

**REQUEST FOR PREQUALIFICATIONS**

for

**Replacement of Lottery Terminals and Related Integration Services**

**Ontario Lottery and Gaming Corporation**

**RFPQ No. 1617-070**

**Issued:** February 6, 2017



## Preface

On February 6, 2017, OLG issued to the market RFPQ# 1617-070 for Replacement of Lottery Terminals and Related Integration Service. The attached are the core Appendices of the RFPQ, more specifically these are:

Executive Summary

Appendix A "Background Information"

Appendix B "Definitions"

Appendix D "Prequalification Submission Requirements"

Interested parties who wish to submit a Prequalification Response to the RFPQ must obtain a copy of the full RFPQ document which includes all RFPQ terms & conditions, submission instructions and supporting Appendices. The RFPQ can be obtained for download at [www.merx.com/olg](http://www.merx.com/olg).

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## EXECUTIVE SUMMARY

This RFPQ is issued by OLG to select Prequalified Parties to receive an RFP with respect to the opportunity described herein.

The Prequalified Parties will have expertise in the manufacture and supply of Lottery Terminals and the integration of the deployment of Lottery Terminals into production with the related services as generally described in the paragraph below (the “**RFPQ Services**”).

Following the subsequent RFP Process, OLG expects to enter into a Master Lottery Terminal Supply and Services Agreement with a single Lottery Terminal Supply and Services Provider for the provision of the Replacement Lottery Terminals and related design, development, migration, configuration, customization, acceptance testing, integration, installation, operational acceptance testing, any required data conversion, migrating network and network operations and the provision of maintenance, upgrades and enhancement of the Replacement Lottery Terminals as managed services in accordance with end-to-end services levels (the “**Overall Services**”).

OLG’s objective is to replace the existing Lottery Terminals with a new Lottery Terminal that will provide additional functionality and improve reliability and to implement an enhanced telecommunications network that will enhance capabilities.

Through the subsequent RFP Process, OLG will be seeking a Lottery Terminal Supply and Services Provider with accountability for a full service solution as part of the Overall Services including managing the full lifecycle for:

- ° the Lottery Terminals, including manufacturing, field development/removal, repair and disposal;  
and
- ° the lottery retailer network, including development, operation and maintenance.

The contract currently in place for the lottery telecommunications network ends in May 2018. The maintenance contract currently in place for the OLG’s existing Lottery Terminals ends in August, 2018. The Lottery Terminal Supply and Services Provider must replace the lottery telecommunications network without disruption by May, 2018, must provide maintenance for all existing Lottery Terminals from and after August 2018 and must replace all existing Lottery Terminals by December, 2019.

## APPENDIX A – BACKGROUND INFORMATION

### Background Information

OLG is the largest lottery and gaming organization in North America with 24 gaming sites and approximately 9,800 lottery retailers. Since 1975, when the Ontario Lottery Corporation (a predecessor to OLG) was established, OLG has provided over \$44 billion to the Province and the people of Ontario.

Today, OLG consists of five lines of business: gaming (including slots, casinos and resort casinos), lottery, iGaming, charitable gaming and Horse Racing. Total OLG revenue amounted to \$7.4 billion in Fiscal 2016 with total net profit to the Province of \$2.2 billion.

In Fiscal 2016, OLG's lottery business generated Lottery Revenue of \$3.8 billion and Operating Profit of 1.2 billion. The lottery is the largest in Canada and the 8th largest by Lottery Revenue in North America. It has demonstrated consistent growth with a 3.1% CAGR in Lottery Revenue and a 3.4% CAGR in Operating Profit over the past 5 years.

The future success of lottery in the Province requires access to new technologies, new channels and new games in order to engage new and infrequent players and drive growth through more convenient ways to play.

It is important to emphasize that OLG's ambitious growth objective will be expected to include ongoing improvement and strengthening of the integrity of lottery in the Province. This requires the continued development of responsible gambling standards and improved regulatory compliance as well as the development of new and sophisticated ways to protect players, enhance fraud detection and improve customer service.

### Product Overview

OLG markets four categories of lottery products: National Lotto (marketed with the Interprovincial Lottery Corporation (ILC)), Regional Lotto, Instant Products and sports games.

