or deliverable furnished by a contractor(s) does not conform to State policies, standards or general practices, the contractor(s) shall, at its expense and option either (1) replace it with a conforming equivalent or (2) modify it to conform to State policies, standards or practices.
- **Confidentiality and Data Integrity:** The Department of Technology and Information is responsible for safeguarding the confidentiality and integrity of data in State computer files regardless of the source of those data or medium on which they are stored; e.g., electronic data, computer output microfilm (COM), tape, or disk. Computer programs developed to process State Agency data will not be modified without the knowledge and written authorization of the Department of Technology and Information. All data generated from the original source data, shall be the property of the State of Delaware. The control of the disclosure of those data shall be retained by the State of Delaware and the Department of Technology and Information.

The Contractor is required to agree to the requirements in the Confidentiality and Integrity of Data Statement (in Appendix B), and made a part of this RFP. Contractor employees, individually, may be required to sign the statement prior to beginning any work.

- **Security:** Computer, network, and information security is of paramount concern for the State of Delaware and the Department of Technology and Information. The State wants to ensure that computer/network hardware and software does not compromise the security of its IT infrastructure. The SANS Institute and the FBI have released a document describing the Top 20 Internet Security Threats. The document is available at <http://www.sans.org/critical-security-controls/>. The Contractor is guaranteeing that any systems or software provided by the Contractor are free of the vulnerabilities listed in that document.
- **Cyber Security Liability:** It shall be the duty of the Vendor to assure that all products of its effort do not cause, directly or indirectly, any unauthorized acquisition of data that compromises the security, confidentiality, or integrity of information maintained by the State of Delaware. Vendor’s agreement shall not limit or modify liability for information security breaches, and Vendor shall indemnify and hold harmless the State, its agents and employees, from any and all liability, suits, actions or claims, together with all reasonable costs and expenses (including attorneys’ fees) arising out of such breaches. In addition to all rights and remedies available to it in law or in equity, the State shall subtract from any payment made to Vendor all damages, costs and expenses caused by such information security breaches that have not been previously paid to

Vendor.

- **Information Security:** Multifunction peripherals must be hardened when used or connected to the network. They should be configured to harden the network protocols used, management services, processing services (print, copy, fax, and scan), logging, and physical security. Care shall be taken to ensure that any State non-public data is removed from memory before service calls and/or equipment disposal.

Electronic information storage devices (hard drives, tapes, diskettes, compact disks, USB, multifunction peripherals, etc.) shall be disposed of in a manner corresponding to the classification of the stored information, up to and including physical destruction.

- **Cloud and External Hosting:** All Vendors shall be responsible for complying with the Terms and Conditions for Cloud Providers and External Hosting (<http://dti.delaware.gov/pdfs/pp/Cloud-External-Hosting.pdf>). Vendors must initial T&C's 1 through 12 and submit the completed Attachment 1 with in their response.

2.54 Foreign Vendor Requirements

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.

PART 3 – TECHNICAL BACKGROUND INFORMATION AND SPECIFICATIONS FOR THE INTERNET GAMING SOLUTION**3.0 Introduction**

This section describes the products and services specifications for the Lottery Internet Gaming System and Services (the “Solution”). All Vendors must be capable of meeting the requirements to the extent the specifications relate the Vendor’s product offering as well as adhere to State IT standards published at <http://dti.delaware.gov/information/standards-policies.shtml> as well as the Technical Standards which shall be published no later than February 15th 2013.

3.1 Central Configuration

The Lottery requires a computer configuration capable of handling the immediate and long-range Internet Gaming needs of the Lottery as defined in the remainder of Section 3.1. Each hardware and software item must be identified by manufacturer, product name and model number applicable. For software, version numbers must be provided, or such will be assumed to be the latest release at the time of Product Operation launch. Any deviations from the suppliers’ standard hardware and software products must be disclosed and an explanation provided. (Installation of any such deviations would require prior approval of the Lottery.)

3.1.1. Configuration at the Primary Site

3.1.1.1. Transaction Processing/Database/Administration: All transaction processing, database retrieval and reporting and administrative functions for mission-critical Internet wagering must be fault tolerant by having a local protectively redundant configuration. At the primary site, the processing complex must consist of at least two (2) physically separate systems, networked or coupled for high availability processing, with redundant LAN elements and data storage. A component failure in one primary site system must not cause a failure in the other system(s).

3.1.1.2. Failover with Integrity: The remaining system(s) will assume the load in case of a failure in one system, without loss or corruption of any data and transactions received prior to the time of the failure.

3.1.1.3. Operations Procedures: Procedures for computer operations staff, especially regarding failure situations, must be straightforward. It is desirable that in addition to operator-prompted failover that the System is able to recover from failures without operator intervention (“auto-failover”).

3.1.1.4. Secure Connections: There must be no capacity to connect into the Solution from a remote computer without Lottery approval. Any such capability, such as for remote monitoring, or diagnosis of equipment or software, must employ stringent security mechanisms. Connections to other remote systems must be protected by firewalls, encryption, and/or other means. Any routers must route traffic only to addresses defined in their routing tables as valid. The acceptability of any such security approach will be subject to Lottery approval.

3.1.1.5. Time Synchronizing: Multiple systems in the configuration must have a time-synchronizing mechanism to ensure consistent time recording and reporting for events and transactions. Synchronization with an external time standard is required.

3.1.1.6. Location: The primary site systems shall be located in the United States.

3.1.1.7. Disaster Recovery: In the event of irreparable damages at the primary site, or of an unplanned, extended abandonment of the primary site, the Primary Vendor shall provide at no additional cost those components necessary to resume Internet wagering under a two-site (primary and backup) operational scenario. Such an alternative site shall be furnished, installed and operational within ninety (90) days after the disaster. Until a permanent primary site can be re-established, substitute facilities must meet Lottery-approved environmental and security measures.

3.1.2. Remote Backup Site Configuration

3.1.2.1. Remote Backup System(s). The Primary Vendor shall mirror the primary site with a configuration that can take over for the primary site systems if necessary. Data transferred to and recorded at the remote site will always contain the most recent transactions, allowing a takeover. The Internet Gaming Solution must have a routing independent of the primary site so that the backup site can be reached by data communications without the primary in place. System administration functions must be available at the remote backup site, as well as being available remotely by communications from the primary site. Once in production, the Primary Vendor shall demonstrate on a scheduled basis that the remote site is fully functional by operating from that site upon request of the Lottery.

3.1.2.2. Remote Backup Sizing. The remote backup systems must be of the same processing capacity and architecture as the primary site systems.

3.1.2.3. Remote Backup Location. The remote backup systems and their facility shall be supplied by the Primary Vendor and may be located at the Primary Vendor's discretion, subject to DTI's data security policy for confidential information (Section 2.48) and Lottery approval.

3.1.2.4. Secure Connections. These systems have the same specification as the primary systems, given in Section 3.1.1 and the response may reference that, if identical.

3.1.2.5. Disaster Recovery. This Section has the same specification as Section 3.1.1 and the response may reference that response, if identical.

3.1.3. Testing and Development Configuration: The Primary Vendor must provide a test system for checking out releases of software or new System components. This configuration is for the use of the Primary Vendor and any third party tester that the Lottery designates. The location of the test system is at the Primary Vendor's discretion, subject to DTI's data security policy for confidential information (Section 2.48) and Lottery approval. The test system may but need not demonstrate fault tolerance. Testing must not be conducted on the production System unless at the approval of the Lottery.

3.1.4. Operating Hours: The ability to accommodate twenty-four (24) hour-a-day operation is required by the Lottery.

3.2. New and Unused Equipment

All proposed transaction processing computers, front-end processors, networking equipment, diagnostic equipment, etc. must be new and unused. Equipment proposed must be compliant with current electronic technology manufacturing standards and be of current manufacture by the Vendor or suppliers. All hardware models and software versions installed at start-up must represent the then-current equivalent or better version, in case a proposed offering is phased out or superseded, or a proposed product has been upgraded to a new model at an equivalent or better price.

3.3. Certified Equipment and Software

The proposed equipment software and hardware and must have been inspected for safety and approved by a reputable testing laboratory, and all proposed equipment must be in compliance with FCC regulations suitable for devices of the types proposed. Alternatively, if the devices proposed are new models, and not yet inspected and/or certified, the Vendor must commit to providing a document showing certification as of the Contract signing.

3.4. Communications Network

The Primary Vendor must propose a design for a telecommunications network to serve Internet wagering in Delaware. Under the Contract, the Primary Vendor is responsible for designing, implementing, and operating the network in compliance with agreed-upon specifications, including the responsibilities for network monitoring and management.

3.4.1. Network Design and Implementation: The Primary Vendor is provided with latitude as to the topology and technologies proposed for the network. The design must cover at a minimum the following network nodes, however additional connections relevant to the network's topology and purpose may be employed as befits the design and Lottery business requirements.

3.4.1.1. Primary and Backup Sites: Since transactions must be logged at both the primary and backup sites on a real-time basis to keep the sites synchronized, the Primary Vendor must provide inter-site links for control and data flow.

3.4.1.2. Cash Management at Venue: The design must be able to provide end-to-end online connectivity for the Video Lottery Agents to process cash transactions at the venues as well as administrative systems. Since wagers must be able to be processed at either the primary site or backup site, there must be independent links from the venues and both sites.

3.4.1.3. Primary and Backup Local Area Networks: Within the data centers there will be multiple LAN connections dependent upon the Primary Vendor's configuration.

3.4.2. Network Design Features: Communications facilities must be designed with performance, monitoring, redundancy, diversity, and security features to enhance servicing the Internet Gaming System.

3.4.2.1. Fault Tolerance: The network must exhibit redundancy and diversity that virtually eliminate single component failures from being systemic and/or stopping Internet wagering. The primary and backup sites must have more than one path between them.

3.4.2.2. Fault notification: System monitoring and diagnostic equipment must be able to identify

significant transmission error rates or outages as soon as possible after occurrence.

3.4.2.3. Secure External Transmissions. All data communications external to secured facilities must be encrypted from point of transmission to point of receipt.

3.4.2.4. Incomplete Transactions Protocol: On incomplete or unresolved transactions between the player and the central system, there must be a mechanism for reconciliation before the player is able to begin another game. These may include automatically restoring wager monies back to player account, restart of the game, completion of transaction when game is resumed, or another method for player reconciliation.

3.5. Game Software Requirements

3.5.1. Game Software Certification: 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.

3.5.2. Randomness Testing: For all games offered that offer an element of chance, the Vendor shall provide evidence of randomness in the game play. This evidence shall be capable of being tested and verified. The Lottery requires the Vendor to store game outcomes for the purpose of conducting periodic output based randomness testing. Such testing will be at the discretion of the Lottery.

3.5.3. Continuation of the Game Malfunction: Each game must be capable of continuing the current game with all current game features after a game malfunction is cleared. The current wager and all credits appearing on the player screen prior to the malfunction must either remain active or returned to the player. Any deviation must be explained in Sections 4.2.3.10.10 and 4.3.11.6 of this RFP.

3.5.4. Percentage Payout: Payouts for Video Lottery games shall not be less than 87% and not greater than 95%, on an average annual basis for each game, unless approved by the Director. The payouts for other games shall follow that of a Delaware Video Lottery Agent's gaming floor and shall be approved by the Director.

3.6. Software Security and Control Features

In addition to providing cash deposits and withdrawals at Video Lottery Agents venues, the Solution must provide particular features and functions to meet requirements for secure and efficient operation.

3.6.1. Transaction Logging: All processing activities are to be recorded immediately on multiple electronic media. Backup, recovery and redundancy features will be supported using these log files for recovery, if necessary. The transaction logging process includes periodic checkpoints.

3.6.2. Event (Game) Recording: All game processing activities, including play, winning events, other play related transactions, error conditions and operating system messages are recorded immediately so that these data are available to access by the Lottery or Licensed Video Lottery Agents.

3.6.3. System Auditing: The Solution can be audited for appropriate usage and freedom from error.

3.6.4. Online Clock Reporting: The on-line slot system shall maintain an internal clock that accurately reflects the current time (in hours, minutes and seconds) and date that shall be used to provide for the following:

- Time stamping of significant events;
- Time stamping of reports;
- Reference clock for reporting;
- Time stamping of configuration changes.

If multiple clocks are used, then a means shall be provided that will update all clocks in devices attached to the system, including the gaming devices, at least once in each 24-hour period.

3.6.5. Cash Player Management: The Solution must accommodate cash deposits and withdrawals by players at Licensed Video Lottery Agent venues.

3.6.6. Unique Transaction Number: The serial number assignment method used by the Vendor must account for the fact that transactions may reside for an extended period in the System.

3.6.7. Transactions Protected: The Solution must ensure that transactions cannot be tampered with. The Lottery reserves the right to review any and/or all System narratives, source program listings and operational procedures to ensure data and System integrity.

3.6.8. Game Application Monitoring: Real-time monitoring of transactions must be provided. The Lottery shall receive immediate notification of abnormal System operations and their causes, such as selling or cashing problems, communication difficulties, computer downtime, etc.

3.6.9. Secure On-Site and Off-Site Storage: The Contracting Vendor must provide for secure on-site and off-site storage of critical files, software, and back-up data, subject to approval of the Lottery. Archived backups must be retained for a minimum of five (5) years. Media stored in archives must be checked and/or exercised periodically to ensure their physical integrity.

3.6.10. Configuration Management: The Solution shall operate under a defined procedure for changes to documentation, procedures, specifications, program source and object code, and other major System components. Strict performance according to principles of configuration management is required:

1. Solution components shall have version or release numbers, or model and serial numbers.
2. Components shall be traceable, identifying the history, use, and location of a component.
3. The System must provide reports showing when and by whom a change was made and must avoid multiple update conflicts.
4. The Solution shall have the ability to produce a configuration status report or listing.
5. A Contracting Vendor manages procedural and system controls such that only approved

changes, on an approved schedule, can be made.

3.6.11. Segregation of Duties: The System operation must employ principles of segregation of duties and “need to know,” and must restrict super-user privileges for the Primary Vendor’s staff.

3.7. Software Features and Capabilities

The Solution shall provide a range of features and capabilities that taken together, accomplish all tasks to manage and control the Internet Gaming Solution.

3.7.1. Control Of Operations: The Internet Gaming Solution management application must support the ability to manage a safe and secure rules based system including responsible gaming, geo-location, fraud, collusion, identification/authentication with the ability for authorized users to shut off and resume application functions.

3.7.2. Secure Use and Password Management: Use of the management software must be password and audit-trail protected. All management sign-on attempts whether successful or not must be logged. Log entries must reference time, date, and valid/non-valid sign-on. **All transactions through the management software representing modifications to the system (such as game control parameters) must be logged and protected by verification steps.** A List of qualified users (as well as the security levels and report/function access availability) will be supplied by the Lottery to the Primary Vendor.

3.7.3. Reporting: Authorized Lottery personnel may research transactions and operations when required for both standardized and ad-hoc reports. The database/System log will include detailed records of transactions. Reports on transaction log entries must allow standard queries and sorts as well as time stamping. Such reports may be accessed by all authorized employees of the Lottery, the State of Delaware, Licensed Video Lottery Agents and other authorized individuals. Such reports shall be accessible via secure remote access.

3.7.4. Portal Management: The Primary Vendor’s Solution must have the ability to manage multiple sites, one website for each of the current Video Lottery Agents as well as additional sites to account for the potential of additional Licensed Video Lottery Agents.

3.7.5. Remote Publishing: The Solution must have the capability to enable the Video Lottery Agents the ability to manage their own marketing, promotions and player communications, along with the ability of the Lottery to approve of all marketing and promotions prior to execution. Each Licensed Video Lottery Agent will have the ability to remotely create, publish and manage individual promotions including onsite banners, email campaigns and other direct communication with the players. The system must allow for all Video Lottery Agent promotions to be approved by the Lottery prior to publishing on their respective portals.

3.7.6. Promotions and Messaging: The management application must support the ability for an authorized user to create, send and track marketing campaigns, bonuses, promotions and other messages to all or selected groups of players to be printed out at home and redeemed onsite.

3.8. Data Management and Player Tracking Reporting

The Lottery requires the Primary Vendor’s system to offer multi-level player tracking and reporting.

The system should offer a minimum of three levels of tracing (e.g. Lottery -> Video Lottery Agent -> Affiliate or campaign code).

- 3.8.1. Database Access:** The Lottery requires access to Internet Gaming information collected by the Primary Vendor Solution. Queries and reports must be accessed from the Lottery's and the Video Lottery Agents' own permitted computers.
- 3.8.2. Management Reports:** Management software must be capable of producing standard and ad hoc-reports/custom reports on an as need basis. Reports must be able to be viewed on-screen as well as downloadable into various formats including excel, .csv or other standard reporting and management tools.
- 3.8.3. Lottery Access to Data through File Transfers Integration:** The Lottery requires various forms of data provision to feed Lottery administrative systems. For some applications a data file must be supplied, of a specific format and frequency.
- 3.8.4. Data Reporting Integration:** The Lottery requires the management software to allow a single view of the player data across multiple channels including the Licensed Video Lottery Agents' land based activity.

3.9. Internet Gaming Solution Accounting

The Vendor's Solution shall adhere to the following Video Lottery Agent accounting specifications:

- 3.9.1. Account Setup:** The System must permit the addition of new Licensed Video Lottery Agents.
- 3.9.2. Accounting Period:** The normal accounting cycle for computing monies between the Video Lottery Agents and the Lottery is currently Monday through Sunday. The accounting period is also referred to as an accounting week or business week. However the Primary Vendor's system must provide flexibility to allow for daily or other periods in the event a business need arises for this. The Lottery reserves the right to change the accounting period during the terms of the contract.
- 3.9.3. Adjustments and Reimbursements:** The Solution must provide an application for the Lottery to make Internet Gaming account adjustments and reimbursements. Authorized management application users must have the ability to make adjustment entries to the player accounts with a complete audit trail of adjustment amounts, date of adjustment, user who entered the amount and description/reason for the adjustment.
- 3.9.4. Tracking for Account Changes:** The Solution must provide for tracking all changes to the Video Lottery Agent's master file and accounting files. There must be displays and reports that show past changes and statuses of the files. This includes but is not limited to any and all changes made to a player's account that must be tracked by the individual making the adjustment as well as the day, time and other related information.

3.10. Internet Gaming Program Planning

The Primary Vendor must apply its best efforts to support the Lottery's Internet wagering program planning, assisting the Lottery to achieve its financial objectives. The Primary Vendor must, allow for growth into new features and functionality that the Lottery may determine would be productive if

made available in Delaware and which will assist the Lottery in maintaining market leadership. As the Lottery may direct in such a case, the Primary Vendor is obligated to put forth a good faith effort to implement such a version or variation of internet wagering, or if need be to acquire rights and/or software and any other mechanisms on behalf of the Lottery to implement such a wagering product.

3.10.1. Additional Game Types: The Lottery reserves the right to add additional types of games at any time later in the Contract. Some new game types have been referred to in this RFP.

3.10.2. Additional Third Party or External Games: The Lottery may identify additional games not in the initial library of selected Vendors that would be productive if available. Such games include additional video lottery games, new poker variants or additional mobile games, etc.

3.10.3. Additional Game Features: The Lottery reserves the right to add new features to existing or new games such as side betting software.

3.10.4. New Distribution Channels: The Lottery will likely seek adding new and emerging distribution touch points to the player including additional mobile devices, tablets, consoles, television as well as social networks.

3.10.5. Additional Payment Methods: The Lottery may identify additional payment methods not initially selected by the Primary Vendor.

3.11. Primary Vendor Facilities

The Primary Vendor must support a primary site and a separate remote backup site, and additional Primary Vendor service facilities as needed.

3.11.1. Primary Site: The Primary Vendor must provide a primary data center within the United States. The facility must include appropriate safety, security, and environmental controls equipment for a computer facility. All construction and furnishings must comply with state and local fire, safety, building, and ADA codes. Any upgrades, servicing, or replacement required to maintain compliance with such codes shall be the Primary Vendor's obligation. If the primary site is in a facility that shares 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. Delaware data shall not be co-mingled with other customers' data.

3.11.2. Remote Backup Site: The Primary Vendor must provide a remote site where transactions are logged and can be processed. There is no requirement of the location of the backup site so long as it does not violate local data protection laws. The remote backup site must meet the safety and security requirements of the primary site. If the remote backup site is in a facility that shares processing support with other business operations of the Primary Vendor, then the Delaware Internet wagering equipment must be physically and logically separated and secure from all other operations, subject to the approval of the Lottery.

3.11.3. Local General Office and Service Center: The Primary Vendor is required to have an office in Dover Delaware.

3.11.4. Business Continuity and Disaster Recovery Plan: All Contracting Vendors must provide and annually update a business continuity and disaster recovery and contingency plan for the computer centers and administrative facilities used in this Contract. The plan must be delivered no later than two (2) months after the Production Operations launch date. Such plan shall take into account disasters including, but not limited to, those caused by weather, water, flood, fire, environmental spills and accidents, malicious destruction, acts of terrorism or war, and contingencies such as strikes, epidemics, pandemics, etc. The plan must ensure continuation of the Solution. Provision shall also be made for the safe, secure off-site storage of all scheduled backup data and programs. Should implementation of any portion of the disaster recovery and contingency plan become necessary, all costs associated with the plan shall be borne by the Contracting Vendors.

3.12. Support Services and Operations Security Plan

The Primary Vendor is required to provide the Lottery a variety of services as described below.

3.12.1. Operations Services: The Primary Vendor shall provide operations and monitoring services for the Solution. These duties shall include network management, player monitoring, customer service, System monitoring, report generation, file backups, start-up and shutdown tasks and various operational procedures to enable the correct operation of the System, including System recoveries.

3.12.2. User Documentation: Quick reference guides on the correct procedures are required. Such documentation must contain, at a minimum, information and instructions on, obtaining and using the reports, creation and implementation of promotions and other marketing tools, first line support procedures, venue cash player management (deposit/withdrawal), adjustments and other required documentation.

The Primary Vendor shall update training materials and any user and player documentation. Copies shall be supplied to the Lottery and to the Licensed Video Lottery Agents by two (2) weeks prior to the start date of any change.

