

Commonwealth of Massachusetts

***Massachusetts State Lottery Commission
(MSLC)***

REQUEST FOR RESPONSE (RFR)

for

**INSTANT LOTTERY TICKETS, GAME
DESIGNS AND MARKETING SERVICES**

RFR #LOT 1211

Release Date: March 27, 2012

Response Due Date: May 21, 2012 1:00PM

GENERAL INFORMATION

General Information - The terms of 801 CMR 21.00: Procurement of Commodities and Services is incorporated by reference into this RFR. Words used in this RFR shall have the meanings defined in 801 CMR 21.00. Additional definitions may also be identified in this RFR. All terms, conditions, requirements, and procedures included in this RFR must be met for a Response to be determined responsive. If a Bidder fails to meet any material term, condition, requirement or procedure, its Response may be deemed unresponsive and disqualified.

Unless otherwise specified in this RFR all communications, responses, and documentation must be in English, all measurements must be provided in feet, inches, and pounds, equipment must be new and of current manufacturing models and unused, and all cost proposals or figures in U.S. Currency. All Responses must be submitted in accordance with the specific terms of this RFR. No electronic Responses may be submitted in response to this RFR. The MSLC will not assume nor be liable for any costs incurred by the Bidder in preparing and/or submitting a response to this RFR.

TERMS AND CONDITIONS

Access to Security-Sensitive Information. - This solicitation contains security-sensitive information which, pursuant to MGL c. 4, s. 7, cls. 26(n), is generally exempt from public disclosure under the Commonwealth's public records laws and must, for public safety purposes, be safeguarded from widespread public disclosure. This security-sensitive information is in the form of blueprints, plans, policies, procedures, schematic drawings, which relate to internal layout and structural elements, security measures, emergency preparedness, threat or vulnerability assessments, and/or any other records relating to the security or safety of persons (pursuant to M.G.L. c. 66A) or buildings, structures, facilities, utilities, transportation, information technology or other infrastructure located within the commonwealth.

Qualified prospective bidders that are interested in accessing this information for the purpose of preparing a bid response must, before being allowed to access the information, sign a confidentiality agreement, thereby agreeing to:

1. restrict the use of these sensitive records for any other purpose than as authorized and for the purpose of putting together a bid proposal;
2. safeguard the information while it is in their possession (consistent with Section 6 of the Commonwealth Terms and Conditions); and
3. return such records and materials to the Commonwealth upon completion of the project.

Alternatives- A response which fails to meet any material term or condition of the RFR, including the submission of required attachments, may lose points or be deemed unresponsive and disqualified. Unless otherwise specified, bidders may submit responses proposing alternatives which provide equivalent, better or more cost effective performance than achievable under the stated RFR specifications. These alternatives may include related commodities or services that may be available to enhance performance during the period of the contract. The response should describe how any alternative achieves substantially equivalent or better performance to that of the RFR specifications.

The MSLC will determine if a proposed alternative method of performance achieves substantially equivalent or better performance. The goal of this RFR is to provide the best value of commodities and services to achieve the procurement goals of the department. Bidders that propose discounts, uncharged commodities

and services or other benefits in addition to the RFR specifications may receive a preference or additional points under this RFR as specified.

Contractors may also propose alternatives for equivalent, better or more cost effective performance than specified under the contractor's original response to enable the department to take advantage of enhanced technologies, commodities or services which become available during the term of the contract.

Arrearages- By submitting a response to this solicitation, each bidder represents that it is not in arrears in the payment of any obligations due and owing the State, including the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of the Master Contract if selected for Master Contract award.

Best Value Selection and Negotiation- The Procurement Management Team (PMT) may select the response(s) which demonstrates the best value overall, including proposed alternatives that will achieve the procurement goals of the department. The PMT and a selected bidder, or a contractor, may negotiate a change in any element of contract performance or cost identified in the original RFR or the selected bidder's or contractor's response which results in lower costs or a more cost effective or better value than was presented in the selected bidder's or contractor's original response.

Bidder Communication- Bidders are prohibited from communicating directly with any employee of the procuring department or any member of the PMT regarding this RFR except as specified in this RFR, and no other individual Commonwealth employee or representative is authorized to provide any information or respond to any question or inquiry concerning this RFR. Bidders may contact the contact person for this RFR in the event this RFR is incomplete or the bidder is having trouble obtaining any required attachments electronically through Comm-PASS.

Business Profile/Change in Financial Condition- The MSLC reserves the right to request, at MSLC expense through the reporting system in place at the time, a business profile and financial condition report on any corporation, parent company, directors, principals, officers, partnerships or sole proprietorships involved in submitting a response to this RFR.

