

DRAFT

TO: All Potential Vendors

FROM: Brian G. Peters
Delaware State Lottery
RFP Issuing Officer

SUBJECT: Addendum to Request for Proposals
(RFP) – DSL2012-1 Advertising and Related Services

ADDENDUM #1

The following questions are being answered to add clarity for all potential bidders:

1.0 RFP Page 5, 1.8

Will the Delaware Lottery (on June 15, 2012) identify all agencies selected to participate in Phase II (Vendor Presentations)?

Lottery answer: The Delaware Lottery will not announce or publicly identify Vendors invited to participate in Phase II Vendor Creative Presentations.

2.0 RFP Page 6, 1.11

Please clarify if the Delaware Lottery requires “one original and five copies” in hard copy (printed) form OR ONLY as “PC-readable DVD data disk format” OR BOTH (hard copy and digital formats)?

Lottery answer: A compliant response to RFP DSL 2012-1 will include one (1) original and five (5) copies of a proposal in BOTH hard copy and PC-readable DVD format disk.

3.0 RFP Page 7, 1.12.2

As it is not currently specified in the RFP (section noted above), please clarify if a written (prose form) tactical and creative concept plan for the Phase II Vendor Creative Presentations Case Study is required in the Phase II written response (due June 22). If so, please provide a revised RFP section 1.12.2 that specifies at which point in the response outline such Phase II technical plan should be inserted.

Lottery answer: Appendix C, Section 4, Required Activities and Materials, advises Vendors to refer to RFP Section 3.2.8a - Advertising Planning, as a Tactical Plan development reference. Vendors may choose a “prose” form, or another form, to present and deliver their Tactical Plan to the evaluation committee. At its option, a Vendor may deliver printed copies of its Tactical Plan to the RFP Issuing Officer in advance of the Vendor Creative Presentation. Any such delivery should be properly addressed and labeled, and may be delivered as a separate volume in the same container as Phase II Vendor Proposal Certification and Pricing Volumes.

4.0 RFP Page 7, 1.12.3

Please confirm that the budget for the Phase II Vendor Creative Presentations Case Study (\$750,000 exclusive of agency fees) should not be included in the Phase II Pricing Proposal, and that this section should only include the Pricing Proposal as it relates to the Agency Fee for the contract term, in regard to the specified contract Scope of Work.

Lottery answer: Section 1.12 contains information on compliant proposal content. PART 5 and Appendix C contain information on Vendor Creative Presentations. PART 6 contains information concerning compliant submission of Pricing proposals. Each section is complete. Vendor Creative Presentations are based on a fictional case study provided by the Lottery. The \$750,000 identified in the case study is exclusively fictional.

5.0 RFP Page 8, 1.13

As specified, the names of proposing Vendors will be read publicly and recorded. Will this information be made available online and/or routed?

Lottery answer: Section 1.13 is complete and contains each step that will be taken upon opening of Vendor proposals. As stated, the names of proposing vendors will be read publicly and recorded.

6.0 RFP page 37, 3.5

Please specify if travel expenses related to “assisting the Lottery in executing certain retailer, player and Lottery meetings and events” are considered billable or non-billable expenses.

Lottery answer: Please refer to Section 3.2.5 of the RFP wherein the following statement is clarifying: “The Successful Vendor shall pay for all routine travel-related expenses incurred by their staff while supporting the ongoing business of the Lottery.”

7.0 RFP page 37, 3.6.D.

Please specify if travel and per-diem staff expenses related to serving as the “consumer interface at promotional events, guerilla marketing programs, and at cooperative marketing sponsorship events (e.g., manning booths, street team giveaways, etc., at approximately sixteen (16) two to four hour public events per years.)” are considered billable or non-billable expenses.

Lottery answer: Please refer to Section 3.2.5 of the RFP wherein the following statement is clarifying: “The Successful Vendor shall pay for all routine travel-related expenses incurred by their staff while supporting the ongoing business of the Lottery.”

8.0 Appendix C, Page 1, 2.A.

Please clarify how the Delaware Lottery will confirm that adults are “physically present” within the State’s boundaries at the time of purchase.