### OLG Product Portfolio



**National Lotto** (Lottery Terminal-based) includes the Lotto 6/49, LottoMAX and Daily Grand brands. This product category accounts for 43% of Lottery Revenue, has a 46% Contribution Margin and has experienced a growth in Lottery Revenue from \$1,382 million in 2012 to \$1,643 million in 2016. National Lotto growth has been largely driven by the launch of LottoMAX in 2009. This unique Canadian jackpot

game won “Best New Online Game” at the North American State and Provincial Lottery conference in 2010.

**Regional Lotto** (Lottery Terminal-based) includes an add-on game to National Lotto (Encore), Regional Lotto games (Ontario 49 and Lottario), daily games (Pick 2, 3 and 4 and Daily Keno) and a new category of “Watch and Win” games. Regional Lotto accounts for 19% of Lottery Revenue and is the second most profitable category of lottery products with a 41% Contribution Margin. Lottery Revenue in this category has grown from \$619 million in 2012 to \$730 million in 2016. In 2010, OLG launched Poker Lotto, the first ever “Watch and Win” game, featuring an instant win coupled with a daily draw. Poker Lotto has delivered significant incremental Lottery Revenue since its launch. The product won the North American State and Provincial Lottery “Best New Online Game” in 2011 and is being emulated by other lottery jurisdictions.

**Sports games** (Lottery Terminal-based) are offered in a parlay style wagering format which requires a wager on a minimum of two events. PRO•LINE and PRO•PICKS Props are designed with a fixed odds lottery style format, POINT SPREAD is based on a prize payout table and POOLS is based on a pari-mutuel prize payout. Sports games are designed to deliver a blended theoretical prize payout of 60% of Lottery Revenue, making it the third most profitable lottery category with a 30% Contribution Margin. In Fiscal 2016, sports games delivered over \$294 million in Lottery Revenue and despite the competitive environment of internet sports wagering options, has managed to maintain and grow Lottery Revenue.

**Instant Products** include four key Instant Product brands (Crossword, Bingo, Cash For Life and Keno), as well as variety games and licensed games (Scrabble, Monopoly, etc.). Price points range from \$1 to \$30. Lottery Revenue for Instant Products increased from \$934 million in Fiscal 2012 to \$1,119 million in Fiscal 2016. This strong and consistent growth is the result of an Instant Product rejuvenation strategy launched in 2006 that included increasing the blended payout, increasing chatter prizing within prize structures, improved ticket designs and launching higher price point tickets. With a higher prize payout than terminal-based games, Instant Products currently generate a 21% Contribution Margin.

### **Channel and Retailer Overview**

OLG lottery products are sold almost exclusively by approximately 9,800 retailers across the Province in both urban and rural areas. All retailers are able to sell all Lottery products.

Sales through independent retailers represent 47% of Lottery Revenue, while key accounts make up for the remaining 53%. Currently, Lottery Revenue is concentrated in traditional convenience and gas accounts.

### **Technology Overview**

OLG develops, maintains and operates its own lottery system (Lottery Terminal application software and lottery backend) which has provided a reliable platform for lottery product delivery with sustained uptime of over 99.99%. The system annually processes in excess of one billion transactions. OLG will continue to perform this function.

Deployed at lottery retailers, there are approximately 9000 Extrema lottery terminals manufactured by Safran (Morpho) of France, as well as approximately 900 S8 lottery terminals, also manufactured by Safran.

The telecommunications network today is a managed service provided by Rogers. It utilizes Rogers DOCSIS (cable) circuits and Bell DSL circuits as well as other third party circuits for last mile delivery of service to retailers. These are aggregated into an MPLS network which delivers all lottery transactions to OLG’s data centres in Toronto and in Sault Ste. Marie. The contract currently in place for the lottery telecommunications network expires in May, 2018.

The management of the existing terminals is done by NCR Canada. NCR manages the fleet of Lottery Terminals, performing installations and de-installations as necessary for OLG’s ongoing management of OLG lottery retailers. NCR also maintains a bench repair service of these terminals to ensure spare

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terminals are available when necessary to replace a broken Lottery Terminal at a retailer location. The NCR contract currently in place expires in August, 2018.

