

# South Dakota Lottery

## Online Central System and Related Services RFP



**SOUTH DAKOTA  
LOTTERY**®

*A DIVISION OF THE SOUTH DAKOTA DEPARTMENT OF REVENUE*

# Current Contract

- IGT
- Expires August 2019
- 180 day extension available
  - November 2, 2019



# Objectives of RFP

- Updated Technology
- Efficiencies
- Enhanced Analytical Tools
- New Back Office



# Timeline

- Publish RFP January 31, 2018
- Vendors Submit Questions February 23, 2018
- Lottery Responds to Questions March 9, 2018
- Vendors Submit 2nd Round of Questions March 16, 2018
- Lottery Responds to 2nd Round of Questions March 30, 2018
- Proposals Submission Deadline April 20, 2018
- Evaluate Proposals-including demonstrations and site visits May-August, 2018
- IGT meeting October 30, 2018
- South Dakota Lottery Commission meeting November 29, 2018



# Proposals Received

- Intralot
- IGT
- Pollard Bank Note – Loyalty Program Only
- Scientific Games



# Scoring

<b>Section Number</b>	<b>Category</b>	<b>Number of Points</b>
4.2	Central Systems for Games Support	20
4.3	Retailer Terminal	15
4.4	Communications Network-Network Design	15
4.14	Software Control & Testing	7
4.6	Gaming Software Security & Control Features	7
4.10	Data Security Plan	5
4.15	Implementation	5
4.8	Games and Marketing Support	5
4.9	Facilities	5
4.11	Support Staffing & Services; 4.12 Supply Warehousing& Deliver; 4.13 Training	4
4.7	Internal Control System (ICS)	4
4.5	Software Applications and Files	3
	Cost	5
	Total Possible On-Line Score	100



# RFP Scores

Section Number	Category	IGT	SGI	Intralot
4.2	Central Systems for Games Support	16.33	16.17	13.25
4.3	Retailer Terminal	11.83	12.67	11.38
4.4	Communications Network-Network Design	12.17	11.83	10.50
4.14	Software Control & Testing	5.67	5.00	4.88
4.6	Gaming Software Security & Control Features	5.67	5.67	5.38
4.10	Data Security Plan	4.50	4.00	4.13
4.15	Implementation	4.17	3.33	3.38
4.8	Games and Marketing Support	3.33	3.83	3.38
4.9	Facilities	4.00	3.33	2.88
4.11	Support Staffing & Services; 4.12 Supply Warehousing& Deliver; 4.13 Training	3.83	2.25	2.50
4.7	Internal Control System (ICS)	3.00	3.17	2.88
4.5	Software Applications and Files	2.83	3.17	1.75
	Cost	3.00	2.67	4.25
	Total Possible On-Line Score	80.33	77.08	70.50

The scores above are based on the average of the team members' scores.



# Recommendation

- IGT
  - Service Quality
  - Data Security
  - Implementation
  - Price
- Enhanced System
  - Advanced Analytical Capabilities
  - Future Proofing





# Base System Cost Comparison

(Includes Back Office)

## SGI

	FY13	FY14	FY15	FY16	FY17
License and Service Fee (Online 6.468%)	\$1,636,279	\$1,650,492	\$1,671,314	\$1,701,051	\$1,686,139
License and Service Fee (Instant 6.468%)	\$2,072,885	\$1,848,582	\$1,639,000	\$1,875,263	\$1,488,266
GMS back office	\$0	\$0	\$0	\$0	\$0
SciTrak/ OrderCast	\$930,000	\$180,000	\$180,000	\$180,000	\$180,000
gemRetailer	\$127,200	\$52,200	\$52,200	\$52,200	\$52,200
<b>Total</b>	<b>\$4,766,364</b>	<b>\$3,731,274</b>	<b>\$3,542,514</b>	<b>\$3,808,514</b>	<b>\$3,406,605</b>

