



DELAWARE STATE LOTTERY

**ADVERTISING and RELATED SERVICES
Request for Proposal**

DSL 2012-1

May 22, 2012

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1.0 PART 1 – RFP CONTENT

1.1 Introduction

The Delaware State Lottery (hereinafter referred to as the "Lottery") is issuing this Request For Proposals (RFP) to invite interested full-service advertising agencies to submit proposals to provide the Lottery with Advertising and Related Services as identified in this RFP. This RFP is issued under the terms of the Delaware procurement provisions in 29 Del. C. §6981-2.

The Successful Vendor will be required to provide the following services, subject to Lottery approval, to meet the advertising, marketing, and communications needs of the Lottery for all traditional (ticket) products and other related activities occurring during the term of this contract. The list that follows is intended to provide potential Vendors with a list of the general categories and types of services they must propose to deliver. The Successful Vendor will provide the listed services under the compensation of an all-inclusive Annual Agency Fee.

- A. Full-time and part-time staff providing services from an office located within the boundaries of the State of Delaware
- B. Strategic planning for Lottery advertising, marketing, and communications activities
- C. Print, broadcast, radio, Website and collateral creative design, execution, and production
- D. Print, broadcast, radio and Internet media planning and execution
- E. Expertise in the area of event planning
- F. Website consultation, programming, quality control, change control, and content management
- G. Proofreading services for all advertising media publication and broadcast
- H. Research consultation and analysis
- I. Evaluation, consultation, and professional recommendation concerning emerging media outlets, promotional services, sponsorship opportunities, merchandising aids and devices, and proposed concepts that might assist the Lottery in fulfilling its Mission.
- J. Assistance in developing and updating an annual Marketing Plan and annual Sales Plan
- K. Program and campaign-specific development of advertising and communications plans to support the Marketing Plan
- L. Budget control and shared responsibility for cost control
- M. Assistance with, and participation in, retailer support programs and public promotional events

- N. Public relations services including situation analysis, communications advice, writing for press and public consumption, media relations, and in-person support for key Lottery communications and promotional initiatives
- O. Assist the Lottery in procuring necessary media contracts, promotional partnerships, printed materials, durable retail signage, and various collateral and sales aids related to the Lottery's ongoing advertising and retail marketing programs in compliance with the State's procurement laws.

1.2 Lottery Objectives

The Lottery has the following objectives in issuing this RFP and entering into a contract with the Successful Vendor:

- A. To maximize net proceeds and, thereby, General Fund contributions for the State of Delaware through and by the sale of traditional Lottery tickets through licensed and legal outlets;
- B. To design, develop, publish and execute effective advertising and communications programs that stimulate Lottery ticket sales in a manner and form that is consonant with the dignity of the State;
- C. To develop and execute advertising and communications program elements that provide the Lottery with feedback and performance measurement of the efficacy of such programs, while also providing objective information to the Lottery about consumer trends and emerging communications channels and technologies;
- D. To market Lottery games that are fun, exciting, easy to play, and offer players a variety of products to play and prizes to win;
- E. To contract with a Vendor that is fully capable of procuring and providing the services required to support the Lottery's existing advertising and communications programs, and adapting to the Lottery's changing needs over the term of the contract; and
- F. To receive the above described advertising and related services from a qualified full-service advertising agency under a contract in force before August 2012.

1.3 Overview of the RFP

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

- A. Part One provides background and Proposal preparation information.
- B. Part Two defines terms and conditions that will apply to the Contract.
- C. Part Three contains specifications and a scope of services.
- D. Part Four identifies the requirements for Vendors submissions in RFP Phase I – Vendor Capability Statement.

- E. Part Five identifies the requirements for invited Vendors submissions in RFP Phase II– Proposal Certification
- F. Part Six identifies the compliant submission format for invited Vendors submissions in RFP Phase II - Pricing
- G. Part Seven describes evaluation criteria, how proposals will be evaluated, and the proceedings leading to execution of a contract with the Successful Vendor.

1.4 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:

Mr. Brian G. Peters
Assistant Director
Delaware State Lottery
1575 McKee Road, Suite 102
Dover, Delaware 19904

1.5 Contracting Officer

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

Mr. Vernon Kirk
Director
Delaware Lottery
1575 McKee Road, Suite 102
Dover, Delaware 19904
Contracting Officer

1.6 Restrictions on Communication with Lottery

Other than to the Issuing Officer, 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 next advertising agency. 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.

1.7 Overview of RFP Activities

RFP activities will be conducted in two distinct phases:

- Phase I – Vendor Capabilities Assessment; and,
- Phase II – Vendor Presentations, Proposal Certification, and Pricing

1.7.1 Phase I – Vendor Capabilities Assessment

RFP Phase I participation is open to all interested Vendors. Phase I activities allow the RFP Evaluation Committee to assess Vendor capabilities and experience by evaluation of Vendor-submitted narrative responses and work examples.

All compliant Phase I proposal submissions will conform with the requirements of the following sections of this RFP:

- a.) Subsection 1.11 – Proposal Format
- b.) Subsection 1.12 – Proposal Content
- c.) Section 4.0 - Phase I Requirements and Corporate Capabilities Statement

1.7.2 Phase II - Vendor Presentations, Proposal Certification, and Pricing

Phase II participation is limited to qualified, invited Vendors identified by Phase I evaluation.

Phase II Vendor Presentations are creative presentations delivered by key members of a Vendor's proposed staff in response to a Lottery-provided case study. Phase II Proposal Certification is a Vendor's written commitment to deliver the services identified in its Proposal at the separately submitted pricing offer. Phase II Pricing is a Vendor's written pricing offer submitted in a separate, sealed volume.

All compliant Phase II Vendor presentations and proposal submissions will conform with the requirements of the following sections of this RFP:

- a.) Subsection 1.11 – Proposal Format
- b.) Subsection 1.12 – Proposal Content
- c.) Section 5.0 - Phase II –Creative Presentation Requirements
- d.) Section 6.0 - Pricing

1.8 RFP Calendar

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

RFP issued	May 22, 2011
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Phase I activities – Vendor Capabilities Assessment	
Vendor submits written questions by 3 p.m. EST	May 29, 2012
Lottery answers issued in Addendum	June 05, 2012
Vendor Capability Statement, Proposal Volume I, due by 3 p.m. EST	June 11, 2012

Phase II activities – Vendor Presentations and Evaluation of Vendor Proposals	
Lottery contacts invited Vendors	June 15, 2012
Proposal Volumes II and III due by 3 p.m. EST	June 22, 2012
Vendor Presentations	June 26-27, 2012
Committee Recommendation	July 13, 2012

1.9 Vendor Questions and Clarification of RFP

Questions relevant to this RFP must be mailed, faxed, or e-mailed to the Issuing Officer at the location set forth in Section 1.4. Questions submitted after the deadline will not be answered.

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.

A copy of all questions, the Lottery's responses, and any changes in the RFP resulting from such inquiries will be documented in published addenda communicated to Vendors directly by e-mail with delivery receipt requested.

In addition, any addenda to this RFP, as well as the RFP itself, will be posted in the State of Delaware Bid Solicitation Directory at <http://bids.delaware.gov>.

Vendors must acknowledge, in writing, receipt of all addenda issued by the Lottery prior to the Proposal due date. Written acknowledgement from Vendors shall become part of the Vendor's Proposal.

1.10 Vendor Conference

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

1.11 Proposal Format

Proposal materials must be organized and submitted in separate volumes that are clearly identified, titled, and labeled. All interested Vendors participating in RFP Phase I will prepare, title, and label one original and five copies of a single volume exactly as follows:

A. RFP 2012-1 Phase I – Vendor Capabilities Statement

All Vendors invited to participate in RFP Phase II will prepare, title and label one original and five copies, each, of two separate additional volumes exactly as follows:

B. RFP 2012-1 Phase II – Proposal Certification

C. RFP 2012-1 Phase II – Pricing (SEALED)

With the exception of Phase II – Pricing, all proposal submissions must be prepared in full in electronic Adobe PDF format and delivered on PC-readable DVD data disk format

Each Volume must be received by the Lottery no later than its respective date and time identified in Section 1.8, or as otherwise identified in addenda to this RFP. All responses must be delivered in a sealed package, which must be identified on the outside of the enclosure and in the Volume, itself, 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 2012-1

1.12 Proposal Contents

Each Vendor is expected to provide the Lottery with information, evidence and presentations which will make possible the selection of the Vendor most advantageous to the State, taking into consideration the evaluation factors set forth in this RFP.

Vendors are given wide latitude in the degree of detail they offer or the extent to which they reveal plans, processes and procedures. At a minimum, proposals must be fully responsive to the specific requirements stated in this RFP. Each proposal must identify any requirement of this RFP which the Vendor cannot satisfy.

The content of the separate proposal volumes must follow the outline of the related RFP section and include specific submissions in outline and order as follows:

1.12.1 RFP Phase I - Vendor Capabilities Statement

(All interested Vendors)

- a.) Cover Letter
- b.) Disclosure of litigation, if any (See 1.31)
- c.) Narrative response to Part 4 of the RFP, Phase I Vendor Capability Statement, in identical order to Part 4 subsections

1.12.2 RFP Phase II : Vendor Proposal Certification

(RFP Phase II -Invited Vendors only)

- a.) Letter of Transmittal, signed by an officer or principal authorized to bind the proposing company: containing identification of the Vendor submitting the proposal; and a statement of Vendor commitment to perform the services required by the Lottery in the RFP and any resulting contract;
- b.) Statement of Proposal Certification, signed by an officer or principal authorized to bind the proposing company, containing:
- c.) a statement of certification of delivery of proposed services identified in the Vendor proposal for the prices offered in the proposal;
- d.) a statement of certification of the prices offered for the time period identified in the RFP; and
- e.) a statement of acceptance of, and agreement to comply with, the terms and conditions identified in the RFP and any resulting contract.
- f.) Statement of Non-collusion (See Appendix A)

1.12.3 RFP Phase II – Pricing (SEALED):

(RFP Phase II - Invited Vendors only)

The third proposal volume is to include the pricing information and must be so identified on the exterior of the enclosure. The pricing proposal must be signed in ink by an individual authorized to legally bind the Vendor. One original and six copies of the second part are to be delivered.

The contents of the pricing proposal volume must follow the outline in Section 6.3

1.13 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 or of the Lottery Security 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 identified in Section 1.8 RFP Calendar.

The Issuing Officer will confirm receipt of any Proposal in writing by electronic mail (e-mail) upon request.

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.

1.14 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 Request for Proposals. 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.

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.

1.15 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.

1.16 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.

1.17 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 Narrative/Technical 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 wide latitude in the degree of detail they offer or the extent to which they present company capabilities, creativity, and program execution.

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. Responses to complex RFP requirements that are stated in a form semantically equivalent to “Vendor agrees to comply” may be rejected for non-responsiveness at the discretion of the Lottery.

1.19 Proposal Disclosure by Vendor

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

1.20 Disclosure and Ownership of Proposal Contents by the Lottery

All matters set forth in a Vendor's Proposal, including technical and price information, may be subject to disclosure after Notice of Award. All information in a Vendor's Proposal and any Contract resulting from this RFP are subject to the provisions of Delaware's Freedom of Information Act regardless of copyright status or Vendor designations on pages of the Proposal.

Any and all materials submitted become the property 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 Team or its designated agents. There shall be no disclosure of any Vendor's information to a competing Vendor prior to award of the contract.

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 confidential) and are subject to inspection and copying by any person. 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 will become public record and nothing contained in the proposal will be deemed to be confidential except proprietary information.

If the Vendor wishes, it may specifically label each page of the proposal deemed to contain trade secrets, commercial or financial information, or proprietary data of a privileged or confidential nature under 29 Del. C. Ch. 100. Such requests will not be legally binding on the Lottery to prevent disclosure under the Freedom of Information Act, but may be evaluated under the provisions of the Act, 29 Del. C. Ch. 100. Any final 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

Multi-vendor solutions (joint ventures) will be allowed only if one of the venture partners is designated as the "prime contractor." The "prime contractor" 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 and products.