The Lottery Terminals Supply and Services Provider will be required to replace the lottery telecommunications network by May, 2018, provide maintenance for all existing OLG Lottery Terminals from and after August, 2018 and to replace all existing Lottery Terminals by December, 2019.

## APPENDIX B – DEFINITIONS

### (1) Definitions

Unless otherwise specified or the context otherwise requires, whenever used in this RFPQ:

“**Addendum**” means a written addendum to the RFPQ Documents issued by OLG as set out in Section 3.5 and “**Addenda**” means, collectively, the Addendum to this RFPQ issued by OLG.

“**Affiliate**” is defined in Section 6.9(7).

“**AGCO**” means the Alcohol and Gaming Commission of Ontario, or any successor or replacement thereof.

“**Applicant**” is defined in Section 1(2).

“**Applicant Lead**” means the single entity Applicant, the Applicant Team Member in an Applicant Team or the Joint Venture Participant in a Joint Venture Applicant, as applicable which is to play the lead integration and coordination role in respect of the Overall Services and will complete and execute the declaration in Form E-1 – Master Submission Form and Form E-3 – Conflict of Interest, Confidential Information & Litigation Declaration of Appendix E – Prequalification Submission Forms to this RFPQ.

“**Applicant Team**” is described in Section 1(3).

“**Applicant Team Member**” is described in Section 1(3).

“**business day**” means any day other than a Saturday, Sunday or a statutory holiday in the Province of Ontario or any day on which banks are not open for business in the City of Toronto.

“**CAGR**” means compound annual growth rate.

“**Confidential Information**” means all material, data, information or any item in any form, whether oral or written, including in electronic or hard-copy format, supplied by, obtained from or otherwise procured in any way, whether before or after the Prequalification Submission, from or on behalf of the Government or OLG in connection with the RFPQ Services and/or the Overall Services, but does not include any information which (i) is or becomes generally available to the public other than as a result of a breach of Section 6.10, (ii) becomes available to the Applicant on a non-confidential basis from a source other than the Government or OLG so long as that source is not bound by a confidentiality agreement with respect to the information or otherwise prohibited from transmitting the information to the Applicant by a contractual, legal or fiduciary obligation, or (iii) the Applicant is able to demonstrate was known to it on a non-confidential basis before it was disclosed to the Applicant by the Government or OLG.

“**Conflict of Interest**” includes any situation or circumstance where an Applicant (or any of its Team Members):

- (a) has other commitments, relationships, financial interests, information, privacy or involvement in ongoing litigation that:
  - (i) could or could be seen to exercise an improper influence over the objective, unbiased and impartial exercise of OLG’s independent judgment; or
  - (ii) could or could be seen to compromise, impair or be incompatible with the effective performance of its obligations under the Master Lottery Terminal Supply and Services Agreement;
- (b) has contractual or other obligations to OLG that could or could be seen to have been compromised or impaired as a result of its participation in the RFPQ, the RFP Process or the provisions of the RFPQ Services and/or the Overall Services; or

- (c) has knowledge of confidential information (other than Confidential Information disclosed by OLG in the normal course of the RFPQ Process) of strategic and/or material relevance to the RFPQ Process or to the RFPQ Services or the Overall Services that is not available to other Applicants and that could or could be seen to give the Applicant an unfair competitive advantage or prejudice the integrity of the RFPQ Process or the RFP Process.

**“Contact Person”** means the person named as the Contact Person in the RFPQ Data Sheet.

**“Contribution Margin”** means Lottery Revenue minus Prizes and Direct Operating Expenses.

**“Control”** means, with respect to any Person at any time

- (a) holding, whether directly or indirectly, as owner or other beneficiary (other than solely as the beneficiary of an unrealized security interest) securities or ownership interests of that Person carrying votes or ownership interests sufficient to elect or appoint fifty percent (50%) or more of the individuals who are responsible for the supervision or management of that Person; or
- (b) the exercise of de facto control of that Person, whether direct or indirect and whether through the ownership of securities or ownership interests or by contract, trust or otherwise,

and **“Controlled”**, **“Controls”** and **“Controlling”** have corresponding meanings.