Lottery answer: Assumptions are provided as background to the Creative Presentation case study to assist proposing Vendors in demonstrating capabilities that will be required under any contract resulting from RFP 2012-1. As stated in the background for the case study, Vendors should assume that technology providers have delivered a fully functional Internet gaming solution that includes geo-location capability and age control during player account set-up.

9.0 Appendix C, Page 2, 2.A.

9.1. Please provide SIC codes for the target list of business establishments the Delaware Lottery will be targeting for Keno retail locations.

Lottery answer: The Lottery will not provide SIC codes for the target lists for recruiting Keno retailers. In Appendix C, Subsection 2.A - Tactical Plan Development and Presentation, proposing Vendors are directed to consider "... the information provided in this case study, and any information available concerning the past successes of other North American lotteries,"

9.2. Will the Delaware Lottery utilize existing field staff or will new field staff be added for the recruitment of Keno retail locations?

Lottery answer: For the purpose of developing Creative Presentations, proposing vendors should assume that additional staff will be required for recruiting, training, and support by both the Lottery and its primary gaming system provider.

9.3. Please outline the process entailed in becoming a Delaware Lottery Keno venue (e.g., steps involved, length of approval process, etc.).

Lottery answer: For the purpose of developing Creative Presentations, proposing vendors should assume that Keno retailers will be evaluated and licensed according to the Lottery's existing licensing process. The mean time from application to start-up of a Keno retailer can be assumed as three (3) to four (4) weeks. Vendors can review the licensing process and documents at:

<http://www.delottery.com/retailerscorner/becoming.asp>

9.4. Will approved Keno retailers/venues be able to (1) sell or (2) redeem other Traditional Lottery game products at their establishments?

Lottery answer: (1) Yes; (2) Yes

9.4.1. If so, will that approval be included within the Keno approval process or will they have to undergo a separate approval process?

Lottery answer: A separate approval process would not be required.

9.5. In order to secure 50 Keno retailers in Month 4, how many leads does the Delaware Lottery project needing to convert (e.g., conversion rate)?

Lottery answer: The Lottery will not provide assumptions for the recruitment of Keno retailers. In Appendix C, Subsection 2.A - Tactical Plan Development and Presentation, proposing Vendors are directed to consider "... the information provided in this case study, and any information available concerning the past successes of other North American lotteries,"

- 9.6. Please outline anticipated Keno retailer sales incentives AND/OR winning ticket incentive structures.

Lottery answer: For the purpose of developing Creative Presentations, proposing vendors should assume that Keno retailers will be provided incentives according to the Lottery's existing retailer incentive programs. Vendors can review the existing retailer incentive program at:

<http://www.delottery.com/retailerscorner/thebigpayoff.asp>

- 9.7. Will Keno game tickets be sold via the Internet during the Year 1 planning calendar?

Lottery answer: A definitive answer is provided in the case study in Appendix C.

- 9.7.1. If so, will players be able to watch Keno games in real-time via the Internet?

Lottery answer: In developing the Tactical Plan for the Creative Presentations, proposing Vendors may choose to make practical and realistic business recommendations in the context of the fictional case study.

- 9.8. Please provide Year 1 sales projections for Keno.

Lottery answer: The Lottery will not provide projection assumptions for Keno sales. In Appendix C, Subsection 2.A - Tactical Plan Development and Presentation, proposing Vendors are directed to consider "... the information provided in this case study, and any information available concerning the past successes of other North American lotteries,"

- 9.9. Does the Delaware Lottery anticipate any sales attrition within the existing Traditional Lottery game portfolio as a result of Keno?

- 9.9.1. If so, which Traditional Lottery games does the Delaware Lottery anticipate being most impacted by the addition of Keno?

- 9.9.2. And, why?

Lottery answer: The Lottery will not provide projection assumptions for Keno sales. In Appendix C, Subsection 2.A - Tactical Plan Development and Presentation, proposing Vendors are directed to consider "... the information provided in this case study, and any information available concerning the past successes of other North American lotteries,"

- 9.10. Will Traditional Lottery games be sold via the Delaware Lottery's current mobile web application OR does the Delaware Lottery foresee the addition of a native mobile application OR both?