In addition, the MSLC reserves the right to obtain, from sources other than the vendor, information concerning the vendor, the vendor's capabilities and the vendor's performance under other contracts which the MSLC deems pertinent to this RFR and to consider such information when making an award.

Vendors shall be required to immediately inform the Executive Director of the MSLC in writing of any major change in the financial condition or organization of the company. Misrepresentation or failure of the Vendor to notify the MSLC shall be grounds for contract award cancellation and/or termination.

Comm-PASS- If this RFR has been distributed electronically using the Comm-PASS system, RFR attachments that are referenced are incorporated by reference into the RFR and are available as separate files within the Forms tab and Specifications tab of the Comm-PASS Solicitation record. OSD Forms are also available at www.mass.gov/osd under the Related Links section. While Comm-PASS offers optional, value-added, automated [Comm-PASS Subscription Service](#) on an annual-fee basis, all bidders are solely responsible for obtaining and completing the required attachments that are identified in this RFR and for checking Comm-PASS for any addenda or modifications that are subsequently made to this RFR or attachments. The Commonwealth and its subdivisions accept no liability for and will provide no accommodation to bidders who fail to check for amended RFRs/Requests for Quotes (RFQs) or any other procurement opportunities and subsequently submit inadequate or incorrect responses. Bidders are advised to check the Last Changed Date field on the Summary page or the Amendment History within the Other Information tab of RFRs for which

they intend to submit a response in order to ensure that they have the most recent RFR files. Bidders may not alter (manually or electronically) the RFR language or any RFR component files. Modifications to the body of the RFR, specifications, terms and conditions, or which change the intent of this RFR are prohibited and may disqualify a response.

Comm-PASS Subscription Service- The Comm-PASS Subscription Service is sponsored by the Operational Services Division. This service offers a prospective bidder a secure, web-based desktop that contains tools to track and manage postings including solicitation announcements, Request for Responses (RFRs), and Contracts that match the subscriber-designated set of categories and sub-categories on the Commonwealth's Procurement Access and Solicitation System (Comm-PASS).

Comm-PASS Basic Service will provide a subscriber with:

- Secure web-based desktop within Enhanced Comm-PASS for document management.
- A customizable profile reflecting the bidder's product/service areas of interest.
- Refined commodity and service categories and sub-categories.
- Full-cycle, automated email alert whenever a solicitation of interest is posted or updated.
- Access to Online Bidder Forums to allow for virtual attendance and participation.
- Tools to submit bids electronically to an encrypted lock-box.

Every public purchasing entity within the borders of Massachusetts may post their solicitations on Comm-PASS at no charge. Comm-PASS has the potential to become the sole site for reviewing and responding electronically to public solicitations in Massachusetts. Fees for the Comm-PASS Subscription Service are based on costs to operate, maintain and develop the Comm-PASS system.

Conflict of Interest- Prior to the award of any contract, the vendor shall certify in writing to the procuring agency that no relationship exists between the vendor and the procuring or contracting agency that interferes with fair competition or is a conflict of interest, and no relationship exists between the vendor and another person or organization that constitutes a conflict of interest with respect to a state contract. No official or employee of the Commonwealth who exercises any function or responsibility in the review or approval of the undertaking or carrying out of this project shall, prior to the completion of this project, voluntarily acquire any personal interest, either directly or indirectly, in this contract or proposed contract.

The bidder shall provide assurance that it presently has no interest and shall not acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its services hereunder. The bidder shall also provide assurances that no person having any such known interests shall be employed during the performance of this contract.

Contract Award- The Contract will be awarded to the Vendor with the lowest overall cost that has met all mandatory performance and business specifications provided it is the "*best value*" for the Commonwealth of Massachusetts. A procurement will be considered in the best interest, or the "*best value*" when it: 1) supports the achievement of required performance outcomes; 2) generates the best quality and economic value; 3) is performed timely; 4) minimizes the burden on administrative resources; 5) expedites simple or routine purchases; 6) allows flexibility in developing alternative procurement and business relationships; 7) encourages competition, encourages the continuing participation of quality Vendors; and 8) supports Commonwealth and Department procurement planning and implementation. [801 CMR 21.01 (1)]

The PMT may select the response(s) which demonstrates the best value overall, including proposed alternatives which will achieve the procurement goals of the department. The PMT and a selected bidder, or a contractor, may negotiate a change in any element of contract performance or cost identified in the original RFR or the selected bidder's or contractor's response which results in lower costs or a more cost effective or better value than was presented in the selected bidder's or contractor's original response.

