



Katie Hobbs
Governor

Gregory R. Edgar
Executive Director

Request for Information (RFI)
BPM005212

**Lottery Business Applications, Technology Solutions, Retailer Point of Sale Devices, Gaming Systems
and Related Services**

Responses Due: Tuesday, April 4th, 2023, 12pm Arizona Time.

Submit Response To: Responses will only be accepted online in the “Arizona Procurement Portal (APP)” at <https://app.az.gov> until the date and time indicated above.

Inquiries: Questions concerning this RFI must be submitted via the Discussion Tab in APP at least 7 days before the response due date. Answers to questions will be posted in the APP system for the benefit of all potential respondents. Submit technical inquiries about navigating and/or submitting responses in APP to the State’s APP Help Desk by phone at (602) 542-7600, option 2; or by email to app@azdoa.gov.

LOTTERY BACKGROUND AND OBJECTIVES

The Arizona Lottery is seeking information from vendors to identify innovative and profitable approaches to the development, implementation, and integration of a full-service set of business and technology solutions, lottery gaming system and related services. This RFI encompasses multiple value streams, and vendors may choose to respond to only those Value Streams sections that relate to solutions that they offer. We request that vendors provide an executive summary for each section in their main response document and submit supplemental information as separate attachments.

LOTTERY MANAGEMENT SYSTEM

The Arizona Lottery is committed to innovation and continuous improvement. Our intentional, data-driven business operating model uses lean/six sigma methodologies to ensure the Lottery is delivering on our strategic and operational goals and objectives, in the following areas:

- Invest in workforce success
- Expand retail network and improve retailer experience
- Strengthen player base through innovate and entertaining products
- Increase Lottery’s impact in the State of Arizona

OBJECTIVES

The Arizona Lottery has the following objectives for issuing this RFI:

- To aid in the preparation of a possible request for proposal for a full-service set of business and technology solutions Lottery gaming system and related services and to ensure a competitive process among prospective vendors.

- To obtain information on where vendors see emerging Lottery technology and services and insight into how the vendors are embracing innovative solutions.
- To learn about ways in which a lottery business and technology solutions gaming system may be open and flexible to meeting evolving needs and requirements of the Arizona Lottery, its players, retailers, and employees.
- To obtain information to enhance existing retailer partnership and generate new partnerships with the Lottery to cross-promote product lines and ensure mutual growth.
- To understand industry best practices in the area of business intelligence and data governance, and what vendor products and services are available in this space.

INSTRUCTIONS AND RESPONSES

Arizona Procurement Rules and Protocol

- In accordance with Arizona Administrative Code (A.A.C.) R19-3-538, the Arizona Lottery (Lottery) is issuing this Request for Information (RFI) to obtain information for planning purposes.
- Responses to an RFI are not offers and cannot be accepted to form a binding contract. Respondents are solely responsible for expenses associated with responding to this RFI. The Arizona Lottery is under no obligation to the responders in so far as the next steps to any potential future competitive solicitation requests are concerned.
- This RFI should not be construed as a means to pre-qualify vendors. The Arizona Lottery may utilize results of this RFI in drafting a competitive solicitation for the subject services, products and/or equipment. Any future contract(s) that may be awarded must be the result of a competitive solicitation and shall comply with the Arizona Procurement Code.
- Information contained in a response to this RFI will be confidential until the procurement process is concluded or three years from receipt of the information, whichever occurs first unless otherwise authorized by the procurement officer.
- The Arizona Lottery may, but is not obligated to, request a presentation, demonstration or additional detail in addition to the information delivered in the response.
- In any resultant solicitation, such as a Request for Proposals (RFP), the Arizona Lottery anticipates contractually obligating any vendor to meet minimum asset and service quality. This includes the operation and maintenance of any new assets for improved cost efficiency and minimized risk.
- Response Format:
 - All Respondents need to submit a single document containing narrative responses to the REQUIRED RESPONSE section outlined below. Separate document(s) needs to be submitted for each value stream(s) the vendor is responding to. Responses should be succinct, but with sufficient detail to provide an effective understanding of the subject. Acceptable formats are Adobe Portable Document Format (PDF) or Microsoft Word.
 - Responses may contain relevant graphics, figures or tables within the main response document. Respondents should avoid inserting boilerplate product descriptions, presentations, marketing content or technical specifications in the main response document.
 - Respondents may submit additional supporting material, presentations, brochures, multimedia content or other information as separate attachments, or within a separate document containing links to externally hosted content. Respondents should include the

relevant RFI document section number as a prefix within the separate attachment filename or link description.