Lottery answer: The Delaware Lottery's current mobile Web application is not capable of managing gaming transactions. Fully functional mobile gaming applications currently operate in the Internet gaming market.

- 9.11. Can the Delaware Lottery or its online game provider point responding Vendors to current Lottery interfaces (in other jurisdictions) that best represent what the Delaware Lottery interface might include or appear as?

Lottery answer: The Lottery will not refer Vendors to current Lottery [Internet gaming] interfaces (in other jurisdictions. In Appendix C, Subsection 2.A - Tactical Plan Development and Presentation, proposing Vendors are directed to consider "... the information provided in this case study, and any information available concerning the past successes of other North American lotteries,"

10.0 Appendix C, Page 2, A. (Bullet 5)

Please clarify "the remaining Traditional Lottery games available on the Internet at the beginning of Month 6." Would these Internet game sales include:

- Play 3 (yes/no)
- Play 4 (yes/no)
- Hot Lotto (yes/no)
- Multi Win Lotto (yes/no)
- Delaware Cash 5 (yes/no)
- Instant Games (yes/no)

Lottery answer: In developing the Tactical Plan for the Creative Presentations, proposing Vendors may choose to make practical and realistic business recommendations in the context of the fictional case study.

11.0 Please elaborate on the eCommerce sales process of the Internet sale of Traditional Lottery games. For example:

- 11.1. Will Internet sales result in a print-at-home game ticket?
- 11.2. If preferred, will Internet-purchased game tickets be mailed to the purchaser's home?
- 11.3. Will winning tickets be redeemed via the Internet sales portal OR only in brick-and-mortar locations OR both?
- 11.4. If winning tickets can be redeemed via the Internet sales portal, will winnings be received via postal service OR via electronic deposit accounts OR other (please explain).
- 11.5. IF Instant Games are included in the Internet sales products, please elaborate as to how these games would be played and redeemed.

Lottery answer: In developing the Tactical Plan for the Creative Presentations, proposing Vendors may choose to make practical and realistic business recommendations in the context of the fictional case study. Peer North American lotteries may provide examples.

12.0 Will the Delaware Lottery include subscription pre-sales within the migration to Internet sales of Traditional Lottery games during the first 12-month planning calendar?

- 12.1. If so, will subscription pre-sales also be made available at retailer locations?

Lottery answer: In developing the Tactical Plan for the Creative Presentations, proposing Vendors may choose to make practical and realistic business recommendations in the context of the fictional case study.

13.0 Appendix C, Page 3, A. (Bullet 6)

Please elaborate on the statements “is generally favorable” and “minor dissonance.”

Lottery answer: “Generally favorable” should be interpreted to mean that the majority of those with a publicly expressed opinion are in favor of implementation and revenue generation by the State. “Minor dissonance” should be interpreted to mean that a minority of retailers express displeasure with the implementation.

14.0 Does the Delaware Lottery anticipate any modification to the existing brick-and-mortar retailer commission/incentive structure in conjunction with the additional of Internet game sales?

Lottery answer: In developing the Tactical Plan for the Creative Presentations, proposing Vendors may choose to make practical and realistic business recommendations in the context of the fictional case study.

15.0 Has the Delaware Lottery or its online game provider or other provider conducted any research (e.g., surveys, focus groups, polling, other) among the current retailer network regarding the onboarding of Internet game sales?

Lottery answer: No

15.1. If so, can such research be shared (e.g., routed or made available for viewing at Delaware Lottery headquarters) with responding Vendors?

CORRECTIONS TO RFP LANGUAGE

Initiated and Issued by the Delaware Lottery

16.0 Section 7.9 Price Evaluation, RFP page 48, Paragraph 4 currently reads:

“For the purposes of this evaluation, the Lottery will use a figure for total annual net mass media expenditure of one million two-hundred-fifty-thousand dollars (\$1,400,000)”

Section 7.9 Price Evaluation is hereby modified to read:

“For the purposes of this evaluation, the Lottery will use a figure for total annual net mass media expenditure of one million four-hundred-thousand dollars (\$1,400,000)”