If a joint venture is proposed, a copy of the joint venture agreement clearly describing the responsibilities of the partners must be submitted with the proposal. 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 Vendor of responsibility for the professional and technical accuracy and adequacy of the work. Further, vendor shall be and remain liable for all damages to the Lottery caused by negligent performance or non-performance of work by its subcontractor or its sub-subcontractor.

1.23 Primary Vendor

The Lottery expects to negotiate and contract with only one "prime vendor." The Lottery will not accept any proposals that reflect an equal teaming arrangement or from vendors who are co-proposing on this RFP. The prime vendor will be responsible for the management of all subcontractors.

Any contract that may result from this RFP shall specify that the prime vendor is solely responsible for fulfillment of any contract with the Lottery as a result of this procurement. The Lottery will make contract payments only to the awarded vendor. Payments to any-subcontractors are the sole responsibility of the prime vendor (awarded vendor).

1.24 Multiple Proposals from One Vendor Prohibited

A Vendor shall submit a single Proposal only. Within the single Proposal, the Vendor may identify options, 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.

1.25 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 any demonstrations or presentations that may be required by the RFP.

1.26 Mandatory Specifications

Specifications in the RFP shall be regarded by the Vendor as mandatory, as denoted by terms such as “required,” “must,” “shall,” “should” and “will,” and their semantic equivalents.

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 any Contract resulting from this RFP shall preclude the Lottery from purchasing advertising and related services from vendors other than the successful Vendor.

1.29 Rejection or Selection of Proposals

The DSL 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.

1.30 Proposal Tenure

Proposals must remain valid for a period of four (4) months. Proposals remaining valid less than this timeframe may be rejected. Vendors shall be strictly held to the terms contained in their Proposals.

1.31 Disclosure and Investigations During Proposal Evaluation

Subsequent to Proposal submission, the Lottery may initiate investigations into the backgrounds of the Vendor 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. 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. The Vendor is advised that any person who knowingly provides false or intentionally misleading information in connection with any investigation by DSL may cause the Proposal to be rejected, or a subsequent Contract to be canceled.

If the 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.

1.32 Disclosure of Litigation and Other Information

Since the Lottery has a strong interest in the Successful Vendor's continuing ability to provide the highest possible level of professional advertising and related 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 the Successful Vendor after the execution of a Contract, must be disclosed in a timely manner in a written statement to the Lottery.

1.33 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), would require a disclosure in the annual report of a publicly traded United States corporation.

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.

1.34 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 five (5) 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.

1.35 Independent Price Determination

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

- A. 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.
- B. Unless otherwise required by law, the prices quoted have not been knowingly disclosed by the Vendor and will not knowingly be disclosed by the Vendor prior to Contract award directly or indirectly to any other Vendor or to any person not representing the Vendor.
- C. No attempt has been made or will be made by the Vendor to induce any other person or entity to submit or not submit a Proposal for the purpose of restricting competition.

1.36 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. 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.

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

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

1.37 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 hereunder, 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 Successful Vendor to the Lottery are to be performed.

1.38 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.

2.0 PART 2 – TERMS AND CONDITIONS

2.1 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, the Vendor agrees to the Terms and Conditions contained herein.

2.2 Contract Elements

The Contract between the Lottery and the Successful Vendor shall include as integral parts thereof:

- A. The executed contract;
- B. This RFP;
- C. Clarifications and Addenda to this RFP;
- D. The Vendor's Proposal;
- E. Any modifications to the Vendor's Proposal, if properly submitted and any Proposal Clarifications;

2.3 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:

- A. The executed contract;
- B. the Lottery's RFP and its addenda;
- C. the Vendor's Proposal;
- D. any Proposal Modifications;
- E. and the purchase order.

No other documents shall be considered. These documents will constitute the entire agreement between the Lottery and the Vendor.

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.

2.4 Contract Obligation

In no event shall the contract 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.

2.5 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.

2.6 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.

2.7 Term of Contract

The Contract resulting from this RFP will be in effect from the Contract effective date, including an implementation period and three (3) years of provision of services, plus such time as is reasonably 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 three (3) one (1) year renewals, provided that each single option to renew is exercised by the Lottery at least sixty (60) 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.

2.8 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 does not meet the requirements of the Lottery.

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 Successful Vendor to continue providing advertising and related services after the expiration of any such period.

2.9 Covenant against Contingent Fees

The 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, excepting bona fide employees or 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 Contract 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.

2.10 Audit and Accounting Requirements

The Lottery reserves the right to audit the Successful Vendor's records and operations as they relate to the Lottery. Said audits may be conducted by the Lottery's own auditors or an independent firm specified by the Lottery.

The Successful Vendor is required to maintain its books, records and all other evidence pertaining to the contract in accordance with generally accepted accounting principles (GAAP) 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.

2.11 Vendor Error Liability

The Successful Vendor will be liable for any specific and definite financial obligations that arise as a result of errors and faults by the Successful Vendor's staff, agents, subcontractors.

Liquidated Damages Provisions The Successful Vendor must acknowledge: if the Successful Vendor does not fulfill the obligations of the contract, damage to the Lottery will result; establishing the precise value of such damage would be costly, difficult, and time consuming; the liquidated damage amounts specified herein are good faith efforts to quantify the damages that could be reasonably anticipated at the time of the making of the contract.

The Lottery may, therefore, in its discretion, deduct liquidated damages from the compensation otherwise due to the Successful Vendor. All assessments of liquidated damages shall be within the discretion of the Lottery and shall be in addition to, and not in lieu of, the right of the Lottery to terminate the contract or to pursue other appropriate remedies.

The Lottery shall notify the Successful Vendor in writing of the assessment of liquidated damages for any default specified herein and payment of such damages shall be initiated within thirty (30) days of receipt of the assessment notice by deducting such damages from the compensation otherwise due to the Successful Vendor. If timely payment is not made, the Lottery may collect such damages by any other lawful method.

Excessive liquidated damages, and events leading to such, in the sole discretion of the Lottery, may be grounds for termination of the contract.

2.11.1 Reports

Failure to provide reports required by the Lottery may result in the imposition of liquidated damages in the amount of \$1,000, plus \$100 per day for each day of additional delay.

2.11.2 Plans

Failure to provide plans required by the Lottery may result in the imposition of liquidated damages in the amount of \$1,000, plus \$100 per day for each day of additional delay.

2.11.3 Deliverables

Failure to provide deliverables required by the Lottery may result in the imposition of liquidated damages in the amount of \$15,000, plus \$1,000 per day for each day of additional delay.

2.11.4 Unauthorized Materials

The release of unauthorized media materials for broadcast or publication prior to obtaining written approval may result in liquidated damages of \$15,000 per broadcast or publication.

2.12 Ownership of Materials

Ownership of all data, documentary material and operating reports originated and prepared exclusively for the Lottery pursuant to any Contract resulting from this RFP shall belong to the Lottery. Vendor agrees that, except as noted, all materials, documents, products, reports, data and other information, whether finished, unfinished, or draft developed, gathered or compiled under this Agreement by Vendor (collectively, “Workproduct”) are the sole and exclusive property of the State and that they shall not be used by Vendor or by any other person or destroyed without the express written permission of the Lottery. To the maximum extent permitted by applicable law, all Workproduct shall constitute “work made for hire” by Vendor for the State within the meaning of 17 U.S.C. §101. Vendor agrees to execute any and all documents reasonably requested by the Lottery that are required to transfer all ownership and rights in Workproduct to the State and to cooperate with the Lottery, should the Lottery desire, at its own expense, to register or otherwise obtain protection under applicable federal copyright, trademark or patent laws for any Workproduct. Upon termination of this Agreement, and upon receipt by Vendor of payment in full for services, Vendor shall promptly turn over to the Lottery all work in progress, drafts, finished copy or other materials, research materials, data or other information, regardless of the manner or medium in which they are stored.

2.13 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 Successful 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 Successful Vendor will be suspended.

2.14 Compensation during Contract

The State fiscal year is July first (1st) through June thirtieth (30th). Payments to the successful vendor from the Lottery in any given fiscal year are contingent upon enactment of appropriation legislation.

2.15 Title to Use and Compensation for Intellectual Property

To the extent that the Successful Vendor utilizes or relies upon the Intellectual Property Rights of a third party in fulfilling its obligations under the Contract, the Successful Vendor will provide the Lottery with all copies of licenses and other agreements. In addition, in the event of failure to perform or breach of Contract the Successful Vendor must ensure continued right of use of licensed intellectual property by the Lottery.

Intellectual Property fees for third-party products, logos, trademarks, brands or labels for which the Successful Vendor procures license under the Contract shall be negotiable. The Successful Vendor may not separately charge the Lottery an Intellectual Property fee for any items owned by the Successful Vendor.

2.16 Vendor Ethics and Integrity

The Successful Vendor is obligated to meet high standards for ethics and integrity under this Contract. The Successful Vendor and its employees:

- A. 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.
- B. 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 Lottery decisions regarding any subsequent contract.
- C. Shall not disclose any business sensitive or confidential information gained by virtue of this Contract to any party without the consent of the Lottery.
- D. Shall take no action in the performance of this Contract to create an unfair, unethical or illegal competitive advantage for itself or others.
- E. Shall not have any financial or personal interests relating to any subsequent contract (other than the Contract itself) without the explicit written consent of the Lottery.

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 Successful Vendor.

2.17 Termination for Cause

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 Successful Vendor:

- A. If the Successful Vendor furnished any statement, representation, warranty, or certification in connection with this RFP or the resultant Contract which is materially false, incorrect, or incomplete.
- B. If the Successful Vendor fails to perform any material requirement of the Contract or is in violation of a specific provision.
- C. If the Successful Vendor or a subcontractor commits a fraudulent act or other criminal act in its contractual performance of this Contract or any other contract with the Lottery or another State agency during the terms of this Contract.
- D. If the Successful Vendor suffers a material change of financial condition as outlined in Section 1.33 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 the Contract immediately and procure the articles and/or services from other sources and hold the Successful Vendor responsible for any excess costs or lost revenue occasioned thereby.

If after termination for cause of the Vendor's failure to fulfill contractual obligations, 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.

2.18 Termination without Cause or For Convenience

The Contract shall be terminable by the Lottery without cause, at the sole discretion of the Lottery, upon thirty (30) days written notice.

When it has been determined that a Contract shall be terminated without cause or for the convenience of the Lottery, the Lottery Director or his designee shall be authorized to negotiate a settlement with the Successful Vendor.

Compensation to a Successful Vendor for a Contract terminated without cause for the convenience of the Lottery shall be limited to reasonable expenses for products, materials, and supplies, and for services rendered, and not yet, or not fully compensated. The Lottery will pay no anticipated profits. The Lottery will make no payments for furnished work, work in progress, or raw materials acquired unnecessarily in advance or in excess of Lottery's delivery requirements.

Upon written notification, the Contract shall be null and void as of that date, and each party shall be relieved of any obligation or liability to the other, except with respect to any clauses specifically stated in the contract to survive termination.

2.19 Default

The Lottery reserves the right to cancel the 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 a Contract or other infractions, whether or not such default results in the cancellation of a Contract executed pursuant to this RFP.

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.

2.20 Disputes under the Contract

In the event that any dispute arises between the parties with respect to the performance required of the Successful Vendor under the Contract, the Lottery Director shall make a determination in writing and send it to the Successful Vendor. That interpretation shall be final, conclusive and not subject to review in all respects unless the Successful 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 Successful Vendor shall thereafter in good faith and due diligence render such performance as the Lottery Director has determined is required of it. The Successful 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 Successful 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 Successful Vendor pursuant to the terms of the Contract.

2.21 Accounting Records

The Successful Vendor is required to maintain its books, records and all other evidence pertaining to the Contract in accordance with generally accepted accounting principles 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) full years from the expiration date or final payment on the contract, whichever is later.

Successful 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 Successful Vendor's performance and records pertaining to the contract at the Successful Vendor's business office during normal business hours.

2.22 Equal Employment Opportunity

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

- A. 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.

- B. 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.