Contract Documents - The contract between the MSLC and the successful Vendor will include as integral parts thereof:

- **Commonwealth Terms and Conditions (See Attachment A)**
- **Standard Contract Form (See Attachment B)**
- **This RFR and amendments thereto**
- **Vendors response and amendments thereto**

In the event of a conflict in language between any of the above mentioned documents, the provisions and requirements set forth or referenced in the Commonwealth Terms and Conditions and this RFR with the amendments shall govern. In the event that an issue is addressed in the response that is not addressed in the RFR, no conflict in language shall be deemed to occur.

Contract Expansion- If additional funds become available during the contract duration period, the department reserves the right to increase the maximum obligation to some or all contracts executed as a result of this RFR or to execute contracts with contractors not funded in the initial selection process, subject to available funding, satisfactory contract performance and service or commodity need.

Costs- Costs which are not specifically identified in the bidder's response, and accepted by a department as part of a contract, will not be compensated under any contract awarded pursuant to this RFR. The Commonwealth will not be responsible for any costs or expenses incurred by bidders responding to this RFR.

Electronic Communication/Update of Bidder's/Contractor's Contact Information- It is the responsibility of the prospective bidder and awarded contractor to keep current the email address of the bidder's contact person and prospective contract manager, if awarded a contract, and to monitor that email inbox for communications from the PMT, including requests for clarification. The PMT and the Commonwealth assume no responsibility if a prospective bidder's/awarded contractor's designated email address is not current, or if technical problems, including those with the prospective bidder's/awarded contractor's computer, network or internet service provider (ISP) cause email communications sent to/from the prospective bidder/awarded contractor and the PMT to be lost or rejected by any means including email or spam filtering.

Electronic Funds Transfer (EFT)- All bidders responding to this RFR will be required to participate in the Commonwealth Electronic Funds Transfer (EFT) program for receiving payments, unless the Bidder can provide compelling proof that it would be unduly burdensome. EFT is a benefit to both contractors and the Commonwealth because it ensures fast, safe and reliable payment directly to contractors and saves both parties the cost of processing checks. Contractors are able to track and verify payments made electronically through the Comptroller's Vendor Web system. A link to the EFT application can be found on the OSD Forms page (www.mass.gov/osd). Additional information about EFT is available on the VendorWeb site (www.mass.gov/osc). Click on MASSfinance.

Successful Bidders will be required to enroll in EFT as a contract requirement by completing the *Authorization for Electronic Funds Payment Form*. Because the *Authorization for Electronic Funds Payment Form* contains banking information, this form, and all information contained on this form, shall not be considered a public record and shall not be subject to public disclosure through a public records request. If the Bidder is already enrolled in the program, the bidder will be able to indicate so in its response.

The requirement to use EFT may be waived by the PMT on a case-by-case basis if participation in the program would be unduly burdensome on the Bidder. If a Bidder is claiming that this requirement is a hardship or unduly burdensome, the specific reason must be documented in its response. The PMT will consider such requests on a case-by-case basis and communicate the findings with the Bidder.

Emergency Standby Commodities and/or Services- Due to a declaration of a state of emergency where the safety and well-being of Commonwealth citizens are at risk, the Commonwealth of Massachusetts may request specific commodities and/or services from its contractors. Contractors may be called upon to supply and/or deliver to the MSLC on a priority basis such commodities and/or services currently under contract. Such accommodations may be requested from a contractor during an actual emergency. To accommodate such requests, contractors may be requested and must make every effort to service these requests from regular sources of supply at the rates set forth in any standard contract resulting from this RFR.

Environmentally Preferable Products and Services- The MSLC and the contractor(s) may negotiate during the contract term to permit the substitution or addition of Environmentally Preferable Products (EPP's) when such products are readily available at a competitive cost and satisfy the MSLC's performance needs.

Environmental Response Submission Compliance- In an effort to promote greater use of recycled and environmentally preferable products and minimize waste, all responses submitted should comply with the following guidelines:

- All copies should be printed double sided.
- All submittals and copies should be printed on recycled paper with a minimum post-consumer content of 30% or on tree-free paper (i.e. paper made from raw materials other than trees, such as kenaf). To document the use of such paper, a photocopy of the ream cover/wrapper should be included with the response.
- Unless absolutely necessary, all responses and copies should minimize or eliminate use of non-recyclable or non re-usable materials such as plastic report covers, plastic dividers, vinyl sleeves and GBC binding. Three ringed binders, glued materials, paper clips and staples are acceptable.
- Bidders should submit materials in a format which allows for easy removal and recycling of paper materials.
- Bidders are encouraged to use other products which contain recycled content in their response documents. Such products may include, but are not limited to, folders, binders, paper clips, diskettes, envelopes, boxes, etc. Where appropriate, bidders should note which products in their responses are made with recycled materials.
- Unnecessary samples, attachments or documents not specifically asked for should not be submitted.