**“Direct Operating Expenses”** means those expenses that change in proportion to Lottery Revenue.

**“Evaluation Criteria”** means the evaluation criteria set out in Appendix D – Prequalification Submission Requirements being comprised of the questions set out in Section 3 and Section 4 thereof (which are subject to evaluation)

**“Evaluation Criteria Categories”** means the evaluation criteria categories comprised of the various questions (which are subject to evaluation) set out in Section 5.1(2) of the RFPQ Data Sheet.

**“Evaluation Team”** is defined in Section 4.1(b).

**“Fiscal”** when referencing to a year, means the twelve month period commencing on April 1<sup>st</sup> of the previous year and ending on March 31<sup>st</sup> of that year.

**“FIPPA”** is defined in Section 6.11(1).

**“Gaming Control Act”** or **“GCA”** means the *Gaming Control Act*, 1992, S.O. 1992, c. 24, as amended. Further details can be found at:  
[http://www.e-laws.gov.on.ca/html/statutes/english/elaws\\_statutes\\_92g24\\_e.htm](http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_92g24_e.htm).

**“Government”** means Her Majesty the Queen in Right of Ontario and includes any ministry, agency, board, commission, department, corporation or other legal entity of (or owned by) the Government.

**“iGaming”** means internet gaming.

**“ILC”** means the Interprovincial Lottery Corporation. ILC is an organization that operates lottery games in Canada. It is owned jointly by the five provincial lottery commissions (British Columbia Lottery Corporation, Atlantic Lottery Corporation, Ontario Lottery and Gaming Corporation, Loto-Quebec and Western Canada Lottery Corporation).

**“Indirect Operating Expenses”** means those expenses that do not change in proportion to Lottery Revenue, excluding payments to the Government of Canada.

**“Ineligible Persons”** is defined in Section 6.9(7).



**“Information and Privacy Commissioner”** means the office of the Information Privacy Commissioner, as established by the *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. F.31, as amended. Further details can be found at <http://www.ipc.on.ca/english/Home-Page/>.

**“Instant Products”** or **“Instants”** means a lottery scheme played on a paper scratch ticket.

**“Joint Venture”** means an association of two or more Team Members engaged in a limited purpose business enterprise for profit without actual partnership or incorporation.

**“Joint Venture Participants”** is defined in Section 1(3).

**“Lottery Applications”** means the application software which is to be provided by OLG to the Lottery Terminal Supply and Services Provider to enable the use of Lottery Terminals to sell OLG lottery tickets to the public and otherwise to facilitate OLG lottery and gaming operations through the Lottery Terminals.

**“Lottery Revenue”** means cash sales for lottery games sold to the public by lottery retailers and for clarity:

- (a) Lottery Revenue from tickets sold to customers for lottery games, for which results are determined based on a draw, is recognized when the related draw occurs;
- (b) Lottery Revenue from Instant Products is recognized when retailers make them available for sale to the public, as indicated by the retailer’s activation of tickets;
- (c) Lottery Revenue from sports wagering games is recognized when the ticket is sold to the customer; and
- (d) tickets issued as a result of the redemption of free ticket prices are not recorded as Lottery Revenue.

**“Lottery Terminal”** includes display screens, printers, ticket checkers, scanners and any other peripherals used with the Lottery Terminal itself.

**“Lottery Terminal Network Services Provider”** means a provider of the telecommunication network for the Replacement Lottery Terminals.

**“Lottery Terminal Supply and Services Provider”** means the entity which is to enter into the Master Lottery Terminal Supply and Services Agreement, and includes an entity that is to be formed to enter into the Master Lottery Terminal Supply and Services Agreement.

**“Lottery Terminal OEM”** means the single entity Applicant, the Applicant Team Member on the Applicant Team or the Joint Venture Participant in a Joint Venture Applicant, as applicable, who is to be the original equipment manufacturer of the Replacement Lottery Terminals.

**“Lottery Terminal Support and Maintenance Services Provider”** means a provider of support and maintenance services for the Replacement Lottery Terminals as described in the Executive Summary.

**“LT Software”** means the firmware, drivers, interfaces, operating system and other platform software used to operate Lottery Terminals and used by the Lottery Terminals to interface with backend lottery systems but does not include the Lottery Applications which are to be provided by OLG. The protocol to communicate with the lottery backend system is part of the OLG supplied Lottery Applications.