2.23 Assignment; Subcontracts

Any attempt by Successful Vendor to assign or otherwise transfer any interest in the contract without the prior written consent of the Lottery shall be void. Such consent shall not be unreasonably withheld.

Services specified by the contract shall not be subcontracted by Vendor, without prior written approval of Lottery.

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.

Vendor shall be and remain liable for all damages to the Lottery caused by negligent performance or non-performance of work under the contract by Vendor, its subcontractor or its sub-subcontractor.

The compensation due shall not be affected by Lottery's approval of the Vendor's request to subcontract.

2.24 Right to Audit Successful Vendor's Records

The Lottery reserves the right to audit the Successful Vendor's records 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. The Successful Vendor shall agree to cooperate fully with any and all audits.

2.25 Indemnification

The Successful Vendor shall indemnify, save harmless and forever defend the Lottery, the State of Delaware, and their respective officers, agents, directors, employees, and other contractors from and against any and all claims, liabilities, losses, damages, costs, injuries or expenses (including reasonable fees and expenses of attorneys of the Lottery's choice and court costs), which may be incurred, suffered, or required in whole or in part by an actual or alleged act or omission of:

- A. The Successful Vendor; or,
- B. A subcontractor of Successful Vendor; or,

- C. Any person directly or indirectly employed by or in an agency relationship with the Successful Vendor or a subcontractor, or which may arise out of or be related to the Successful Vendor's response to this RFP or its or any of its subcontractor's performance or failure to perform under any Contract.

Vendor shall warrant that all elements of its solution, including all 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 Lottery, the Lottery shall promptly notify the vendor in writing and vendor shall defend such claim, suit or action at vendor's expense, and vendor shall indemnify the Lottery against any loss, cost, damage, expense or liability arising out of such claim, suit or action (including, without limitation, litigation costs, lost employee time, and counsel fees) whether or not such claim, suit or action is successful.

If any services (including methods), products, or other intellectual property used or furnished by the Vendor (collectively "Products") is, or in Vendor's reasonable judgment, is likely to be, held to constitute an infringing product, Vendor shall at its expense and option either:

- D. Procure the right for the Lottery to continue using the Product(s);
- E. Replace the product with a non-infringing equivalent that satisfies all the requirements of the contract; or
- F. Modify the Product(s) to make it or them non-infringing, provided that the modification does not materially alter the functionality or efficacy of the product or cause the Product(s) or any part of the work to fail to conform to the requirements of the contract, or only alters the Product(s) to a degree that the Lottery agrees to and accepts in writing.

All obligations of indemnification shall survive the termination of the Contract.

2.26 Taxes, Fees and Assessment

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

2.27 News Releases

The Successful Vendor shall not issue any news releases pertaining to the award or the performance of the Contract without prior approval by the Lottery, and then only in cooperation with the Lottery.

2.28 Advertising by Successful Vendor

The successful 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.

2.29 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.

2.30 Approval of Staffing

The Lottery reserves the right to review and if perceived necessary, reject any employee of the Successful Vendor or any employee of any subcontractor who is assigned to the Lottery Contract, either at Contract inception or during the term or any extension thereof.

In addition, the Lottery will require the Successful Vendor to provide minimum levels of staffing or service to meet the performance requirements as set out in the Contract. Within ninety (90) days after notification from the Lottery that the Successful Vendor has failed to provide minimum levels of staffing or service to meet the performance requirements as set out in the Contract, the Successful Vendor shall employ such additional resources as are necessary to meet the performance standards. If the Successful Vendor does not provide minimum levels of staffing or service to meet the performance standards as set out in the Contract, the Lottery, at the end of such ninety (90) day period, may terminate the Contract.

2.31 Successful Vendor Responsibilities as Primary Contractor

The Successful Vendor will assume sole responsibility and liability for delivery of services 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 Successful Vendor may agree, whether or not the Successful Vendor is the manufacturer, producer or direct provider of the services.

The Successful Vendor may have subcontractors; however, the Successful Vendor must accept full responsibility for and will be strictly liable to the Lottery for any such subcontractor's performance. The Lottery will consider the Successful Vendor to be the sole point of contact with regard to all contractual matters.

2.32 Subcontract Approval

Any proposed subcontracts shall be subject to the prior written approval of the Lottery. Subcontractors are subject to background checks of personnel and principals as described in previous paragraphs of this RFP section.

2.33 Authority of the 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.

2.34 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.

2.35 Non-Discrimination and Affirmative Action Provisions

Every Contract executed by the Lottery shall contain the following provisions. The Successful Vendor agrees and warrants:

- A. 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, intellectual disability, 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.

The Successful 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, intellectual disability, 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

- B. That, in all solicitations or advertisements for employees placed by or on behalf of the Vendor, such Vendor agrees to state that it is an "affirmative action and equal opportunity employer."

2.36 Funding Out Clause

If sufficient support is not appropriated by the Delaware General Assembly or other appropriate federal or state agency to sustain in whole or in part, the Lottery's performance under the contractual agreement, or if such support is reduced such that it is insufficient to sustain said performance, the agreement shall be null and void at the insistence of the Lottery.

2.37 Scope of Agreement

If the scope of any provision of this RFP is declared 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 Vendors and/or Successful Vendor hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of the RFP shall not thereby fail, but the scope of such provisions shall be curtailed only to the extent necessary to conform to law.

3.0 PART 3 – SPECIFICATIONS

3.1 Introduction

This section describes the scope of services that the Successful Vendor must propose and provide to satisfy the Lottery's advertising, promotional, marketing, and public relations needs for the term of any contract resulting from this RFP.

3.2 Scope of Services

The Successful Vendor will be required to meet the advertising and marketing needs of the Delaware Lottery for all traditional ticket products, and other corporate and brand advertising and promotional activities as they are planned and occur during the term of the contract. The list of requirements that follows is intended to clarify the types of services to be provided, but does not represent a complete listing. Interested Vendors must consider that this list is not an all-inclusive list and the Successful Vendor will be required to provide the listed services under the compensation of a single annual agency fee.

The Successful Vendor may be required to perform additional functions related to this scope of services over the term of the contract. If it is mutually agreed that such Lottery-requested or Successful Vendor-proposed services will fall outside of this Scope of Services and the terms of a contract arising from this RFP, the Lottery may be required to, or may at its sole discretion, seek competitive bids for such services.

The Successful Vendor's responsibilities will include, but not be limited to, the following:

- A. Strategic advertising and promotional planning
- B. Print, broadcast, radio, web and promotional creative planning and execution
- C. Print, broadcast, radio, web and promotional production
- D. Print, broadcast, radio and web media planning and execution
- E. Expertise in the area of event planning
- F. Website consultation, development, and creative application
- G. Proofreading services for all advertising media publication and broadcast
- H. Research consultation and analysis
- I. Assistance in the development of the Marketing Plan
- J. Program and campaign-specific development of advertising and communications plans to support the Marketing Plan
- K. Budget control and shared responsibility for cost control
- L. Assisting with, and participating in, retailer support programs and public promotional events

- M. Public relations services including providing analysis, advice, media relations, and support for key Lottery initiatives.
- N. All functions normally required of a full-service advertising agency

In addition to the broad functions listed above, the Successful Vendor will provide the specific services listed below:

3.2.2 Accounting Services

a.) Budgeting

The Successful Vendor must develop an annual budget for all advertising expenditures and other services required by this RFP and the contract resulting from this RFP. The level of anticipated annual spending will be determined by the Lottery. The Lottery will provide the Successful Vendor with a target amount for advertising services and will expect the Successful Vendor to develop a cost-efficient plan that is responsive to the Lottery's marketing needs.

The initial budget will be reviewed monthly and must be revised as required by the Lottery. Subsequent budgets are subject to Lottery approval. The Successful Vendor must make no commitment on behalf of the Lottery without prior approval.

b.) Estimates Required

The Successful Vendor must prepare an estimate for any expenditure and obtain the Lottery's written approval before hiring subcontractors. Only the Lottery Director or a designee can give such approval. The Lottery will not be responsible for any expenditure for which prior written approval was not obtained.

All estimates must be segregated by fiscal year and by budget category, as defined by the Lottery, (TV, Radio, Public Relations, Web Development Services, Research, Sponsorships, etc.). Estimates will include a project start date and target completion date. Media estimates will include flight dates.

Estimates may provide for expenditures of plus or minus 5% of the amount indicated. The Lottery will not be responsible for expenditures exceeding the estimate by more than 5%. The Successful Vendor may submit revised estimates for consideration if it appears that the costs of a particular estimate will exceed the originally approved amount by more than 5%. A full written explanation for the cost differential may be required.

All estimates must be numbered. The Successful Vendor must maintain a list of all approved estimates, including the amount and description of the expenditure, and provide the Lottery with an updated list of all such estimates upon request.

3.2.3 Competitive Bidding for Non-media expenditures by the Successful Vendor

The Successful Vendor must obtain at least three (3) competitive proposals/bids on any non-media expenditures. Documentation of the proposal process, including bids, must be submitted to the Lottery for pre-approval of all non-media expenditures. All procurement documentation must be retained according to the requirements identified in section 2.21.

3.2.4 Invoices

The Successful Vendor shall prepare and deliver to the Delaware Lottery an itemized invoice of all production, media, research, public relations, purchases, and other billings or invoices by the 10th of each month, or as otherwise agreed. In the itemized detail of all invoices, the Successful Vendor must identify the campaign or project by name and job number. The Successful Vendor must maintain appropriate accounting records at all times.

All credits due to the Lottery for subcontractor discounts, “charge backs,” “make good” credits and discounts, and purchase reimbursements must be itemized and deducted from an invoice issued to the Lottery within 30 days of the Successful Vendor’s receipt of the credit.

Payment will be made only after the completion of services or delivery of goods authorized in an approved invoice.

The Successful Vendor must provide the Lottery a monthly summary of all approved expenditures to date for the current fiscal year. The summary must indicate the current amount billed to the Lottery during the year and the amount billed that has not yet been paid.

3.2.5 Routine Cost of Doing Business

The Successful Vendor must conduct its primary account management activities and perform its primary advertising agency services from commercially zoned facilities located within the State of Delaware. Vendors may propose to provide some services remotely, such as media buying, Website development programming, or studio production services. The Successful Vendor must pay for all charges incidental to the routine conduct of business, including but not limited to postage charges, overnight deliveries, phone calls, facsimile charges, copying, etc. Such obligation includes, but is not limited to, all correspondence from the Successful Vendor to the Delaware Lottery, suppliers, publishers, broadcasters, etc. The Delaware Lottery shall pay postage required for direct mass mailings to the general public or retailer network if such a program is approved.

Messenger service at the request of the Delaware Lottery, shall be paid by the Delaware Lottery.

The Successful Vendor shall pay for all routine travel-related expenses incurred by their staff while supporting the ongoing business of the Lottery. It is anticipated most presentations will occur at Lottery headquarters in Dover, Delaware or at the Successful Vendor's site. The Successful Vendor will not be reimbursed for any meals or entertainment expenses incurred.

3.2.6 Attendance at Industry Conferences

The Lottery will identify two (2) Lottery industry conferences each year to which the Successful Vendor will send one key member of the Account Services Team at shared expense. The Lottery will approve the Account Services Team member nominated to attend the conference. The Lottery will pay only for its share of pre-approved registration fees and reasonable transportation expenses for travel to and from a conference. The Successful Vendor will not be reimbursed for any expenses for rooming, food, or entertainment; nor will the Successful Vendor be paid hourly or per diem charges for attendance at a required conference.

The Lottery may require additional conference or educational seminar attendance by Account Services Team member(s) throughout a business year. In the event the Lottery requires additional Account Services Team member attendance at a conference or educational seminar, the rules for shared expenses may be negotiated.

3.2.7 Dedicated Staff

The Successful Vendor must establish and identify individuals to serve on the Delaware Lottery Account Team. The Account Team should include specialists for creative direction, media analysis and buying, public promotional event support and supervision, Website development and programming, and other marketing activities related to the Lottery's objectives in the RFP.