3.12.3. Delaware Staff Training and Support: The Primary Vendor must provide training for Lottery staff, Licensed Video Lottery Agents, and all relevant parties involved in the Lottery's management of the Internet Gaming Solution, at the Lottery offices, or appropriate locations as approved by the Lottery. Training for the Lottery must include all aspects of the Solution both at installation as well as on-going, including for each major upgrade. Such support shall include an overview from each department responsible for managing the Solution. In addition training will also cover the specific responsibilities required by the Lottery and Video Lottery agents including reporting, marketing and promotions, affiliate management, managing and updating player exclusion lists, venue player management (deposit/withdrawals). Frequent on-going training and communication between the Primary Vendor and the Lottery/Video Lottery Agents will be required and shall include the following:

- 1. Trouble Tracking, Dispatch, and Reporting System (Hotline Support):** The Primary Vendor shall staff a hotline function for trouble calls, and shall maintain and manage a database and reporting system that fulfills the following criteria:

- a. **Tracking:** Tracking and reporting of Internet Gaming Solution other problem reports is required whether or not actual problem(s) are found.
- b. **Maintenance Information:** The Primary Vendor is required to provide maintenance data for the Contract term, with at least twelve (12) months of data on-line.

2. Call Management:

- a. **Staffing and Hours.** Customer Services must be staffed and managed to ensure timely, professional and accurate response to all calls. Calls must be taken on a 24/7 basis.
- b. **Call System.** The Primary Vendor must provide a call management capability, both a call system and toll-free circuits.

3.12.4. Technical Support Service: The Primary Vendor is required to provide timely and committed fulfillment of Lottery requests for technical support and changes. In Section 4.2, the Vendor’s Proposal must demonstrate the ability to deliver systems and software engineering support services for System management, System error correction, changes to the Lottery’s business rules and requirements.

3.12.4.1. Software Support. The Primary Vendor must be capable of supplying upgrades on a periodic basis. The Vendor will use best efforts to ensure that Lottery is offering the latest version of the products and services on a timely basis.

3.12.4.2. Quality Assurance and Acceptance Testing. The Primary Vendor must provide a Quality Assurance capability and support for any testing or certification by a third party representing the Lottery.

3.12.5. Operations Security Plan: The Lottery expects its Internet Gaming Solution to be of the highest security and integrity. This requires both the Lottery and its Primary Vendor to maintain a confidential, high-level security system. For example, staff must be organized, assigned, and operate under procedures and with System controls that mitigate security issues.

3.13. Key Components Requirement and Responsibility Matrix

Operations Expertise: Management and support of the Internet Gaming Solution

Item	Description	Responsibilities
RESPONSIBLE GAMING		
Responsible Gaming	Set and manage operator and/or regulator policies to ensure the Solution upholds the highest standards for a fair and safe gaming experience that protects players from the adverse	The Primary Vendor is responsible for advising the Delaware Lottery and the Licensed Video Lottery Agents on its policies for responsible gambling. The Lottery shall have final approval of all

	<p>consequences of gaming.</p> <p>Manage the player interaction once policies are close to being reached or have been reached.</p> <p>Examples include wager and deposit limitations, self-exclusion, cooling off, etc.</p>	<p>responsible gambling policies.</p> <p>The Primary Vendor will work in conjunction with the Video Lottery Agents in managing communication with both the players as well as the Lottery.</p> <p>The Primary Vendor will be responsible for managing voluntary and involuntary player exclusion lists for the Lottery and the Licensed Video Lottery Agents as it pertains to Internet Gaming.</p>
Fraud & Collusion	<p>Manage actual and potential fraudulent activity and player collusion including stolen credit cards, identity fraud, poker table collusion (chip dumping, whipsawing), money laundering, etc.</p> <p>Manage the communication with the player as well as reporting such activity to the appropriate parties</p>	<p>The Primary Vendor shall suggest the policies for all fraud and collusion for the Delaware Internet Gaming Solution. All policies shall be approved by the Lottery.</p> <p>The Primary Vendor shall implement and manage fraud and collusion policies for the detection and prevention of potential fraudulent activity.</p> <p>The Lottery and the Delaware Division of Gaming Enforcement are advised of all incidents relating to fraud and collusion. The Licensed Video Lottery Agents are notified of all system-wide incidents of fraud and collusion as well as any individual incidents that specifically relate to their players.</p>
FINANCE		
Transaction Management	<p>Manages an integrated payment solution that offers an array of payment methods including credit cards, e-wallet, wire transfer, pre-paid cards and cash deposit/withdrawal at Video Lottery Agent facilities.</p> <p>Sets and manages the policies and limitations surrounding all</p>	<p>The Primary Vendor shall manage the processing of financial transactions as well as all related activity including third party authentication on deposit and withdrawal.</p> <p>The Primary Vendor shall manage the relationship with the payment processors and financial</p>

	<p>financial transactions including setting deposit/withdrawals limitations (delays for withdrawals, maximum amounts, frequency, payment methods)</p> <p>Ideally, the payment solution will also assist in value-add services such as anti-money laundering and fraud checking.</p>	<p>institutions on the Lottery's behalf.</p> <p>The Lottery shall define the policies that relate to all transaction management, namely deposit and withdrawals.</p> <p>The Primary Vendor shall implement these policies as well as advise the Lottery on an ongoing basis. The Primary Vendor may offer suggestions to the Lottery that improve the integrity of the of the Internet Gaming Solution with regard to transaction management to minimize any potential of fraud or abuse.</p> <p>The Lottery and the Delaware Division of Gaming Enforcement is advised of all incidents relating to any issues regarding payments. The Licensed Video Lottery Agents are notified of all system-wide incidents of any payment related issues as well as any individual incidents that specifically relate to their players.</p>
Funds Management	<p>Sets policies and manages the movement of funds to/from players, payment processors, Primary Vendor, Lottery and the Licensed Video Lottery Agents including reconciliation of the payments and game play activity.</p>	<p>The Lottery shall define the policies that relate to controlling the flow of funds.</p> <p>The Primary Vendor shall implement these policies as well as advise the Lottery on an ongoing basis. The Primary Vendor may offer suggestions to the Lottery that improves the movement of funds.</p>
MARKETING		
Player Acquisition & Retention Marketing	<p>Develop, manage and execute online and offline marketing and bonus promotions including strategy for pay-per-click, search</p>	<p>The Primary Vendor shall provide training and ongoing guidance to the Lottery and the Licensed Video Lottery Agents in developing,</p>

	<p>engine optimization, banners and buttons and in venue marketing.</p> <p>Management of promotions and other marketing campaigns for deposit, re-deposit, game play, event sign-up, venue player sign up, etc.</p> <p>Also includes onsite tools to assist in marketing on the website through banners on the homepage and throughout the site.</p>	<p>managing and executing their own online and offline marketing and bonus promotions.</p> <p>Primary Vendor monitors bonus requirements and player activity around the bonus promotions to mitigate fraud and bonus abuse. The Delaware Lottery approves all marketing promotions created by the Video Lottery Agents.</p>
eCRM and player communication & Player Segmentation	<p>Electronic customer relationship marketing includes a wide array of communication touch points to a player including welcome/signup pages/emails, all ongoing email campaigns, banners, buttons and any other message the player sees. Messaging can be general or targeted to a specific segment.</p>	<p>The Primary Vendor may provide eCRM expertise to the Licensed Video Lottery Agents, depending on the needs of individual Video Lottery Agent.</p> <p>The Primary Vendor shall provide training, guidance as well as on-going communication with the Licensed Video Lottery Agents to assist them in managing their own marketing and player communication.</p>
VIP Management	<p>Structure a multi-level program for high value players with rating criteria for each VIP level as well as associated bonuses and gifts.</p> <p>Select and manage the high value players across all products.</p> <p>Determine policies of the VIP program for initial selection and retention.</p>	<p>The Video Lottery Agents are responsible for managing their own VIP programs.</p> <p>The Primary Vendor will assist the Video Lottery Agents in structuring their VIP programs including establishing VIP criteria, communication and bonus offering.</p> <p>Provide training and guidance as well as on-going communication with the Video Lottery Agents to manage their own VIPs.</p>
Affiliate management	<p>Manage third party marketing</p>	<p>The Primary Vendor will assist the</p>

	<p>partners that drive players to the Video Lottery Agents websites in exchange for a revenue share, up-front fee, or a hybrid of the two.</p>	<p>Video Lottery Agents in developing and managing their affiliate programs including program policies and affiliate fees.</p> <p>The Video Lottery Agents will manage their own affiliate programs and be responsible for the day-to-day operations including negotiating and managing CPAs, revenue share as well as active communication with affiliates for banners, buttons etc.</p>
GENERAL MANAGEMENT		
<p>Conduct and Management of Internet Gaming Solution</p>	<p>Manages the general policies and thresholds with regard to the Internet Gaming operations including a universal set of Player Terms and Conditions, prize payouts, sign-up restrictions, play mechanics, etc.</p>	<p>The Lottery shall have complete authority and discretion in setting the policies and thresholds with regard to the day-to-day operations of the Internet Gaming Solution.</p> <p>The Primary Vendor shall advise the Lottery on such policies and may make suggestions on an on-going basis.</p>
<p>Materials and Database</p>	<p>Collects, manages and uses the data to operate the Internet Gaming Solution. This includes both general materials, reports prepared for the Internet Gaming Solution as well as player data.</p> <p>Player data includes but is not limited to all player data from game play as well as deposit/withdrawal, fraud, collusion, personal player information as well as all qualitative information that is collected and used in analyzing player behavior such as player segmentation, bonusing and Factoring.</p>	<p>Ownership of all non-player data including documentary material and operating reports all be owned by the Lottery.</p> <p>The Licensed Video Lottery Agents shall retain full ownership of all customer data.</p> <p>The Lottery and the Licensed Video Lottery Agents shall grant the required Vendors the necessary administrative access and control to all data and any other material that is prepared for the Internet Gaming Solution that is the ownership of the Lottery or the Licensed Video Lottery Agents. Such access to player data to the Vendors shall strictly be for the</p>

		benefit of and on behalf of the Lottery and the Licensed Video Lottery Agents for the duration of the Contract.
OPERATIONS		
Reporting	Create, manage and execute all standardized and ad-hoc reports that relate to all aspects of the Internet Gaming Solution.	<p>The Primary Vendor shall be responsible for creating standard and ad-hoc reports for all aspects of the Internet Gaming Solution.</p> <p>The Lottery and the Licensed Video Lottery Agents will be responsible for accessing and downloading the reports.</p>
Player Identification & Authentication	<p>Sets and manages policies and communications for all “Know Your Customer” (KYC) policies for authenticating players to ensure the integrity of the Internet Gaming Solution. This includes policies for age related matters (e.g. near under age), residency, player wager limits for affidavits, criteria for photo identification, etc.</p> <p>Manages the relationship with third party Support Service Vendors to assist in carrying out the KYC checks.</p>	<p>The Primary Vendor shall set and manage all of the player KYC policies. The Lottery shall have the right to approve such policies.</p> <p>The Primary Vendor will be responsible for managing the relationship with all third party Support Service Vendors assisting player identification and authentication.</p> <p>Primary Vendor will report any incidents that violate Lottery policies or where known KYC checks failed.</p>
Geo-Location	<p>Sets and manages the policies for location based decisions with regard to players including when players are potentially at risk or near risk of being outside the State of Delaware or other restricted area as well as players spoofing their IP to look like they are inside state borders.</p> <p>Manages the relationship with third party Support Service Vendors to assist in identifying player location.</p>	<p>The Primary Vendor shall set and manage all player geo-location policies. The Lottery shall have the right to approve such policies.</p> <p>The Primary Vendor shall be responsible for managing the relationship with all third party Support Service Vendors assisting in player location.</p> <p>Primary Vendor will report any such incidents that violate Lottery policies.</p>

<p>Hosting and Infrastructure</p>	<p>Provides the physical facilities for the Lottery to store the required hardware (including primary and backup sites) to run the Internet Gaming Solution.</p> <p>The facility must be 'state of the art' and should meet or exceed the State's Data Center Policy guidelines(http://dti.delaware.gov/pdfs/pp/DataCenterPolicy.pdf).</p>	<p>The Primary Vendor shall manage the relationship with the hosting Vendor.</p> <p>The servers will be owned or leased by the Primary Vendor.</p> <p>The Primary Vendor, together with the hosting Vendor, shall suggest the requirements and policies for security, encryption, business continuity, disaster recovery and other hosting related considerations.</p> <p>The Lottery shall have approval of such responsibilities and policies.</p>
<p>CONTENT</p>		
<p>Game Software</p>	<p>Selects and manages the suite of games offered on the Video Lottery Agent websites. This includes organization and placement of the games on the websites as well as customization of the games (logos on tables, load pages).</p> <p>The Delaware Lottery's Internet Gaming Solution will offer one version of casino table games, poker and bingo (not necessarily from the same Game Content Vendor) and will offer multiple Video Lottery Games from multiple Vendors.</p>	<p>The Licensed Video Lottery Agents shall select the game content subject to the approval of the Lottery.</p> <p>The Primary Vendor shall advise the Lottery and the Licensed Video Lottery Agents on such decisions in an effort to leverage the Primary Vendors experience as it relates to quality, integration cost/time to support such games.</p> <p>The Primary Vendor shall manage the relationship with the Game Content Vendors with regard to the day-to-day operations.</p> <p>The Lottery will contract directly with the Game Content Vendors and shall be responsible for the financial payments to the Game Content Vendors.</p>
<p>Network & Progressive Management</p>	<p>The management of the day-to-day operations for peer-to-peer games and casino progressive bonuses including setting up and managing the games, rooms and tournaments on a 24/7 basis to</p>	<p>The Primary Vendor will be responsible for the day-to-day network management including setting and enforcing network policies. Primary Vendor shall be responsible for the management</p>

	<p>maximize game play and liquidity. Also includes chat moderating/ hosting for bingo as well as setting policies for progressive and jackpot management.</p>	<p>of both network wide and Video Lottery Agent’s individual rooms and tournaments.</p> <p>Each Video Lottery Agent shall have the ability to offer their own rooms and tournaments.</p>
<p>Website Management & White Label Capabilities</p>	<p>Provides the tools to allow the Video Lottery Agents the ability to create and manage their own marketing campaigns including on-site bonuses policies and practices including search engine optimization, pay per click campaigns etc.</p>	<p>The Licensed Video Lottery Agents shall have the option to manage their own websites. Should the Licensed Video Lottery Agent choose not to manage their own websites, the Primary Vendor agrees to manage the website on behalf of the Video Lottery Agent (in exchange for an additional fee).</p> <p>The Primary Vendor agrees to assist the Licensed Video Lottery Agents in managing their websites and structuring their marketing campaigns, to the extent they require/desire such assistance.</p>
<p>Player Education</p>	<p>Content that educates players to better understand the intricacies of thee various games including poker, blackjack, baccarat, craps, etc. Content includes dedicated written instructional pages, video based lessons and interactive playing lessons.</p>	<p>The Primary Vendor will supply a basic level of player education content.</p> <p>To the extent the Licensed Video Lottery Agents want additional or customized content, they will be responsible for developing such content as their own expense.</p>
<p>CUSTOMER SUPPORT</p>		
<p>First Line Customer Service</p> <p>Customer Support Services via email, telephone and online chat in English</p>	<p>Communication with players to assist in any incidents or other questions using a variety of communication methods including in-bound calls, chat, email and fax.</p>	<p>The Primary Vendor will be responsible for all first line communication with the players.</p> <p>Customer service will be conducted in English, operated 24/7 and will cover all products offered.</p> <p>The Delaware Lottery shall have the ability to monitor such activity including access to customer</p>

		<p>incidents and communication such as phone conversations, emails and chat history.</p> <p>The Primary Vendor will report critical incidents immediately, and non-critical incidents on a weekly basis to the Lottery and to the extent relevant with Video Licensed Agents.</p>
Second Line Customer Support	All communication between the Primary Vendor and third party Vendors including internal software, hardware and services such as hosting, game software, payments, player identity, geo-location etc.	<p>The Primary Vendor will be responsible for all incidents not resolved by the first level support. The Primary Vendor will be responsible for communication with both Game Content and Support Service Vendors including technical and operational issues.</p> <p>Delaware Lottery will have oversight of second line communication and as such will have access to telephone conversations, emails and chat history.</p> <p>The Primary Vendor will report critical incidents immediately, and non-critical incidents on a weekly basis to the Lottery and to the extent relevant with Video Licensed Agents.</p>

Backend Technology Platform: System that integrates the game software (poker, bingo, casino table games, multiple Video Lottery games and other games) as well as proprietary and third party products and services as determined by the Delaware Lottery. The Primary Vendor will be responsible for developing and managing the following components:

Item	Description
Account Management Module	<p>Database that stores the all customer details including: address, birthday, bet history, deposit history as well as player activity, game history, financial transactions, customer service call logging, etc.</p> <p>Core of the system to service all other aspects of the Internet Gaming Solutions for player and operations</p>

	management.
Registration Module	First direct point of communication with the player. The registration module includes a multi-level system for obtaining player data. Levels include: (1) free play registration and (2) play for real money registration as well as bonus options at point of registration, player segmentation (table games, Video Lottery games, poker, etc.) and password management.
Multi-Level Reporting Module	Standard and ad-hoc reports that are generated from the account management module. Monitors site performance, individual activity, reconciliation of player activity and cash balance. Reporting module offers multiple levels of reports including (1) Delaware Lottery reports, (2) Video Lottery Agent reports, (3) affiliate reports/marketing campaigns and (4) other internal reports.
Player Authentication Module	A tool set that enables operators to manage a suite of third party Vendors to verify and locate players against an internal set of criteria/policies set by the Delaware Lottery.
eCRM and Communication Module	eCRM (electronic customer relationship management) tools to manage activity generated by direct communication with the player including banner tracking, email creation, analysis and management (e.g. welcome email, deposit or redeposit email) and other communication with the player.
Content Management Systems (CMS)	Enables an operator the ability to create and publish content either to throughout the site (specified pages). The CMS offers a single point of change for the operator to seamlessly change multiple pages or campaigns. Content can include specific text or banners. CMS system also offers seamless integration of third party content feeds.
Marketing Module	Suite of tools to monitor the bonus creation, monitoring, wager requirements, bonus trigger, multi-level VIP requirements non-cash tools, VIP rating. Marketing module must have internal approval controls to enable the Lottery to approve all Video Lottery Agent promotions.

Single Account Wallet with Integrated Cashier	Platform to allow third party payment gateways to plug multiple payment processor into one cashier. Ideally allows seamless movement of chips throughout site without the need for a chip transfer across products. Manages multiple currencies, deposit limits and other responsible gaming provisions.
Network and Tournament Management Tools	Platform to manage multiple operators in a common pool of players including poker, bingo and casino progressive bonus. Tools include game and tournament scheduling at both the operator and network level.
Customer Service Module	Multi level communication platform/tracking system that incorporates inbound/outbound email, telephone, fax and chat. Intelligence system, with IVR to enable customer service reps to effectively resolve customer enquiries.
API Integration	Set of protocols to enable a variety of third party products and services to be integrated into the Primary Vendor's platform, including game content, other standard products and services as well as video streaming, event feeds, information services and other external systems.
Fraud & Security Module	Set of tools to monitor player activity from inception when a player clicks a banner to final withdrawal. Real time tracking and alerting of unusual player behavior against internal policies to identify potential unwanted player activity such as collision, IP spoofing etc.
Responsible Gambling	Set of tools to monitor player behavior and mitigate unwanted potential threats. Tools are managed against internal policies and include session limits, player spending tracking and limits and other self-exclusion tools.
Jurisdiction Compliance	Set of tools to easily and seamlessly manage compliance in a multi-jurisdictional environment including game offering, bonus treatment, KYC, tax liability, self-exclusion provisions, etc.
White Label Management	A suite of tools to enable a single operator the ability to offer partners (skins) their own branded site with an adequate level of customization including bonusing, marketing and promotions as well as player

	<p>communication and VIP management.</p> <p>The system accounts for multi-level tracking (e.g. the ability to track a white label campaign code) to allow skins and licensees the ability to track player activity as well as access reports for their players.</p>
Site Optimization	<p>A suite of tools that enables operators to manage their website for search engine optimization.</p>
Affiliate Management Module	<p>Marketing platform to enable tracking and communication with third party marketing leads. Platform includes individual or group commercial terms as well as marketing artwork, banners etc. The affiliate software can be internally developed or from third party specialist.</p>

PART 4: VENDOR RESPONSE FORMAT**4.0 Introduction**

All Vendors are to complete Section 4.1. Sections 4.2, 4.3 and 4.4 shall be filled out by those Vendors who are submitting for the Primary Vendor, Game Content Vendor and Support Services Vendor, respectively.

Each of the sections below should be answered in full. To the extent any section below does not require an answer, Vendor shall indicate a willingness or ability to comply with such statement. If the Vendor does not comply, please explain.

To the extent a Vendor currently does not operate or offer products or services for any of the below sections, (e.g. White Label tools or services), please indicate "Not Offered" and any such plans to offer in the future.

For companies that offer a vertically integrated product (i.e. more than one section), a Vendor has the option to bid for multiple sections such as Primary Vendor and Game Content Vendor. Vendors that are submitting for multiple sections (i.e. Primary Vendor and Game Content Vendor) are able to cross-reference their answers if they have already provided a similar response in another section. The same holds true for answering questions within the Primary Vendor section in which the Primary Vendor is a sole submission. All cross-referenced answers must supply the appropriate numbered section indicating where the answer is cross-referenced.

4.1 All Vendors Background Information

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.

4.1.1. Trading Name and Registered Business Address

Provide the registered name as well as any trading name. If applicable, provide the primary function for each of the trading names. Also include the jurisdiction of incorporation if different than registered business address.

4.1.2. Office Locations

Provide details about each of the Vendor's offices or facilities:

1. Name of subsidiary (if different than Corporate).
2. Office Address.
3. Primary business function (e.g. sales, development, operations, customer services).

4.1.3. Role in the Proposal

Specify the business function(s) included in this submission by Vendor: Backend Technology, Operations Management Expertise, Game Content Vendor or Support Services. If Support Services Vendor, please identify the specific product or service (e.g. payments, hosting, geo-location, etc.).