Estimated Provisions- The Commonwealth makes no guarantee that any Commodities or Services will be purchased from any Contract resulting from this RFR. Any estimates or past procurement volumes referenced in this RFR are included only for the convenience of Bidders, and are not to be relied upon as any indication of future purchase levels.

Freight- Unless otherwise specified, all products and services shall be “FOB Destination”. The MSLC will not assume any separate freight, mileage, travel time or any other associated charges in addition to the bid price. Any charges of this nature must be included in the bid price.

HIPAA: Business Associate Contractual Obligations - Bidders are notified that any department meeting the definition of a Covered Entity under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) will include in the RFR and resulting contract sufficient language establishing the successful bidder’s contractual obligations, if any, that the department will require in order for the department to comply with HIPAA and the privacy and security regulations promulgated thereunder (45 CFR Parts 160, 162, and 164) (the Privacy and Security Rules). For example, if the department determines that the successful bidder is a business associate performing functions or activities involving protected health information, as such terms are used in the Privacy and Security Rules, then the department will include in the RFR and resulting contract a sufficient description of business associate’s contractual obligations regarding the privacy and security of the protected health information, as listed in 45 CFR 164.314 and 164.504 (e), including, but not limited to, the bidder’s obligation to: implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the protected health information (in whatever form it is maintained or used, including verbal communications); provide individuals access to their records; and strictly limit use and disclosure of the protected health information for only those purposes approved by the department. Further, the department reserves the right to add any requirement during the course of the contract that it determines it must include in the contract in order for the department to comply with the Privacy and Security Rules. Please see other sections of the RFR for any further HIPAA details, if applicable.

Information Technology - All IT systems and applications developed by, or for Executive department agencies or operating within the Massachusetts Access to Government Network (MAGNet), must conform with the Enterprise Information Technology Policies, Standards and Procedures promulgated by the Commonwealth’s CIO. Non-conforming IT systems cannot be deployed unless the purchasing agency and their contractor have jointly applied for and received in writing from the Commonwealth’s CIO or his designee, notice that a specified deviation will be permitted. The Enterprise Information Technology Policies, Standards and Procedures, with the exception of the Enterprise Public Access Policy For e-Government Applications and the Enterprise Public Access For e-Government Applications Standards, are available at mass.gov/itd. The Enterprise Public Access Policy For e-Government Applications and the Enterprise Public Access For e-Government Applications Standards are available in hard copy from the purchasing agency. Purchasing agencies may also obtain a current copy of these documents, on behalf of their contractor, by contacting the Information Technology Division's CommonHelp group at commhelp@state.ma.us or 1 (866) 888-2808.

Please Note: Given the pace of information technology innovation, purchasing agencies and their contractors are encouraged to contact the Information Technology Division's CommonHelp group at commhelp@state.ma.us or 1 (866) 888-2808 to signal a system or application design and development initiative. Such advance notice helps to ensure conformance with the relevant Enterprise Technology Policies, Standards and Procedures.

Contractor delivery of IT systems and applications that fail to conform to the Commonwealth's Enterprise Information Technology Policies, Standards and Procedures, absent the Commonwealth CIO's grant of written permission for a deviation, shall constitute breach of any contract entered as a result of this Request for Response and any subsequent Request for Quotes. The Commonwealth may choose to require the contractor, at his own cost, to re-engineer the non-conforming system for the purpose of bringing it into compliance with Commonwealth Enterprise Information Technology Policies, Standards and Procedures.

Information Technology - Clarification of Language in Section 11, Indemnification of the Commonwealth Terms and Conditions. Required for the following object codes within the "Expenditure Classification Handbook" as issued by the Office of the Comptroller:

CODE	TITLE
U01	Telecommunications Services Data
U02	Telecommunications Services Voice
U03	Software and Information Technology (IT) Licenses
U04	Information Technology (IT) Chargeback
U05	Information Technology (IT) Professionals
U06	Information Technology (IT) Cabling
U07	Information Technology (IT) Equipment
U08	Information Technology (IT) Equipment TELP Lease-Purchase
U09	Information Technology (IT) Equipment Rental or Lease
U10	Information Technology (IT) Equipment Maintenance and Repair
U75	Advance Administrative Expenses
U98	Reimbursement for Travel Expenses for IT Professionals