The Successful Vendor must provide and dedicate at least two persons to the Delaware Lottery Account Services Team. One (1) position must be dedicated, full-time, to providing general, daily support and coordination of communications for all account services as an Account Executive, or similar titled position. The role of the Account Executive is exclusive of the related activities and job responsibilities of the specialists identified as members of the Account Services Team.

A second member of the Delaware Lottery Account Services Team must dedicate a minimum of 50% (0.5 full-time equivalent (FTE)) exclusively to supporting the general, daily support, and coordination activities and services of the Account Executive, as described above, as an Assistant Account Executive, or a similarly titled position. The 50% dedicated FTE hours of the Assistant Account Executive must be provided by a single employee who is expected to be well-versed in the Lottery's advertising and marketing programs.

The Delaware Lottery reserves the right to approve all personnel assigned to the Account Services Team. Both the Account Executive and Assistant Account

Executive must be based in, and work from, the designated agency facility within the State of Delaware.

3.2.8 Advertising Planning

a.) Advertising and Communications Plans

The Successful Vendor will be required to develop campaign and program-specific advertising and communications plans that are consistent with and further the Lottery's Marketing Plan. Advertising and communications plans must support all Lottery games and promotions and will serve as a brief for guiding and directing all programs or campaigns identified in the Marketing Plan.

Advertising and communications plans must detail all budget estimates for the campaign or program. The Lottery recognizes that all plans are subject to change based on current market realities. The advertising and communications plans must also provide a breakdown of proposed spending by media type and proposed production costs. It must also include sections dealing with public relations, special events, Internet, Website, interactive, promotions, sponsorships, and any other topics specified by the Lottery.

The advertising and communications plans shall include, but not be limited to, product positioning, strategies and objectives, promotional strategies and objectives, advertising media strategies and objectives, media plans, creative approach, new product opportunities, required research, etc.

b.) Advertising Budget

The annual advertising budget will be determined by the Lottery and provided to the Successful Vendor each fiscal year. The Successful Vendor and the Delaware Lottery shall cooperatively develop budget detail for the upcoming fiscal year for all services including media and production for all Lottery products. The Successful Vendor shall manage the advertising budget and provide monthly updates.

c.) Agency/Client Activity and Work Status Reports

The Successful Vendor shall provide timely written reports clearly reflecting the activities, instructions, decisions and actions made at meetings, during telephone conversations or communications via email regarding the Delaware Lottery account.

The Successful Vendor must submit by the first workday of each month a written status report describing all work in progress and a written weekly summary report describing impending deliverables and planned near-term activities.

3.2.9 Advertising Development

The Successful Vendor must offer alternative campaigns, rather than only one creative solution to a particular campaign, program, or promotion. At least three versions of TV storyboards, radio scripts, newspaper ads, Web pages, and all other creative products should be offered when the Successful Vendor makes a creative presentation to the Lottery.

The Successful Vendor will be expected to obtain written approval from the Lottery before producing any advertisement or related material. When producing any creative work, the Successful Vendor must not vary from approved scripts, storyboards or print layouts without the Lottery's approval. Failure to adhere to approved scripts, storyboards, or layouts may void the Lottery's approval of the estimate for the project. The Successful Vendor will be liable for all costs if advertisements or collateral materials are executed in a manner not consistent with the Lottery's approval.

The Successful Vendor shall develop and seek approval on a project brief, creative strategy, an implementation time line, and production estimates for each advertising campaign undertaken.

The Lottery reserves the right to attend and oversee any or all advertising production.

3.2.10 Creative Services

The Successful Vendor will be responsible for the creation and production of Lottery advertising materials, including print and broadcast advertisements, outdoor/transit advertising, POS items, Web pages, direct mail and other materials that may be required by the Lottery. The Successful Vendor must develop multi-media campaigns in support of the games and promotions identified in the Lottery's Marketing Plan. The Successful Vendor may also be required to assist the Lottery in developing game names, game logos, trade characters, or art for other uses. The Successful Vendor may be required to design and produce interior and exterior signage, which identifies retail locations as Lottery retailers. Such signage is generally intended for permanent or long-term use.

3.2.11 Production

The Successful Vendor will submit for Lottery approval all production estimates. Estimates must clearly indicate any subcontractors or other parties who will be involved in the production work.

3.2.12 Routine Meetings

There will be routine meetings held between the Lottery and the Successful Vendor. During these meetings, there will be discussion regarding schedules and planning, as well as discussion regarding concept approvals, pre-production of advertisements, POS or other agency-produced materials. Additional meetings may be held with certain Lottery personnel on an as-needed basis.

3.2.13 Timelines

The Successful Vendor must provide the Lottery with a timely response to its advertising and promotional needs. Sufficient time must be allowed for developing and presenting three creative solutions, editing and revising the Lottery-selected option, obtaining final approval from Lottery staff, producing the final product and distributing the finished product according to Lottery specifications.

3.2.14 Media Service, Planning and Placement

a.) Advertising Media Plans

The Successful Vendor must develop specific advertising media plans for each campaign or program that are cost-efficient and effective in providing the Lottery with the desired awareness for all Lottery products. The advertising and media plans must take into consideration all media outlets available to the residents of the State of Delaware.

b.) Media Services

The Successful Vendor will be expected to:

- i.) provide an annual media analysis for the Delaware media market;
- ii.) develop a comprehensive advertising media plan to generate effective statewide advertising reach and frequency to all of the Lottery's diverse consumer audiences;
- iii.) plan, negotiate, buy, traffic, and evaluate all media placement; and
- iv.) assist as needed in the evaluation of miscellaneous media opportunities offered to the Lottery.

c.) Media Planning

The Successful Vendor shall analyze the annual advertising budget and develop advertising media plans designed to produce maximum effectiveness for each dollar expended. The Successful Vendor shall forward each proposed media buy to the Delaware Lottery for approval. The proposed buy shall include all necessary scheduling details regarding the buy including the station, program and/or day part, time period, target rating points estimated for the program, number of spots, cost per spot and cost per rating point.

d.) Negotiation and Placement

The Successful Vendor will be responsible for the negotiation, purchase, and instructions for the placement of all media time and space. The Successful Vendor will not commit the Lottery to any such purchase without first obtaining the Lottery's written approval. In negotiating media purchases, the Successful Vendor shall make the Lottery aware of any savings that might be achieved through long-term commitments or other special programs.

The Successful Vendor must attempt to negotiate free bonus spots or print or Website advertising from all radio and TV stations and newspapers or publications included in a Lottery buy. Any bonus spots, print or web advertising provided by participating stations, newspapers or publications must be identified in the summary of any media buy, and the value of the bonus spots, print or web advertising must be calculated as a savings to the Lottery. Any such commitments must be approved by the Lottery and any savings achieved must be passed on to the Lottery.

e.) Placement Verification

The Successful Vendor must implement a system to ensure that all media is run or published according to any contracts or placement instructions. Affidavits, tear sheets, or other documentation must be provided to the Lottery on demand.

The Successful Vendor must notify the Lottery before approving any "make goods" for ads that did not run as scheduled. All such materials shall be maintained by the Successful Vendor and must be available for inspection by authorized Lottery representatives.

f.) Post-Buy Analysis

The Successful Vendor shall conduct post buy analysis and audit placement of media on a quarterly basis or on a per buy basis as directed by the Delaware Lottery. The audit should focus on the measure of effectiveness of media buys in terms of cost, reach, frequency, continuity and message dispersion requirements, etc. The Successful Vendor should report findings to the Lottery and use findings to refine current and future media plans. In addition, post-buy analyses must be provided for media buys that use new rating information for the buy period, when available.

g.) Media Sponsorships and Cooperative Promotions

The Successful Vendor must research, develop, enter into agreements and implement programs that provide joint promotions, cooperative advertising and co-promotions with business entities in Delaware including Delaware Lottery retailers, businesses supplying goods or services to the Delaware Lottery, and other major organizations and successful business operations within the State. The Successful Vendor will only enter into joint promotion, cooperative advertising or co-promotion agreements with the approval of the Delaware Lottery.

The Successful Vendor must make the Delaware Lottery aware of any possible sponsorships, the cost-efficiency of any such sponsorships and the agency's recommendation on the value of the sponsorships.

3.2.15 Research Consultation

The Successful Vendor must serve as research consultant on all research projects and manage all outside research vendors, as requested by the Lottery.

The Successful Vendor must recommend and analyze marketing research and research studies (both qualitative and quantitative) for the purpose of refining strategies and executable concepts, as requested by the Lottery.

3.3 Website Development

Vendors are encouraged to visit <http://www.delottery.com> to learn of the extent of the Lottery's current Website and Internet presence related to this requirement.

The Lottery will require the Successful Vendor to provide extensive expertise in the areas of Website development, programming, and ongoing consultation in interactive programming disciplines. The Successful Vendor must be capable of providing programming resources in the areas of HTML, jsp, asp, css, php, Macromedia Flash, JavaScript, and other emerging Internet and Website programming languages. All Website development work and software solutions must be designed, deployed and maintained at the highest reasonably achievable accessibility functionality as defined by the W3C and State of Delaware Web Presentation Standards.

3.3.1 “Ongoing” Website Development

The Successful Vendor will provide the Website Development services required to support the Lottery's tactical brand, product, corporate, player relations, and retailer relations communications activities as executed, published, and otherwise accessible on established, official Lottery Websites and microsites (“Site(s)”).

This work includes, but is not limited to:

- a.) design, programming, testing, modifying, updating, revising, and maintaining all existing code, images, databases, applications, communications routines,
- b.) No more than (5) hours per month of advanced technical consultation and related services to support Lottery technology projects and issues not otherwise identified or available in this Agreement.

The Lottery will compensate the Successful Vendor for the above Ongoing Website development services under, and inclusive in, the Annual Agency Fee. Lottery brand, game-related, and corporate activities included in this scope of services may include, but are not limited to:

- c.) creative development and execution of Lottery Website graphics and promotions;
- d.) coordinating, programming, testing, executing, and uploading weekly and monthly updates for content on <http://www.delottery.com>, under the direction of Lottery management and I.T. staff;
- e.) coordinating, programming, testing, executing, and uploading significant Website revisions under the direction of Lottery management and I.T. staff;

- f.) researching, evaluating, and recommending emerging Internet technologies with potential application for the Lottery’s Website and social network sites, including an annual audit of North American Lottery and gaming and social networking Websites;
- g.) gaining knowledge of Lottery Website users and Lottery social network site visitors by developing, executing, and reporting the results of research and web-based surveys;
- h.) co-promotional opportunities with retailers, beneficiaries, and sponsor-affiliated Websites;
- i.) placing Internet advertising for Lottery products and promotions; and
- j.) negotiating applicable talent releases/fees for Internet use of broadcast advertising.

3.3.2 Website Development Projects

In order to fulfill its organizational mission, the Lottery may commission new Website development projects (“Project(s)”) typically of greater complexity and scale than Ongoing Website development activities performed to support the Lottery’s tactical marketing and communications activities. Website development Projects may include:

- a.) developing and implementing entirely new Sites;
- b.) major existing Site Revamp Project(s) that may change the structure and function of a Site or Site section in its entirety;
- c.) Players Club Revamp Project(s) that may include extensive database upgrades or new database development;
- d.) New Interactive Web-based Game development Project(s);
- e.) or Content Management System (CMS) implementation Project(s).

Such Projects may be deemed to be outside the scope of “Ongoing” website development work and the Lottery anticipates negotiating the terms and compensation of such Projects. Each Project identified will require a separate Project estimate identifying the scope of work and the cost of subcontractor services if such an arrangement would be required to complete the Project. The Lottery reserves the right to seek and procure alternative resources for such Projects at its sole discretion.

3.4 Internet Marketing

The Successful Vendor shall be responsible for providing the Lottery with specialized consultation on Internet marketing opportunities and trends. The Account Services Team specialist responsible for the work shall be experienced in designing and executing Internet marketing activities and evaluating trends in the Internet medium. Internet marketing services may include, but not be limited to:

- A. developing and executing interactive customer retention and acquisition strategies via delottery.com and its Players Club services, and social networking sites;
- B. assisting the Lottery in developing and executing social media strategies by campaign and on an ongoing basis;
- C. reviewing and evaluating all Internet-related media proposals;
- D. evaluating all Lottery brand and product activities to identify effective Internet marketing opportunities; and
- E. assisting the Lottery in developing and executing other business communication and retailer support Web-based solutions.