Specify if the Vendor is a sole submission or joint submission. If the submission is a joint submission, specify which Vendor is the Lead, co-Lead, or acting as a Subcontractor. There must be only one Lead Vendor identified with each joint submission.

4.1.4. Brief description of the company

Give a description of the Vendor's operation of business, specifically highlight the products or services the Vendor is proposing for this RFP process. Please be specific as it relates to Vendor's business to assist the Delaware Lottery in understanding the Vendor's lead unique selling point (USP).

4.1.5. Number of years in Business.

Provide the total number of years in business. In addition, provide the number of years in specifically in the Internet gaming business if different from total years in the business.

4.1.6. Executive Team

Provide the Name, Title and Tenure with the company of each of the offices and directors in the company.

4.1.7. Organization Size

Provide the number of personnel for each of the following categories:

1. Number of full-time employees (breakdown by office location above).
2. Number of part-time employees (breakdown by office location above).
3. Number of contractors, subcontractors or consultants (breakdown by office location above).

4.1.8. Organizational Chart

A breakdown by business function/unit, listing the number of employees and contractors in each function including any parent and subsidiary.

4.1.9. Jurisdictions of Operations

4.1.9.1. Explanation of internal policies for operations dictating which countries the products and service are offered or restricted.

4.1.9.2. List all the countries the Vendor is providing products or services in regulated markets (e.g. Italy, Spain, Australia, Canada, France, UK, etc.). Specify which products or services are offered in each specific jurisdiction.

4.1.9.3. Describe any operating history in the United States with regard to Internet Gaming:

1. Explain if Vendor operated or supplied Internet Gaming in the United States.
2. Under what capacity (supplier, operator etc.).
3. When the Vendor exited the United States for the Internet Gaming market.
4. If the activity was regulated or unregulated, and if regulated which jurisdiction(s).
5. If unregulated, specify any settlement with any United States governing body and supply a copy of the settlement agreement as well as any legal supporting documentation.

4.1.10. Gaming License(s)

4.1.10.1.Total Gaming Licenses: Provide the total number of gaming licenses, by country and/or region as well as by license type (operator, supplier, services).

4.1.10.2. iGaming License(s): Name of each license, by jurisdiction for those that relate to Internet Gaming only.

1. Provide a copy of all licenses.
2. Specific products and services that are licensed, by jurisdiction.
3. Year in which each license was obtained.
4. Certification company, if any, that conducted the product or services certification testing. Provide a copy of all certifications.

4.1.10.3. Lost License(s): List of any jurisdictions withdrawn, denied or lost license. Reason for such activity.

4.1.11. Business Customer(s)

Provide detailed information for third party licensees and customers as it relates to the following:

4.1.11.1. Total Number of Customers: Provide the total number of licensees or customers, by country and/or region.

4.1.11.2. Internet Gaming Customers: List each licensee or customer by name:

1. Specific products or services licensed to each customer.
2. Date of commencement of product or service.
3. Jurisdictions in which products or services are licensed.

4.1.11.3. Terminated or Suspended: List all terminated or suspended customers in the past three (3) years for the Vendor including subsidiaries, intermediate companies, parent company or holding company as well as for any substantial subcontractor.

1. Name of licensee in full detail (private company, government agency, etc.). Include address and telephone number.
2. Reason for leaving or any order, judgment or decree of any federal or state authority barring, suspending or otherwise limiting the right of the Vendor to engage in any business, practice or activity, or if trading in the stock of the company has ever been suspended, with date(s) and explanation(s).

4.1.11.4. Pipeline: Number and name of customers in development or in pipeline (i.e. contracted yet not live). To the extent the specific name of the company is prohibited as a result of confidentiality agreements, provide a description of the entity type and location of entity (e.g. commercial casino, Indian casino, state or federal lottery, North America, Europe etc.).

4.1.11.5. Average Customer (Licensee) Performance: Provide the average size of licensee as it relates to Internet Gaming only:

1. Average number of players per month (if applicable).
2. Average Gross Gaming Revenue or Average Revenue (if Support Service Vendor).

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

1. Products and services supplied.
2. Percentage of total revenue.

4.1.11.7. Provide an example, along with supporting detail, of a recent successful implementation of the Vendor's proposed Internet Gaming Solution into newly regulated markets. Please provide as recent an example as possible.

4.1.11.8. Provide an example, along with supporting detail, of a recent unsuccessful implementation of Vendor's proposed Internet Gaming Solution into newly regulated markets. Describe the lessons learned which would be applicable to Delaware's Internet Gaming initiative.

4.1.12 Government Relationships

Provide explanation or examples of business relations, if any, with a government entity. If no relationship with a government entity exists, please state "none".

4.1.13 Corporate Ownership Structure

List of any individual or company with over 5% ownership.

4.1.14 Financial Viability

In order to ensure the Vendor's financial ability to perform under the contract, the Lottery requires the following financial information. This **should be submitted with the original Proposal on an electronic media device only (as referenced in Section 1.10)**.

4.1.14.1 Submission of Financial Statements. 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. Certified financial statements must be the result of an audit of the entity's records, prepared in accordance with Generally Accepted Auditing Standards (GAAP) by a certified public accountant, or Non-US equivalent. The certified financial statements shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and must include balance sheets, income statements, statements of cash flows, statements of retained earnings, notes to the financial statements for both years, and any management letters that have been received for those years. For non-U.S. entities, the equivalent non-U.S. accounting standards apply.

4.1.14.2 Subsidiaries. If a Vendor or substantial subcontractor is a subsidiary of a parent entity and the Vendor or substantial subcontractor does not have its own, separate financial statements, the Vendor or substantial subcontractor may satisfy its financial responsibility submission requirements by submitting the consolidated financial statements of its parent entity if the consolidated financial statements include the activity of the Vendor or substantial subcontractor. If a Vendor or substantial subcontractor submits the consolidated financial statements of its parent, the parent must serve as financial guarantor of the Vendor or substantial subcontractor.

4.1.14.3 Parent Corporation Resources. If the Vendor is a subsidiary and will rely on the financial resources of the parent to perform this contract, the parent must certify, in writing in a form acceptable to the Lottery, the availability of its resources to the Vendor. Parent entities that serve as financial guarantors of subsidiary firms shall be held accountable for all terms and

conditions of the RFP and the resulting contract and shall execute the Contract as guarantor.

4.1.14.4 External Borrowing. The Vendor must provide a letter of commitment in a form acceptable to the Lottery from a creditor acceptable to the Lottery, if outside borrowing will provide any or all of the funding for this project.

4.1.15 Recognition or Awards

List any recognition and awards received by the Vendor. Specifically state the name and year of the award. Provide objective data to support industry reputation and product recognition claims.

4.1.16 Litigations

Provide a description of any current or pending litigation.

4.1.17 Primary Research

Delaware Lottery values companies that invest resources into improving the player experience and understanding as well as gaming related initiatives.

4.1.17.1 Provide details of any such internal initiatives that have been conducted over the past 36 months, project and high-level findings. Describe how the Vendor's company is using the information to improve their products and services.

4.1.17.2 Provide details of any budget associated with such initiatives and how the company has benefited from a return on the investment.

4.1.17.3 Describe how these investment plans are incorporated into any future plans.

4.1.18 Adherence to Industry Standards

List, describe and demonstrate proof of industry standards that the Vendor adheres to ensure best practices for both US and international standards associations. (e.g. ISO, PCI, DSS etc.) **Respondent Note:** All products offered for use in the Internet Gaming application shall meet all OSHA safety standards as required. State if all OSHA standards are adhered to in the workplace, or any Non-US equivalent standard for workplace health and safety.

4.1.19 Affiliations and Membership

List any affiliations or memberships received by the Vendor. Specifically state the name and the year obtained.

4.2 Primary Vendor Submission

The Delaware Lottery is seeking to select a Primary Vendor that is highly experienced to act as a Turnkey Supplier offering operations management and backend technology platform. The Primary Vendor may be a sole submission (e.g. an operator with a proprietary platform or a software/technology supplier with substantial operating expertise) or a joint submission (which includes both a the Backend Technology provider and an Operations Management expert).

4.2.1 General Information of Primary Vendor(s):

List all companies that are included in the submission that propose to be the Primary Vendor of Delaware's Internet Gaming Solution. If the Primary Vendor is a joint submission, provide details and examples for all submitting companies where relevant.

4.2.1.1 Participating Primary Vendor(s): If the Proposal is a sole submission, list the name of the individual company. If the Proposal is a joint submission, list name of each company as well as the company that will be acting as the Lead Vendor. Also describe each company's specific role as the Primary Vendor relationship including the respective products and services to supplied by each Vendor.

4.2.1.2 Working History of Joint Submissions: If the submission for the Primary Vendor is a joint submission, describe in detail any history of working together (duration, capacity etc.). Supply a copy of the heads of terms or joint venture agreement.

4.2.1.3 Vendor(s) Pending Workload: The Delaware Internet Gaming initiative is on a time-sensitive schedule. Any delays in launching the Internet Gaming Solution equates to a loss of revenue. As such, each company submitting for the Primary Vendor must be able to meet the Lottery's schedule and implement the Internet Gaming Solution in Delaware on a timely basis without a compromise in quality as a result of other project commitments or lack of staffing. **Response Note:** each Company named in the Proposal as a Primary Vendor must provide a timeline of other project commitments that may be concurrent with this implementation and provide evidence that it would be possible to conduct multiple implementations without schedule and quality delays due to resource overload.

4.2.1.4 Project Management Capabilities:

4.2.1.4.1 Demonstrate management capacity to conduct the implementation and oversight of a solution critical to this project. Describe quality practices, and in particular whether the Primary Vendor's project staff is certified under the Project Management Institute PMP program or other recognized project management practices standards.

4.2.1.4.2 Provide an example of a current B2B or B2G contract management structure currently in practice, which would be similar to the one proposed for the Delaware Internet Gaming Solution. If Primary Vendor does not have any experience in working with a government entity, demonstrate ability to manage a B2B relationship in a highly regulated environment.

4.2.1.5 Primary Vendor Project Team: The Primary Vendor must provide information, as specified below, that documents its organizational structure and the staffing with which Internet

Gaming Solution will be implemented and run. The Vendor must identify substantial subcontractor staff and consultants by name, where such subcontractors or consultants are anticipated to be part of the implementation and ongoing operational support efforts. The Proposal must make clear which company each team member is associated, and which are subcontractors or consultants.

- 4.2.1.5.1 **Implementation Staff.** The Primary Vendor shall provide an organization chart showing names of all management, supervisory, and key technical personnel who will be active in the implementation of the Internet Gaming Solution. The Primary Vendor must indicate what specific Contract function(s) staff will perform and how long it is anticipated they will be engaged. For staff not yet identified, the Proposal shall identify individuals by title and describe qualifications.
- 4.2.1.5.2 **Ongoing Operating Staff.** The Primary Vendor shall provide an organization chart and high level position descriptions listing names of all management, supervisory, and key technical personnel who are expected to be active in the ongoing operations of the Internet Gaming Solution. For staff not yet identified, the Proposal shall identify and quantify them by title.
- 4.2.1.5.3 **Resumes.** In accordance with the information required in Section 2.19, the Primary Vendor shall provide one-page resumes of all management, supervisory and key technical personnel planned to be involved in the installation, implementation, and operation of the Internet Gaming Solution, and shall provide for each such person:
1. Full name.
 2. Address.
 3. Social Security.
 4. Most recent five (5)-year employment history.
 5. A specific description of experience that person has with Internet gaming systems.
 6. Specific indication of the role the individual will have in this project.
 7. Any additional helpful information to indicate the individual's ability to successfully perform the work involved in the Contract.
- 4.2.1.6 **Implementation Strategy:** The Primary Vendor is at liberty to propose an implementation strategy that would best support the Lottery's needs. The Primary Vendor must provide a detailed implementation plan and time chart (Gantt, PERT, or similar) identifying the major milestones to be accomplished for the business requirements definition, construction, equipment delivery, software programming, installation, testing, and file preparation. **The Lottery wishes to have the Internet Gaming Solution live and taking wagers with each Licensed Video Lottery Agents' websites no later than September 30th, 2013.**
- 4.2.1.6.1 **Installation and Acceptance Testing:** The Lottery will conduct a series of acceptance tests, which the Primary Vendor is obliged to support. The Lottery may be represented by a third party engaged for software testing in Delaware.
1. **Schedule for Acceptance Testing.** To support acceptance testing, the Primary Vendor must have the facilities, computer hardware, communications hardware, and System software, installed and operational at least ten (10) days prior to production. At that time the Operations Security Plan must be ready for approval.

2. **Release Notes.** Each release of software that requires testing by the Lottery prior to production installation must be accompanied by change control documents. These documents must evidence good configuration management practices, namely each change or release must be identified by a version number and the changes must be succinctly defined. This requirement shall extend throughout the Contract.
3. **Project Reporting and Monitoring:** The Primary Vendor must propose a dedicated on-site technical project manager for the implementation. The Primary Vendor must propose a project team structure, process, and tools that facilitate Lottery oversight of the implementation. Regular reporting, walkthroughs, and project status meetings are required.

4.2.1.7 Primary Vendor Service Level Agreement (“SLA”): Describe in detail the standard levels for support that would be included in an SLA. Include a high level standard Service Level Agreement that the Primary Vendor will adhere to in managing the Internet Gaming Solution. Include uptime, response time to inquiries for players (telephone, email, chat, fax), hours of operation, customer complaint communication, Lottery inquiry communication. The SLA shall comply with the Liquidated Damages clause in Section 2.14.

4.2.1.8 White Labels Management Experience: List any websites whereby the Primary Vendor acts as a Turnkey Supplier for a third party brands. Describe the specific products and services provided by the Primary Vendor.

4.2.1.8.1 Number of White Labels/Skins currently supported or in pipeline.

4.2.1.8.2 Name of Brand/licensee offered or in pipeline (to the extent it does not violate any confidentiality).

4.2.1.8.3 URL of websites and sample of screen shots of each White Label.

4.2.1.8.4 Date of commencement of White Label sites.

4.2.1.8.5 Describe in detail the products and services that are being provided by the Primary Vendor for the White Label licensees. With regard to marketing services, be specific as to which marketing services are supplied by the Primary Vendor and what is taken care of by the White Label. If the White Label is managing their own marketing, specify what marketing services/guidance, if any, the Primary Vendor is providing.

4.2.1.8.6 White Label Performance:

1. Average number of players per month.
2. Average Gross Gaming Revenue.

4.2.1.8.7 Describe in detail what the responsibilities are of the White Label brand/licensee.

4.2.1.8.8 Describe in detail the most recent relevant implementation of a successful White Label or Skin.

4.2.1.8.9 Describe in detail the most recent relevant implementation of an unsuccessful White Label

and lessons learned that could be applied to Delaware's Internet Gaming initiative.

4.2.2 Operations Management Expertise

This section is to demonstrate the Primary Vendor's operations management expertise. The operations management expertise demonstrates the ability of the Primary Vendor to oversee the Internet Gaming Solution by providing the services that are required to operate the underlying platform as well as the various games, customer service and overall player experience as well as the possibility to provide marketing services to the Video Lottery Agents.

It is required that the Primary Vendor demonstrates operations management expertise on a business-to-business or business-to-government capacity, by currently supplying Internet gaming products or services to one or more clients in Europe or North America. The Primary Vendor must also not have operated or supplied products or services for Internet Gaming in the United States after 2006, unless they had the legal right to do so or completed a settlement with United States Department of Justice explicitly allowing them to provide Internet Gaming products or services.

4.2.2.1 General Experience

4.2.2.1.1 **Relationship Management Expertise:** The Primary Vendor shall describe up to three (3) implementations and provide references for the most recent gaming industry licensing arrangements of similar complexity. If the experience is provided by a strategic partner or substantial subcontractor, then information for that entity must be included.

4.2.2.1.2 **Third Party Vendor Management Expertise:** Give example(s) and brief description of the Vendor's experience in managing relationships with multiple third-party Vendors including

1. Game Content (casino table games, poker, Video Lottery games and/or bingo)
2. Payments
3. Hosting
4. Player Identification
5. Account Management (if applicable)
6. Other casino management systems (if applicable)

4.2.2.1.3 **Product Management Expertise:** Provide the most relevant examples of providing Direct-to-Consumer, Business-to-Business or Business-to-Government products or services for the following product verticals. Note: if the Primary Vendor does not have experience in a particular product vertical, respond "Not Applicable".

1. Casino
2. Poker
3. Video Lottery
4. Bingo
5. Lottery
6. Sports

Describe the specific products and services provided as well as the nature of the contractual relationship and related commercial models.

4.2.2.1.4 **Service Management Expertise:** Provide the most relevant examples of providing Direct-to-Consumer, Business-to-Business or Business-to-Government products or services in the following functional areas:

1. Marketing and Promotions (player acquisition, bonusing)

2. eCRM and Player management (VIP, retention)
3. Customer service
4. Payments & Fraud
5. White label management (tools, website, reporting)
6. Responsible gambling
7. Network management (tournament schedules, collusion)
8. Mobile (if applicable)
9. Other

4.2.2.1.5 **Communication Procedures:** Describe planned communication procedure and documentation with Delaware Lottery and the Licensed Video Lottery Agents. Specifically what communication measures will be put in place to ensure seamless communication between Primary Vendor and Non-Primary Vendors as well as Delaware Lottery and the License Video Lottery Agents. Areas of communication include but are not limited to:

1. Software upgrades
2. New product releases
3. Planned service downtime
4. Unplanned downtime
5. Major incident notifications
6. Player account closure for any reason
7. Mass-scale player fraud or abuse (i.e. poorly structured promotions)
8. Violation in geo-location, verification and/or social responsibility.
9. Any other unplanned or disruptive events

4.2.2.2 Responsible Gaming & Player Protection

4.2.2.2.1 Describe existing player protection and responsible gaming policies.

4.2.2.2.2 Describe how a responsible gaming program is integrated into the rest of the organization, e.g. when a player is identified as a potential risk, how is the message communicated throughout the organization.

4.2.2.2.3 Describe internally how player protection is managed against the goals for growth of the business. For publically listed companies, describe how the process may be different and how it is managed.

4.2.2.2.4 Describe the policies that would be advisable to be put in place for individuals who self-exclude or use other self-service features to restrict their player activity. Describe such policies as cooling-off period and time to lower limits to take effect. Describe how the Primary Vendor communicates with the player when they are approaching their limits and describe the player experience once the limits are reached. Describe difference between the process/policy for deposit limits, time based limits and game session time limit. Describe what the thresholds should be for excluding or re-instating a player, processes for returning funds.

4.2.2.2.5 Describe how self-exclusion and other player protection features are handled internally i.e. can the action be performed by the player and/or manually through customer service on the player's behalf?

- 4.2.2.2.6 Describe the communication process with player once a player has been identified as a potential threat, namely how they are protected from future marketing communication.
- 4.2.2.2.7 Describe any existing player education programs and how they are communicated and implemented.
- 4.2.2.2.8 Describe how the responsible gaming messages are communicated in general including where it is located on the site, dedicated responsible gaming pages, messages in the games, tutorials, self-assessments, player history.
- 4.2.2.2.9 Describe what information a player will be able to see when accessing their account. Describe how they can search, view and track player activity including financial transactions and game activity history. Also list the available options to obtain and view the data including online, download into excel or other programs, print. Provide a sample report available to players.
- 4.2.2.2.10 Describe how/if responsible gaming policies would be set and managed differently for a mobile environment.

4.2.2.3 Payments & Wallet Management

- 4.2.2.3.1 Describe the types of payment technologies and payment Vendors currently employed in the Primary Vendor's existing operations.
- 4.2.2.3.2 Describe the current payment options offered by the Vendor's existing operations. Describe how this varies by country and how it would relate to the Delaware Lottery. (debit, credit, wire transfer, etc.).
- 4.2.2.3.3 Provide details with regard to specific payment methods and what percentage of revenue they represent. List all of the payment companies contracted to supply payments. Describe the anticipated revenue percentages for the various payment methods for an Internet Gaming operation the United States assuming all payment methods were allowed.
- 4.2.2.3.4 Explain how credit card security is maintained including what payment details are recorded and what data is encrypted.
- 4.2.2.3.5 Describe the processes in place to allow players the ability to use multiple payment options when depositing and withdrawing (i.e. does the player have to deposit and withdraw to the same payment method or specific credit card?). Does the platform have the capability to support multiple payment options from the same account? Describe the tools in place to combat fraudulent activity with regard to payment processing.
- 4.2.2.3.6 Describe the limits that are applied for deposits and withdrawal in order to safeguard against fraudulent activity. Describe the internal controls and processes when specific limits are hit.

- 4.2.2.3.7 Describe the process for withdrawals with regard to delays for investigation prior to authorization. Specifically describe how the process may change over the player lifetime.
- 4.2.2.3.8 Describe any experiences and/or policies in place for handling cash transactions on behalf of a land based customer or licensee that offers both retail (land based) and online gaming. What are the policies that are in place for a player with an online account that has the ability to place a deposit or withdrawal in the retail environment. If no policies currently exist, suggest what policies would be in place and if this would differ for Delaware's Licensed Video Lottery Agents.
- 4.2.2.3.9 Describe the process and policy for managing mobile payments and if/how they differ from fixed (computer) Internet gaming processes and policies.

4.2.2.4 Player Identification & Verification

- 4.2.2.4.1 Describe the process and third party Vendors contracted with to ensure best practice for player identification and player verification.
- 4.2.2.4.2 Describe the process for detecting and preventing minors from depositing and/or wagering for real money. Also describe parent controls options that may be provided.
- 4.2.2.4.3 Describe the process for the prevention of duplicate accounts.

4.2.2.5 Fraud Prevention

- 4.2.2.5.1 Describe the resources required in order to detect fraud and prevention of money laundering for an operation similar to that of Delaware's Internet Gaming Solution.
- 4.2.2.5.2 Describe Primary Vendor's suggested policies and procedures for supporting the prevention of fraud and money laundering In Delaware.
- 4.2.2.5.3 Describe the Primary Vendor's organizational structure that would be required to support these policies and procedures.
- 4.2.2.5.4 Suggest reporting requirements that would be necessary to communicate to the Delaware Lottery including any internal procedures that would need to be place.
- 4.2.2.5.5 Describe how the Primary's Vendor's resources would be allocated internally to support the needs of the Delaware Lottery.
- 4.2.2.5.6 Describe the process and tools to prevent fraud from a single account acting on behalf of multiple individuals, i.e. the prevention of allowing the of cash transactions at an internet cafe.