VENDOR REQUIRED INFORMATION

(Response required from all respondents)

1.1 Respondent Introduction

Briefly provide the following descriptive information for the respondent and its leadership team members. The purpose of this question is to aid the Arizona Lottery in understanding the respondent's identity and type of business they operate.

- A. Name of Respondent, corporate structure / organization and its leadership team members.
- B. Principal business for Respondent.
- C. Identify any experience in implementing and maintaining solutions for a state-sponsored Lottery program.
- D. Identify any experience in implementing and maintaining any business solutions for state agencies / government entities.
- E. Describe how the Respondent is compliant with relevant Multi-State Lottery Association (MUSL) and/or State Government IT standards, rules and regulations.

1.2 Contract Approach and Structure

The Arizona Lottery is considering a non-traditional procurement approach in which the agency awards contracts based on value streams, as defined in Section 2 below, rather than a specific solution and/or products. This will allow the lottery to modularize future conversion efforts and provide the organization the option to select a single or multiple vendors to support a value stream based on their expertise and value they provide to the customer.

- A. Provide suggestions of any general strategies, operating models, requirements or alternatives the Arizona Lottery should consider when evaluating the viability of this contract methodology.
- B. What does the Respondent see as the pros/cons of Lottery's proposed approach to contract management?
- C. Traditional lottery pricing structure is based on a percentage of ticket sales. What other pricing strategies could the Respondent provide for its solutions that may be more advantageous or efficient?
- D. What are the Respondent's suggested approaches and specific recommendations for incorporating Service Level Agreement (SLAs) and/or Liquidated Damages into a contract?
- E. What evaluation / scoring methods would the Respondent recommend be used when evaluating submitted proposals for a future solicitation?
- F. What critical information would the Respondent like the Arizona Lottery to consider including in a future solicitation?

1.3 Vendor Performance and Partnership

- A. What is the Respondent's methodology, process and timeline for system conversion / solution implementation and project management? How does the Respondent evaluate project management success?
- B. What staffing levels / support positions would the Respondent recommend they provide in order to facilitate the partnership and optimize the performance of the Respondent's solution(s)? Would the respondent be willing to co-locate staff / workspaces within the Lottery's facilities?

- C. Provide examples that demonstrate the Respondent's approach to continuous improvement and improving process outcomes/ results. If possible, provide examples of both internal programs for continuous improvement as well as processes implemented with external customers.
- D. Describe the Respondent's approach to delivering system updates, custom enhancements, or new versions over the life of a contract, including both hardware and software upgrades.
- E. Summarize any formal maturity models, frameworks, standards or certifications for software delivery, IT service delivery, or software process improvement that the Respondent follows (examples: CMMI, ITIL, ISO/IEC standards, Agile/Scrum, etc.).
- F. Describe the Respondent's methodologies and processes for performing internal Quality Assurance (QA) and user acceptance testing (UAT). Provide a description of the various test systems and QA staff employed by the respondent, as well as the ability to provide dedicated QA/UAT staff to the Lottery for testing support.
- G. What documented incident management and business continuity processes does the Respondent follow?
- H. What is the Respondent's approach to integrating new third-party solutions, including the handling of development costs?
- I. What performance metrics would the Respondent suggest be used to evaluate their provided services and performance and what cadence? (Example metrics: sales goals, system uptime, software quality, contract compliance, project delivery timelines.) How could performance incentives for achieving metric goals be integrated into the contract?
- J. What ideas does the Respondent have to ensure a positive and productive working relationship with the Lottery?
- K. Provide case studies of previous Respondent's implementations for the solutions they are responding to.
- L. Are there any emerging technologies or services the Respondent is currently working on that you believe the Arizona Lottery would be interested in, that were not addressed in this RFI?