**\$19,255,271**

## IGT

	FY13	FY14	FY15	FY16	FY17
License and Service Fee (Online 6.2440%)	\$1,579,611	\$1,593,332	\$1,613,433	\$1,642,140	\$1,627,745
License and Service Fee (Instant 6.2440%)	\$2,001,097	\$1,784,562	\$1,582,238	\$1,810,319	\$1,436,724
Navigator	\$0	\$0	\$0	\$0	\$0
Aurora Claims and Payments Manager (0.1750%)	\$100,356	\$94,672	\$89,565	\$96,762	\$85,888
Aurora Instants Processing System (0.5200%)	\$298,201	\$281,311	\$266,135	\$287,521	\$255,209
Retailer Wizard (0.36%)	\$206,447	\$194,754	\$184,248	\$199,053	\$176,683
Aurora Retailer Manager (0.0962%)	\$55,167	\$52,043	\$49,235	\$53,191	\$47,214
<b>Total</b>	<b>\$4,240,880</b>	<b>\$4,000,673</b>	<b>\$3,784,854</b>	<b>\$4,088,985</b>	<b>\$3,629,462</b>

**\$19,744,854**



# Enhanced System Cost Comparison

(Includes Back Office and Sales Force Options)

## SGI

	FY13	FY14	FY15	FY16	FY17
<b>License and Service Fee (Online 6.468%)</b>	\$1,636,279	\$1,650,492	\$1,671,314	\$1,701,051	\$1,686,139
<b>License and Service Fee (Instant 6.468%)</b>	\$2,072,885	\$1,848,582	\$1,639,000	\$1,875,263	\$1,488,266
<b>Back Office GemEnterprise</b>	\$2,420,831	\$485,831	\$485,831	\$485,831	\$485,831
<b>gemRetailer</b>	\$0	\$0	\$0	\$0	\$0
<b>gemIntelligence</b>	\$0	\$0	\$0	\$0	\$0
<b>SciTrak/ OrderCast</b>	\$930,000	\$180,000	\$180,000	\$180,000	\$180,000
<b>Total</b>	\$7,059,995	\$4,164,905	\$3,976,145	\$4,242,145	\$3,840,236

**\$23,283,426**

## IGT

	FY13	FY14	FY15	FY16	FY17
<b>License and Service Fee (Online 6.2440%)</b>	\$1,579,611	\$1,593,332	\$1,613,433	\$1,642,140	\$1,627,745
<b>License and Service Fee (Instant 6.2440%)</b>	\$2,001,097	\$1,784,562	\$1,582,238	\$1,810,319	\$1,436,724
<b>Performance Wizard</b>	\$0	\$0	\$0	\$0	\$0
<b>Aurora Claims and Payments Manager (0.1750%)</b>	\$100,356	\$94,672	\$89,565	\$96,762	\$85,888
<b>Aurora Instants Processing System (0.5200%)</b>	\$298,201	\$281,311	\$266,135	\$287,521	\$255,209
<b>Order Wizard (0.1335%)</b>	\$76,557	\$72,221	\$68,325	\$73,815	\$65,520
<b>Retailer Wizard (0.36%)</b>	\$206,447	\$194,754	\$184,248	\$199,053	\$176,683
<b>Aurora Retailer Manager (0.0962%)</b>	\$55,167	\$52,043	\$49,235	\$53,191	\$47,214
<b>Sales Wizard (0.6541%)</b>	\$375,103	\$353,857	\$334,768	\$361,668	\$321,023
<b>Total</b>	\$4,692,540	\$4,426,751	\$4,187,946	\$4,524,469	\$4,016,006

**\$21,847,712**



# IGT Sales Force Tools

- Performance Wizard
  - Data visualization, reporting, and analysis tool
- Order Wizard
  - Predictive ordering tool
- Sales Wizard
  - Sales force automation tool that includes real time data reporting and visualizations for the Lottery Sales Reps
- Retailer Wizard
  - Retailer portal that includes location-specific data