4.2.2.6 Player Geo-location

- 4.2.2.6.1 Describe all of the resources leveraged, both in-house and third party providers, in determining player location.

- 4.2.2.6.2 Describe the process internally that is followed when identifying a person that is located or playing near or outside of the Delaware border including all internal and external communication.
- 4.2.2.6.3 Describe the Vendor's history leveraging geo-location technologies as it would relate to the Delaware Lottery.
- 4.2.2.6.4 Suggest reporting requirements and internal procedures that would be necessary to communicate to the Delaware Lottery and would need to be place for when a violation of geo-location occurs.
- 4.2.2.6.5 Describe the policies that would need to be put in place for when detecting a player is accessing the Solution through a mobile or remote device.
- 4.2.2.6.6 Describe the suggested communication policies that would be in place for a player that is:
 - 1. Nearing the border on a mobile or remote device.
 - 2. A resident, already signed up when inside Delaware border and then accessing the Solution while outside the Delaware border.
 - 3. A non-resident signed up when inside the Delaware border and then accessing the Solution while outside the Delaware border.

4.2.2.7 Customer Service and Support

- 4.2.2.7.1 Describe the Primary Vendor's customer service structure and capabilities. Experience includes:
 - 1. Size of operation (number of individuals) and organization structure.
 - 2. Years in business and years in Internet Gaming business.
 - 3. Location(s) of customer support team and number of people in each location by function (manager, rep, product type, daytime). Highlight the manager to Customer Service Rep ("CSR") ratio.
 - 4. Demonstrate ability to manage clients in varying time zones.
 - 5. Number of customers/brands the customer support team is servicing. Include what products type for each brand/customer as well as the year began offering customer support for that brand/customer.
- 4.2.2.7.2 **Customer Service Performance Metrics:**
 - 1. Provide the average number of calls per hour.
 - 2. Average speed to answer a customer service call.
 - 3. Percentage of requests completed successfully (fulfillment rate).
 - 4. Average time to complete a customer service request.
 - 5. Average call abandonment rate.
- 4.2.2.7.3 Describe the operating procedures for the customer Service solution including incident logging, escalation and closure as well as customer service queue management.
- 4.2.2.7.4 Describe the software, either proprietary or third party, used to support the customer

service operations.

- 4.2.2.7.5 Provide documentation that demonstrates the maturity and sophistication of customer service operation such as policies and procedures.
- 4.2.2.7.6 Describe the security procedures for all data and player information.
- 4.2.2.7.7 Describe the internal process for employing and promoting CSRs to minimize CSR turnover. Describe the hiring processes and internal screening.
- 4.2.2.7.8 Describe the anticipated resources (CSRs, managers) that would converse in American English. Describe if these CSRs and managers would be new hires and where they would likely be located.
- 4.2.2.7.9 Describe the number of full-time and non full-time anticipated number of CSRs and managers would be required for the Delaware Internet Gaming operations. Demonstrate how the Primary Vendor currently allocates internal resources across multiple brands/sites.
- 4.2.2.7.10 Provide any standard or ad-hoc reports that are available specifically for customer service. Provide any reports that highlight resolution management and measure performance.
- 4.2.2.7.11 Describe any internal quality assurance processes such as manager listening capabilities, dialogue recording and contact monitoring.

4.2.2.8 Marketing & Promotions

- 4.2.2.8.1 Describe the Primary Vendor's internal marketing team structure including the number of people in each of the marketing channels including SEO/SEM, online marketing channels, off-line marketing channels, promotions, eCRM/player communication, creative, data analysis etc. Also include the number of people who are hired full-time, part-time, consultants and/or outsourced (e.g. media buyers).
- 4.2.2.8.2 Provide samples of internal reports that track and monitor all marketing campaigns including clicks, conversions, sign-ups, churn and player value.
- 4.2.2.8.3 Describe any proprietary or third party software that the marketing department uses in analyzing the success of a marketing campaign.
- 4.2.2.8.4 Describe the internal processes and procedures for campaign and promotion management from inception of a campaign, artwork, development, internal approval, implementation and management.
- 4.2.2.8.5 Provide examples of three of the Primary Vendor's most successful promotions.
- 4.2.2.8.6 Provide process for player segmentation and associated targeted communication.
- 4.2.2.8.7 Describe the process for identification and management of players in the VIP program.

Describe the VIP program including multiple VIP levels etc.

- 4.2.2.8.8 Cash Bonus Accounting: Describe the Primary Vendor's policies for accounting for cash bonuses and free bets/spins. Namely describe the timing of when accounting for cash wagers versus bonus wager (e.g. for a cash match deposit of \$50 cash and \$50 bonus describe how the two lots of \$50 will be accounted for if the player losses \$25 on the first day). Also describe the accounting for when a bonus is earned (i.e. when the player has met pre-specified wagering requirements).
- 4.2.2.8.9 Non-Cash Bonus Accounting: Describe the Vendor's policies and capabilities for non-cash bonuses or free bets/spins. Namely describe how the average or fair market value of a bonus or promotion is treated or accounted for when such non-cash bonus or promotion is offered and taken. E.g. if a car or cruise is offered, how is the value of the bonus or promotion accounted for in the system.
- 4.2.2.8.10 Describe the policies for accounting for progressive casino games across a network of sites. Namely what are the on-going contributions and how are they accounted for.
- 4.2.2.8.11 Describe the bonus policies for promotions based on deposit or redeposit for both casino and poker. Specifically discuss what the withdrawal policy is when accepting a bonus. Is the withdrawal automatically restricted by accepting a bonus promotion until certain wagering requirements are met? Discuss if the bonus and cash are tied into one account or if the bonus and cash are kept separate until the bonus is earned.

4.2.2.9 Network Architecture & IT

- 4.2.2.9.1 Describe how the system will handle planned and unplanned outages in order to maintain prescribed levels of availability of service, specifically addressing backup capability and methods and redundancy.
- 4.2.2.9.2 Describe any potential impact that could be incurred during a planned or unplanned outage or system failure. e.g. players logged onto the system, game in progress, player funds, player registration, integrity of the data.
- 4.2.2.9.3 Describe the proposed approach to disaster recovery and fault tolerance.
- 4.2.2.9.4 Provide details on suggested hardware architecture.
- 4.2.2.9.5 Describe the database technology on which the platform runs and how data storage and transportation of data is managed.
- 4.2.2.9.6 Describe how the solution is optimized to allow data export to external data warehouse solutions.
- 4.2.2.9.7 Please describe any industry standards that the Vendor adheres to ensure best practices for web application security (e.g. ISO 9000 series, SEI CMMI, NASPL Quality Standards or other recognized quality practices standards).

4.2.2.10 Data & Hosting

- 4.2.2.10.1 Provide a list of each of the hosting Vendors currently employed by the Primary Vendor and indicate which jurisdictions they cover.
- 4.2.2.10.2 Provide a list of key services to be provided by a best in class hosting facility.
- 4.2.2.10.3 Provide a list of key differentiators when considering various providers and locations.
- 4.2.2.10.4 Provide a high level outline of a Disaster Recovery Plan that would be put in place for the Delaware Lottery if selected as the Primary Vendor.

4.2.2.11 Data Protection & Security: The Vendor must demonstrate a capacity to develop and implement a comprehensive plan for maintaining effective security controls and practices critical to ensure the integrity of Lottery operations.

- 4.2.2.11.1 Provide a proposed outline of an Operational Security Plan that would be put in place for the Delaware Lottery.
- 4.2.2.11.2 Describe the various aspects of the proposed Internet Gaming Solution approach to security control including multi-layered firewalls, intrusion detection and prevention, as well as the suggested policies and procedures for managing firewalls and intrusion. Provide a detailed flow of information including authentication tokens, as it relates to players and their transactions.
- 4.2.2.11.3 With the exception of the backup and disaster recovery sites, describe the proposed controls that are to be in place to ensure Player Data and Player Personal Information will remain in the United States. This includes main databases, audit files, backups and emails.
- 4.2.2.11.4 Describe how the proposed Solution will protect player data while in transit or at rest such as operational data, backups, log files and emails. Describe how it will be encrypted and the nature of the encryption. Provide details on the corresponding key management strategy.
- 4.2.2.11.5 Describe how the proposed Solution is secured across the various internal and external communications and messaging component. (e.g. backend platform, game components, player identification, remotely managed services by the Primary Vendor etc.).
- 4.2.2.11.6 Describe the Vendor's approach to user authentication and session creation, including storage and retrieval.
- 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.
- 4.2.2.11.8 Describe the process of how internal user rights are administered and the varying level of control.

- 4.2.2.11.9 Describe the proposed Solution's approach for managing changes to key features of enterprise security such as logging on, monitoring, auditing and reporting features. Areas of security management include user privileges, rules for firewall and intrusion, triggering of events (alerts, alarms etc.), alternations to log files, changes to reporting rules as well as changes to other performance related metrics.
- 4.2.2.11.10 Describe the internal communication and investigation processes for major system related incidents such as security breaches, customer complaints, and technical issues. Provide an example of a significant security incident in the past 12 months and how it was handled internally.
- 4.2.2.11.11 Address security standards and practices, and in particular whether the Vendor's solutions and practices are compliant with ISO 27002, OWASP Top 10 Vulnerabilities List, COBIT or other recognized information security, control, and audit standards. Such practices and certification are desirable.

4.2.2.12 Network Management Policies

- 4.2.2.12.1 Describe the Primary Vendor's current policy for managing a network of sites into a common liquidity pool (for both poker and bingo) outside that of the game software providers' policies and rules.
- 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.).
- 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).

4.2.2.13 White Label Management

- 4.2.2.13.1 Describe the ability and experience of the Primary Vendor to simultaneously support multiple branded websites on behalf of third party licensees. Describe the level of flexibility in the game selection and front-end design as well as the ability if required to assist in marketing and promotions.
- 4.2.2.13.2 Describe the level of functionality the Licensed Video Lottery Agents will be able to control themselves (e.g. promotions, content management, creative, website management, first line customer service, etc.).

4.2.2.14 Operations Training

- 4.2.2.14.1 **Marketing and promotions:** Describe the process for educating and training the Lottery and the Licensed Video Lottery Agents to manage the player communication, marketing and promotions. Describe the level of education both initially as well as on-going.
1. Provide suggested team(s) to provide training

2. Describe the type of marketing and promotions to be included
3. Describe how the Primary Vendor will advise the Licensed Video Lottery Agents on an on-going basis.

4.2.2.14.2 **Overview of Operations:** Describe the process for educating and training the Lottery and the Licensed Video Lottery Agents to understand the necessary level of operations that the Primary Vendor will be managing. Describe the level of education both initially as well as on-going.

1. Provide suggested team(s) to provide training.
2. Describe the areas of operations to be included.
3. Describe what on-going education will be provided and frequency.

4.2.2.15 Other Operations

4.2.2.15.1 **Management changes and IT governance:** Provide a list of all industry standards certifications, requirements and frameworks the current proposed Solution adheres to and how the Solution will remain compliant.

4.2.2.15.2 **Audit:** describe any audits that have been regularly executed on the proposed Internet Gaming Solution.

1. Include the types of audits by standards associations as well as financial.
2. Provide how often the audits occur and contact person carrying out audit.
3. Describe any process changes resulting from audit findings.

4.2.3 Backend Technology Platform

This Section is to demonstrate the expertise in developing a managing a sophisticated player account management system that is successfully deployed in the market and ensures the maximum flexibility and scalability.

Note: respondents are able to cross-reference their answers if they have already provided a similar response in another section so long as they provide the cross-referenced section number.

4.2.3.1 General Experience

4.2.3.1.1 Product Implementation History: Describe the time to complete a standard implementation for a newly regulated market offering casino tables games, video lottery games, poker, keno and bingo in a geographically ring-fenced environment. Please make the example as relevant as possible to Delaware's Internet Gaming Solution.

4.2.3.1.2 Integration of Third Party Products and Services:

1. Describe the Primary Vendor's ability to maintain an open architecture, allowing for the easy integration of standard third party products and services. Describe the open nature of the Vendor's platform along with the Vendor's approach to integrating third party Vendors. Include evidence of standards compliant Application Programming Interfaces (APIs).
2. Describe the various components including the player registration, player information, administrative functions and financial reconciliation that would be managed between the Primary Vendor and a third party.

4.2.3.2 Current Internet Game Content Offering: Provide a list of the games that are currently offered for Internet or mobile gaming, include both proprietary games (own developed) or integrated from third party Game Content Vendors. Also list separately the games that are in development or in the process of being integrated into Primary Vendor's platform. List each game by title for each Game Vendor: *

1. Number of game titles
2. Game Type (table game, video lottery game, poker, bingo etc.)
3. Date integrated
4. Jurisdiction(s) offered (or jurisdictions not excluded)
5. Number of licensees (note: if just for own use than specify '1' as self or only license).
6. For casino games, if the game is a top 30 performing game, specify ranking number along with Gross Gaming Revenue as a percentage of total casino Gross Gaming Revenue.

* NOTE: if the number of casino games integrated/offered is over 250 games then list by Game Vendor and also include the following information:

1. List the top 75 performing games (by Gross Gaming Revenue) following the outline in Section 4.2.3.2, above (numbered 1 to 6)
2. Number of total games by type (casino, Video Lottery game, poker, bingo live casino, etc.)
3. Date integration of Vendor's games was or to be completed
4. Number of individual licensees/operators that offer games from that Game Vendor (note: if just for own use than specify '1' as self or only license).

5. If none of the games for a particular Vendor have performed in the top 75 games overall, list out each Vendor's best performing titles by Gross Gaming Revenue.

4.2.3.3 Integration Experience

4.2.3.3.1 **Integration of Non-Game Products and Services:** Provide a detailed list of all other relevant related products or services that the Primary Vendor is already supporting or has integrated into its platform. List by Business Function (e.g. payment providers, geo-location services, hosting providers, e-vault, identification, fraud, promotions rewards programs, or other). Information to be include:

1. Name of Vendor
2. Commencement of product or service
3. Brief description of the relationship
4. If the product or service is not listed above, specify the type of product or service
5. Specify, if possible, if the third party Vendor offers their products or services legally in the United States

4.2.3.3.2 **Land Based Casino Management Systems:** Describe the method the Vendor believes to be the most effective method (taking into account both quality and cost) for integrating with the Licensed Video Lottery Agents' existing casino management systems. This can be achieved by either (i) integrating into the existing land based platforms, (ii) extracting the data from the land-based systems into the Primary Vendor's backend technology, or (iii) extracting the data from both the Primary Vendor and land-based systems into the Licensed Video Lottery Agent's proprietary backend. Note: currently the Licensed Video Lottery Agents are employing two different versions of the Bally Technologies and one version of IGT's Casino Management System.

4.2.3.3.3 **Payment Integration:** Describe/list the currently supported types of payment integration with the existing gaming system. Provide examples of the various types of integration that has been implemented within the proposed Solution including both payment service providers and as well as individual banking solutions.

4.2.3.3.4 **Existing Self-Exclusion and Involuntary Exclusion Databases:** The Delaware Lottery and each of the Licensed Video Lottery Agents have an existing self-exclusion database that is expected to be integrated into the Internet Gaming Solution. Note: The Delaware Lottery maintains a separate database for self-exclusion and involuntary exclusion. The Lottery's exclusions lists will affect players on a statewide basis. Describe any previous integration with a responsible gaming database within a certain jurisdiction.

4.2.3.3.5 **Future Product Integrations:** Describe any experience in integrating Internet lottery ticket systems as well as integrating parlay-based sports wagering solutions.

4.2.3.4 Responsible Gaming

4.2.3.4.1 Describe the interaction a player would have with the proposed self-exclusion features from the Internet Gaming Solution. Describe the configuration options available to players.

- 4.2.3.4.2 Describe the system's capability to integrate numerous self-exclusion and involuntary databases from the Lottery, the Primary Vendor and potentially the Video Lottery Agents. Describe the process managing the maintenance of the combined database to keep the list current.
- 4.2.3.4.3 Describe the tools in place for disseminating the information regarding violations of responsible gaming to the Lottery and on an as need basis to the Licensed Video Lottery Agents.

4.2.3.5 Player Protection (Fraud, Identification and Geo-location)

- 4.2.3.5.1 Provide a list of third party Vendors currently integrated into the Primary Vendor's backend technology to support in the assistance of identity checks, verification, geo-location and other related potential threats or fraud. List the specific task each Vendor supplies.
- 4.2.3.5.2 Describe how/if the list above for third-party support Vendors would differ for the United States and specifically for the Delaware Lottery.
- 4.2.3.5.3 Describe how the tools in the proposed Vendor's Solution are available to assist in actively identifying potentially fraudulent activity including underage gaming, player identification, money laundering and bonus abuse.
- 4.2.3.5.4 Describe any unique features offered that is superior to others in the market or competitor's player protection features.
- 4.2.3.5.5 Describe how information is used internally within the organization to assist in managing player registration and player activity. If out-sourced, describe which potential Vendors or geo-location methodologies are recommended.

4.2.3.6 Network Architecture & IT

- 4.2.3.6.1 **Detailed Overview:** Describe in detail the end-to-end technology architecture proposed by the Vendor. Include any comprehensive diagrams that demonstrate robustness and scalability. Describe the details of the operations systems and software used at the various levels including web, application and database levels. Address each of the significant components of the system, including all proprietary components. Describe their relationship to one another and the technology environments in which they are to be operated.
- 4.2.3.6.2 **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).
- 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).

- 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.
- 4.2.3.6.5 **System Partitioning:** Describe how the system is partitioned to ensure that less critical functionality is decoupled from more critical services (e.g. memory leak from loyalty point calculation separated from more critical applications or services).
- 4.2.3.6.6 **Rolling Upgrades:** Describe the capability for system upgrades without a degradation in service (i.e. are rolling upgrades available)? If available, are there any restrictions associated with this type of rolling upgrade (i.e. is it possible for major upgrades of the service API or it possible if the API remains backwards compatible)?
- 4.2.3.6.7 **Health Monitoring:** Describe the framework for monitoring the system's health and allowing proactive measures when service degradation is detected.
- 4.2.3.6.8 **Reliance of Third Party Vendors:** Describe the use of third party technology, service providers or applications in which the Platform is dependent and the Vendor does not have complete control. Describe the mitigation strategy to reduce the risk of using third party suppliers (e.g. content management system).
- 4.2.3.6.9 **System Robustness:** Provide metrics for downtime of the system over the past 12 months for the Vendor's three (3) largest customers by revenue. Metrics include planned and unplanned outages, total number of outages per year, total minutes system was unavailable, longest single continuous outage.
- 4.2.3.6.10 **Outage Examples:** Describe the circumstances of the three (3) most serious outages over the past 12 months.

4.2.3.7 Data Security

- 4.2.3.7.1 Provide a detailed flow of information as it relates to players and their transactions including authentication tokens. Include any data sent from the player between the Primary Vendor and the Game Content Vendor's and/or Support Service Vendors.
- 4.2.3.7.2 Include any information with regard to the encryption of data for both stored and in transit as well as how it is encrypted.
- 4.2.3.7.3 Indicate any systems that store any personal information on the player and what encryption controls are in place for the data while at rest and in transit.
- 4.2.3.7.4 List any third party Vendors who would have access to any player data or other related data that would be generated as part of the Delaware Internet Gaming Solution. (i.e.

hosting providers, managed service providers, subcontractors, consultants and other off-site employees).

- 4.2.3.7.5 Provide a full list of information that will be stored which relates to the player and provide an explanation of how that may be used to create possible player segmentation and identify trends for marketing purposes.

4.2.3.8 Scalability of the Platform

- 4.2.3.8.1 **Description:** Describe the scalability of the solution and how it is achieved at various levels.

- 4.2.3.8.2 **Monitoring:** Describe the possibilities and limitations of the Platform with regard to scalability. Describe how the Internet Gaming Solution will monitor and dynamically manage unexpected spikes in traffic in order to maintain satisfactory operational service levels. e.g. is it possible to distribute player liquidity across several data centers in a transparent way?

- 4.2.3.8.3 **Examples:** Provide specific examples that best demonstrates the platform's ability to scale. Give actual examples with existing customers.

4.2.3.9 Account Management

- 4.2.3.9.1 Describe the process of managing new feature requests from multiple existing clients as well as those clients in development or pipeline.

- 4.2.3.9.2 Describe how priorities are set and managed amongst the various client demands as well as how the new feature requests are managed to products already in the development pipeline.

4.2.3.10 Detailed Features Overview

4.2.3.10.1 Registration

1. Provide a list of the data that is captured during the registration process. Specify what is required for a free play registration and what is required for real money wagering registration.
2. Describe the flexibility to reconfigure the registration pages to maximize player conversions. (e.g. single page registration versus multiple page registration).
3. Describe how player identification is achieved at the registration level while controlling the cost of third party identity checks.
4. Describe the ability for limiting free play by using free play points or credits with automatic or daily reload. How does this change, if at all, once a deposit is made?
5. Describe the tools available to assist in converting players during the registration process. For example the ability to retain partial records when players abort the registration process or automated pop-up chat window.

4.2.3.10.2 Cashier and Wallet

1. Describe the specific features and functionality of the player wallet and operator

- cashier.
2. Describe the capability of providing a seamless wallet across products to avoid the need to have chip transfers across the multiple products. Describe how the integration of third party game content is managed to ensure a seamless wallet.
 3. Provide a sample of the reports the player is able to see in the cashier.