3.5 Special Event Support and Participation

The Successful Vendor shall be responsible for assisting the Lottery in executing certain retailer, player, and Lottery meetings and events throughout the contract period. Such events could include, but are not limited to, retailer breakfast meetings, retailer marketing rallies, retailer advisory panel meetings, promotional events, second chance drawing events, fair and festival events, event sponsorships, Lottery meetings, etc.

3.6 Public Relations

The Successful Vendor will provide the Lottery with a broad range of Public Relations services compensated inclusively by the Annual Agency Fee. Public Relations activities will typically include media relations, writing for the news media, and consultation on planning and executing promotional activities and sponsorships. Public relations activities compensated inclusively by the Annual Agency Fee include:

- A. General press releases, e.g., new game announcements, winner interviews, record-high jackpots, etc.
- B. Tactical implementation of routine public relations activities, including research, press releases/media advisory development, editing, distribution, media relations, and media monitoring.
- C. Serving as a media liaison/point-of-contact at Lottery events, promotions and sponsorships.
- D. 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.).
- E. Key message development and interview preparation/media training for Lottery managers and officers (media training sessions not to exceed six (6) total hours per year).
- F. Speech writing.
- G. Press kit development

- H. Strategic planning and idea generation.
- I. Reporting of post-event results.
- J. Reporting for all public relations activities.

The Lottery anticipates compensating the Successful Vendor for the following specific Public relations activities according to a job-based, negotiated hourly rate:

- K. Op-ed development and distribution.
- L. Development and distribution of editorial letters and statements for publication.
- M. By-lined article research and development.
- N. Photography of events.
- O. Crisis management.

The Lottery will require pre-approval of all Public Relations activities of the Successful Vendor.

4.0 PART 4 – PHASE I REQUIREMENTS

4.1 Vendor Capabilities Statement

This subsection identifies the information that vendors must provide to the Lottery in the Phase I submission, Vendor Capabilities Statement. The Lottery will evaluate Phase I submissions to qualify and invite vendors to participate in the Phase II proposal evaluation process.

All Vendors interested in offering a proposal must respond to this section. The Phase I assessment of Vendor capabilities is conducted as a means of determining if Vendors possess the relevant experience and current resources that will be required to provide the services identified in this RFP in a cost-effective and efficient manner.

Interested Vendors should respond with full a complete understanding of the required level and detail of services identified in this RFP, and with consideration of established Vendor experience and currently accessible Vendor resources.

4.1.1 Vendor Identifying Information

- a.) Each Vendor shall identify the name, address, and telephone number of the legal entity with whom the contract would be written and all trade names/assumed names that are used by that entity.
- b.) Each Vendor shall identify the type of entity under which the Vendor's business shall be operated (e.g., corporation, partnership, limited partnership, trust, joint venture, sole proprietorship). Each Vendor shall provide Vendor's Federal Employer Identification Number.
- c.) Each Vendor shall furnish proof of State of Delaware Business Licensure, or proof of initiating the process of application where required.
- d.) Each Vendor shall provide the name and telephone number of the representative of the Vendor who is authorized to discuss his company's proposal.

4.1.2 Vendor Staff

Please provide a current organizational chart by job title and indicate the number of full-time employees in your agency.

- a.) Please identify the locations of all facilities from which your agency will provide services to the Lottery, and describe the specific services that will be provided from each facility. If your agency is proposing new facilities to comply with RFP Sections 1.1 A.and 3.2.5, please provide an occupancy plan and schedule.
- b.) Please provide a brief biography and work experience summary for the principals and key employees within your agency.

- c.) Please provide job descriptions for each position that would be involved in the performance of any contract resulting from this RFP and indicate responsibilities and qualifications of such personnel. Indicate how much time each person will dedicate to the Lottery's account.

4.1.3 Vendor Services

Briefly explain your capability in providing the following services. For any areas where outside subcontracting is required, in whole, or in part, please list by company name the vendors you intend to utilize to fulfill the service:

- a.) Account Management
- b.) Ad Creative
- c.) Media Planning and Buying
- d.) Website Development, Programming and Consultation
- e.) Interactive and Internet Marketing, including social networking
- f.) Public Events and Field Promotions
- g.) Production Planning and Execution (advertising and point-of-sale materials)
- h.) Public Relations

4.1.4 Vendor Stability

- a.) List your annual gross billings during the last three (3) calendar years.
- b.) List your largest three (3) accounts, their approximate billings, and briefly describe the work you do for each.
- c.) Where would the Lottery rank in billing size among your other clients?
- d.) Please list any new accounts acquired within the last two (2) years.
- e.) Please list any accounts lost within the last two (2) years.
- f.) Please list any current clients that raise concerns of potential conflict of interest, spirit, or principle to either the Lottery, or the identified client, should the Lottery become a Vendor client.
- g.) Indicate evidence of your agency's fiscal soundness and financial stability. Include with your answer audited financial statements for the past three (3) years.
- h.) Describe the cost accounting system that your agency would use to track hours worked on the Lottery business. Briefly describe how you could monitor this system and provide performance reporting to the Lottery.

4.1.5 Vendor Profile and Experience

- a.) Please give a brief description of your agency as you would describe it to prospective clients.

- b.) Please give a brief description of your perception and understanding of the public gaming industry in general, and the lottery industry in particular.
- c.) Provide specific examples of advertising and marketing programs your agency has executed in the gaming or Lottery industry. If no such work has been performed by your agency, please provide specific examples of work completed by your agency that you consider similar to the work that might be performed for the Lottery. Indicate how the work is similar.

Vendors are strongly encouraged to provide advertising examples that are limited in volume and variety, yet identified as the highest quality and most effective work supporting the Vendor’s capability to provide the services identified in this RFP. Examples provided may be organized according to the billing categories in section 4.1.5e or by campaign.

- d.) List any awards your agency has won in the past three (3) years.
- e.) Please indicate your agency’s billing percentage for the most recent complete fiscal year by type of media and service:

- i.) Radio _____ %
- ii.) Outdoor _____ %
- iii.) Print _____ %
- iv.) POS _____ %
- v.) Television/Cable _____ %
- vi.) Internet (placement) _____ %
- vii.) Website Development/Interactive _____ %
- viii.) Mobile and social media _____ %
- ix.) Other _____ %

5.0 PART 5 - PHASE II VENDOR PRESENTATION REQUIREMENTS

5.1 Introduction

This section describes the requirements of a creative presentation that selected Vendors will be required to provide and make in response to the RFP. Site visits may be requested at the discretion of the Evaluation Committee to clarify any questions about a Vendor's ability to provide the services identified in this RFP. Presentations will take place at the Lottery's Office in Dover, Delaware, on the dates identified in Section 1.8, RFP Calendar.

Creative presentations will be limited to one hour with an additional thirty minutes allotted for questions by the Committee. At its sole discretion, the Evaluation Committee may choose to allow an additional thirty (30) minutes, maximum, to verify or clarify information provided by Vendors in respective Phase I Vendor Capability Statements.

Arrangements will be made by the Issuing Officer with each selected Vendor to determine exact time of the presentation. Vendors will be offered their choice of presentation time slots based on the sequence that Phase I Vendor Capabilities Statements are received at the Lottery Office. The first received Phase I Vendor Capabilities Statement will be given first choice of the date and time to make their presentation, second Vendor proposal received will be given second choice, etc.

The Lottery requests that Vendors introduce and include key members of the proposed Account Services Team in presentations. During the allotted thirty (30) minute question period after the creative presentations, the Lottery may direct questions related to the creative presentation to individuals on the proposed Account Services Team to learn more about the skills and abilities of individuals identified as part of the team.

5.2 Creative Presentations

The Delaware Lottery has identified practical, real world challenges faced by the organization and has created an assignment based on those challenges. The case study background and assumptions are presented in RFP APPENDIX C. Vendors invited to participate in Phase II of the evaluation process will base their Phase II creative presentations and supporting materials on the provided assignment. Vendors are advised to review and apply the spirit of Delaware Lottery Advertising Standards published in Appendix B, FY2012 Delaware Lottery Marketing Documents, in creating all work for the assignment.

6.0 PART 6 – PRICING

This section describes the manner in which the Vendors will submit pricing for the Lottery's consideration.

6.1 Separately Sealed Price Proposal

The Vendors are required to provide pricing in a separately sealed envelope. The price envelope must include a submittal letter signed by an individual authorized to obligate the company to the bid as stated.

6.2 Duration of the Price Proposal

The price proposal must be valid for one hundred twenty (120) days from the proposal submission date.

6.3 Form of the Price Submission

Vendors must submit pricing in the following format. Price bids that do not comply with this section will not be accepted.

A. Annual Agency Fee

Agency Fee is to be based on an estimated net mass media expenditure of one million four-hundred thousand dollars (\$1,400,000.00) per contract/advertising year.

7.0 PART 7 – PROPOSAL EVALUATION

7.1 Introduction

This section describes the evaluation process that will be used to determine which Proposal provides the greatest overall benefits to the Lottery and to the State. 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. §§6981-2.

7.2 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 will evaluate each Proposal that is properly submitted by a responsible Vendor. The Evaluation Committee will provide its findings to the Lottery Director. The Lottery Director will then review the process, and issue a Notice of Award.

7.3 Evaluation Steps

The evaluation process will comprise all of the following:

7.3.1 Phase I

- a.) Review of Phase I - Vendor Capabilities Statements to assess compliance with:
 - i.) proposal submission;
 - ii.) terms and conditions; and
 - iii.) mandatory requirements.
- b.) Detailed evaluation of Phase I Vendor Capabilities Statements.
- c.) Scoring of Phase I Vendor Capabilities Statements.
- d.) Notification of Phase I Vendors invited to participate in Phase II.

7.3.2 Phase II

- a.) Review of Phase II – Proposal Certification and Vendor Creative Presentations. Vendor to assess compliance with:
 - i.) proposal submission; and
 - ii.) mandatory requirements.
- b.) Creative presentations.
- c.) Scoring of Phase II Vendor Creative Presentations.
- d.) Combining of Phase I and Phase II scores.
- e.) Scoring of price proposals.
- f.) Combining total Vendor scores.
- g.) Developing the Evaluation Committee report and recommendation.
- h.) Submitting the Recommendation to the Lottery Director.

7.4 Submission Requirements, Terms, Mandatory Requirements—Phase I

All interested Vendors will be required to submit written Vendor Capabilities Statements responsive to RFP Part 4; using the format described in RFP Section 1.11; according to the schedule identified in RFP Section 1.8, RFP Calendar.

Phase I Vendor Capabilities Statements are required to meet all submission requirements as stated in Part 1; to indicate Vendor capabilities to provide services as described in Part 3; and to fully respond to the qualifications and services as described in Part 4. Proposals that fail to do so may be rejected.

The Lottery reserves the right to permit cure of minor irregularities when in the Lottery's best interests.

7.5 Submission Requirements, Terms, Mandatory Requirements—Phase II

Invited Vendors will be required to submit RFP Phase II - Vendor Proposal Certification, as described in RFP Sections 1.11 and 1.12, and according to the schedule identified in RFP Section 1.8.

Invited Vendors will be required to submit pricing proposals as described in RFP Sections 1.11 and 1.12 and RFP Section 6.

Invited Vendors will be required to make a creative presentation as described in Part 5 of this RFP. Presentations will occur at the Delaware Lottery Office in Dover, Delaware.,

7.6 Proposal Scoring – Phase I

Each of the Vendor’s qualifications and services as described in RFP Part 4 will be graded by the Evaluation Committee based on its best professional judgment, considering all submitted materials. A weighted scoring system will be used.

The weighted scoring system will provide numerical scores which represent the Committee's assessments of the relative merits of the proposals and presentations. The scores will be used to develop a preference ranking based on non-price factors.