**“Master Lottery Terminal Supply and Services Agreement”** means the agreement to be made with the Successful Proponent in respect of the provision of Replacement Lottery Terminals and the other Overall Services by the Successful Proponent.

**“MERX”** means the MERX electronic tendering system.

**“OLG”** is defined in Section 1(1).

**“Operating Profit”** means Lottery Revenue less Prizes, Direct Operating Expenses and Indirect Operating Expenses.

**“Overall Services”** is defined in the Executive Summary.

**“Person”** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company, corporation or body corporate with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency authority or entity however designated or constituted.

**“Prequalification Submission”** is defined in Section 1(2).

**“Prequalification Submission Package”** is defined in Section 3.8(1).

**“Prequalified Parties”** is defined in Section 2.1(a).

**“Prime Contractor”** is defined in Section 1(3).

**“Prime Team Member”** means each of:

- (a) the Applicant Lead;
- (b) the Lottery Terminal OEM;
- (c) a Person that has, is expected to have, or will have a risk capital interest, an equity interest or other ownership interest of at least 10 percent in the Lottery Terminal Supply and Services Provider; or
- (d) a Person that is a Joint Venture Participant.

**“Prizes”** means the value returned to customers holding winning lottery tickets. For clarity, prize expense for lottery games is recognized based on the predetermined prize structure for each game in the period in which revenue is recognized as described below:

- (a) prize expense for tickets sold to customers for lottery games for which results are determined based on a draw, is recognized when the related draw occurs;
- (b) prize expense for instant games is recognized when retailers make them available for sale to the public, as indicated by the retailer’s activation of tickets;
- (c) prize expense for sports wagering games is recognized when the last wagered event occurs; and
- (d) prize expense for annuity-based top prizes is based on the cost of the annuity purchased by OLG from a third party.

**“Proposed Prequalified Parties”** is defined in Section 4.1(c).

**“Province”** means the Province of Ontario.

**“related”** when used in relation to a Person, means a Person not dealing at arm’s length with the first mentioned Person, as the term “arm’s length” is defined in the *Income Tax Act* (Canada).

**“Replacement Lottery Terminals”** means the Lottery Terminals that will replace OLG’s existing Lottery Terminals, all as to be further described in the RFP.

**“Representatives”** means the directors, officers, ministers, employees, agents, accountants, consultants, financial or legal advisors and all other representatives of the Person being referred to.

**“Reserve Prequalified Party”** means the Applicant with the next highest-ranking score after the Prequalified Parties based on the evaluation process described in Section 4.1(b).

**“Response to Questions Document”** means a document with written responses to questions that are submitted in accordance with Section 3.4, that OLG will provide the Applicants.

**“RFP”** means the Request for Proposals in respect of all or any part(s) of the Overall Services.

**“RFP Participation Agreement”** means an agreement in form and substance determined by OLG in its discretion containing terms and conditions for the participation by a Prequalified Party in the RFP Process including confidentiality and disclosure obligations, agreements to be bound by the RFP provisions and waivers of conflict in favour of OLG consultants and advisors.

**“RFP Process”** is defined in Section 2.1(a).

**“RFPQ”** is defined in Section 1(1).

**“RFPQ Data Sheet”** means the RFPQ Data Sheet attached as Appendix C – RFPQ Data Sheet to this RFPQ.

**“RFPQ Documents”** is defined in Section 3.1.

**“RFPQ Process”** is defined in Section 2.1(a).

**“RFPQ Services”** is defined in the Executive Summary.

**“RFPQ Submission Deadline”** is defined in Section 3.2(1).

**“Subcontractors”** is described in Section 1(3).

**“Submission Address”** is defined in Section 3.2(1).

**“Successful Proponent”** means the Prequalified Parties selected to carry out the Services as a result of the RFP Process.