4.2.3.10.3 **Payments**

1. Describe experience with integrating various payment Vendors.
2. List all of the payment methods currently supported by Vendor's solution:
 - a. Name of the Vendor.
 - b. Date integrated.
 - c. Denote if they are a potential option for Delaware Lottery.
 - d. If operated in the United States in the past or currently, legally or illegally.
2. Describe the deposit and withdrawal process and whether the withdrawals are batched or automatically approved. Describe the functions, which are automated, and those that are manual as well as the skill set and resources required.
3. Describe the average length of time to integrate new a payment method or credit card processor of Delaware's choice.
4. Describe details of experience in assisting existing customers to gain Payment Card Industry (PCI) compliance. Specify the PCI compliance awards that existing customers have been granted.
5. Describe the capability for an operator to allow multiple payment options for a single account. Describe the tools in place to combat fraudulent activity with regard to payment processing.
6. Describe how the solution facilitates investigations into potentially fraudulent activity, initially and in subsequent investigations.
7. Describe the audit trail to which the actions are recorded, tracked and time stamped.
8. Explain if the system monitors transactions in real-time.

4.2.3.10.4 **Customization** Describe the capabilities of the system to customize the player experience for each of the Licensed Video Lottery Agents. Customization is both at the platform level as well as the game level. Customization includes game selection, game placement, lobby, logos, color, audio, game menus, cashier, registration, installer, sign on/log out and player communication.

4.2.3.10.5 **Fraud & Collusion:** Describe in detail the tools and feature sets that the Vendor's system offers to prevent any fraud and collusion for operators

1. Describe the tools and each feature set supporting and monitoring potentially fraudulent activities such as money laundering.
2. Describe the communication tools in place to disseminate the information throughout the Primary Vendor's organization.
3. Describe the tools available to proactively detect collusion amongst players especially for poker as well as the use of bots.
4. Describe the popular forms of fraud and collusion.

4.2.3.10.6 **Geo-Location**

1. Describe any geo-location, IP verification features either included in the product feature set or integration tools for third party Vendors.

2. Describe how the geo-location features may be extended in order to facilitate IP blocking and spoofing to ensure that only those present in Delaware may wager.

4.2.3.10.7 **Customer Service**

1. Describe the feature sets that are available to the customer service representatives to assist them in addressing customer queries on a timely basis and quickly resolving the issues.
2. Describe the various communication methods available to the customer service representatives (chat, email, telephone)
3. Describe features and tools available to the managers of the customer service department to assist them in managing the team effectively.
4. Describe the flexibility of the system for administrative user control. Describe the details of a privilege-based system for multiple level access to restrict access based on role and experience.
5. Describe the ability for administrative users to be able to perform the following functions on the users' behalf:
 - a. Update personal details and preferences.
 - b. Add or remove payment information.
 - c. Deposit and withdraw funds.
 - d. Make manual adjustments.
6. Describe the tools in place to manage inbound communication from multiple branded sites from the same single operator.
7. Provide the metrics available for evaluating customer service satisfaction or completion rate to ensure the customer service department is effectively managed.

4.2.3.10.8 **Marketing Tools (Loyalty Program & Promotions)**

1. Describe in detail all of the features and functionality of the bonusing and promotional tools to be used in the proposed Solution. Specifically address the features and tool sets available to rewards players based on deposit as well as ongoing player activity not related to deposit.
2. Describe the tools and procedures in place to assist in preventing bonus abuse and other bonus related fraud. Describe if the system is set up to monitor the abuse in real time.
3. Describe how the bonus modules support promotional activity for play on third party games.
4. Describe the tools available for player segmentation and ability to dynamically generate promotional messages based on the player segmentation.
5. Describe the promotional tools ability to target promotions aimed at specific groups of customers to optimize CRM spending (i.e. gender, location, plays a specific game on a regular basis). Specify whether or not the segmentation process is run on a database separate from the online transaction-processing database.
6. Describe the promotional tools ability to track player activity in real time and send targeted messages immediately based on game play results (e.g. bad beat promotion).
7. Describe how the loyalty features integrate across the various products offered. Do the bonus and promotional tools assist in cross-promotion across the various products (casino, bingo, poker)? For example, for play on casino does the system have the capability to generate promotional credits or free bets for redemption on poker or bingo?

8. Describe the features of the VIP loyalty program. Describe how players are identified, managed and tracked for the VIP program. Does the system offer a 'rate me' option whereby players propose themselves for inclusion in the VIP program?
9. Describe how tools for managing progressive jackpots. Describe the funding model available for the jackpots. Describe how the individual jackpots can be shared across multiple games, across the Licensed Video Lottery Agents, and how the funds in progressive jackpots are held and accounted for.
10. Describe the tools and features available for user generated or viral promotions such as Refer a Friend or social networking.
11. Describe the tools in place for managing product segmentation across product verticals, e.g. If a player comes through a casino promotion and accepts a casino bonus yet ends up majority playing poker, describe how/if is that player tracked and automatically transferred to a poker player on the next redeposit.

4.2.3.10.9 Reporting and Communication

1. Describe the Platform's native reporting capabilities, tools and feature sets for the creation of standard and ad-hoc report queries for player activity, marketing analytics, system performance, and other types of reporting.
2. Provide a list of the reports currently available. Highlight the key reports and provide a sample of each of them.
3. Describe how the reporting is managed between querying the live system in real time and a static database.
4. Describe the Solution's capability to accommodate multi-level reporting to account for Delaware's Licensed Video Lottery Agents as well as potential inclusion of affiliates. Describe the number of levels of tracking and reporting e.g. Lottery, Licensed Video Lottery Agents, Affiliates, individual campaigns.
5. Describe the reporting capabilities and functionality available with regard to player fraudulent activity. Describe each report available and provide sample reports.
6. Describe the reporting capabilities for reconciliation of player data, i.e. the checks in place to ensure the various reports are accurate and that the Platform is accurately reporting.
7. Describe the player communication features when implementing product upgrades and new releases.

4.2.3.10.10 Game Content Management and Malfunction

1. Describe the process for game malfunction for both proprietary (if any) and third party games that are integrated into the backend platform. Describe if the process differs if proprietary or third party (e.g. game resumes if it was in process at point of failure or credits returned back to the player).
2. What is the level of control with the third-party Game Content Vendor?
3. Describe the communication with third party Game Content Vendors for game malfunctions.
4. Describe the communication process with the player for game malfunction.
5. Describe how credits are handled with the player for a game malfunction.
6. Explain any deviation in policy for a game malfunction.
7. Describe if/how these policies would differ in a mobile environment.

4.2.3.10.11 Responsible Gaming

1. Describe in detail all of the features available in the Internet Gaming Solution to ensure responsible gaming such as deposit limits, self-exclusion, tools to protect against compulsive gaming as well as parental controls.
2. Describe the functionality supporting exclusion of individual players from the site. Examples include but are not limited to time based exclusion or breaks, cooling off, re-installing the player, stop marketing, partial access to the games.
3. Describe the tools for communicating responsible gaming features with the player (e.g. alerts, emails, chat).
4. Describe the reports available internally to manage responsible gaming as well as any internal communication features such as alerts based on the hitting of pre-specified limits or rules.
5. Describe the features currently available to support the ability to communicate with players with regard to any new terms and conditions that will be or have been implemented.
6. Describe the tools in place for communicating responsible gaming violations with the Delaware Lottery and the Video Lottery Agents.

4.2.3.10.12 Information Technology and Security

1. Provide details of the proposed Solution's DSS compliance elements.
2. Describe the player communication features when implementing product upgrades and new releases.
3. Describe the tools in place to effectively communicate with the selected hosting providers to mitigate any potential threats or concerns with regard to hosting and data security.
4. Describe the capacity for data archiving, purging and storage capacity required for a 24-month retention period.

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.

4.2.3.10.14 Mobile Platform Features

1. List the features sets and tools in place to seamlessly manage a mobile and/or remote gaming presence.
2. Describe the major or important tools that are employed in a mobile or remote environment and if/how it differs from fixed devices (computer) Internet gaming.

4.2.3.10.15 Affiliate Management System

1. If the Vendor has developed an affiliate system internally, describe the features of the affiliate system and specifically why the internally developed solution is superior to leading third party affiliate software solutions in the market.
2. Provide sample reports of the internally developed affiliate system.
3. List all third party affiliate software programs currently integrated into the Primary Vendor.

4.2.3.11 Remote Gaming Platform and Applications

- 4.2.3.11.1 Provide a detailed description of the Vendor's current mobile platform including all the mobile platforms supported as well as all the feature sets of the mobile platform.
- 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.
- 4.2.3.11.3 Provide a list and description of all providers integrated into the mobile platform including Game Content Vendors specific to mobile as well as any mobile specific Vendors.
- 4.2.3.11.4 Provide a detailed product roadmap for the mobile platform including rollouts of new platforms and hardware as well as releases etc.
- 4.2.3.11.5 Describe how the internal processes or procedures for mobile applications may differ in a mobile environment versus a fixed computer environment.

4.2.3.12 Product Roadmap

- 4.2.3.12.1 Provide the details of Vendor's technology roadmap for the next three (3) years including planned delivery dates, confidence levels as well as details of the budgeted R&D investment. To the extent not included in in Section 4.2.3.11, include details for the development of mobile including platform, registration, reconciliation, etc.
- 4.2.3.12.2 Describe some of the benefits to customers from the Vendor's documented product roadmap. Support with one or two examples.
- 4.2.3.12.3 Describe plans for the support of emerging distribution channels including remote gaming (mobile and other handhelds). Describe the features implemented in the past 24 months as well as description of the features that will be implemented in the next 12 months.
- 4.2.3.12.4 Describe the internal processes used to follow new development projects at various stages of the process and how the management of milestones is conducted.
- 4.2.3.12.5 Describe the process for ongoing certification for product upgrades, platform changes and game changes.

4.2.3.13 Training and Support

- 4.2.3.13.1 Describe the level of training to be delivered to the Lottery and the Licensed Video Lottery Agents as part of the overall Solution. Describe the process for training and use of manuals that will be used as part of the training requirements.
- 4.2.3.13.2 Describe the level of ongoing support and maintenance that will be offered to the Lottery and the Licensed Video Lottery Agents. Include details of a standard Service Level Agreement and target resolution times.

4.2.3.14 Change Control Management Procedures

Provide documentation regarding change control policies and procedures required by the Vendor's respective jurisdictions of operation. Include critical software and hardware components such as those which may impact any services as well as system integrity, system security, system data logging, system reporting functions or engineering changes.

Provide documentation that demonstrates the Vendor's ability to manage changes, which may or may not require re-certification with an accredited third party testing laboratory.

4.3 Game Content Vendor Submission

Delaware Lottery intends to offer game content from a number of selected Vendors. The criteria will evaluate the quality and experience of the Game Content Vendor as well as how widely deployed the games are across different platforms. Delaware Lottery prefers Game Content Vendors that mitigate any potential delays in Production Operation (i.e. will favor Vendors whose games have already completed integration and are live with the selected Primary Vendor's Backend Technology Platform). Since the Primary Vendor is unknown at the time of the Proposal submission due date, the Delaware Lottery will favor Vendors that it believes will help simplify this process. This holds true for selection of the Primary Vendor, Games Content Vendor as well as the Support Services Vendors. Preference will also be shown to game titles that players in Delaware and its surrounding states may be familiar with on a brand name basis.

The Delaware Lottery also realizes the sensitivity around game content especially proprietary mathematical models that Game Content Vendors are cautious to disclose. In working in conjunction with the Primary Vendor, Delaware Lottery seeks to offer Game Content Vendors the option to either host their games through their own remote gaming server or allow the Content Vendor to integrate their games into the Primary Vendor. In an effort to expedite the process to allow the Delaware Lottery the ability to offer the most compelling breadth of game choice as soon as possible, Game Content Vendors will have to submit their Proposal without knowing who will be the selected Primary Vendor. Thus, the Delaware Lottery appreciates the potential complexity that is placed on the Game Content Vendors when answering the following questions including the decision to offer the Content Vendor's games on a remote game server or integrate into the Primary Vendor.

Games Content Vendors are asked to respond to each question. Those Vendors that are submitting for multiple Sections (i.e. Primary Vendor and/or Support Services) are able to cross-reference their answers if they have already provided a similar response in another section and provide the exact numerical section of the cross-referenced answer.

The Lottery in conjunction with the Licensed Video Lottery Agents are responsible for the game selection and together have established a set of criteria for such game selection. Evaluation for Vendor selection may be based on a number of principles including experience in developing successful online games, branded or themed games offered, total number of games available by a Vendor, type of game from a specific Vendor that may or may not be patented (e.g. patented table games) as well as the number of games available on the gaming floor. With regard to evaluation of the specific games offered by the Vendors, selection criteria cover areas such as game features (free spins, intricacy of bonus rounds, game preview, audio, video or game animations), quality of the graphs/video and audio, pay table or return to the player, game volatility as well as the offering of Franchise Games.

4.3.1 Key Team Members

Vendors must identify the Key members of their team with primary responsibility for the management and integration of their games into the Internet Gaming Solution. Include the main contact for the Lottery as well as business function responsibility such as customer service, technology development, product development marketing services, operations management, game development, network management, product management, etc. Vendors should include each key member's:

- 4.3.1.1 Name
- 4.3.1.2 Company and title *
- 4.3.1.3 Duration with current company*.
- 4.3.1.4 Years employed in the online gaming sector.
- 4.3.1.5 Prior roles in the Internet Gaming sector (including company and title)
- 4.3.1.6 Current resume.
- 4.3.1.7 Other relevant information.

* If title has changed while with the company, list each title and associated years in that role.

4.3.2 General Experience

4.3.2.1 Product Implementation History: Describe the time it takes to complete a standard game content integration for a newly regulated market offering casino table games, video lottery, poker, keno and/or bingo in a geographically ring-fenced environment. Please make the example as relevant as possible to Delaware's Internet Gaming Solution.

4.3.2.2 Client Requests: Describe the process of managing multiple client requests for either new or modified games or gaming platform. Describe how the requests are prioritized and managed with existing work already in development. Describe how the status of new feature requests is communicated to customers.

4.3.2.3 New Game Releases: If applicable, describe how new games are supplied and how often new games are released. Include examples of the last 3 releases and the games included.

4.3.2.4 Game Release Rollout: Describe how a new game or release is rolled out to each of the Vendor's licensees. (i.e. is each game released on a per customer basis or does each customer receive the same package?). Provide a description of the method by which the Vendor releases games and the benefits of this method.

4.3.3 Game Content Integration History

4.3.3.1 Game Integration Experience: Describe the experience in working with internal and/or external platform providers in the Internet gaming sector.

4.3.3.2 Integration History: Describe the Vendor's history of developing and integrating games into proprietary and/or third party platforms including employing a remote gaming server and/or integrating to offer games locally deployed on an operator's or third party's platform. Include evidence of standards compliant Application Programming Interfaces (APIs). Also describe the Vendor's history, if any, with integrating other third party services such as payments and player authentication.

4.3.3.3 Distribution: List all of the third party platforms the Game Content Vendor is currently integrated into including any operator's proprietary platforms.

4.3.3.3.1 List the number of titles that are integrated into various third party platforms currently.

4.3.3.3.2 The launch date the games went live on the particular platform.

4.3.3.4 Integration Mode: Describe the Game Content Vendor's deployment intention for Delaware's Internet Gaming Solution, i.e. if Game Content Vendor plans to offer the games on own remote gaming server or locally deploy the games on the platform the Lottery selects as part of the Primary Vendor. If it depends on the Primary Vendor, please describe analysis of decision.

Integration Time: Describe the average time to integrate the Vendor's Games into a third party platform supplier, if different than integration into a regulated environment as described in Section 4.3.2.1. Describe any automation tools to simplify a deployment (e.g. on click install) versus manual steps to configure system.

4.3.3.5 Game Integration Level: Describe the level of integration capable of the Game Vendor. Describe any unique features capable such as real time data feeds that are able to trigger promotions and player communication in real time.

4.3.4 Game Content Offering

Delaware Lottery prefers Vendors that have both extensive experience of integration as well as well-developed product breadth.

4.3.4.1 List the number of operators that currently offer the Vendor's games. Denote the 5 largest operators (by total Gross Gaming Revenue).

4.3.4.2 List the games that are currently available by the Game Content Vendor for Internet and/or remote gaming. List the game/titles and provide as much detail as possible to the below items.

- 4.3.4.2.1 Game Type (e.g. casino table, video lottery, mini/side game, bingo, poker, live casino, scratch, skill etc.). Note for video lottery games provide the type of video lottery (reels, lines, video, bonus rounds, scatter, wilds, multiplier, progressive).
- 4.3.4.2.2 Game payout ratios or average rake.
- 4.3.4.2.3 Release date.
- 4.3.4.2.4 Release number.
- 4.3.4.2.5 Platform available: Web, mobile, Facebook, Linux, etc.
- 4.3.4.2.6 Commercial Models: real money, play for free and/or virtual currency. Denote what is approved by app store, etc.
- 4.3.4.2.7 Mode: download, instant, and/or mini/side game.
- 4.3.4.2.8 List any third party IP that is associated with the game (i.e. Franchised (branded) or a other 3rd party IP).
- 4.3.4.2.9 Owner/Developer of game (if licensed, if proprietary then respond 'proprietary')
- 4.3.4.2.10 The number of backend platforms the games are integrated with.
- 4.3.4.2.11 The number of operators that have licensed or offer the Vendor's games.
- 4.3.4.2.12 List the names of the independent certification companies that have approved the games/RNG. Specify for which jurisdictions if appropriate.
- 4.3.4.2.13 Denote if currently available in a land based gaming environment (and if yes, indicate if deployed in Delaware or any surrounding state).

4.3.4.3 Based on the information provided in Section 4.3.4.2, describe how the Vendor's content offering may change over the next 24 months i.e. what are the trends the Vendor is experiencing and how that will impact the product development strategy (e.g. increased number of mobile or virtual currency based games).

4.3.4.4 Top Performing Games: List the twenty (20) best performing games and most popular features used by the Game Content Vendor's largest operators. Describe any other unique features or tools offered.

4.3.4.5 Provide a URL, which features the Vendor's Game Content for the Delaware Lottery to trial the games.

4.3.5 Game Features: CASINO AND VIDEO LOTTERY GAMES ONLY

4.3.5.1 Describe the denomination spread across the various Video Lottery games

4.3.5.2 Describe the volatility of the Vendor's Video Lottery games and how that compares to Video Lottery games popular in a land based environment.

4.3.5.3 Describe how the video, audio, quality of graphics and game speed compares to that of other Video Lottery Game providers in the online sector.

4.3.5.4 Describe the unique selling point or differentiator the Game Content Vendor's Games offer relative to other solutions in the market.

4.3.5.5 When creating a game, describe the process employed to avoid infringing on United States Intellectual Property rights. This includes both known and unknown Intellection Property.

4.3.5.6 If a game currently violates United States Intellectual Property, describe the process for rectifying such situation, either adjusting the game to eliminate the violation or proactively seeking approval rights from IP owner.

4.3.5.7 List the games outlined in section 4.3.4.2 that violate or potentially violate United States Intellectual Property rights. If uncertain at this time, respond 'uncertain'.

4.3.6 Game Features: POKER ONLY

4.3.6.1 Popularity: List the numerous poker variants currently available along with the percentage of the revenue that the poker variant represents for the Game Content Vendor.

4.3.6.2 Lobby Functionality: Describe player's options in using the lobby to find tables (Table lists, quick seat algorithms, different types of lobbies or open similar table).

4.3.6.3 Game Experience: Describe the software's capabilities to effectively manage the ecosystem to accommodate players with varying skill levels and other features to enhance player experience.

4.3.6.4 Table Features: List or describe the features that are connected to the table experience (e.g.

multi-tabling, keyboard shortcuts, table tiling).

4.3.6.5 Game Variants and Features: List the unique game variants currently available as well as unique features. Highlight those that are top performing. (e.g. speed, webcam, rush poker variant, private games, tie-ins with Facebook etc.).

4.3.6.6 Filtering Options: List or describe table-filtering options (available games, stakes, Rake hands/min, table seats etc.).

4.3.6.7 Liquidity Division: Describe the capability to offer multiple network liquidity, i.e. the ability for players to participate in games at a single Lottery Agent, across all Delaware sites as well as across a larger network (either nationwide or international).

4.3.6.8 Game Play Options: List or describe the various game options for the player (e.g. hand history replayer, auto presets, variable betting slider, favorite seat, auto buy-in, player notes, time bank, avatars etc.)

4.3.6.9 Rake Management: Describe the Game Content Vendor's policy and strategy with regard to maximizing rake for the operator (e.g. charging higher per table, increasing player duration, increasing hand speed) while maintaining customer satisfaction.

4.3.6.10 Schedule Management: Describe the administrative tournament scheduling and table management tools. Include details such as various types of tournament prizes, batch uploading of tickets, etc.

4.3.6.11 System Performance: Describe the Vendor's system performance for the poker network including simultaneous players (cash, free play and observer), max single tournament players (cash, free play and observer) and max number of observers for a single game.

4.3.6.12 Hardware Efficiency: Provide estimation of how much hardware is required to run a full size installation capable of serving 25,000 seated players (maximum peak).

4.3.6.13 Effective Rake Structure: Describe the ideal rake structure to maximize revenue and maintain customer satisfaction.

4.3.7 Game Features BINGO ONLY

4.3.7.1 List the top performing game variants currently available as well as top performing features (75-ball, 90-ball, 80-ball, speed bingo, derivative ball-based bet types). Provide the percentage of revenue for each game variant.

4.3.7.2 List the top performing side/mini games currently available along with percentage of revenue.

4.3.7.3 Describe the options for mini-side game integration i.e. are the games in the same client as the bingo game.

4.3.7.4 Schedule Management: Describe the administrative scheduling and room management

tools. Include details such as various types of jackpot prizes, batch uploading of tickets etc.)

- 4.3.7.5 Room Features:** List or describe the features that are connected to the bingo room experience (e.g. auto-daubing, chat monitor features, card auto-shuffle, speed bingo) as well as any unique features that are popular with bingo players (e.g. bonus rounds, fairy dust).
- 4.3.7.6 Liquidity Division:** Describe the capability to offer multiple network liquidity networks, i.e. the ability for players to participate in games at a single Lottery Agent, across all Delaware sites as well as across larger networks (either nationwide or international).
- 4.3.7.7 System Performance:** Describe the Vendor's system performance for the bingo network including simultaneous players (cash, free play and observer), max number of observers for a single room.