The scoring system will be based on weights assigned for each of RFP Sections 4.1.2 – 4.1.5, with a total of 80 points available:

A. Assigned Categories and Weights for Evaluation of Phase I Vendor Capabilities Statements

Phase I Vendor Capabilities (80 points)

Vendor Staff	15
Vendor Services	15
Vendor Stability	10
Vendor Profile	10
Vendor Experience	25

7.7 Proposal Scoring—Phase II

Each of the Vendor’s creative presentations as described in RFP Part 5 will be graded by the Evaluation Committee based on its best professional judgment, considering all presented and submitted materials. A weighted scoring system will be used.

The weighted scoring system will provide numerical scores which represent the Committee's assessments of the relative merits of the presentations. The scores will be used to develop a preference ranking based on non-price factors.

A. Assigned Categories and Weights for Phase II Presentation Evaluation

Phase II Creative Presentation (80 points)

Rationale and Strategy	25
Advertising and Internet	20
In-store Retail Advertising	15
Media Planning	10
Promotions and Public Relations	10

7.8 Weighted Scoring System

The weighted scoring system for both Phase I and Phase II scoring will use a 60-100% grading scale to multiply the points available for each of the parts assigned weights for Phase I capabilities evaluation and each of the parts assigned weights for the Phase II presentation evaluation. The 60-100% scale is defined as follows:

- 90 - 100%: The Evaluation Committee perceived no real limitations and little or no room for improvement; judged excellent.
- 80 - 90%: The Committee perceived at least one significant limitation or possible improvement; judged good.
- 70 - 80%: Several significant limitations and needs for improvement; judged fair.
- 60 - 70%: Numerous significant limitations and needs for improvement and is the minimum judged acceptable; judged poor.

The final score for each Proposal, including the Creative Presentation, will be obtained by summing the results from each section, with a perfect final score being 160 points.

Although the sections will be scored using different weights, the Vendors are cautioned that:

- every section contains mandatory requirements which must be met regardless of the section's weight; and
- a poor response to a lesser weighted section still can have a significant negative impact on the Vendor's final score.

The weighted scoring system will provide numerical scores that represent the Committee's assessments of the relative merits of the Proposals. The scores will be used to develop a preference ranking based on non-price factors.

7.9 Price Evaluation

Price evaluation will occur after the qualifications and services and creative presentation scoring. The maximum price points made available is 40. Price will be calculated using the following formula:

$$\text{PRICE} = 40 * (\text{LOW BID}/\text{BID})$$

Based on each Vendor's pricing elements, as discussed in Part 6, the Committee will estimate a cost for the term of the contract, which will allow fair comparison of the proposals.

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)

Proposal Scoring and Pricing Combined

The Lottery will then add the combined preferences scores for the Phase I and Phase II Vendor Capability Statements and Creative Presentations to the respective price evaluation scores in order to rank proposals, and to determine the overall preferred proposal.

7.10 Recommendation and Negotiation

Upon completion of the evaluation and scoring, the Evaluation Committee shall rank all proposals in overall order of preference to perform and provide the requested services to the Lottery.

The Committee will prepare a recommendation as to the proposal that best satisfies the requirements and business objectives of the Lottery. However, if at this point the compliance review, scoring, and site visits/creative presentations still do not clearly indicate the best proposal, the recommendation will be based on the Committee's best professional judgment as to which proposal best meets the Lottery's stated objectives and are most advantageous to the State.

The results of the evaluation process and the recommended proposal will be documented in a report that will be presented to the Director.

Upon receipt of the Committee's report, the Director is free to engage in dialogue with members of the Committee. The Director may take as much time as necessary to review the report and to query the Committee. Once the Director is satisfied with his review of the final report and the recommendation of the Committee, he can take one of the following courses of action:

- A. Accept the recommendation of the Committee, notify the recommended Vendor and enter into contract negotiations.
- B. Reject the recommendation of the Committee and provide guidance on further actions to take.
- C. Take such other action as he deems appropriate.

The Director shall make the final decision regarding the selection of the Successful Vendor. This decision will be based on the Director's determination, after review of the report of the Evaluation Committee, which proposal is the most advantageous to the Lottery and in the best interest of the State to begin negotiations.

Under 29 Del. C. §6924(g), the Director may negotiate with individual Vendors.

Thereafter, if the Director is successful in negotiating the terms and conditions of a contract with one Vendor, he shall award the contract to that Vendor. Should the Lottery be unable to negotiate with a Vendor for conditions and prices that the Lottery deems to be fair, competitive, and reasonable, the Lottery shall then undertake negotiations with the next highest ranking Vendor, and so on. Negotiations shall continue at the sole option of the Lottery until an agreement is reached or all proposals are rejected.

APPENDIX A: STATEMENT OF NON-COLLUSION

This is to certify that the undersigned Vendor has neither directly nor indirectly, entered into any agreement, participated in any collusion nor otherwise taken any action in restraint of free competitive bidding in connection with this proposal submitted this date to the DSL.

1) By submitting a proposal, the firm offering professional services swears that it has not employed or retained any company or person, working primarily for the firm offering professional services, to solicit or secure this agreement by improperly influencing the agency or any of its employees in any professional service procurement process;

(2) By submitting a proposal, the firm offering the professional service swears that it has not paid or agreed to pay any person, company, corporation, individual or firm, other than a bona fide employee working primarily for the firm offering professional services, any fee, commission, percentage, gift or any other consideration contingent upon or resulting from the award or making of this agreement; and

(3) For the violation of this provision, Lottery shall have the right to terminate the agreement without liability and, at its discretion, to deduct from the contract price, or otherwise recover the full amount of such fee, commission, percentage, gift or consideration.

NAME OF VENDOR _____

AUTHORIZED REPRESENTATIVE _____

(Please type or print)

SIGNATURE _____

TITLE _____

Sworn to and subscribed before me this _____ day of _____, 2012.

NOTARY PUBLIC

My commission expires: _____

APPENDIX B

FY 2012 Marketing Documents:

Delaware State Lottery Marketing Summary
Delaware State Lottery Advertising Standards

MARKETING SUMMARY—FISCAL YEAR 2012
DELAWARE LOTTERY TRADITIONAL GAMES

I. BACKGROUND

DELAWARE LOTTERY MISSION

To maximize revenue contributions to the State's General Fund, thereby helping to fund the delivery of governmental services to the people of Delaware. We will do this through the marketing, sale and distribution of innovative, entertaining and secure Lottery products that ensure the public's confidence in the integrity of the games, Retailers, agents and Lottery operations; and by providing leadership and a corporate culture that encourages productive change leading to improvement in every aspect of the business.

DELAWARE LOTTERY MARKETING AND SALES DEPARTMENT MISSION

To design, market and merchandise entertaining Lottery games through a diverse network of licensed retail outlets to adults who live in and visit Delaware; to maintain the integrity and image of the Lottery by conducting effective public relations programs, by recruiting, licensing and educating retailers, and by monitoring retailer compliance to Lottery rules and regulations; to stimulate sales of Lottery games through effective advertising, player promotions and retailer support programs, thereby maximizing revenue contributions to the State's General Fund.

HISTORY and GAMES

The Delaware State Lottery, established in 1975, is a mature lottery. Marketing research studies over the years have shown that the majority of Delawareans believe it is being operated fairly. Currently, the Lottery offers players (18 years or older) the chance to purchase tickets from more than 550 licensed Lottery Retailers located throughout the three counties. In recent years, Lottery ticket sales have totaled more than \$110 million annually. The Lottery's traditional games are as follows:

PLAY 3 / PLAY 4

Monday through Saturday days and Monday through Sunday nights

MULTI-WIN LOTTO

Monday, Wednesday and Friday nights

POWERBALL® with Power Play®

Wednesday and Saturday nights

MEGA MILLIONS® with Megaplier®

Tuesday and Friday nights

HOT LOTTO® with Sizzler

Wednesday and Saturday nights

DELAWARE CASH 5®

Tuesday and Saturday nights

INSTANT TICKETS

Various themes and prize levels are introduced at the rate of three to five different games each month

MARKETING SUMMARY—FISCAL YEAR 2012
DELAWARE LOTTERY TRADITIONAL GAMES

II. ORGANIZATION

A. ADMINISTRATIVE

i. Rules and Regulations

Delaware Lottery operational activities and related authorities are defined and limited in Delaware Lottery Rules and Regulations. These authorities include the Lottery Director's authority to license and revoke Retailers, design games, pay prizes, manage a professional staff, and contract for professional services. Rules and Regulations are available online at

<http://www.delottery.com/rules.asp>

Advertising Standards, Practices, and Rules

Advertising Standards are included as an Appendix to this document. The Lottery will use these Standards in directing the work of its advertising agency, as well as the advertising and communications activities of licensed Retailers and agents

ii. Contractual

The Lottery accomplishes a significant portion of its Traditional Lottery work through contractors acting as suppliers and legal agents. Primary contractors include:

- a. Scientific Games International – on-line gaming systems and terminals; instant ticket design and printing services; cooperative marketing and support services; and game design and distribution.
- b. Star Group Communications – Advertising design and media placement; public relations; promotion design and management; Website development and Internet marketing; marketing consultation; and marketing performance measurement.
- c. Clear Path Solutions – Inspection of retail locations to determine accessibility to Lottery products and services according to Federal ADA laws and guidelines.

iii. Budget

An annual budget covering all marketing and communications activities is determined each year through the State of Delaware Budget process. The Lottery allocates that budget by job and campaign in a cooperative fashion with its advertising agency.

iv. Accounting

The advertising agency is responsible for tracking and reporting all activities and related budgetary expenditures for advertising and promotional costs. Monthly invoices and reports are provided by the advertising agency.

MARKETING SUMMARY—FISCAL YEAR 2012
DELAWARE LOTTERY TRADITIONAL GAMES

III. ADVERTISING AGENCY RESPONSIBILITY

- i. The advertising agency is responsible for ensuring all advertising and promotional activities are properly conducted and that activity summary reports are provided to Lottery management on a routine basis. Advertising Agency account management staff members are also responsible for ensuring all subcontractors perform according to agreements and that all sales aids and collateral are produced according to specification.
- ii. The advertising agency is responsible for the creation of all advertising campaign creative and media planning and placement, from concept development to final production. Campaign planning should begin at least three to four months prior to the anticipated campaign launch date. Campaign development stages are as follows:
 - Planning: A creative brief, communications plan with campaign budget and planning chart must be submitted by the agency and approved by the Lottery prior to concept development.
 - Concepts: a minimum of three (3) concepts should be presented for each campaign.
 - Campaign development: after a concept is selected, the agency is responsible for the creative execution of all campaign pieces.
 - Media planning and buying: the agency is responsible for planning and securing media to advertise the campaign, including but not limited to: contracted OOH (out-of-home), radio and print.
 - Production: three (3) bids are required for the production of all campaign-related materials. The agency must then submit an estimate with the three quotes for the Lottery's review and authorization.

IV. GAME DESIGN

A. Collaborative Contractor and Lottery Activities

i. Instant Tickets

Lottery Marketing Specialist for Instant Games directs and collaborates with SGI marketing management, artists, and account managers to design up to 40 games each year. Assistant Director reviews and approves games and product mix.

ii. On-line Games

Lottery Marketing Specialist for On-line Games directs and collaborates with SGI marketing management, programmers, and local system managers to design games and Lottery selling terminal features and functions. Assistant Director reviews and approves games and product mix.