# Negotiated System

## (Includes Back Office and Sales Force Options)

### IGT

	FY13	FY14	FY15	FY16	FY17
<b>License and Service Fee (5.5551%)</b>	\$3,185,649	\$3,005,211	\$2,843,093	\$3,071,550	\$2,726,367
<b>Performance Wizard (0.0%)</b>	\$0	\$0	\$0	\$0	\$0
<b>Aurora Claims and Payments Manager (0.1509%)</b>	\$86,536	\$81,634	\$77,230	\$83,436	\$74,060
<b>Aurora Instants Processing System (0.4484%)</b>	\$257,141	\$242,576	\$229,491	\$247,931	\$220,069
<b>Ispeak (0.0%)</b>	\$0	\$0	\$0	\$0	\$0
<b>Retail Wizard (0.3104%)</b>	\$178,003	\$167,921	\$158,862	\$171,628	\$152,340
<b>Aurora Retailer Manager (0.0831%)</b>	\$47,655	\$44,956	\$42,530	\$45,948	\$40,784
<b>Sales Wizard (0.5640%)</b>	\$323,434	\$305,114	\$288,654	\$311,849	\$276,803
<b>Order Wizard (0.1151%)</b>	\$66,006	\$62,267	\$58,908	\$63,642	\$56,489
<b>Total</b>	<b>\$4,144,423</b>	<b>\$3,909,680</b>	<b>\$3,698,769</b>	<b>\$3,995,984</b>	<b>\$3,546,912</b>

**\$19,295,768**

- \$500,000 payment in FY19
- 7.227% (Lotto and Instant sales) yearly fee



# Current System Cost

	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
<b>Sales Fee</b>	\$2,364,612	\$2,111,264	\$1,868,271	\$2,153,718	\$1,699,874
<b>Communications Fee</b>	\$403,928	\$410,424	\$412,216	\$380,016	\$456,344
<b>Total</b>	\$2,768,540	\$2,521,688	\$2,280,487	\$2,533,734	\$2,156,218

Total cost during the past 5 fiscal years was \$12,260,667

(7.38% of Lotto sales plus \$56 per month per retailer/  
communication fee)



# Cost Comparison

## Current System

	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>Total</b>
<b>Lotto</b>	\$2,768,540	\$2,521,688	\$2,280,487	\$2,533,734	\$2,156,218	\$12,260,667

**\$12,260,667**

## Negotiated IGT System

	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>Total</b>
<b>Lotto</b>	\$1,780,316	\$1,587,672	\$1,407,670	\$1,610,586	\$1,278,211	\$7,664,454
<b>Instant</b>	\$1,405,333	\$1,417,540	\$1,435,423	\$1,460,963	\$1,448,156	\$7,167,415
<b>Back Office</b>	\$391,332	\$369,166	\$349,251	\$377,316	\$334,913	\$1,821,978
<b>Wizards</b>	\$567,442	\$535,302	\$506,425	\$547,119	\$485,633	\$2,641,921

**\$19,295,768**



# New System Components

- New Back Office
- New Primary, Backup and Test Central Gaming System
- New Primary, Backup and Test Internal Control System
- New Terminals at Retailers
- New Ticket Checkers at Retailers
- New ESMM Screen Capable of Animation at Retailers
- Marketing Support
- New Retailer Recruitment Support
- 50 Gemini Ultra Vending Machines (Lotto/Instant)



# New System Components Continued

- Performance Wizard
- Retail Wizard
- Sales Wizard
- Order Wizard
- \$25,000 Research and Development Allowance
- \$25,000 Marketing Allowance
- Ispeak Professional Development

The allowances for marketing and research and development are per year and may be carried over to the next year





Recommend approval to enter into an agreement with IGT for the online system and related services; and approval to extend the current agreement to November 2, 2019