4.3.8 Game Content Management

4.3.8.1 Game Content Management Tools

- 4.3.8.1.1 Describe the Game Content Vendor's back-office module used to assist in managing player activities.
- 4.3.8.1.2 Describe the Game Content Vendor's ability to offer games that meet the Lottery's criteria in Section 3.5.
- 4.3.8.1.3 Describe the degree of control the Lottery will have over the game parameters. Also describe if this differs for games from third party developers.
- 4.3.8.1.4 Describe the reporting capabilities of the Vendor. Provide a sample of standard available reports.

4.3.8.2 Game Customization

- 4.3.8.2.1 Describe the process and options for customizing the games to be branded for each of the Licensed Video Lottery Agents. Describe the various levels of customization (i.e. dash board colors, game load logo, audio, in-client content, back of cards etc.). Address the varying pricing options in Part 5 of the Proposal.
- 4.3.8.2.2 Describe the process for the Lottery or Primary Vendor to customize the game. Is customization available within a supplied module, or does the Lottery need to revert to Game Content Vendor's resources in order to customize the game.
- 4.3.8.2.3 Provide examples of games that have been customized for the various operators.
- 4.3.8.2.4 Describe any other tools or features that are offered for customization for the Licensed Video Lottery Agents.

4.3.9 Operations Management

4.3.9.1 Quality Assurance: In addition to meeting standards of third party certification vendors, Delaware Lottery expects the Game Content Vendor to be responsible for managing the testing of their games to ensure optimal game performance of the game software including reliability and integrity.

4.3.9.1.1 Describe standard testing processes that are performed internally to test the games. To what extent and to what level are the tests automated?

4.3.9.1.2 Describe the Vendor's test organization (i.e. in-house or outsourced, location, team structure).

4.3.9.1.3 Describe how the Vendor is able to demonstrate test results to Delaware Lottery's quality assurance team.

4.3.9.1.4 Describe development process including source code control tools, branching strategy, bug reporting.

4.3.9.1.5 Describe the types of testing performed (i.e. functional stress, load, regression, security). Provide examples of a test strategy, plan and test cases typically used by the Vendor.

4.3.9.1.6 Describe the type of security and vulnerability testing performed. Include frequency and resources used.

4.3.9.1.7 Describe testing infrastructure and the ability to test several releases at the same time in separate environments.

4.3.9.2 Delivery and Implementation

4.3.9.2.1 Demonstrate Game Content Vendor's ability to adhere to suggested deliverables and integrate their games in a timely manner, assuming they are not already integrated into the Primary Vendor's backend technology platform.

4.3.9.2.2 **For Vendors offering a remote gaming server**, provide a suggested timeline to deliver the Vendor's games including

1. Development (User guides, tailoring for US market, release notes)
2. Integration (architecture/design documentation)
3. Testing (test plan, results and report)
4. Certification (letter from certification company already working with the Delaware lottery)
5. Implementation (project timeline estimation)

6. Training (along with supporting materials)

4.3.9.2.3 **For Vendors offering a remote gaming server**, list any suggestions to the games to adapt for the US market including game mathematical models, expressions or images.

4.3.9.2.4 **For Vendors offering a remote gaming server**, describe the timing and efforts to deliver the marketing materials to the Primary Vendor to be used on the various Delaware websites or for marketing campaigns.

4.3.9.2.5 **For Vendors offering a remote gaming server**, describe the process for identifying and fixing bugs and non-compliant issues related to the game for correction by the Game Vendor either while the games are in production or prior to certification.

If the Vendor is NOT using a remote gaming server please describe the timing and efforts to deliver the following (4.3.9.2.6 to 4.3.9.2.8):

4.3.9.2.6 Materials that would be submitted to an accredited certification company for evaluation of the individual games (math models, help sections for players).

4.3.9.2.7 Game specifications to the Primary Vendor.

4.3.9.2.8 The most recent assets to the Primary Vendor to be included on the various websites.

4.3.9.3 Support Services: Delaware Lottery expects Game Content Vendors to work directly with the Primary Vendor in supporting the ongoing operations of their game content. Any additional pricing for support should be highlighted in detail in PART 5 (Pricing Section). **If the Game Content Vendor is not offering a remote gaming server, some of the sections may not be applicable. Please indicate with "Not Applicable" along with a reason why it is not applicable.**

4.3.9.3.1 Describe the service and support plan offerings for the Primary Vendor managing the Internet Gaming Solution.

4.3.9.3.2 Describe how the Game Content Vendor's support team is staffed (number of people in each role).

4.3.9.3.3 Describe in detail the standard level of support offered by the Game Content Vendor's typical Service Level Agreement (SLA). Include uptime, hours of standard support and response times for inquiries for telephone, chat, email, bugs, issues, etc.

4.3.9.3.4 Describe standard supporting tools (online manuals, webinars, telephone support groups etc.).

4.3.9.3.5 Describe process and commitment for fixing bugs and other non-compliant issues related to games that are either in development or live.

4.3.9.3.6 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.

- 4.3.9.3.7 **Warranty:** Describe any Warranty on products or services that is associated with the Game Content Vendor's offering.

4.3.9.4 Product Roadmap and Release Management: Delaware is interested in working Game Content Vendors who have experience in balancing between maintaining a competitive product and offering a stable and cost effective operation.

- 4.3.9.4.1 Describe the product lifecycle management process from release planning to implementation, including testing and certification of games.

- 4.3.9.4.2 Describe the reporting process for testing and changing the game. Provide documentation regarding change control policies and procedures required by the Vendor's respective jurisdictions of operation. Include critical software and hardware components as it may relate to the Game Content Vendor's specific offerings, such as those which may impact game outcome determination and if relevant, the system integrity, system security, system data logging, system reporting functions, engineering changes.

Provide documentation that demonstrates the Vendor's ability to manage changes, which may or may not require re-certification with an accredited third party testing laboratory.

- 4.3.9.4.3 Describe minor and major release frequency policy.

- 4.3.9.4.4 Provide product release and upgrade plans.

- 4.3.9.4.5 Describe the appropriate level of support required and provided with product upgrades.

- 4.3.9.4.6 Provide a product roadmap for new game rollouts, game variants, new features and upgrades/releases. Provide detail, if possible, of any new games or releases. Also include details of plans to offer games for mobile and social platforms. Include the number of games launched in the past 24 months and also the following 12 months.

- 4.3.9.4.7 **Land Based Product Plans:** For primarily online-based Game Content suppliers, describe any plans to develop an existing online video lottery game in a land-based environment within the next 36 months.

4.3.9.5 Product Training

- 4.3.9.5.1 Describe any training that is required for the Primary Vendor and/or Lottery management team. Include any training manuals that will be included.

- 4.3.9.5.2 Describe any on-going training that is offered. Include if at Lottery's offices or at Game Vendor's offices. If so where the location of that office will likely be.

- 4.3.9.5.3 Describe if there are any online training tools for ongoing support or future training sessions.

4.3.9.6 Staffing

- 4.3.9.6.1 Describe any additional staffing requirements during implementation that would be needed by the Lottery and/or Primary Vendor. Indicate estimated number, role/skills varied by the numerous phases (development, integration, testing, certification, implementation and training)
- 4.3.9.6.2 Describe any ongoing staffing requirements that would be required by the Lottery or Primary Vendor. Describe if that would change during product upgrades and new releases.

NOTE: The following Sections 4.3.10 to 4.3.13 apply only to Content Vendors that plan on offering their games on their own remote gaming server (“RGS”).

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.

- 4.3.10.1** 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).
- 4.3.10.2** Describe the functionality and any other relevant application programming interfaces utilized.
- 4.3.10.3** Describe the framework for monitoring the system’s health and allow proactive measures when service degradation is detected.
- 4.3.10.4** List any third party or open source software that the Game Content Vendor’s platform contains.
- 4.3.10.5** Describe how the games are integrated into third party vendors. (i.e. do they run on proprietary gaming engines? A separate gaming server? Or a combination of both?).
- 4.3.10.6** Describe all functionality that is fully integrated through the API between the Game Content Vendor and a leading Internet Gaming backend technology platform. (e.g. registration data, game play data, bonusing tools and other cross platform capabilities etc.).
- 4.3.10.7** Describe the types of funds transfer integration that is supported.
- 4.3.10.8** Describe how the Game Content Vendor’s platform integrates with leading player account management systems.
- 4.3.10.9** Describe how the system is partitioned to ensure that less critical functionality is decoupled from more critical services (e.g. memory leak from loyalty point calculation separated from more critical applications or services).

4.3.10.10 Describe functionality available for financial reconciliation between the Game Vendor's platform and a leading Internet Gaming backend technology platform.

4.3.10.11 Describe any potential areas of customization that would be required between the Game Content Vendor's platform and a leading Internet Gaming backend technology platform.

4.3.11 Game Vendor Platform Features and Functionality

It is important for the Delaware Lottery to offer best-of-breed features and functionality to obtain the maximum results from the Turnkey Internet Gaming Solution. The Delaware Lottery realizes there may be overlap or duplication of the feature sets offered by both Primary Vendor and a Game Content Vendor (e.g. bonus tools). Delaware Lottery will seek to work with a set of features and functionality that provides the greatest value, yet within reason of not over complicating the Solution for the Primary Vendor to manage. Delaware is interested in learning about the features and functionality that have been developed by the Game Content Vendor and specifically how it compares to other well-known Vendors in the market.

4.3.11.1 Describe in detail how the Game Vendor's platform facilitates a transparent experience for the player when not used as the primary account management system.

4.3.11.2 Describe in detail the Game Vendor's promotional tools and how it compares to other products in the market. If appropriate, give specific examples when the Game Vendor's promotional tools were used when not acting as the primary account management system or when the Game Vendors tools should have been used and they were not. Describe how this may vary across game types (casino, poker).

4.3.11.3 Describe in detail the Game Vendor's cashier, registration, player protection, player identity or geo-location modules and how it compares to other products in the market.

4.3.11.4 Describe the Game Vendor's tools for managing responsible gaming including spending limits (daily, weekly, monthly), time-outs, cooling off, and lockouts. Describe how it is managed between the player and the system. Describe how it is managed to varying regulations.

4.3.11.5 Describe in detail any player security features offered by the Game Vendor solution including player ring-fencing and token-based login.

4.3.11.6 Describe the process for reconciliation for game malfunction under the following circumstances:

1. when the game is integrated with a third party Vendor's backend platform
2. when the game is on the Content Vendors own and/or proprietary platform

If appropriate, describe the communication process for game malfunction, how credits are handled with the player, explain any deviation in policy for a game malfunction and describe if/how these policies would differ in a mobile environment.

4.3.11.7 Describe in detail the reporting functionality that exists in the solution.

4.3.11.8 Describe the various communication tools for the operator to communicate with the player or a group of players. Describe the tools that provide real-time communication or in-client player messaging offering instant rewarding of players based on outcome of game play.

4.3.12 Hosting Approach for Game Content

The Delaware Lottery requires that all Game Content Vendors using a remote gaming server host their operations within the United States and as such should be responsible for their own hosting. This section should not be completed by those Game Content Vendors who do not plan on offering their own remote gaming server.

4.3.12.1 Describe the various hosting options the Game Content Vendor can provide to the Delaware Lottery and the Primary Vendor who will be managing the Internet Gaming Solution. For each solution proposed, clearly define what elements are to be hosted by each of the parties involved and who has governing responsibility.

4.3.12.2 Describe the ideal hosting approach for the Game Content Vendor's solution.

4.3.12.3 Describe the Vendor's willingness to offer a hosted solution within the United States and ideally where the hosted solution would be located.

4.3.12.4 Describe experience in working with third party platforms that require the games to be integrated. In particular, discuss how the player registration, player information, administrative functions and financial reconciliation would be managed between the Game Vendor and a third party platform.

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.

4.3.12.6 Describe performance benchmarks including max concurrent users, transactions per second.

4.3.12.7 Describe the systems in place to mitigate or prevent single points of failure (e.g. redundancy)

4.3.12.8 Describe the data archiving, purging and storage capacity required for a 24-month retention period.

4.3.13 Player Privacy Protection

This section is to complete only if the Vendor plans to store player personal information.

4.3.13.1 Produce a detailed flow of information as it relates to players and their transactions including authentication tokens. Include any data sent from the player to the Game Content Vendor's own platform as well as any data sent from the Game Content Vendors Platform to the Primary Vendor's platform.

4.3.13.2 Include any information encryption of data for both stored and in transit as well as how it is encrypted.

- 4.3.13.3** Indicate any systems that store any personal information on the player and what encryption controls are in place for the data while at rest.
- 4.3.13.4** Indicate if any personal information will be stored outside the United States and if so specify which country.
- 4.3.13.5** List any third party Vendors who would have access to any player data or other related data that would be generated as part of the Delaware Internet Gaming Solution, (i.e. hosting providers, managed service providers, subcontractors, consultants and other off-site employees).
- 4.3.13.6** Describe the requirements in place on third parties to protect personal data.

4.4 Support Services Vendor Submission

The Support Services Vendors include all of the critical products and services that are required by the Primary Vendor to operate the Solution. The Primary Vendor will drive the Vendor selection process for the Support Services with the input and approval of the Lottery. Once selected, the Primary Vendor will be responsible for managing all aspects of the relationship with the Support Service Vendors. If it is required, the Delaware Lottery may contract directly with the Support Service Vendor.

All Support Service Vendors must complete Sections 4.4.1 and 4.4.2. The following sections are to be filled out accordingly:

1. Section 4.4.3 is to be completed by payment Vendors only.
2. Section 4.4.4 is to be completed by geo-location Vendors only.
3. Section 4.4.5 is to be completed out by identification and verification Vendors only.
4. Section 4.4.6 is to complete by hosting providers only.

For those Support Service Vendors that provide a product or service not listed in this Section 4.4 and believes to be of critical importance for the Lottery in offering an Internet Gaming Solution, the Vendor should complete Sections 4.4.1 and 4.4.2, and provide additional detailed information of a similar level of depth as found in this Section 4.4.3-4.4.6 for other Support Service Vendors. Provide an outline so the information is clearly laid out and easy to follow.

4.4.1 Key Team Members

Vendors must identify the Key members of their team with primary responsibility for the management and integration of their products and services into the Internet Gaming Solution. Include the main contact for the Lottery as well as business function responsibility such as customer service, technology development, product development marketing services, operations management, game development, network management, product management, etc.

Vendors should include each key member's:

1. Name
2. Company and title *
3. Duration with current company *
4. Years in the online gaming sector
5. Prior roles in the Internet Gaming sector (including company and title)
6. Current resume
7. Other relevant information

* If title has changed while with the company, list each title and associated years in that role

4.4.2 General Expertise

Demonstrate operating experience in respective business for the following:

4.4.2.1 Experience: Specifically demonstrate how the Vendor's experience will be useful to the Delaware Lottery. Provide two (2) examples of services provided to existing companies that will demonstrate the Vendor's respective leadership, and make it as relevant to the Delaware Lottery as possible.

4.4.2.2 Non-Core Expertise: Demonstrate the Vendor's knowledge and leadership in the sector

specifically how the Vendor's service could assist in other areas of the Internet Gaming Solution. List any other services offered through Vendor's solution outside of the core operations (i.e. payment processing or identification mitigating fraud etc.)

4.4.2.3 Account Representative Expertise: Describe the leadership and experience of the Vendor's account representative that will be responsible for the relationship with the Delaware Lottery.

4.4.2.4 Dedicated Resources: If selected, describe the resources (financial and personnel) that would be required in providing Delaware Lottery an Internet Gaming Solution described in this RFP.

4.4.2.5 Network Architecture: Provide detailed description and/or diagrams depicting the proposed architecture. Describe in detail the hardware and software that is required to operate the proposed product or service. Highlight what is required to be owned/managed by the Support Service Vendor and what is owned/managed by the Primary Vendor on behalf of the Delaware Lottery. Describe the operating systems and databases that the Proposed Vendor's solution employs.

4.4.2.6 Technical Integration: If relevant, describe the technical integration that would be required to integrate into a leading Internet Gaming Vendor's platform. Describe what customization options would be available and examples of providing a customized solution to a licensee. Address the likely lead times for integrating a standard service. Provide an example project plan detailing what would be expected lead times assuming integration into a leading Internet Gaming platform.

4.4.2.7 System Availability: If relevant, describe on average the availability of service (i.e. up-time). Describe the nature of the largest periods of downtime (duration and reason) as well as how that would be mitigated in the future.

4.4.2.8 Redundancy and Disaster Recovery: Describe any redundancy, backup capabilities and disaster recovery plans including contingency operation plan as well as all standard communication policies with an operator. Include details of any power backups.

4.4.2.9 Hosting Facilities: Describe the facilities where the data is stored (location, sq. ft. etc.). Highlight if located in the United States and if not currently, the willingness to host in a United States facility. Hosting Vendors do not need to answer this question. Additional information will be asked in Section 4.4.6.

4.4.2.10 Customer Support: Describe Vendor's standard customer support structure and policies with licensed operators (response times, mode of communication). Describe any situation this may differ than standard operating polices.

4.4.2.11 Compliance: List any and all compliance measures to ensure data and player protection.

4.4.2.12 Project Management: Describe the tools and processes for managing internal projects and new implementations.

4.4.2.13 Reporting: Provide examples of sample standard reports available by the Vendor for a typical licensee (operator) as well as ad-hoc reports that demonstrate the Vendor's ability to handle

custom reporting. Highlight the reports that are more critical. Describe how reports are access by the Delaware Lottery, Licensed Video Lottery Agents and the Primary Vendor.

4.4.2.14 Updates, Upgrades and New Releases: Describe the Vendor's policy for managing product updates and new releases. Describe change of control procedures and any resulting audit logs. Provide documentation regarding change control policies and procedures required by the Vendor's respective jurisdictions of operation. Include critical software and hardware components such as those, which may impact any services as well as system integrity, system security, system data logging, system reporting functions or engineering changes.

Provide documentation that demonstrates the Vendor's ability to manage changes, which may or may not require re-certification with an accredited third party testing laboratory.

4.4.2.15 Product Training: Describe the standard training process, if required for the Primary Vendor including a description of the team involved.

4.4.2.16 Integration History: If applicable, describe the integration process with leading Internet Gaming Platforms in the market to date (i.e. resources required, length of implementation). If possible, provide technical specifications documents that can be used for integration for Delaware lottery. Describe if there are any specific methods of connection required (e.g. SOAP, XML).

4.4.2.17 Support Documentation: Describe the Proposed Vendor's documentation and ongoing support for the Vendor's proposed solution's including installation, administration, update, recovery, installation and back-up execution.

4.4.3 Payment Vendor Submissions

- 4.4.3.1** Describe the Vendor's solution in detail (various products) and how it compares to other options in the market. Describe why the proposed Vendor's product and/or service are the leading solution for Delaware Lottery.
- 4.4.3.2 Payment Solution:** Describe the various options for payment methods currently available for online gaming operators. Provide analysis of the Pro's and Con's for each method.
- 4.4.3.3 Payment Vendor Relationships:** List all of the payment methods and/or entities for which the Vendor currently offers its product or services. Describe how each payment method may vary in importance by jurisdiction or region.
- 4.4.3.4** Describe the ideal turnkey payment solution for the Delaware lottery and how the Vendor will assist Delaware in achieving its goals.
- 4.4.3.5 Additional Relationships:** In addition to the above Section 4.4.3.3, list any other relationship that is of strategic importance to the payment Vendor in providing a turnkey solution.
- 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.
- 4.4.3.7 Value-Add Capabilities:** Describe how Vendor's specific service could assist the Delaware Lottery in minimizing the administrative work while still offering a robust end-to-end solution. Describe how Vendor's service could help streamline the myriad of bank accounts required as well as assist in account reconciliation and optimization of cash flow.
- 4.4.3.8 Technical Requirements:** Describe the method in which transactions are processed. Please be specific in describing the details of credit and debit transactions (pre-authorization, end of day issues etc.) as well as the alternative payment methods such as e-wallets, pre-paid cards and wire transfers. Describe the method for dealing with exceptions to these processes.
- 4.4.3.9 Transaction Processing:** Describe the timing of an average deposit and withdrawal. Describe when and why this may deviate and if/how this would vary by product type and channel (fixed devices, mobile devices, venue).
- 4.4.3.10 Payment Compliance:** Describe the security measures in place to protect cardholder privacy and minimize fraud. Include industry standards such as PCI compliance and how these industry standards are achieved.
- 4.4.3.11 Data Encryption:** Describe how and what data is stored and encrypted. Describe how breaches in security are handled and communicated with the operator and in this case with the Primary Vendor. Describe how the player data is encrypted both at rest and in transit.
- 4.4.3.12 Data Flow Security:** Describe the data flow information from the customer to the payment processor to the operator. Describe how the player data is encrypted both at rest and in

transit.

4.4.3.13 Settlement Process: Describe the settlement process for credit and debit transactions with both the merchant and acquiring bank. Name the various options available as well as cut-off times.

4.4.3.14 Chargeback Management: Describe the Vendor's ability to demonstrate expertise in minimizing chargebacks for an operator. Describe the procedures and timing for chargebacks as well as any communication procedures and policies for a when a chargeback occurs.

4.4.3.15 Reconciliation: Describe processes and reporting capabilities to assist the Primary Vendor and the Delaware Lottery in reconciling the various payment methods and associated financial institutions contracted with the Delaware Lottery in carrying out Internet Gaming wagering.

4.4.3.16 Financial Institution Relationship

4.4.3.16.1 Describe in detail the Vendor's relationship with financial institutions providing settlement services.

4.4.3.16.2 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.

4.4.4 Geo-location Vendors Submissions

4.4.4.1 Experience: Describe the Vendor's experience in working with clients in the United States and specifically Delaware, if applicable. Provide a list of resources that are currently employed for a US based solution.

4.4.4.2 Network Efficiency: Describe how the solution is architected to minimize bandwidth requirements.

4.4.4.3 Data Inputs: Describe in detail the various inputs (data collected) employed in the proposed solution for creating the greatest accuracy for geo-location including fixed devices (stationary device for download and non-download software) as well as remote/mobile devices, (i.e. what data is used to determine the player location). Describe how the Vendor's proposed solution compares with other solutions available in the market.