**“Team Member”** means, except as otherwise set out in RFPQ Documents, a Prime Team Member.

**“Timetable”** is defined in Section 2.2(1).

(2) **Interpretation**

- (a) In the RFPQ Documents, words in the singular include the plural and vice-versa and words in one gender include all genders, all references to dollar amounts are to the lawful currency of Canada, and the words “include”, “includes” or “including” means “include without limitation”, “includes without limitation” and “including without limitation”, respectively, and the words following “include”, “includes” or “including” will not be considered to set forth an exhaustive list.
- (b) Any reference in the RFPQ Documents to a submission deadline means the noted time to the second, even where seconds are not explicitly noted. For greater certainty, a submission deadline is as of the zero count in seconds of the noted time.
- (c) Unless explicitly otherwise stated herein, all references in this RFPQ to OLG’s “discretion” means OLG’s absolute, sole, unqualified, unfettered subjective discretion and all references to OLG’s “judgment” means OLG’s absolute, sole, unqualified, unfettered subjective judgment.

## **APPENDIX D– PREQUALIFICATION SUBMISSION REQUIREMENTS**

Applicants shall respond specifically to the Prequalification Submission Requirements.

Reference should be made when documenting responses to the Prequalification Submission Requirements to the numbers identified within the RFPQ.

The recommended page limit for the Prequalification Submission is 200 pages. Applicants are strongly encouraged to be concise and to address only the matters specifically referred to in the Prequalification Submission Requirements.

A table showing the weight for rated requirements is provided in Section 5 of this Appendix D.

### **STEP 1 – Substantial Completeness**

#### **SECTION 1 SUBSTANTIAL COMPLETENESS REQUIREMENTS**

##### **1.1. Prequalification Submission Forms**

As part of its Prequalification Submission, each Applicant (including its Team Members) will complete and execute the Prequalification Submission Forms (including any Appendices thereto) attached as Appendix E to this RFPQ including the Master Submission Form, the Consent Declaration, the Conflict of Interest, Confidential Information & Litigation Declaration.

Other than inserting the information requested on the Prequalification Submission Forms, an Applicant (or any of its Team Members) may not make any changes to any of the forms. Any Prequalification Submission containing any such changes, whether on the face of the form or elsewhere in its Prequalification Submission, may be disqualified.

##### **1.2. Prequalification Submission Checklist**

The Applicant is encouraged to complete and submit the form in Appendix F – Prequalification Submission Checklist to this RFPQ.

The checklist is solely provided for the information and convenience of the Applicants and is not scored or otherwise evaluated.

### **STEP 2 – Evaluation Criteria**

#### **SECTION 2 APPLICANT'S INFORMATION**

##### ***Informational Requirements (Not Rated)***

2.1. The Applicant is to submit the following:

- (1) An ownership chart identifying those Persons or entities holding a direct or indirect ownership interest in the Applicant Lead and the Lottery Terminals OEM;
- (2) A list of all names under which the Applicant Lead and the Lottery Terminals OEM is currently carrying on business or has in the 3 years prior to the RFPQ Submission Deadline carried on business in any jurisdiction and a description of the businesses currently carried on or in the 3 years prior to the RFPQ Submission Deadline carried on by the Applicant Lead, directly or indirectly, in any jurisdiction; and
- (3) Identification of all corporate directors and executive officers of the Applicant Lead and of the Lottery Terminals OEM.

- 2.2. If the Applicant is a consortium, Joint Venture, or some other combination of an individual and/or corporate or other interests created to submit a Prequalification Submission, the following should be provided:
- (1) A description of the organizational structure of the Applicant. An organization chart of the Applicant illustrating the relationships between the Applicant Lead and other Prime Team Members should be provided;
  - (2) A description of the ownership composition of each Prime Team Member; and
  - (3) A description of the legal relationship that has been or will be established among the Applicant Lead and the other Prime Team Members and their respective roles and responsibilities within the Applicant for the delivery of the RFPQ Services. Any legal agreement(s) or memoranda of understanding that exist between the Applicant Lead and other Prime Team Members should be included.