ARIZONA LOTTERY VALUE STREAMS

(Optional response for each value stream, submit separate document for each value stream)

2.1 Back-Office Systems and Applications

This value stream encompasses the Arizona Lottery's back office applications, which currently perform the following business functions:

2.1.1 Prize claims and payments - this application provides claims form data entry, approval and processing workflow, annuity management, check writing, digital disbursement integration, prize accounting, and W-2G tax reporting.

2.1.2 Retailer billing and financial services - this application provides retailer invoicing, Electronic Funds Transfer (EFT) sweep process, financial reporting and reconciliation, general ledger accounting system integration and 1099 tax reporting.

2.1.3 Retailer Lifecycle Management - this application provides workflows for processing retailer license applications (including digital form entry and submission via a public retailer licensing website), retailer onboarding/offboarding functions, license renewals, and serves as the master system of record for all retailer-level data elements.

2.1.4, Retailer Customer Relationship Management (CRM) / Lottery Sales Force Automation - this application provides functionality that allows Lottery sales representatives to manage and log retailer visits / service calls, facilitates tracking and communicating retailer performance / engagement data, and provides asset and ticket inventory management functions.

2.1.5 Lottery Retailer Portal Website - this application provides a public-facing portal for retailers to access data regarding their accounts and to receive / send Lottery-related information. This includes sales reporting, invoice information, commissions / earnings, training resources and content, requests for service, etc.

2.1.6 Lottery Workflow Automation - this application provides automated business workflows and reporting for several internal business functions, including: customer complaints / questions / comments, public records requests, Lottery Security Investigations (e.g., high-tier claims reviews, ticket reconstruction requests, stolen ticket reports, background check requests, etc.), and retailer compliance inspections.

Please provide the following information for each back office solution / application that the Respondent supports:

Describe the current back-office functions the Respondent's solution(s) can perform. Also note whether the solution(s) supports or combines multiple functions into a single application.

Identify which of the above back office functions the Respondent does not support.

Briefly describe the technology infrastructure, data connectivity and licensing model used with the solution (e.g., Lottery-hosted or vendor-hosted, on-premise or cloud-based, public internet or private network / VPN, Software-as-a-Service (SaaS) or dedicated license, etc.) and why such a design would be preferred.

What future back-office system innovations and technology, or new applications does the Respondent foresee?

How customizable is the Respondent's back-office solution and what is the process for requesting customization/automation?

How often does the Respondent modernize their back-office solutions; are the releases automatic or fee-based to the customer?

What experience and ability does the Respondent have integrating the back office solution with other third-party solutions, such as other back office applications, central gaming systems, Lottery points-of-sale devices, business intelligence applications, etc. ? Describe whether the Respondent's solution can integrate with a single sign-on solution (Okta, Google account, etc.).

2.2 Internal Control System (ICS)

This value stream integrates data from the Central Gaming System and related back-office system to independently verify and balance sales transactions, retailer commissions, promotional transactions, ticket validations, prize payouts, and accounting reconciliation activities.

- A. Describe the Respondent's current ICS services and capabilities?
- B. Which Central Gaming Systems does the Respondent's ICS currently integrate with?
- C. What differentiates the Respondent's ICS solutions from their competitors?
- D. What future ICS innovations and technology does the Respondent foresee?
- E. What is the Respondent's ICS system track record of reliability, up time, security, and history of successful upgrades?
- F. The State of Arizona has adopted a cloud-first approach to technology infrastructure. Does the Respondent offer any ICS cloud-based solution(s) and what that entitles? If cloud solutions are not supported, is the Respondent looking to add this capability in their next 3-5 year roadmap for the ICS enhancements?

2.3 Business Intelligence (BI) Applications and Data Management Solutions

This value stream integrates various lottery data sources and provides tools for users to readily access performance data and create customized visualizations and reports. The BI application provides users with the capacity and capability to use data analytics to perform decision making and problem solving.