Pursuant to Section 11. Indemnification of the Commonwealth Terms and Conditions, the term "other damages" shall include, but shall not be limited to, the reasonable costs the Commonwealth incurs to repair, return, replace or seek cover (purchase of comparable substitute commodities and services) under a contract. "Other damages" shall not include damages to the Commonwealth as a result of third party claims, provided, however, that the foregoing in no way limits the Commonwealth's right of recovery for personal injury or property damages or patent and copyright infringement under Section 11 nor the Commonwealth's ability to join the contractor as a third party defendant. Further, the term "other damages" shall not include, and in no event shall the contractor be liable for, damages for the Commonwealth's use of contractor provided products or services, loss of Commonwealth records, or data (or other intangible property), loss of use of equipment, lost revenue, lost savings or lost profits of the Commonwealth. In no event shall "other damages" exceed the greater of \$100,000, or two times the value of the product or service (as defined in the contract scope of work) that is the subject of the claim. Section 11 sets forth the contractor's entire liability under a contract. Nothing in this section shall limit the Commonwealth's ability to negotiate higher limitations of liability in a particular contract, provided that any such limitation must specifically reference Section 11 of the Commonwealth Terms and Conditions.

Insurance- Vendor shall maintain, throughout the term of the contract the type of insurance as set forth below:

Workers Compensation Insurance for officers, employees and agents employed in connection with this contract in accordance with applicable law, including the laws of the Commonwealth of Massachusetts as well as the laws of any other state where the Contractor maintains its principal place of business with a

limit of at least two hundred thousand dollars (\$200,000) per occurrence with an annual aggregate of one million dollars (\$1,000,000).

Vehicle Liability Insurance covering owned, non-owned, substitute and hired vehicles in accordance with applicable laws, including, but not limited to, the automobile insurance laws of the Commonwealth of Massachusetts, and any other states where the Contractor maintains its principal place of business with a combined single limit annual aggregate of one million dollars (\$1,000,000).

Commercial General Liability Insurance for all damages arising out of bodily injury or death, or damage to personal or real property incurred with respect to work performed under this contract. Said insurance shall provide for bodily injury and property damage coverage liability limits of one million dollars (\$1,000,000) per person with an annual aggregate of three million dollars (\$3,000,000) per event.

The vendor shall provide certificates of insurance evidencing such coverage to the MSLC within 10 days of the date of execution of the contract by the vendor and the MSLC. Failure to provide and maintain such insurance shall be deemed a breach of contract, and may, at the sole discretion of the MSLC operate as an immediate termination hereof. Each policy of insurance shall expressly provide 60 days prior notice by the insurer to the MSLC of any intent to cancel, failure to renew or material change in the coverage identified above. The automobile liability insurance and the commercial general liability insurance policies shall identify the MSLC as an additional insured. All insurance shall be maintained from an insurance carrier authorized to conduct business in the Commonwealth of Massachusetts.

Invest in Massachusetts- The MSLC encourages investment in our local economy and is committed to advancing the creation and preservation of jobs in the Commonwealth. As a result, Bidders must submit an *Invest in Massachusetts Data Form* (the "IMD Form"). Bidders, regardless of their certification status, are required to complete Parts I and II of the IMD Form in order to be deemed responsive and eligible for consideration. Bidders who are able to and do certify in Part III of the IMD Form that 50% or more of the work-hours performed in connection with any contract arising out of its RFR Response will be performed in Massachusetts will receive toward their overall score an additional 5% of the Bidder's total Business, Technical and Cost evaluation points.

Please be advised, however, that inability to provide such certification shall not preclude any Bidder from being awarded a contract if such Bidder receives the most overall points throughout the entire evaluation process.

Mandatories and Desirables- Mandatory specifications in this RFR are identified with the words "must", "shall", "will", "mandatory", or "is required". However, Vendors must assume that every specification included herein is a mandatory specification, unless it is clearly indicated to be otherwise. A mandatory specification is one that must be met in order for a response to be considered responsive. Any response, which fails to meet a mandatory specification of the RFR, will be deemed non-responsive and will be disqualified. Desirable specifications are designated with the words, "is desired", "desirable", and "highly desirable". Unless there is an explicit indication to the contrary stated in this RFR, Vendors may receive evaluation points for "desirable" goods and services

Minimum Bid Duration- Bidder responses/bids made in response to this RFR must remain in effect for 90 days from the date of bid submission.

News Releases- The successful Vendor shall not issue any news releases, advertising or promotional materials pertaining to the performance of the contract without prior approval by the Executive Director of the MSLC.