MARKETING SUMMARY—FISCAL YEAR 2012
DELAWARE LOTTERY TRADITIONAL GAMES

V. MARKET

A. Jurisdiction

- i. The physical boundaries of the State of Delaware

B. Customers

i. Profile

- a. The profile of Delaware Lottery players closely resembles the random sample of Delaware residents by region, gender age, education, and income.

ii. Targeting

- a. Adults (18 years of age and older) who live in, work in, or visit Delaware

iii. Behavior (Source: 2009 Delaware Lottery Resident Survey)

- a. Over 4 in 10 (44%) of adult Delaware residents play at least one Delaware Lottery game on a weekly basis
- b. The mean amount spent on games per week is \$15; the median amount spent each week is \$9
- c. Tickets are purchased most commonly at convenience stores (41%); gas stations (27%); liquor stores (22%); and grocery stores (21%)
- d. Of all games, POWERBALL® has the highest level of unaided awareness among Delaware residents (44%)

VI. FISCAL YEAR 2012 MARKETING GOALS

A. Increase ticket sales revenue through expansion of traditional Lottery games:

- i. Instant Games
- ii. Daily games
- iii. Jackpot games
- iv. On-line Games
- v. New games/game enhancements

B. Make it easier for Lottery Retailers to sell tickets and pay winners

C. Increase ticket sales and support the local business community by adding new Lottery retailers

D. Generate profits for contribution to the State's General Fund to help support state services

MARKETING SUMMARY—FISCAL YEAR 2012
DELAWARE LOTTERY TRADITIONAL GAMES

VII. FISCAL YEAR 2012 SALES GOALS

	FY2011 (\$ Millions)	FY2012 (\$ Millions)	Projected Change %
Instant Games	\$ 40,856,406	\$ 42,000,000	3%
Play 3	25,390,086	25,009,234.71	(1.5%)
Play 4	18,040,243	18,220,645.43	1%
Multi-win Lotto	5,000,258	5,000,000	0
Powerball w/ Power Play	20,398,000	19,378,1000	(5%)
Mega Millions w/MP	9,877,578	10,272,681.12	4%
Hot Lotto w/ Sizzler	3,346,262	3,379,724.62	1%
DE Cash 5 (2011 Launch)	734,028	990,937.80	35%
Fast Play	384,533	380,687.67	(1%)
Totals	\$ 123,939,356	\$ 124,632,011	1 %

VII. GENERAL BRAND AND CORPORATE

A. Marketing Objectives

- i. Increase sales of all games and enhance the public image of the Delaware Lottery and its Mission

B. Known Key Activities – FY2012

- i. Summer campaign (FY11/FY12): Instant Games/Road Trip '10
- ii. Fall campaign: On-line jackpot games (PB, HL & MM) & launch of smart phone Web Application
- iii. Holiday campaign: Holiday-themed Instant tickets
- iv. Spring campaign: PLAY 3/PLAY 4

VIII. INSTANT GAMES

A. Marketing Objectives

- i. Increase market share among Lottery games in Delaware
- ii. Elevate presence within overall product mix through marketing activities and in-store promotions
- iii. Increase price point of games and restructure prize levels
- iv. Identify and promote significant Licensed Property Games
 - a. Wheel of Fortune (September 2011)

MARKETING SUMMARY—FISCAL YEAR 2012
DELAWARE LOTTERY TRADITIONAL GAMES

B. Known Key Activities – FY2012

- i. Summer campaign (June-Aug. 2011): “Play Anywhere”
- ii. Fall campaign (Sept.–Oct. 2011): Wheel of Fortune Licensed Property Game
- iii. Holiday campaign (Nov.-Dec. 2011): “Shake Up The Holidays”
- iv. Failsafe Keyless Instant Validation (April–June 2012) — new barcodes will allow for players to check their tickets via the Quick Check scanner; initial training to take place in April, program to officially launch in June

IX. MULTI-WIN LOTTO

A. Marketing Objectives

- i. Increase market share among Lottery games in Delaware
- ii. Elevate presence within overall product mix

B. Known Key Activities – FY2012

- i. TBD

X. POWERBALL® with Power Play

A. Marketing Objectives

- i. Increase market share among Lottery games in Delaware
- ii. Elevate presence within overall product mix

B. Known Key Activities – FY2012

- i. Fall Jackpot Games Campaign (Sept.–Oct. 2011)
- ii. Advertising campaign
- iii. Launch of Smart Phone Web Application
- iv. Pricing structure change to a \$2 game (January 2012)
- v. Advertising campaign—A Whole New Powerball (January – March 2012)
- vi. In-store promotions (March 2012)
- vii. Retailer education (January 2012)
- viii. Literature revise (November/December 2011)
- ix. Web Updates (December 2011)
- x. Jackpot advertising
- xi. POWERBALL® billboards (five total; sixth board out of commission)
- xii. Jackpot alerts (for jackpots exceeding \$135 million)
- xiii. Jackpot transit signage

XI. MEGA MILLIONS ® with Megaplier

A. Marketing Objectives

- i. Increase market share among Lottery games in Delaware

MARKETING SUMMARY—FISCAL YEAR 2012
DELAWARE LOTTERY TRADITIONAL GAMES

- ii. Elevate presence within overall product mix
- B. Known Key Activities – FY2012
 - i. Fall Jackpot Games Campaign (Sept.–Oct. 2011)
 - ii. Advertising campaign
 - iii. Launch of Smart Phone Web Application
 - iv. Jackpot Advertising
 - v. Jackpot alerts (for jackpots exceeding \$110 million)
 - vi. Jackpot transit signage
 - vii. Jackpot billboard (Blue Rocks Stadium) beginning April 1, 2012
- XII. HOT LOTTO ® with Sizzler
 - A. Marketing Objectives
 - i. Increase market share among Lottery games in Delaware
 - ii. Elevate presence within overall product mix
 - B. Known Key Activities – FY2012
 - i. Fall Jackpot Games Campaign (Sept.–Oct. 2011)
 - ii. Advertising campaign
 - iii. Launch of smart phone Web Application
 - iv. Jackpot advertising
 - v. Jackpot alerts (for jackpots exceeding \$5 million)
 - vi. Jackpot transit signage
- XIII. FAST PLAY®
 - A. Marketing Objectives
 - i. Increase market share among Lottery games in Delaware
 - ii. Elevate presence within overall product mix
 - B. Known Key Activities – FY2012
 - i. Rotate/re-launch (6) available themes at strategic intervals
 - C. GAME RETIRED JANUARY 14, 2012
- XIV. PLAY 3/ PLAY 4
 - A. Marketing Objectives
 - i. Increase market share among Lottery games in Delaware
 - ii. Elevate presence within the overall marketing mix
 - B. Known Key Activities – FY2012
 - i. Advertising campaign—“It’s Not Your Lucky Number Until You Play It”

MARKETING SUMMARY—FISCAL YEAR 2012
DELAWARE LOTTERY TRADITIONAL GAMES

- ii. In-store promotions (May 2012)

XV. DELAWARE CASH 5®

A. Marketing Objectives

- i. Increase market share among Lottery games in Delaware
- ii. Elevate presence within the overall marketing mix

B. Known Key Activities – FY2012

- i. Intra-County Motor Coach advertising (pilot test—advertising on three buses for three months)

XVI. PLAYER RELATIONS

A. Marketing Objectives

- i. Develop programs that enhance the perception and awareness of the Lottery and its programs
- ii. Create opportunities for direct contact with current and potential players to create experiences and develop relationships.
- iii. Develop programs that build good will and confidence in the Lottery as a trusted “corporate citizen.”

B. Known Key Activities – FY2012

- i. Campaign-based Players Club promotions
- ii. Develop a plan to expand and enhance the Players Club
- iii. Update and reprint Player Protection and information pieces when needed

XVII. RETAILER RELATIONS

A. Marketing Objectives

- i. Develop programs that enhance the perception and awareness of the Lottery and its programs
- ii. Create opportunities for direct contact with Retailers to create experiences and develop relationships.
- iii. Develop programs that build good will and confidence in the Lottery as a trusted “corporate citizen.”

B. Known Key Activities – FY2012

- i. Routine sales management calls and retailer recruiting
- ii. Ticket Talk newsletter (quarterly)
- iii. Retailer Monthly Marketing envelopes
- iv. X-Fingers (May 2012)
- v. Retailer rewards and contests
- vi. In-store promotions
- vii. Retailer Rallies

C. PUBLIC RELATIONS

MARKETING SUMMARY—FISCAL YEAR 2012
DELAWARE LOTTERY TRADITIONAL GAMES

- D. Marketing Objectives
- E. Develop programs that enhance the perception and awareness of the Lottery and its programs
- F. Create opportunities for direct contact with current and potential players to create experiences and develop relationships
- G. Develop programs that build good will and confidence in the Lottery as a trusted “corporate citizen”
- H. Known Key Activities – FY2012
- I. Annual Report (February/March 2012)
- J. Winners Gallery stories
- K. Media relations
- L. Press release development and distribution
- M. Media watches
- N. Update press lists on a regular basis
- O. Implement approved PR tactics

XVIII. MEDIA ADVERTISING

- A. Marketing Objectives
 - i. Increase market share among Lottery games in Delaware
 - ii. Elevate presence within overall product mix
- B. Known Key Activities – FY2012
 - i. Contracted Out-of-Home media
 - ii. General games (six month contracts: billboard, transit and gas pump toppers)
 - iii. POWERBALL® billboards (fiscal year contract)
 - iv. Campaign media (varies with each campaign): print, radio, TV and online
 - v. Exploratory media (varies with each campaign): online and OOH advertising

XIX. WEBSITE DEVELOPMENT AND INTERACTIVE

- A. Marketing Objectives
 - i. Develop programs that enhance the perception and awareness of the Lottery and its programs
 - ii. Create opportunities for direct contact with current and potential players to create experiences and develop relationships.
 - iii. Develop programs that build good will and confidence in the Lottery as a trusted “corporate citizen.”
 - iv. Communicate with Retailers and provide value-added content and features. Support Retailer recruitment initiatives.

MARKETING SUMMARY—FISCAL YEAR 2012
DELAWARE LOTTERY TRADITIONAL GAMES

- B. Known Key Activities – FY2012
 - i. Ongoing support—review and retain application updates with Lottery draw staff
 - ii. Smartphone Web Application launch (September 2011)
 - iii. Social Media launch—Facebook and Twitter (March 2012)
- XX. NEW GAME DEVELOPMENT
 - A. Marketing Objectives
 - i. Increase market share among Lottery games in Delaware
 - ii. Elevate presence within overall product mix
 - B. Known Key Activities – FY2012
 - i. Develop new Instant Games play styles, game designs and prize structures in cooperation with Scientific Games
 - C. Will increase the number of \$3 tickets and decrease the number of \$2
 - D. Lotteria, a popular Mexican bingo-style game, will be introduced in Spring 2012
- XXI. MARKETING PLAN REVIEW
 - A. Marketing Objectives
 - i. Define rationale and specific activities to be used in current and upcoming years to successfully market traditional Lottery games
 - B. Known Key Activities – FY2012
 - i. The Marketing and Sales team of the Lottery and the Star team will meet quarterly (tentatively scheduling meetings in August, October, January, March, and May) to revise and update the Marketing Plan and determine progress toward achieving those objectives
 - ii. The Marketing and Sales team of the Lottery and the Star team will meet to discuss front-end marketing plan and strategic planning for upcoming fiscal year (FY2013).

Delaware Lottery Advertising Standards

July 2011

The Delaware Lottery encourages responsible decision-making regarding lottery play by adults and discourages abusive use of its products. The Delaware Lottery urges that adults who choose to play lottery games do so responsibly. As a signatory member of the North American Association of State & Provincial Lotteries (NASPL), the Delaware Lottery strives to conduct its advertising and marketing practices in accordance with the provisions of the NASPL Advertising Standards.

It is recognized that it is not possible to cover every eventuality and, therefore, the Delaware Lottery agrees to observe the “spirit” as well as the “letter” of these Standards. Questions about the interpretation of these Standards, Delaware Lottery compliance with the Standards, and the application of its provisions may be directed to the Delaware Lottery Director.

Delaware Lottery Advertising Standards

July 2011

CONTENT

1. Advertising should not be specifically targeted with the intent to exploit a person or a specific group or economic class of people.
2. Advertising should not be condescending or degrade the image or status of persons of any ethnic minority, religious group or protected class.
3. Advertising should be consistent with principals of dignity, integrity, mission and values of the Delaware Lottery.
 - Advertising should neither contain nor imply lewd or indecent language, image or actions, slang terms or words with double meaning that could be misinterpreted.
 - Advertising should not portray product abuse, excessive play or a preoccupation with gambling.
 - Advertising should not imply or portray any illegal activity.
4. Advertising should not encourage people to play excessively or beyond their means.
 - Advertising and marketing materials should include a responsible play message when appropriate.
 - Responsible play public service or purchased media messages are appropriate, especially during large jackpot periods.
 - Support for compulsive gambling problems, including publications, referrals and employee training, is a necessary adjunct to lottery advertising. Include the 800# gambling helpline phone number in lottery promotional materials.
 - Advertising should not present, directly or indirectly, any lottery game as a potential means of relieving any person's financial or personal difficulties
 - Advertising should not exhort play as a means of recovering past gambling or other financial losses.
 - Advertising should not be placed in or adjacent to the other media that dramatize or glamorize inappropriate use of the product.