- A. Describe the capabilities of the Respondent's BI solution, including examples of how it can provide actionable business insights and increased process efficiency.
- B. Describe the methodologies by which the Lottery could access, control, document and own the data being maintained within the Respondent's BI application / Data Management solution.
- C. What, if any, third-party solutions, applications, platforms and/or tools does the Respondent include with its BI solution (e.g., Tableau, Power BI, Amazon QuickSight, Qlik, Informatica, SSIS, etc.)?
- D. Briefly describe the technology infrastructure, data connectivity and licensing model used with the solution (e.g., Lottery-hosted or vendor-hosted, on-premise or cloud-based, public internet or private network / VPN, Software-as-a-Service (SaaS) or dedicated license, etc.) and why such a design would be preferred.
- E. Describe the capabilities and available approaches to integrate data from multiple systems, and/or vendors, to include detailed transaction-level data in real-time or near-real time. Describe any risks or obstacles with data integration and how they could be overcome.
- F. How much customization, configuration, and process automation does the Respondent allow the client to make to their BI solution, and what is the process for requesting/creating those enhancements?

- G. The State of Arizona has an established set of data governance policies (See: https://live-az2-doa-aset.pantheonsite.io/policies-standards-and-procedures?field_category_target_id=984). Describe how the solution would help Arizona Lottery comply with these policies.
- H. Describe where the Respondent sees their BI technology evolving and how the Lottery could leverage this technology to improve our strategic and operational objectives.

2.4 Central Gaming System (CGS)

Arizona Lottery's Central Gaming System (CGS) provides a platform for transaction processing and related services for Arizona Lottery's draw games (Powerball, Mega Millions, and State funded Draw Games), Fast Play games (print-on-demand instant-win games), and Scratchers® instant tickets. The CGS processes all Lottery gaming transactions, such as: wagers, ticket validations, inventory status updates, draw commands, and event logging. It provides data feeds and accepts transaction requests to/from multiple devices, systems and vendors, including: retailer-operated terminals, vending machines, multimedia devices, third-party in-lane transaction integrators (e.g., Incomm, Blackhawk, Abacus), back office applications, business intelligence systems, mobile app / loyalty platform, public website, instant ticket warehouse, and internal control system (ICS) .

- A. Describe what CGS transaction, operations, and services the Respondent's solution can provide and how it would support the full range of transaction processing needs as described above.
- B. Describe how the Respondent's solution securely integrates and verifies transaction feeds from multiple vendors and sources, including third-party retailer point-of-sale devices.
- C. Where does the Respondent see the industry going relating to innovative new CGS capabilities or products?
- D. What is the Respondent's CGS system track record of reliability, up time, security, and history of successful upgrades?
- E. The State of Arizona has adopted a cloud-first approach to technology infrastructure. Describe the supported technology infrastructure models for the CGS (e.g., on-premise private data center, on-premise hosted data center, private cloud, public cloud or hybrid approach). Which model(s) does the respondent recommend and why? If cloud solutions are not supported, are they on the vendor's 3-5 year roadmap for the CGS?
- F. What are the capabilities of the Respondent to provide ongoing coupons and offers to players via the CGS?
- G. What lottery products are supported by the Respondent's game marketing and promotions solution?
- H. Describe how ongoing game marketing and promotions are tracked and reported.

2.5 Instant Ticketing Warehouse and Distribution

This value stream covers all services and business functions relating to the storage and distribution of the Lottery's instant games (Scratchers® and Instant Tabs), including: new instant ticket game preparation and launch, warehouse storage, facility security, access control, fire suppression, climate control, disaster recovery locations, ticket ordering, order packaging, distribution and delivery of retailer inventory, retailer support services, sales/field team optimization solutions, and end of game ticket destruction.

- A. Describe the current instant ticket services the Respondent can provide to the Lottery and our retailers.

- B. Describe new and/or emerging technology and services the Respondent foresees in the next 3-7 years to better serve retailer needs.
- C. Describe the Respondent's process for ensuring accurate instant ticket inventory control and management throughout the life cycle of a game.
- D. What, if any third party vendors, does the Respondent use to ship and distribute instant tickets to retailers?
- E. What are the unique features/capabilities of the Respondent's instant ticketing management system?
- F. How does the inventory control and management features in the Respondents solution aid in customizing merchandising for lottery retailers at both vending and counter displays?