Oral Presentations - Bidders may be required to make oral presentations. Oral presentations will take place at the MSLC Headquarters, 60 Columbian Street, Braintree, MA. In cases of special hardship, the Procurement Management Team may allow a bidder to give its oral presentations through an alternative electronic medium (e.g., telephone, video conference, TTY or Internet).

The purpose of the oral presentations is to provide the Procurement Management Team with a better understanding of the bidder's proposal and/or to clarify information contained within the submitted proposal. These presentations are not opportunities to submit new information or modify a response. A bidder is limited to the presentation of material contained in its proposal, with the limited exception that a bidder may address specific questions posed by the Procurement Management Team or provide clarification of information contained in its proposal. Any attempt by a bidder to provide information in its oral presentations beyond the parameters set by the Procurement Management Team shall be grounds for disqualification. The Procurement Management Team may limit the number of oral presentations conducted.

The time allotments and the format shall be the same for all oral presentations and will include a time for questions and answers. The Procurement Management Team will give notice of at least five (5) days prior to the date of an oral presentation.

Ownership of Responses- All documentation, materials, data, etc., submitted in response to this RFR shall become the property of the MSLC and will not be returned to the Bidder. Bidders are cautioned that ideas, techniques, information, etc., submitted as part of the Bidders response may be used by the MSLC without separate payment to the Bidder or Sub-Contractors.

Payments- Payment shall be made for services only after such services have been delivered and accepted by the MSLC. Payments shall be made only in arrears. No advance payments can be made to Vendors. Payment will be made 45 days after acceptance and following receipt of invoice.

Pricing: Federal Government Services Administration (GSA) or Veteran's Administration Supply – The MSLC reserves the right to request from the successful bidder(s) initial pricing schedules and periodic updates available under their GSA or other federal pricing contracts. In the absence of proprietary information being part of such contracts, compliance for submission of requested pricing information is expected within 30 days of any request. If the contractor receives a GSA or Veteran's Administration Supply contract at any time during this contract period, it must notify the MSLC contract manager.

Pricing: Price Limitation – The bidder must agree that no other customer of similar size and similar terms and conditions shall receive a lower price for the same commodity and service during the contract period, unless this lower price is immediately effective for the MSLC. The bidder must also agree to provide current or historical pricing offered or negotiated with other governmental or private entities at any time during the contract period upon request of the contract manager.

Prime Contractor Responsibility- The MSLC requires a single point of responsibility for performance of any Contract that may result from this RFR. Subcontractors may be used, but the Prime Contractor must accept full responsibility for the subcontractor's performance. All subcontractors must be identified by the Prime Contractor and the Prime Contractor must describe the type of contractual arrangement that will exist with all subcontractors. The Prime Contractor shall be responsible for meeting all of the terms of the Contract resulting from the RFR. Prior approval of the department is required for any subcontracted service of the contract. Contractors are responsible for the satisfactory performance and adequate oversight of its subcontractors. Subcontractors are required to meet the same state and federal

financial and program reporting requirements and are held to the same reimbursable cost standards as contractors.

Public Records- All responses and information submitted in response to this RFR are subject to the Massachusetts Public Records Law, M.G.L., c. 66, § 10, and to c. 4, § 7, cl. 26. Any statements in submitted responses that are inconsistent with these statutes shall be disregarded.

Reasonable Accommodation- Bidders with disabilities or hardships that seek reasonable accommodation, which may include the receipt of RFR information in an alternative format, must communicate such requests in writing to the contact person. Requests for accommodation will be addressed on a case by case basis. A bidder requesting accommodation must submit a written statement which describes the bidder's disability and the requested accommodation to the contact person for the RFR. The PMT reserves the right to reject unreasonable requests.

Rejection of Bids- The MSLC may reject any and all bids in response to this RFR if it deems it is in its best interest to do so. The MSLC may also reject any and all bids for any of the following reasons:

- a) fails to adhere to one or more of the provisions established in this RFR;
- b) fails to submit its bid at the time or in the format specified herein, or to supply the minimum information requested herein;
- c) fails to meet unconditionally all of the mandatory performance and business specifications of this RFR;
- d) fails to state in writing its acceptance of the mandatory terms and conditions in Attachment A of this RFR as they appear in Attachment A without change or alteration;
- e) fails to submit its bid, to the required address, before or on the deadline date established by the Procurement Calendar;
- f) materially misrepresents its services or provides demonstrably false information in its bid;
- g) fails to submit costs on the Cost Table (Attachment C), or to guarantee the costs for 90 days;
- h) refuses to provide clarification, if requested by the Procurement Committee; or
- i) fails to sign a Contract within ten (10) business days of receipt of the Contract for signing.