### SECTION 3 LOTTERY TERMINAL

*Note to Applicants: References to “you”, “your” and “your organization” refer to the Lottery Terminals OEM named in the Applicant’s Prequalification Submission.*

#### 3.1. Your Lottery Terminals

- (1) Provide a catalogue of current Lottery Terminals that you offer. Reference should be made to the definition of Lottery Terminal in Appendix B– Definitions. For each Lottery Terminal provide the following:
  - (a) a brief description of its functions, features and capabilities;
  - (b) the name and version of the operating system provided by its LT Software;
  - (c) a list of the external interfaces supported by the LT Software;
  - (d) the safeguards and security features incorporated in it;
  - (e) features which were planned to be added, and those which were actually added, to it over the past three years;
  - (f) roadmap and timetable for the features planned to be added to it in the coming three years;
  - (g) the age of the design of its hardware platform; and
  - (h) the projected end of production of such Lottery Terminal.
- (2) In what timeframe could you develop, manufacture, configure, test and have 12,000 Lottery Terminals (of a type suitable for OLG’s requirements) ready for delivery and installation?
- (3) Describe the process by which you develop and configure Lottery Terminals to meet each lottery’s requirements and, in particular, the extent to which you are able to configure standard Lottery Terminals to meet lottery’s functional requirements (as opposed to having to customize them with non-standard LT Software and/or hardware).
- (4) Describe the scope and duration and provide a copy of the standard warranty terms which apply to your Lottery Terminals.
- (5) Describe the LT Software development lifecycle, Lottery Terminal and LT Software quality assurance and testing processes and methodologies, including applicable

standards and controls, and the applicable security standards and controls, in each case which are applicable to the Lottery Terminals and the other Overall Services which you (including your Subcontractors) would propose to provide to OLG.

- (6) Describe your rights in the intellectual property used in your Lottery Terminals. List all such rights which are licensed rather than owned by you. Do you have source code and the right and ability to modify all of the LT Software used in the Lottery Terminals? If not, the exceptions should be described.
- (7) Identify any of your Lottery Terminals which been tested and approved by the AGCO, or by any other lottery regulators in Canada, the date upon which such approval was granted, and the current status of such approval.
- (8) Are you or any of your Subcontractors “registered suppliers” under the Gaming Control Act?

### 3.2. Integration with Backend Lottery Systems

- (1) List all of the backend lottery systems (including your own and third party systems) which you have successfully integrated your Lottery Terminals with and, for each, indicate whether such integration required the development of custom interfaces or was implemented using the standard Lottery Terminal interfaces included in the LT Software.

### 3.3. Lottery Terminal Support

- (1) Describe the process by which patches or other updates to the LT Software are distributed to the Lottery Terminals. How frequently are patches provided? Can the replacement of the LT Software be performed remotely, and can an update be recovered remotely if, for example, there is a communications failure or other failure during the delivery or installation of such an update?
- (2) How are configurations and/or customizations, which are specific to a particular lottery, applied to and tested with the updates prior to their distribution to the Lottery Terminals? How rapidly can updates to meet new requirements be developed and distributed? Under what circumstances would changes made to meet an individual lottery’s requirements automatically be incorporated in future updates of the standard LT Software?
- (3) Describe the ability of your Lottery Terminals to support remote monitoring of operations, automatic reporting of any hardware or LT Software errors and exceptions, remote diagnostics, and remote resets. Do your Lottery Terminals enable the remote recovery of abnormally terminated operations, and enable the LT Software to be remotely patched, restarted and tested to remedy underlying problems?
- (4) Describe the process that you would use to remedy hardware failure or other hardware issues in deployed Lottery Terminals. What process would apply to rectify epidemic hardware failures, perform hardware recalls, address any health and safety issues, and replace failed parts? How would you ensure that an adequate supply of spare Lottery Terminal parts is secured for OLG’s operations over the life of the Master Lottery Terminal Supply and Services Agreement and any renewal terms?

### 3.4. Innovation (R&D)

- (1) Provide 3 examples of where you have worked with a Lottery jurisdiction to introduce technologies from your R&D. In your response, you should include:
  - (a) the mechanism by which you shared your R&D, and agreed on candidates for deployments;
  - (b) the timeframe in which this occurred;

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- (c) the testing and deployment approach;
- (d) challenges encountered and lessons learnt that you would advise for future; and
- (e) the business outcome and benefits from deploying your innovation.

### 3.5. Additional Equipment

- (1) Describe other potentially relevant retail technologies that your organization provides. (For example, back of store interactive devices, self-serve terminals, mini terminals and digital signage including wireless jackpot signs, etc.) For each of the technologies, describe:
  - (a) the features, functions and business benefits;
  - (b) the supported interfaces;
  - (c) the safeguards and security features incorporated in it;
  - (d) whether or not it is currently in market and if so provide a description of the market; and
  - (e) the roadmap and timetable for the features planned to be added to it in the coming three years.