Delaware Lottery Advertising Standards

July 2011

STONE

1. Playing the Delaware Lottery game should not be promoted in derogation of or as an alternative to employment, nor as a financial investment or a way to achieve financial security.
2. Advertisements should not be designed so as to imply urgency, should not make false promises and should not present winning as the probable outcome.
3. Advertising should not denigrate a person who does buy a lottery ticket or unduly praise a person who does buy a ticket.
4. Advertising should emphasize the fun and entertainment aspect of playing Delaware Lottery games and not imply a promise of winning.
5. Advertising should not exhort the public to wager by directly or indirectly misrepresenting a person's chance of winning a prize.

AGE CONTROL

1. Persons depicted as customers in lottery advertising should not be nor appear to be under the legal age for purchasing lottery tickets:
 - **Age 18** or older to purchase tickets for the Delaware Lottery ON-LINE and INSTANT games.
 - **Age 21** or older to play the Delaware Lottery VIDEO games, Delaware Sports Lottery, and Delaware table Games.
2. Age restrictions should be well publicized.
3. Advertising should not appear in media directed primarily to those under the legal age.
4. Delaware Lottery games should not be advertised or marketed at venues where the audience is reasonably and primarily expected to be below the legal purchase age.
5. Advertising should not appear on billboards located within 500 feet of any primary or secondary school.

Delaware Lottery Advertising Standards

July 2011

AGE CONTROL CONTINUED

6. Ads should not contain symbols and/or language that are primarily intended to appeal to minors or those under the legal purchase age.
 - The use of animation should be monitored to ensure that characters are not associated with animated characters on children's programs.
 - Celebrity or other testimonials that would primarily appeal to persons under the legal purchase age should not be used.

GAME INFORMATION

1. Delaware Lottery game rules, regulations and odds of winning must be readily available to the public and clearly stated.
2. An explanation of alternative cash and annuity values of jackpot prizes should be publicized as appropriate.

BENEFICIARIES

1. The Delaware Lottery should provide the public with information clearly denoting where lottery proceeds go, avoiding statements that could be confusing or misinterpreted

APPENDIX C

Phase II Vendor Creative Presentations

Case Study

Phase II Vendor Creative Presentations Case Study

RFP DSL 2012-1

1. Creative Presentations

The Delaware Lottery has identified two practical, real world challenges faced by the organization which are the basis of a case study from which Phase II invited vendors will develop creative presentations. Vendors are advised to review and apply the spirit of Delaware Lottery Advertising Standards published in Appendix B, Delaware Lottery Marketing Documents, in creating all work for the assignment.

2. Assignment Background

As the Delaware Lottery looks to the foreseeable future in planning its marketing and sales programs for its mature ticket games, the biggest challenges it faces are the aging of its player base and the diminishing effectiveness of its only distribution channel: brick-and-mortar retail outlets. While the physical landscape of the retailing environment evolves and gives way to the efficiency and convenience of Internet-based retail sales, lottery products have been legally tethered to the retail countertop and cash register.

In response to this challenge, at the time of the issuance of this RFP, several state lottery jurisdictions, including Delaware, are the default regulatory authority identified in legal reviews and legislative initiatives that would ultimately sanction secure and controlled sale of lottery ticket games over the Internet. Those activities are all driven by a favorable 2011 answer from a United States Department of Justice (USDOJ) attorney responding to questions from the lottery jurisdictions of Illinois and New York asking if certain federal laws prohibited intrastate sales of lottery tickets via the Internet.

In addition to emerging legislation that could allow for Internet sales of traditional lottery games, the Delaware Lottery anticipates receiving legislative authority to launch “Keno” in up to 100 new brick-and-mortar business locations throughout the State. Keno will be managed as a “Traditional” Delaware Lottery game along with currently offered ticket games. (Please refer to Appendix B, Delaware Lottery Marketing Summary, and visit <http://delottery.com> for details about currently offered Traditional ticket games.)

To prepare responses to the case study for Creative Presentations, Vendors should consider the background provided in this section and the following assumptions:

- A. The Lottery will receive formal legal authority to sell Keno as a new Traditional lottery game, and to sell all, and only, Traditional Lottery games via the Internet and mobile devices to adults physically present within the State’s boundaries.

- B. Gaming technology providers will design and provide all of the hardware, software, and player internet interface required to legally facilitate and control Internet player accounts and transactions. A complete gaming system solution is implemented.
 - C. Resources are limited and the Lottery will be required to prioritize and stage implementation of the games and solutions described above over a minimum twelve-month period.
2. Assignment Description

The key purpose of the assignment below is to provide Vendors with an opportunity to demonstrate their collective abilities in the areas of strategic reasoning and creative problem solving applied to identify solutions to long term challenges faced by the Lottery.

A. Part One: Tactical Plan Development and Presentation

Considering the information provided in this case study, and any information available concerning the past successes of other North American lotteries, prepare and present a twelve-month tactical plan “Point of View.” The tactical plan should contain a situation analysis, written recommendations, general budget categories and rationale; realistic cost estimates, and supporting rationale for development of all communications, advertising, and marketing activities for two initiatives that will run in parallel over a twelve month period.

The two parallel initiatives to be evaluated and presented by Vendors include the launch of Keno in brick-and-mortar business locations throughout the State, and the launch of Internet sales of (only) Traditional Lottery games.

Please use the following fictional parameters to define Lottery needs and supporting Vendor solutions and services as they would be provided or procured under a contract resulting from this RFP:

- Keno retailer recruiting by Lottery staff begins at Day 0 of the twelve month period. Recruiting involves location visits and “small group” intake training sessions in each of three counties.
- Keno game design is established as shown in APPENDIX C Exhibit 1 – Keno Bonus Playslip
- Projections indicate that (fifty) 50 retailers will be available to start sales in Month 4
- Fifty (50) additional new retailers will begin sales in Months 4-12
- Technology providers estimate that two Traditional Lottery games – Powerball and Mega Millions – will be available in Month 4, with the

remaining Traditional Lottery games available on the Internet at the beginning of Month 6.

- Public opinion about these (both) product and distribution expansions is generally favorable, with minor dissonance among current retailers.
- The Lottery has allocated an assignment budget of \$750,000, total, that Vendors should prioritize, re-budget and re-allocate these funds to support both initiatives within the scope of the Tactical Plan. Agency fees and routine cost of doing business are separate and do not need to be addressed in the Tactical Plan or any budget detail provided.

B. Part Two: Advertising Campaign Creative

Based on Vendor recommendations in the tactical plan, please present three (3) creative options, art and supporting rationale for the launch campaign of Keno OR Internet sales of Traditional Lottery games. Vendors may also choose to represent both initiatives in a single, integrated campaign following the guidelines of section 4 - Required Activities and Materials.

A Vendor's demonstration of a high level of understanding of the chosen initiative(s), product(s) and market(s), as well as the connection between the timing, reasoning, and rationale presented in the Tactical Plan, will weigh favorably in Campaign Creative scores, regardless of the Vendor choice of an initiative-focused or integrated campaign.

3. Assignment Budget

\$750,000

4. Required Activities and Materials

The tactical plan prepared for assignment Part One should identify item and activity costs presented as realistic amounts, but as "planning stage" estimates. Any supporting cost details should offered as leave-behind materials for the Committee. Please refer to RFP Section 3.2.8a - Advertising Planning, as a Tactical Plan development reference.

The three creative concepts developed and presented for Part Two Advertising Campaign Creative presentations should EACH be based upon one (1) billboard layout concept; one (1) full-page print ad layout concept; one (1) brochure or flyer concept; one point-of-purchase sign or device; one website landing page with optional mobile device-optimized version; one Internet banner ad; one premium or apparel item; one radio script; and one optional "Vendor's Choice item."

Vendors are reminded of the limitation of one (1) hour to present both Parts One and Part Two of the creative presentation.

HOW TO PLAY KENO:

Using a pen or pencil (no red, please), completely fill out the front of the playslip making a choice on each of the 5 areas. Follow the instructions at the front of the playslip. Please note that you must play KENO in order to play KENO BONUS and that the amount wagered on KENO BONUS will always equal the amount wagered on KENO. See game brochure or delottery.com from complete details. It's your responsibility to verify that the selections on the ticket match the ones you selected on your playslip.

KENO PAYOUT CHART

Payouts based on a \$1 per game wager.**

Match	10 spot game	Prize
10		\$100,000*
9		\$4,000
8		\$400
7		\$50
6		\$10
5		\$2
0		\$4

Odds of winning in this game: 1:9.05

Match	9 spot game	Prize
9		\$25,000
8		\$2,500
7		\$100
6		\$20
5		\$5
0		\$2

Odds of winning in this game: 1:9.75

Match	8 spot game	Prize
8		\$10,000
7		\$500
6		\$50
5		\$10
4		\$2

Odds of winning in this game: 1:9.77

Match	7 spot game	Prize
7		\$2,500
6		\$100
5		\$15
4		\$3
3		\$1

Odds of winning in this game: 1:4.23

Match	6 spot game	Prize
6		\$1,000
5		\$50
4		\$5
3		\$1

Odds of winning in this game: 1:6.19

Match	5 spot game	Prize
5		\$300
4		\$15
3		\$2

Odds of winning in this game: 1:10.34

Match	4 spot game	Prize
4		\$50
3		\$5
2		\$1

Odds of winning in this game: 1:3.86

Match	3 spot game	Prize
3		\$25
2		\$2

Odds of winning in this game: 1:6.55

Match	2 spot game	Prize
2		\$10

Odds of winning in this game: 1:16.63

Match	1 spot game	Prize
1		\$2

Odds of winning in this game: 1:4.0

* \$100,000 is the maximum prize per game on any one Keno ticket. \$1,000,000 is the liability cap when playing the Keno 10-spot, when a Keno Bonus multiplier of 10 is won. If two or more players win playing the Keno 10 spot with a Keno Bonus multiplier of 10, then the one million dollar top prize is divided proportionately among the winners.

** Multiply \$1 prize payout times dollars played to determine payouts for other dollar amounts played.

KENO BONUS FEATURE

Keno Bonus numbers are used to multiply any amount won on the next Keno game. If a number is drawn during Keno Bonus, this number will be used as the multiplier. Keno Bonus numbers are 3, 4, 5 & 10. Below is an example. Based on a \$1 Per Game Wager**

Keno Bonus Number Drawn	Keno Winning Amount	Total Winning Amount
5	\$5	\$25

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KENO BONUS

Mark your selections like this: 

1 How many numbers (spots) do you want to play per game? Mark one:

1 2 3 4 5 6 7 8 9 10

2 How much do you want to play per game? Mark one:

\$ 1 2 3 4 5 10 20

3 Play Quick Pick 
OR

Pick your own numbers:

1 2 3 4 5 6 7 8 9 10

11 12 13 14 15 16 17 18 19 20

21 22 23 24 25 26 27 28 29 30

31 32 33 34 35 36 37 38 39 40

41 42 43 44 45 46 47 48 49 50

51 52 53 54 55 56 57 58 59 60

61 62 63 64 65 66 67 68 69 70

71 72 73 74 75 76 77 78 79 80

4 For how many consecutive Keno games do you want to play?

Number of games x \$ played per game = Total wager

Maximum Keno wager per game slip is \$100

1 2 3 4 5 10 20

5 Do you want to play Keno Bonus?

You must play Keno each time you play Keno Bonus. See game brochure for details. Maximum Keno with Keno Bonus wager is \$200

Yes No