Restriction on the Use of the Commonwealth Seal- Bidders and contractors are not allowed to display the Commonwealth of Massachusetts Seal in their bid package or subsequent marketing materials if they are awarded a contract because use of the coat of arms and the Great Seal of the Commonwealth for advertising or commercial purposes is prohibited by law.

Revisions to this RFR- If it becomes necessary to revise any part of this RFR, or if additional data is necessary to clarify any of its provisions, a supplement will be mailed or faxed to Vendors who have obtained a copy of the RFR directly from the MSLC and not by any other means or subscriptions.

RFR Cancellation- The MSLC reserves the right to cancel this bid at any time before a Contract has been executed and approved, in which event the MSLC will reject any and all bids received in response to this RFR. Should the bid be canceled, all expenses related to preparation of response to this RFR remain the responsibility of the Vendor.

Service Representative - The selected Vendor must assign (a) service representative(s) which the MSLC may contact regarding the service performance during the contract term. The MSLC reserves the option to require this individual(s) be replaced if it finds that the individual(s) is not responsive or compatible.

Small Business Purchasing Program (SBPP) -Vendor (Procurements between \$50,000.00 and \$150,000.00 only)

Small Business Preference – Special consideration will be given to eligible small businesses responding to this procurement who participate in the Small Business Purchasing Program (SBPP). To determine eligibility and to participate in the SBPP, please review the requirements and general program information at www.mass.gov/sbpp. The Department intends to provide SBPP eligible bidders with a 10% preference in the evaluation process.

Supplier Diversity Program (SDP) Plan - Massachusetts Executive Order 524 established a policy to promote the award of State Contracts in a manner that develops and strengthens Minority and/or Women Business Enterprises (M/WBEs). As a result, M/WBEs are strongly encouraged to submit bid responses to this RFR, either as prime vendors, joint venture partners or subcontractors. All Bidders, regardless of their certification status, are required to submit a completed SDP Plan Form as part of their response for evaluation. It is required that Supplier Diversity Program (SDP) participation accounts for no less than 10% of the total points in the evaluation. Higher evaluation points may be awarded to SDP Plans that show more commitments for use of certified vendors in the primary industry directly related to the scope of the RFR, subcontracting expenditures and partnerships for the purpose of contracting with the Commonwealth.

The PMT **requires** bidders to make a significant commitment to partner with certified Minority- and Women-Owned Businesses in order to be awarded a contract. A Supplier Diversity Office (SDO), formerly known as SOMWBA, certified Bidder may not list itself (or an affiliate) as being a Supplier Diversity Program (SDP) partner to its own company. In addition, a narrative statement can be included to supplement the SDP Plan Form providing further details of the SDP commitments. The submission of this narrative statement does not replace the requirement of the SDP Plan Form. Bidders must submit one form for each M/WBE SDP Relationship. **Please note that no bidder will be awarded a contract unless and until they agree to commit to at least one (1) of following three (3) SDP Components selected by the PMT:**

1. **Subcontracting:** If Bidder commits to Subcontracting in their SDP plan, then they must commit to subcontract a specific dollar amount, or a minimum percentage of dollars earned through an awarded contract, with a SDO certified company. Although this is only one of several options to meet the requirements for participation in the Affirmative Market Program, Bidder's submission of subcontracting commitments may be weighted most heavily. The PMT will set timelines for progress reviews (either quarterly or semi-annually) for the purpose of compliance and tracking of submitted commitments. Please note that all subcontracting partnerships require inclusion of that contract between the Bidder and the M/WBE subcontractor in the Bidder's bid package.
2. **Ancillary Uses of Certified M/WBE Firm(s):** If a Bidder commits to Ancillary Uses of certified M/WBE Firm(s) in their SDP plan, then they must include dollar or percentage expenditure commitments for use of these firm(s) with or without the use of written commitments between the Bidder and the M/WBE Firm(s). A description of the ancillary uses of certified M/WBEs, if any, must be included on the SDP Plan Form.
3. **Growth & Development:** If a Bidder commits to Growth and Development in their SDP plan, then they must submit a plan for education, training, mentoring, resource sharing, joint activities, and assistance that would increase industry capacity and the pool of qualified SDO certified companies.

Once an SDP Plan is submitted, negotiated and approved, the PMT will then monitor the contractor's performance.