4.4.4.4 Input Management: Describe the process for using multiple sources for identifying location including IP address, ISP, WI-FI, satellite, GSM/GPS modem, network cards, USB/ Key Dongle. Describe if and/or how the data from multiple sources is cross-referenced in the solution. Describe how the Vendor is able to locate a service when the end user does not allow GPS tracking and when a device is not Wi-Fi enabled.

4.4.4.5 Device Decipher: Describe and detail differentiation between the various devices including

4.4.4.5.1 Remote devices for smart and not-smart, tablets

4.4.4.5.2 Operating devices including Windows, Windows-mobile, Linux, Android, iOS, RIM, Symbian, MAC etc.

4.4.4.6 MAC Identification: Describe ability to identify the MAC addresses of all fixed and mobile devices.

4.4.4.7 Longitude & Latitude Positioning: Describe ability to identify the positioning data in the form of longitude and latitude coordinates and provide the accuracy level of such positioning.

4.4.4.8 Fixed Device Positioning: For fixed devices (computers), describe how the proposed solution will determine positioning of a player for each of the following: the country, state, town, zip code and other pre-specified confined locations (i.e. within a building).

4.4.4.9 Remote Device Positioning: For remote or mobile devices, describe how the proposed solution will determine positioning of a player for each of the following: country, state, town, zip code and other pre-specified confined locations (i.e. within a building).

4.4.4.10 Fixed Device Accuracy: For fixed devices (computer), describe the accuracy level in determining positioning a player in each of the following: country, state, town, zip code and other pre-specified confined locations (i.e. within a building). Describe if the accuracy varies at the different regional levels. Describe if the accuracy varies for download and non-download.

- 4.4.4.11 Remote Device Accuracy:** For remote or mobile devices, describe the accuracy level in determining positioning a player in each of the following: country, state, town, zip code and other pre-specified confined location s(i.e. within a building). Describe if the accuracy varies at the different regional levels. Describe if the accuracy varies for different devices.
- 4.4.4.12 IP Masking:** Describe in detail the Vendor's proposed solution for identifying players who mask or forge their actual IP location using proxy servers, VPNs or another use of IP spoofing techniques. Describe the elements that would be part of a check on a user who was spoofing their location. Describe why the Vendor's proposed solution is believed to be better comparatively to other methods in the market of preventing IP spoofing.
- 4.4.4.13 Reasonable Certainty Test:** Describe the proposed Vendor's standard Service Level Agreement and how that would satisfy both the Delaware and US government's requirement to provide a level of service at or above the 'reasonable certainty' level cited in the Unlawful Internet Gaming Enforcement Act.
- 4.4.4.14 Routing Capability:** Describe the types of routing that are supported: stationary, satellite, mobile gateway, proxy, etc.
- 4.4.4.15 Connection Capability:** Describe the types of connections and the connection speeds available that are supported: T1-T3, DSL, cable, ISDN, etc. as well as the connection speeds that will be available.
- 4.4.4.16 Updates on Request:** Describe how the Vendor's proposed solution supports updates on request (one-shot position update).
- 4.4.4.17 Monitoring Roaming Devices:** Describe how the Vendor's proposed solution allows for monitoring of roaming devices.
- 4.4.4.18 Error Management:** Describe how the Vendor's proposed solution provides error management mechanisms when querying a position.
- 4.4.4.19 Accuracy Level Defined:** Describe how the Vendor's proposed solution allows accuracy level required for positioning to be defined. Provide the smallest size inclusion and/or exclusion zone that the Vendor is able to allow or block.
- 4.4.4.20 Modular Architecture:** Describe how the Vendor's proposed solution interface is independent from the positioning information source.
- 4.4.4.21 Manual Queries:** Describe the process for manual queries. Does the solution provide the same information for entering an IP address manually versus an automatic request.
- 4.4.4.22 Map Visualization:** Does the proposed Vendor's solution offer visualization using a geographic map.
- 4.4.4.23 In-Motion Monitoring:** Describe how the Vendor would be able to configure repeat geo-locations if a user is approaching a border or prohibited area (i.e. if a player were traveling on a bus at 55 MPH, how the system would monitor and block the player accordingly). Describe

the customer experience (varying by device and application software) as well as the requirements for the user to be reliably and accurately located.

4.4.4.24 Player Authentication: Describe the Vendor's proposed solution for authenticating only those players who come from the Delaware Lottery's Licensed Video Lottery Agents.

4.4.4.25 Rules Based Configuration: Describe how the Vendor is able to block users based on rules and boundary requirements. Describe how the Vendor manages the blocking of reported fraud or high-risk devices.

4.4.4.26 Configurable Backend: Describe how the architecture of the Vendor's proposed solution is configurable for the addition of new rules or new data sources.

4.4.4.27 Device Listing: Describe the Vendor's ability to black list or white list a device.

4.4.4.28 Desktop Software Security: Describe the process for managing security software on a players' device. Describe the Vendor's capability to detect running processes and running remote desktop software, i.e. if a player accesses a computer using remote software that is within Delaware.

4.4.4.29 Failure Communication: Describe the process in which the Support Services Vendor communicates to the Primary Vendor and/or the Lottery failures or vulnerabilities that are identified on one of the proposed equipment and/or software components and the process to rectify such fault.

4.4.4.30 Internal Security: Describe the Proposed Vendor's internal security processes for managing access rights and user accounts.

4.4.4.31 Anonymous Access: Describe the Vendor's process for preventing anonymous access.

4.4.4.32 Updates and New Releases: Describe the Vendor's policy for managing updates and new releases.

4.4.4.33 Alert Process: Describe the alert process when problems occur within the solution.

4.4.4.34 Device Anomalies: Describe how the Vendor uses device detection anomalies such as language, browser, time zone, screen resolution etc.

4.4.4.35 Communication Protocols: Describe the proposed Vendor's communication web protocols (RMI, WS), interfaces (WSDL) and security mechanisms (WS-Sec, SSL etc.).

4.4.5 Player Authentication and Identification (KYC and AML) Vendor Submissions

- 4.4.5.1** Describe the Vendor's solution in detail (various products) and how it compares to other options in the market. Describe why the proposed Vendor's product and/or service are the leading solution for the Delaware Lottery.
- 4.4.5.2** Describe the process for identification and authentication when a player begins registration, to deposit, post deposit and withdrawal.
- 4.4.5.3** List the sources of information used in solution. Highlight the sources that are most critical. Specifically describe the data sources that are critical for the US market, if different than other markets highlighted.
- 4.4.5.4** Provide a detailed breakdown of the data sources used to determine a player's identity in the United States. Provide
- 4.4.5.4.1 A complete detail list of all of the acceptable documentation for identification and authentication check.
- 4.4.5.4.2 Name all of the data fields captured (what is believed to be mandatory and what is optional).
- 4.4.5.4.3 Specify the length of activity (in years) that data is available.
- 4.4.5.5** What is the expected coverage rate currently covered in the United States with the Vendor's existing access to data sources. Describe how this may change over the following 24 months.
- 4.4.5.6** Provide a list of all customers in the United States, if any, and how long they have been customers. Provide a brief description of their business.
- 4.4.5.7** Describe the Vendor's methodology and process for testing accounts.
- 4.4.5.8** Describe the Vendor's ability to enable Delaware to implement all checks electronically (versus manually).
- 4.4.5.9** Describe the Vendor's rating method for the various points of data.
- 4.4.5.10** Describe the process for conflict resolution on those queries where the data was either inconclusive or conflicting.
- 4.4.5.11** Describe the configurability of the Vendor's solution. Describe if/how this varies by product type.
- 4.4.5.12** Describe the speed at which the queries are completed. Describe any reduction in speed during high or peak traffic hours.
- 4.4.5.13** Describe the accuracy or hit rate of the Vendor's solution in the United States. If operating not in the United States, then provide the most comparable example.

- 4.4.5.14** Describe the alert process that would be in place to inform the Primary Vendor, Licensed Video Lottery Agents, the Division of Enforcement and/or the Delaware Lottery for suspicion of fraud, money laundering, DOB conflict, bankruptcy, etc.
- 4.4.5.15** Describe the authentication options as required by the user to complete when first registering on an operators site.
- 4.4.5.16** Describe the system's flexibility to perform increased level of KYC. Provide a description for managing the anti-impersonation checks.
- 4.4.5.17** Describe the capabilities of the Vendor to provide AML/KYC for different types of individual or relationships, such as joint applications, trustees, beneficiaries, etc.
- 4.4.5.18** Describe how the Vendor's solution will interact with Licensed Video Lottery Agent's player loyalty programs.
- 4.4.5.19** Describe how the Vendor's solution interacts with standard payment providers in the Internet Gaming sector.
- 4.4.5.20** Describe the procedures for the Vendor's solution to identify existing players that have already completed player authentication checks and now may need or not need to be rechecked.
- 4.4.5.21** Describe how the Vendor's solution could accommodate face-to-face KYC checks. This may occur at the Licensed Video Lottery Agent facilities.
- 4.4.5.22** Describe the Vendor's solution to investigate applicants identified from ant-terrorists lists or on sanctioned lists with fraud indicators.
- 4.4.5.23** Describe the Vendor's solution to report and investigate applicants where there is insufficient electronic evidence to proceed without further checking, (i.e. additional electronic checks on additional data inputs as well as communicating with the Primary Vendor for additional customer documents).
- 4.4.5.24** Describe the Vendor's ability accommodate changes to the regulation, i.e. add new data sources, rating items, support for new business processes or risk level. Provide past examples as proof.
- 4.4.5.25** Describe how the Vendor's solution provides for the ability for authorized persons to change the existing scoring or rules for KYC as well as introduce new scoring rules as required by law or desired by the Lottery.
- 4.4.5.26** Describe the standard service level agreements the Vendor would be adhering to. Provide details of the service level it would expect to work towards and the service credits it proposes for any performance failures. Note: do not include any pricing in this Section. Pricing is only mentioned in PART 5.

4.4.5.27 Describe the Vendor's solution for security and data protection including role based security and associated audit trails.

4.4.5.28 Describe the Vendor's average response time for standard online identity checks. Describe how this would relate to the Delaware Lottery. For purposes of clarity, the identity check assumes at time of an initial check and encompasses an end-to-end check.

4.4.6 Hosting Vendor Submissions

4.4.6.1 Existing Facility Locations: List the location of all the data centers owned and operated worldwide. Provide a description of the largest hosting facilities as well as those located in the United States. Specifically provide:

1. Total size of the facilities (sq. ft.) specifically dedicated to hosting floor. Detail if there are any limits to expansion
2. Current and future capacity for racks
3. Owner of buildings as well as terms of the lease
4. Transportation available to facility (i.e. a minimum number of major roads)
5. Staff on site, specify how many dedicated to data center
6. Hours of operation (24x7x365)
7. Average room temperature
8. Air conditioning systems
9. Other amenities in the building
10. Surrounding amenities and parking facilities
11. Potential of interference from lightening, flood, seismic disturbances, flight path, fire protection (VESDA, FM200)
12. Cleaning services: In-house or outsourced
13. Detail alarm system and general protection against forced entry

4.4.6.2 Recommended Facility Location for Delaware: Provide a recommendation of a likely location for Delaware's Internet Gaming Solution within the United States along with any content delivery network that would be recommended. Also reference the characteristics, as it would relate to the information n supplied in Section 4.4.6.1.

4.4.6.3 Internet Gaming Experience: If not already answered in 4.1, describe if the Vendor is currently licensed for hosting of Internet gaming equipment, and if so list the jurisdiction(s) as well as when the license(s) were granted.

4.4.6.4 Software Requirements: Describe the software required to operate the hosting facility including network monitoring as well as trouble management/ticketing.

4.4.6.5 Incident Management: Describe the process for when an incident is identified and how that would be communicated with the Delaware Lottery.

4.4.6.6 Downtime Management: Describe the processes for planned maintenance, unplanned outages and other emergencies. Describe how that would be communicated with the Delaware Lottery.

4.4.6.7 Security Protocols: Describe the policies in place to ensure maximum security of the facility. Please be as specific as possible

1. The procedures for access into the hosting facility and on the hosting floor
2. Monitoring cameras (in-room, on site). Describe how they are monitored
3. How long the footage is stored
4. Entry/exit procedures for staff and visitors
5. Type of security tags used within facility

6. Details of perimeter security: fencing type, security guards, zone lighting
7. Change of control procedures
8. Policy for allowing mobile devices into the facility
9. The details of very early aspirating smoke detection and fire suppression systems including locations and testing

4.4.6.8 Power Supply Describe the Vendor's diverse power sources including

1. How power is delivered to the sites, back-up power suppliers.
2. Provide details on the various alternative sources of power including USP and generators. Describe where they are located, the length of time under full load, how they are tested and refueled, what else is included as part of the power.
3. Describe the frequency and duration of power disruptions.

4.4.6.9 Network Communication: Describe the network communication and peering capabilities that are available in current facilities

1. List the network providers currently with connectivity to Vendor's hosting facilities. Describe the relationship.
2. Demonstrate diverse entry points into the hosting facility.
3. Describe the connectivity options available (IP/Ethernet/ MPLS/IPLC).
4. Describe the architecture of the diverse feeds to the site and the proposed cabinet.
5. Describe the upstream capacity and utilization.

4.4.6.10 Commercial Relationship: Describe the commercial models currently offered. Describe in detail the products and services offered as part of the hosting facility. The pricing of the varying products and services shall only be referenced in PART 5– Pricing. Describe if the Vendor

1. supplies racks and cages, cabling.
2. how power is allocated.
3. support levels available on the site with details of skills and availability of personnel.

4.4.6.11 DDOS Prevention: Describe the policies in place to ensure maximum site uptime. Describe in detail the services available to prevent a site from Denial of Service attacks.

4.4.6.12 Peak Traffic: Describe the flexibility in capacity as well as the capabilities in managing operations to accommodate bursts in peak traffic.

4.4.6.13 Examples: Describe the three (3) largest or most impactful period of downtime in the past three (3) years. Provide examples as it would best relate to the Delaware Lottery. Provide details of the reason for the downtime, the process for recovery and lessons learned.

4.4.6.14 Provide a sample of a standard Service Level Agreement including penalties that cover any latency or downtime.

PART FIVE – PRICING

5.0 Introduction

This section describes the manner in which the Vendors will submit pricing for the Lottery's consideration.

5.1 Separately-Sealed Price Proposal

Each Vendor is required to provide pricing in a separately sealed Proposal. The price Proposal must include a submittal letter signed by an individual authorized to obligate the company to the Proposal.

5.2 Duration of the Price Proposal

The Price Proposal must be valid for twelve (12) months.

5.3 Form of the Price Proposal

The Vendor will acknowledge that this is the only form of compensation it will receive under a contract resulting from this RFP. The Vendor must submit pricing in the following format.

5.3.1 Compensation Metrics: Pricing may be provided as a percentage of Net Gaming Revenue or, when appropriate, as a fee quoted in USD. (NOTE: for the purposes of the RFP, Net Gaming Revenue shall be defined as Gross Gaming Revenue less player payouts less free bets and all other promotional play less chargebacks. For the avoidance of doubt, the Net Gaming revenue shall not be reduced by the State share of any related gaming activity.)

5.3.2 Pricing Mechanism: The three (3) sections (Primary Vendor, Game Content Vendor and Support Services Vendor) are to be priced individually (a Single Section Price). For those respondents who are submitting more than one section, (e.g. as a Primary Vendor and also as a Game Content Vendor) respondents have the option to submit a bundled price for both sections (a Bundled Price).

Note: If submitting a Bundled Price, respondents will be held to both prices in the proposal (Single Section Price and Bundled Price). When submitting a Bundled Price, the Bundled Price will only account for those transactions in which player is using both products and services simultaneously.

For example, if the Primary Vendor is to submit multiple sections as both Primary Vendor and Game Content Vendor, then the Primary Vendor must submit two (2) Single Section Prices, one as Primary Vendor and one as Game Content Vendor. The Primary Vendor may also choose to submit a Bundled Price for those occasions when the player chooses to play the Primary Vendor's game. However, for those occasions when the player selects another Game Content Vendor's game, the Primary Vendor is only entitled to a revenue share from the Single Section Price as the Primary Vendor.

Given the varying level of complexity for each of the game types (casino tables games, video lottery, poker, keno and bingo), Primary Vendor is not required to offer the same price across all of the various product types. This holds true for both Bundled Price as well as Single Section pricing.

Offered Options

For products and services not specified in this RFP, the Vendor is encouraged to propose innovative functions, features, services, and solutions to the Lottery, called Offered Options. **These Offered Options must be clearly noted in the Technical Proposal (although without pricing information) and**

their corresponding prices listed in the Price Proposal as separate line item.

5.4 Pricing and Scoring of Options

To make the evaluation tractable, the Evaluation Committee intends to score

5.4.1 Baseline Price: This is the pricing for specifications in this RFP and includes

1. Single Section Price: each vendor must fill out at least one individual Section price.
2. Bundled Price (Multiple Sections): this is only for Vendors who are submitting for more than one section and are offering a combined price for both sections.

5.4.2 Offered Options: This includes suggestions described above by the Vendor not identified in this RFP.

All pricing should assume a five (5) year contract and be in accordance with the parameters set out in Parts two (2) and three (3) of this RFP.

Response Note: The Lottery will not score Offered Options that are separately priced and designated outside of the Baseline Price as defined in the Vendor’s Technical and Price Proposals. Such Offered Options may be considered at Contract negotiation time or later. Those Offered Options that are included within the Baseline price may or may not favorably influence the Vendor's Proposal score in the relevant technical section.

5.5 Price Quotation Sheet

5.5.1 Baseline Pricing

5.5.1.1 Single Section Pricing: Vendors are required to quote the following items as a percentage of Net Gaming Revenue, carried to four (4) decimal places. **TBD pricing is not allowed.**

1. **Primary Vendor:** In the Single Section Pricing, Primary Vendor must provide a fee structure that only represents the Backend Technology and Operations Management of the solution. Within the pricing as Primary Vendor, the Primary Vendor may offer one price for all products or price each product type/vertical individually. Pricing discounts based volume and/or Net Gaming Revenue is permitted; however, it is expected that the Vendor is offering most competitive rate in the Vendor’s Proposal.

Game Type	Game Fee	
	% of Net Gaming Revenue	Set Up, Minimum Revenue and/or Monthly Fees
Casino Table Games		
Video Lottery Games		
Live Casino Table Games		
Poker		
Keno		
Bingo		
Other (games, mobile)		

The Primary Vendor has the option to charge a set-up, minimum revenue guarantee and/or fixed monthly fee but this will be taken into overall consideration of the pricing.

The Price above shall exclude any marketing services that may be performed by the Licensed Video Lottery Agents including website management, bonus promotion management, marketing management such as search engine optimization, pay per click management and offline/online campaign management. The Primary Vendor shall provide a pricing breakdown of the following services. If the Primary Vendor does not believe it is not in the best of the Lottery to provide such services than the Primary Vendor may leave blank but an explanation shall be required.

Payment Method	Service Fee (% of Net Gaming Revenue, Fixed Fee or Monthly Fee)
Website Management	
Bonus and Promotions	
SEO/SEM/PPC	
Online Marketing Campaigns	
Offline Marketing Campaigns	
VIP Management	
eCRM Management	
Other	

- 2. Game Content Vendor:** The Game Content Vendor may offer varying pricing for different games across varying product types (casino table games, Video Lottery Games, poker, keno and bingo). All products are based on Net Gaming Revenue. Pricing discounts based volume and/or Net Gaming Revenue is permitted; however, it is expected that the Vendor is offering most competitive rate in the Vendor’s Proposal.

Game Type	Game Fee	
	% of Net Gaming Revenue	Set Up, Minimum Revenue and/or Monthly Fees
Casino Table Games		
Video Lottery Games		
Live Casino Table Games		
Poker		
Keno		
Bingo		
Other Games		

The Game Content Vendor has the option to charge a set-up, minimum revenue guarantee and/or fixed monthly fee but this will be taken into overall consideration of the pricing.

Response note: Pricing for Franchise Games and game variants with a game type above the Baseline Price will be evaluated separately and not be included in the evaluation of the Price Scoring.

3. Support Services Vendors: Given the varying nature of all of the different types of support services required, Support Service Vendors should price their services in accordance with industry standard practice. Transparency and best pricing are encouraged.

Payment Vendors: please use the below chart as a guideline for pricing.

Payment Method	Per Transaction Fee		Other Fees	Notes
	%	\$ Amt		
Credit Card				
Debit Card				
e-wallet				
Pre-paid Card				
Wire Transfer				
Other (specific type)				
Cash (at Casino)				

Please specify setup, installation, integration, hosting, service & maintenance and other service costs separately. Please give a detailed breakdown of any other associated fees.

Geo-location and Identification Vendors: For geo-location and identification companies, please provide pricing using the metrics below as a guideline.

Queries per day	Price per query
Up to 15,000< per day:	\$_____per query
15,001 and 25,000 per day:	\$_____per query
25,001 and 50,000 per day:	\$_____per query
50,001 and 75,000 per day:	\$_____per query
75,001 < per day:	\$_____per query

Please specify setup, installation, integration, hosting, service & maintenance and other service costs separately. Please give a detailed breakdown of any other associated fees.

Hosting Providers: For Hosting companies, please provide pricing using the metrics below as a guideline.

Queries per day	Price per query
Bandwidth Charge: ___ MB	\$_____per month/quarter

Rack Hosting	\$_____per month/quarter
DDos Protection:	\$_____per month/quarter
Ongoing Support:	\$_____per month/quarter
Link to Datacenter:	\$_____per month/quarter
Other:	\$_____per month/quarter

Please specify setup, installation, integration, hosting, service & maintenance and other service costs separately. Please give a detailed breakdown of any other associated fees.

Other Support Service Vendors

For Vendors who offer a product or service not mentioned in Section 4.4 and for which a detailed set of answers has been provided as per the requirements in Section 4.4, provide a competitive price offering for such products and services.