2.6 Point of Sale Devices, Monitors, Signage and Related Services

This value stream covers all retailer Point Of Sale (POS) devices, including retailer terminals, multimedia displays, vending machines, automated ticket dispensing hardware, jackpot signage, digital play centers, etc., as well as related services such as installations, maintenance / repair, and retailer support services.

- A. What types of retailer POS devices are offered, and what are their capabilities?
- B. What are the capabilities to upgrade, refresh, and/or enhance the devices over the contract term?
- C. What differentiates the Respondent's POS devices and services from their competitors?
- D. What field services can the Respondent provide for their products? (Examples: installation / removal of equipment, retailer service hotline, paper and consumables, device maintenance and repair, spare parts, training, and/or sales support services.)
- E. What multimedia capabilities and content standards are supported by the Respondent's devices (e.g., HTML5) and how is this content developed, distributed and managed?
- F. What experience and ability does the Respondent have integrating with third-party systems and hardware (e.g., Central Gaming Systems, multimedia devices, vending machines, and other retailer POS systems including in-lane functionality)?
- G. What data communications technologies are supported by the Respondents' devices (e.g., cellular/4G/5G, VSAT, wifi) and what data communications services can the Respondent provide?
- H. What In-Lane experience, services, and products can the Respondent provide?
- I. What automated ticketing dispensing systems can the Respondent provide?
- J. Describe retail messaging and advertising opportunities available in the respondent's solution to both players and retailers.
- K. Describe the services and processes used to enhance and keep sales device software up to date.

2.7 Player's Club Loyalty, Promotions and Rewards Platform; Mobile App, Player Account Management, Player Customer Relationship Management (CRM) solutions

Arizona Lottery's current player loyalty and mobile solution focuses on innovative campaigns to engage and reward loyal players. It also includes a games platform called Lucky Lounge, which offers interactive games that operate on a sweepstakes model, with the ability for players to purchase and win digital tokens for gameplay and entry into prize drawings.

- G. Describe the Respondent's current services and products in the area of loyalty platforms (web and mobile app), player account management, and / or player CRM. How do these solutions support and improve player engagement?

- H. What differentiates the Respondent's solutions from their competitors?
- I. What data and behavioral information is or could be collected via the player loyalty platform?
- J. Describe the Respondent's player support services to respond and resolve player's concerns and questions?
- K. What emerging technologies and services is the Respondent working on to enhance player satisfaction and engagement?
- L. How does the Respondent stay up-to-date with App store rules and regulations?
- M. What are the capabilities and requirements for the Respondent's solution to integrate with other systems, business applications and third-party service providers (examples: integration with the Lottery's Central Gaming System, back office applications, payment providers, loyalty rewards, mobile ticket cashing, etc.)?
- N. What real time data and performance analytics can the Respondent's player application capture and provide to the Arizona Lottery? What are the capabilities to integrate third-party consumer data?
- O. What player segmentation tools, if any, are available on the Respondent's player application to aid in engaging different player types?
- P. Describe how the Respondent's loyalty platform communicates with members via email, push notifications and/or text notifications.
- Q. Provide examples, if any, of how the Respondent's solution has aided and enhanced digital marketing efforts (e.g. targeted digital media buys) outside the CGS.
- R. What are the capabilities and requirements for the Respondent to provide coupons to players?
- S. Does the Respondent's player application allow for game modernization and integration at the retail level (e.g. Digital play slips, shopping carts, purchase rewards, etc.)?
- T. What are the Respondent's capabilities for building and supporting a sweepstakes platform that combines interactive gameplay with the ability to purchase / win tokens that can be used to enter sweepstakes drawings?

2.8 Staffing Services

Arizona Lottery's workforce strategy is to be open to outsourcing opportunities when evaluating the available expertise, financial viability, services levels, and overall benefit to our retailer partners and players. Currently, Arizona Lottery outsources the following job classifications; Field Sales Representatives, Customer Service Representatives, Promotions Team Associates, Marketing, Project Management, Software Quality Assurance, and IT services.

- A. What outsourced services can the Respondent provide?
- B. Does the Respondent currently have the workforce available or would they have to be acquired?
- C. What experience does the Respondent have in a Co-Employment relationship?
- D. What is the Respondent's pricing structure for providing outsourced talent?