## SECTION 4 INTEGRATOR EXPERIENCE

*Note to Applicants: OLG is interested to learn of your capabilities integrating technologies, managing the development of API's / interfaces to the Lottery Terminals for the purposes of the integration. The integrator experiences provided could include any similar large scale end point device deployments, for example point of sale systems, ATM systems, or other retail end point systems. References to "you", "your" and "your organization" in this section refer to the Applicant Lead named in the Applicant's Prequalification Submission.*

### 4.1. Prior Integrations, Deployments and Ongoing Operations

- (1) Provide the following information about up to 5 large scale (i.e., 5,000 devices or more in a single project) integrations and deployments of Lottery Terminals or other similar end point devices, where applicable including network deployment, that your organization has successfully completed in the last decade:
  - (a) a short description of the composition of the team involved in the project;
  - (b) the number of such integrations and deployments;
  - (c) a short description of each such integration and deployment, including information about:
    - (i) the devices which were integrated and deployed;
    - (ii) timeframe of the project;
    - (iii) what was your approach, from design, through manufacturing and through to end user deployment into production, and describe phasing;
    - (iv) the total number of the devices;
    - (v) the geographic area over which they were deployed; and

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- (vi) the scope of your work and the role that you played in such integration and deployment.
- (2) Have you been responsible for the end-to-end delivery of services (either alone or in conjunction with subcontractors) which are similar in scope to the Overall Services? If so, describe the circumstances and provide a short description of the projects for which you provided such services, and a description of your role in such project and the relevance of such project to the integration and deployment of new Lottery Terminals in OLG's lottery environment.

#### 4.2. Case Studies

- (1) Provide the following further details about the two most recent, large scale integrations and deployments referred to in Section 4.1, above, in which you served as the integrator and provided ongoing services:
- (a) Describe the composition of the project team and provide details concerning scope of your work and role that you played in such integration and deployment;
  - (b) Describe your experience, challenges and the lessons learned from serving as the integrator and service provider for such projects (with a particular focus on elements relevant to the integration and deployment of new Lottery Terminals in OLG's lottery environment), including with respect to:
    - (i) the initial roll-out and deployment of end point devices and, where applicable, network, including quality assurance;
    - (ii) the approach to transition and migration;
    - (iii) ongoing operations and maintenance including emergency and preventative maintenance, warranty and bench repair and inventory management;
    - (iv) security of devices and data;
    - (v) integration with back-office systems;
    - (vi) training and support to groups such as retailers, IT support, Customer Support centre and Repair Depot; and
    - (vii) disposal of replaced devices.

#### 4.3. Requested Information (Not Rated)

- (1) Based on your experience (and including the time to develop, manufacture, configure, test and have 12,000 Lottery Terminals ready for delivery and installation, as discussed in Section 3 above), how long do you expect that it would take you, from the initiation of the design through to deployment into production, to perform all of the Overall Services required to successfully deploy 12,000 Lottery Terminals into production in the OLG locations in Ontario? Would you recommend that this project be performed in stages, starting with a pilot program and then rolling out the terminals either in phases, or as a single large scale cutover? What are the advantages and disadvantages and expected timing implications of each alternative approach?



**SECTION 5 SUMMARY OF OVERALL REQUIREMENTS AND WEIGHTING**

<b>Evaluation Criteria Categories</b>	<b>Weighting</b>
Section 1 – Substantial Completeness Requirements	Pass/Fail
Section 2 – Applicant’s Information	Not Rated
Section 3 – Lottery Terminal	60%
3.1 Your Lottery Terminals	30%
3.2 Integration with Backend Lottery Systems	15%
3.3 Lottery Terminal Support	5%
3.4 Innovation (R&D)	5%
3.5 Additional Equipment	5%
Section 4 – Integrator Experience	40%
4.1 Prior Integrations, Deployments and Ongoing Operations	10%
4.2 Case Studies	30%
4.3 Requested Information	Not Rated (Informational)
<b>Total Submission Score</b>	<b>100%</b>