5.5.1.2 Bundled Pricing (Multiple Sections): For Vendors that are only submitting for Single Section Pricing, disregard this section. Vendors who are also submitting for Bundled Pricing are required to quote the following items as a percentage of Net Gaming Revenue, carried to four (4) decimal places. As stated above, this pricing will hold true for circumstances whereby the players are consuming multiple products by the Vendor (i.e. services/platform plus games and/or plus payments). Single Section Pricing will stand under those circumstances where this is not the case.

Similar to Single Section Pricing, Vendors have the option to vary the pricing by product vertical /type or other logical breakdown that is industry standard practice. The Primary Vendor has the option to charge a set-up, minimum revenue guarantee and/or fixed monthly fee but this will be taken into overall consideration of the pricing.

5.5.2 Offered Options Pricing: The Vendor **may** attach sheets for any Vendor-offered optional items. Clearly identify the items offered and the terms under which they are offered. Vendors are not required to submit any Offered Options. **To Be Determined (TBD) pricing is permitted.**

PART SIX – PROPOSAL EVALUATION

6.0 Introduction

This section describes the evaluation process that will be used to determine which Proposal provides the greatest overall benefits to the Lottery. The ability of the Lottery to evaluate a Vendor's Proposal is dependent upon the completeness and proper submission of the Proposal. The failure of a Vendor to provide information requested by this RFP, to submit according to the required format, or to respond appropriately to a clarification request or demonstration request, may result in rejection of the Vendor's Proposal or reduction in scoring during the evaluation. The evaluation process is governed by 29 Del. C. ch. 48 and §§6981-2.

6.1 Evaluation Committee and Lottery Director

The Lottery intends to conduct a comprehensive, fair, and impartial evaluation of Proposals received in response to this RFP. In making this determination, the Lottery will be represented by an Evaluation Committee ("the Committee"). The Committee will evaluate each Proposal that is properly submitted by a Vendor. The Evaluation Committee shall make a recommendation regarding the award to the Lottery Director, who shall have final authority, subject to the provisions of this RFP and 29 Del. C. § 6982, to award a contract to the Successful Vendor in the best interests of the Lottery and the State of Delaware.

The Evaluation Committee will be composed of representatives of the State of Delaware who will evaluate Proposals on a variety of quantitative criteria. The Committee shall determine which Vendors meet the minimum requirements pursuant to selection criteria of the RFP and procedures established in 29 Del. C. §§ 6981 and 6982. Neither the lowest price nor highest scoring Proposal will necessarily be selected.

The State of Delaware and the Evaluation Committee reserve full discretion to determine the competence and responsibility, professionally and/or financially, of Vendors. The Evaluation Committee may contact any Vendor in order to clarify uncertainties or eliminate confusion concerning the contents of a proposal. Proposals may not be modified as a result of any such clarification request. Vendors are to provide in a timely manner any and all information that the Evaluation Committee and they may deem necessary to make a decision.

The Evaluation Committee reserves the right to refuse to consider any Proposal from a Vendor who:

- has been convicted for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of the contract or subcontract;
- has been convicted under State or Federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or other offense indicating a lack of business integrity or business honesty that currently and seriously affects responsibility as a State contractor;
- has been convicted or has had a civil judgment entered for a violation under State or Federal antitrust statutes;
- has violated contract provisions such as:

- knowing failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract; or
- failure to perform or unsatisfactory performance in accordance with terms of one or more contracts;
- has violated ethical standards set out in law or regulation; and
- any other cause listed in regulations of the State of Delaware determined to be serious and compelling as to affect responsibility as a State contractor, including suspension or debarment by another governmental entity for a cause listed in the regulations.

6.2 Evaluation Steps

The evaluation and award process will be comprised of all of the following:

1. Review of Proposals to assess compliance with Proposal submission requirements, including responsiveness to terms, conditions and requirements;
2. Detailed evaluation of proposed functions, features, services, and references, using the requirements and criteria (PART 3) and the Response Format (PART 4) defined in this RFP;
3. Proposal clarifications, site visits and demonstrations (as determined necessary by the Evaluation Committee);
4. Evaluation of Technical Proposals Primary Vendor and Game Content Vendor;
5. Evaluation of Price Proposals Primary Vendor and Game Content Vendor;
6. Compilation of technical scores and price scores into a summary score sheet;
7. Evaluation Committee recommendation for Vendor selection;
8. Review and intent to award by the Lottery Director;
9. Issuance of Notice of Award for Primary and Game Content Vendors;
10. Negotiation and signing of the Contract for Primary and Game Content Vendors;
11. Evaluation of Proposals (Technical and Price) Support Service Vendors;
12. Issuance of Notice of Award for Support Service Vendors.

6.3 Information from Other Sources

The Lottery reserves the right to obtain, from credible sources other than the Vendor, information concerning a Vendor, the Vendor's offerings and capabilities, and the Vendor's performance, that the Lottery deems pertinent to this RFP and to consider such information in evaluating the Vendor's

Proposal. References will be checked regarding the Vendor's past performance.

The Lottery and RFP Evaluation Committee may contact any customer of the Vendor, whether or not included in the Vendor's reference list, and use such information in the evaluation process. Additionally, the Lottery or the RFP Evaluation Committee may choose to visit existing installations of comparable systems, which may or may not include Vendor personnel. If the Vendor is involved in such site visits, the Delaware Lottery will pay travel costs only for State of Delaware personnel for these visits.

6.4 Proposal Scoring

Each of the technical (non-price) factors in PART 4 will be graded by the Evaluation Committee based on its best professional judgment, considering all Proposal text, clarifications, reference checks, and any presentations, interviews, demonstrations, and qualified sources of information. A weighted scoring system will be used. The weighted scoring system will provide numerical scores that represent the Committee's assessments of the relative technical merits of the Proposals. The scores will be used to develop a preference ranking based on non-price factors. The scoring approach will involve grading technical and management criteria, multiplying the grades by the weights available for each, and then summing up.

The Evaluation Committee shall assign up to the maximum number of points for each Criteria to each of the proposing Vendor's Proposals. All assignments of points shall be at the sole discretion of the Evaluation Committee.

The Proposals all contain the essential information on which the award decision shall be made. The information required to be submitted in response to this RFP has been determined by the State of Delaware to be essential for use by the Committee in the bid evaluation and award process. Therefore, all instructions contained in this RFP shall be met in order to qualify as a responsive and responsible contractor and participate in the Evaluation Committee's consideration for award. Proposals which do not meet or comply with the instructions of this RFP may be considered non-conforming and deemed non-responsive and subject to disqualification at the sole discretion of the Committee.

The Committee reserves the right to:

- Select for contract or for negotiations a proposal other than that with lowest costs.
- Reject any and all Proposals or portions of Proposals received in response to this RFP or to make no award or issue a new RFP.
- Waive or modify any information, irregularity, or inconsistency in Proposals received.
- Request modification to Proposals from any or all Vendors during the contract review and negotiation.
- Negotiate any aspect of the Proposal with any Vendor and negotiate with more than one Vendor at the same time.
- Select more than one Vendor pursuant to 29 Del. C. §6986.

6.4.1 Criteria and Weights (Available Points)

The total score for evaluation purposes is 500 points, of which 400 is for the Technical Proposal and 100 for the Pricing Proposal. A breakdown of the Technical Proposal is found below for reach of the respective Vendor types.

6.4.1.1 Primary Vendor

Section	Criteria	
4.1	Vendor Background Information	80
4.2.1	General Information	80
4.2.2	Operations Management Expertise	120
4.2.3	Backend Platform Technology	120
		400

6.4.1.2 Game Content Vendor

Section	Criteria	
4.1	Vendor Background Information	65
4.3.1	Key Team Members	25
4.3.2	General Expertise (Content Management)	40
4.3.3	Game Integration History	80
4.3.4-4.3.8	Game Content & Game Features	80
4.3.9	Operations Management Expertise	55
4.3.10-4.3.13	Network Configuration	55
		400

6.4.1.3 Support Service Vendor

Section	Criteria	
4.1	Vendor Background Information	80
4.4.1	Key Team Members	40
4.4.2	General Expertise	80
4.4.3-4.4.6	Service Specific Expertise	200
		400

Although the criteria will be scored using larger and smaller weights, the Vendor is cautioned that every criterion reflects requirements that must be met regardless of the criterion's weight; and that a poor response to a lesser-weighted criterion still can have a significant impact on the Vendor's final technical score as compared with other Vendors' scores.

6.4.2 Minimum Scores for Evaluation

A technical rating of less than 250 for the total technical rating below will render the Proposal ineligible for further consideration.

6.5 Price Evaluation

Price evaluation will occur after technical scoring, and will involve only the Proposals that are acceptable based on:

1. Meeting Proposal submission requirements and compliance with mandatory technical requirements (“responsive”).
2. The achievement of a total technical score of at least 250 of available points.

For each Proposal, the Lottery price evaluation will be based on the Vendor’s proposed price, as prescribed in Part 6 of this RFP.

The Evaluation Committee will then award up to one hundred (100) points for price based on a ratio of the Proposal being evaluated versus the lowest-cost acceptable Proposal. The formula for any particular Proposal being evaluated is:

$$\text{PRICE POINTS} = 100 \times (\text{LOWEST COST}/\text{PROPOSAL COST})$$

Under this formula, the lowest cost acceptable Proposal receives all the one hundred (100) available price points. A Proposal twice as expensive as the lowest cost acceptable Proposal earns half (1/2) as many, or fifty (50) price points.

Price is one of the many factors, which will be considered by the Committee in making a recommendation to the Director and, as provided by Delaware law, is not determinative. Negotiations will be held with a Vendor(s) based on the Director’s determination of the best interests of the Lottery and the State of Delaware after considering the Committee’s recommendation based on all of the appropriate factors.

For the purposes of establishing baseline pricing the Evaluation Committee will be calculating overall costs based on the following annual revenue assumptions for the Internet gaming solution. The revenue assumptions listed below are ***strictly for the purposes of scoring evaluation only and are not intended to provide a Vendor with any expectation of future play or anticipated earnings.***

Estimated Delaware Online Gaming Revenue	
Poker	\$5,500,000
Slots	\$7,700,000
Table	\$7,700,000
Bingo	\$1,100,000
Total	\$22,000,000

Source: Delaware Lottery

6.6 Negotiations and Award

The Evaluation Committee based on their review of the Proposal and their analysis of the evaluation criteria shall recommend to the Lottery Director, the Vendor or Vendors with whom he should consider negotiating. The Lottery Director may negotiate with one or more Vendors concurrently and may, at his discretion, terminate negotiations with any or all Vendors. The Lottery Director shall have final authority, subject to the provisions of this RFP and 29 Del. C. § 6982, to award a contract to the

Contracting Vendor in the best interests of the Lottery.

In performance of any contract awarded pursuant to this RFP, all Vendors will be required to comply with all applicable Federal, State and local laws, ordinances, codes, and regulations. The cost of permits and other relevant costs required in the performance of the contract shall be borne by the Successful Vendor. The Vendor shall be properly licensed and authorized to transact business in the State of Delaware as provided in 30 *Del. C.* § 2301.

APPENDIX A: GLOSSARY OF TERMS**Defined Terms**

AML (Anti Money Laundering): the legal controls that require financial institutions and other regulated entities to prevent, detect and report money-laundering activities.

Baseline Price: The pricing for the Solution including all features and capabilities, without additional pricing for options.

Bond: A bond, letter of credit, or alternatively security in forma and substance and issued by a company acceptable to the Lottery.

Backend Technology Platform: The software that manages the Internet Gaming Solution including player account management system, customer service, fraud & collusion, reporting promotions and bonuses, cashier module etc.

Bundled Fee: The bundled fee is the total fee proposed by the Vendor when submitting for multiple sections in Part 4. Note: when submitting a Bundled Fee, the Bundled Fee will only account for those transactions in which player is using both products and services simultaneously, e.g. if the Primary Vendor submits a Bundled fee acting as both the Primary Vendor and the Game Content Vendor, the Bundled Fee will stand only when the player is playing the Primary Vendor's game.

Contract: The written agreement resulting from the successful Proposal and subsequent negotiations with both Primary Vendor, Game Content Vendor and required payment facilities. The Contract shall incorporate, along other things, this RFP and the Successful Vendor's Proposal and all modifications. The Contract shall contain such other terms and conditions as may be required by the Lottery and acceptable to a Successful Vendor.

Contracting Vendor (or Successful Vendor): A Vendor who is selected by the Lottery and successful at negotiating a Contract. This includes the Primary Vendor, Game Content Vendor and potentially Payment Vendors.

Conversion: The implementation project during which the existing Internet Gaming Solution used by the Lottery is replaced. This may or may not include the Game Content as well.

Delaware Lottery Committee: The Delaware Lottery Committee is responsible for developing this lottery gaming system RFP and evaluating Proposals.

Factoring: Player factoring is a method conducted by an online gaming operator in an effort to limit a player's ability to deposit based on the player's historical behavior. Factoring is typically implemented in sports betting for players who are tipsters or arbitraging against other operators. Factoring may also be used for casino or poker to those players as well.

File: A related collection of records containing a consistent set of data fields that describe an entity. A file can be processed by software representing an authorized user to add, modify, or delete records, or to generate a report or display of useful information. A file can be operated on as an object itself, for example to move it from one location to another, or to delete it.

Franchise Games: Video Lottery games that feature well-known brands that are licensed by third party licensees.

Game Content Vendor: A developer of Internet wagering games including but not limited to casino table games, Video Lottery games, poker, keno and bingo.

Gross Gaming Revenue: Defined as the Turnover or amount staked by a player less all player winnings.

Intellectual Property Rights: Any rights with respect to inventions, discoveries, or improvements, including patents, patent applications and certificates of invention; trade secrets, know-how, or similar rights; the protection of works of authorship or expression, including copyrights and future copyrights; and trademarks, service marks, logos, and trade dress; and similar rights under any laws or international conventions throughout the world, including the right to apply for registrations, certificates, or renewals with respect thereto, and the rights to prosecute, enforce and obtain damages.

Internet Wagering Games: Online version of games typically played in a Licensed Video Lottery Agent facility including but not limited to casino tables games, Video Lottery Games, poker and sports betting (currently parlay) as well as Keno and Bingo.

Internet Gaming System and Services Solution (the Solution, the Internet Gaming Solution): The products and services provided by all of the Successful Vendors that together comprise Delaware's Internet wagering operation. This includes the Backend Platform Technology, the Operations Expertise, Game Content and Support Services.

Joint Submission: A submission for the Primary Vendor that includes more than one unrelated business entity.

KYC (Know Your Customer): a set of identification checks that allow Internet Gaming operators to know who exactly is signing onto their website.

Lead Vendor: The Vendor in a Joint Submission that is responsible for communication with the Lottery as well as the day-to-day management and administration.

Licensed Video Lottery Agent: The facilities licensed by the Lottery Director to conduct video lottery operations in Delaware. The three (3) current agents include Delaware Park, Dover Downs Hotel & Casino and Harrington Raceway & Casino.

Lottery (DSL or the Delaware State Lottery): The Delaware Lottery, the state agency that is part of the State of Delaware.

Lottery Committee. See Delaware Lottery Committee

Lottery Director: The Director of the Delaware Lottery, or an employee authorized to act on behalf of the Lottery Director.

Net Gaming Revenue: Defined as the Turnover or amount staked by a player less all player winnings less all promotional, free and broken bets less chargebacks. Also defined as Gross Gaming Revenue less promotional, free and broken bets less chargebacks. For the avoidance of doubt the Net Gaming Revenue does not deduct the State share of any related gaming activity.

Non-Primary Vendor: Any Successful Vendor that is not the Primary Vendor. This includes the Game Content as well as the Support Service Vendor.

Offered Option(s): A system feature or capability that may be proposed at the discretion of the Vendor for which the Lottery makes no schedule or quantity commitments, but which may, at the Lottery's sole discretion, be included in or added to the Internet Gaming Solution.

Person: An individual, a partnership, a joint venture, a registered limited liability partnership, an association, a corporation, a limited liability company, a trust, an unincorporated organization or any other entity, business or enterprise, authorized to do business in the State of Delaware.

Player Data: player history, deposits as well as qualitative information surrounding the player including player segmentation, analytical profiling, factoring of player.

Personal Information: All data relating to a registered player including name, address, date of birth, credit card and other payment details, credit rating, player history etc.

Platform Provider: The Vendor that provides the backend technology platform on behalf of the Primary Vendor's solution, which may be the Primary Vendor itself. The Backend Platform includes the core modules including account management, cashier, registration, customer service, fraud & collusion and other modules as well as the APIs to integrate other third party products and services including game content, geo-location, player authentication, hosted in secure facility.

Proposal: All materials submitted by a Vendor in response to this RFP, together with all addenda, clarifications, and demonstrations.

Primary Vendor: The day-to-day operator of the Internet Gaming Solution providing both the Backend Platform Technology as well as the Operations Management Expertise.

Production Operations: The period of time when the Internet Gaming Solution is operational offering players the ability to deposit, withdraw and play the games.

Report: Information produced by the system that is viewed via on screen or saved to a file depending on the needs of the Lottery.

Single Section Fee: The price proposed by the Vendor for each individual section listed in Part 4.

Skins. See White Label.

State: the State of Delaware and its Departments, officers and employees

Substantial Subcontractor: A subcontractor that performs an integral component to the Vendor's products or service, either by value or volume.

Subcontractor: The term "subcontractor" refers to a firm retained by the Vendor to provide a contribution to meet the requirements of this RFP.

Successful Vendor (or Contracting Vendor or Selected Vendor): any company, institution or individual that contracts, or enters negotiations, directly with the Lottery. This includes the Primary Vendor, Games Vendor and potentially payment companies. If the Game Vendor is included as part of the Primary Vendor submission, then the Primary Vendor will act as both the Primary and Game Content Vendor under a single contract.

Support Services: Products and services offered in this RFP to assist the Primary Vendor in managing a scalable and safe operation. These products and services are highly specialized and complex, requiring the skill set of a specialist company to assist in providing the product or service. Support Services include but are not limited to payment processing, geo-location, hosting, player identification/authentication, etc.

System: Backend Platform technology and the integrated Game Content. It is not inclusive of the services that manage the operating of the Internet Gaming Solution.

Turnover: The amount a player wagers or stakes on a particular game.

Turnkey Solution: a fully out-sourced or end-to-end solution provided by the Vendors, as a group including the Backend Technology Platform, Operations Management, Game Content and all Support Services.

Vendor: A firm with the potential to submit a Proposal in response to this RFP.

Video Lottery Game: A gaming device that allows players to wager on the outcome of a lottery-based video game. In a retail environment, each terminal is a stand-alone device containing a random-number generator with spinning reels. Each terminal is connected to a centralized computer terminal that issues lottery tickets to the local device as well as allows the lottery to monitor game play. An Online Video Lottery Game acts much the same way with each individual player's device being hooked up to a centralized computer.

Video Lottery Agent. See Licensed Video Lottery Agent.

Wager. See Turnover.

White Label: A site that offers a separately branded version of operator's offering. Enables a basic level of front-end customization including logos, color schemes, game selection, promotions etc.

Appendix B: Confidentiality (Non-disclosure and Integrity of Data)

**State of Delaware
Department of Technology and Information
Confidentiality (Non-disclosure and Integrity of Data) Policy**

Synopsis:	Employees and contractors working for the Delaware Department of Technology & Information (DTI) have unique access to citizen, customer and employee records, communications and data storage equipment. This policy establishes expectations and standards of behavior in safeguarding information that others entrust to us. Employees and contractors are required to take all necessary precautions not only to prevent unauthorized disclosure or modification of State computer files, but will bring to the attention of their immediate supervisor any situation which might result in, or create the appearance of, unauthorized disclosure or modification of State data.		
Authority:	Delaware Title 29, Chapter 90C, § 9002C. Establishment of the Department of Technology and Information. A Department of Technology and Information is established, and shall have, in addition to the other powers, duties and functions vested in the Department by this chapter and where consistent with express provisions of this chapter, the power and duty to perform all the powers, duties and functions heretofore vested in the department by §§ 6352, 6353, 6354, 6357, 6358 and 6360 of this title. (73 Del. Laws, c. 86, § 1.)		
Applicability:	All organizational elements of the Department of Technology and Information, including but not limited to: - DTI Employees - State Employees working within DTI - Contractors and private organizations providing products, services and/or support.		
Effective Date:	December 07, 2005	Expiration Date:	None
POC for Changes:	Chief Technology Officer		
Approval By:	Cabinet Secretary - State Chief Information Officer		
Approved On:	January 3, 2006		

State of Delaware
DEPARTMENT OF TECHNOLOGY AND INFORMATION
William Penn Building
801 Silver Lake Boulevard
Dover, Delaware 19904

Contractor Confidentiality (Non-Disclosure) and Integrity of Data Agreement

The Department of Technology and Information is responsible for safeguarding the confidentiality and integrity of data in State computer files regardless of the source of those data or medium on which they are stored; e.g., electronic data, computer output microfilm (COM), tape, or disk. Computer programs developed to process State Agency data will not be modified without the knowledge and written authorization of the Department of Technology and Information. All data generated from the original source data, shall be the property of the State of Delaware. The control of the disclosure of those data shall be retained by the State of Delaware and the Department of Technology and Information.

I/we, as an employee(s) of _____ or officer of my firm, when performing work for the Department of Technology and Information, understand that I/we act as an extension of DTI and therefore I/we are responsible for safeguarding the States' data and computer files as indicated above. I/we will not use, disclose, or modify State data or State computer files without the written knowledge and written authorization of DTI. Furthermore, I/we understand that I/we are to take all necessary precautions to prevent unauthorized use, disclosure, or modification of State computer files, and I/we should alert my immediate supervisor of any situation which might result in, or create the appearance of, unauthorized use, disclosure or modification of State data. Penalty for unauthorized use, unauthorized modification of data files, or disclosure of any confidential information may mean the loss of my position and benefits, and prosecution under applicable State or Federal law.

This statement applies to the undersigned Contractor and to any others working under the Contractor's direction.

I, the Undersigned, hereby affirm that I have read DTI's Policy On Confidentiality (Non-Disclosure) and Integrity of Data and understood the terms of the above Confidentiality (Non-Disclosure) and Integrity of Data Agreement, and that I/we agree to abide by the terms above.

Contractor Signature _____

Date: _____

Contractor Name: _____