Resources available to assist Prime Bidders in finding potential M/WBE partners can be found at:

[SDP Procurement Resources and Guides](#) or www.mass.gov/sdp

Supplier Diversity Program Subcontracting Policies- Prior approval of the agency is required for any subcontracted service of the contract. Agencies may define required deliverables including, but not limited to, documentation necessary to verify subcontractor commitments and expenditures with Minority- or Women-Owned Business Enterprises (M/WBEs) for the purpose of monitoring and enforcing compliance of subcontracting commitments made in a bidder's Supplier Diversity Program (SDP) Plan. Contractors are responsible for the satisfactory performance and adequate oversight of its subcontractors.

Taxes, Fees, Assessments, Etc.- Vendors must pay all taxes, fees and assessments associated with furnishing the products as part of the contract.

Trademarks, Patents, Etc.- Unless otherwise clearly stated in this RFR, any reference to a particular trademark, trade name, patent, design, type, specification, producer or supplier is not intended to restrict this RFR to any manufacturer or proprietor or to constitute an endorsement of any good or service, and the MSLC may consider clearly identified offers of substantially equivalent goods and services submitted in response to such reference.

The Procurement Management Team ("PMT") reserves the right to modify, amend or cancel the terms of this RFR at any time.

Section I - Purpose of Procurement

The Massachusetts State Lottery Commission (MSLC) intends to contract with a firm or firms to supply Lottery Instant Tickets and the associated game designs, and marketing services to support the sale of those Instant Ticket products.

Section II - Acquisition Method

This procurement will be an outright purchase.

Section III - Single or Multiple Contractor Contract

The MSLC intends to award a single contract as a result of this procurement, but reserves the right to award multiple contracts.

Section IV - Single or Multiple Users

It is the intent of this contract that the MSLC is the only user.

Section V - Anticipated Duration of Contract

Any contract resulting from this RFR shall be for the period of three (3) years commencing on the resulting contract start date.

The MSLC shall have the option to extend the term of any Contract(s) resulting from this RFR for up to two (2) one year periods. The MSLC shall exercise its option by submitting written notice to the Vendor at least thirty (30) days prior to the termination.

Section VI - Anticipated Expenditures

The expenditure associated with this procurement is to be determined.

If, due to unforeseen circumstances, the scope of services is substantially changed or modified, the MSLC maintains the right to amend the contract and increase or decrease the maximum obligation in order to obtain the best value.

The Vendor will be bound by the terms of the contract and the MSLC will not be responsible for price increases due to market fluctuations or product availability.

Section VII - Performance and Contract Specifications

A. Performance Requirements

The purpose of this RFR is to solicit technical, business and cost responses for the procurement of Instant Game Tickets, Game Designs, Marketing and Research. The scope of this RFR requires:

A detailed analysis of the information and requirements relating to Instant Game Tickets as contained in these specifications.

Preparation and submission of a formal written Proposal containing the items of information in the format outlined in Section VIII – Instructions for Submission of Responses.

Submission of ticket samples to the MSLC for testing at a designated independent laboratory at the MSLC's expense.

Arranging for visits by MSLC Procurement Team members to Vendor printing and manufacturing facilities. During the technical and business evaluation, the Procurement Team may perform plant visits for the purposes of inspecting equipment, procedures and security provisions to be employed in the manufacture of Instant Game tickets and may visit one or more of the Vendor's customers using tickets, game designs, marketing and research services. Any site visits will be held after the deadline for the submission of proposals and before evaluation of price proposals. Site visits will be a means to verify information contained in Vendors' responses to this RFR. Should the MSLC determine that site visits are necessary, the same two representatives from the MSLC will visit each responsive prospective vendors site with the costs being shared equally between the Vendors.

Submission of a detailed, written production plan outlining the Vendor's procedures for generating and printing the variable information which will appear on the tickets.

Possible participation in one or more informal discussion sessions with the Procurement Team, regarding the Vendor's proposal, production plan, ticket security and manufacturing facility, etc. Such discussions would occur upon request of the MSLC and after Proposal submission date.

The overall objective to be achieved from this procurement of Instant Tickets, Game Designs, Marketing and Research Services is to increase the overall revenue generated from the sale of Instant Games. In order to accomplish this, the MSLC plans to address the following:

Vendor/MSLC Relationship. The MSLC will work closely with the Vendor(s) during the established contract period to allow for proper planning and a synchronized approach to the marketplace.

Instant Game Positioning. The Instant Game is one of eleven (11) current products being marketed by the MSLC to Massachusetts' consumers. The other ten (10) game types are The Numbers Game, Megabucks Doubler, Lucky for Life, Mass Cash, Mega Millions, Powerball, Monitor Games (Keno and The Daily Race Game), , Raffle Games and Pull-Tabs.

Because of the number of games offered, along with the unique game designs, prize structures and methods of play, Instant Games should be strongly differentiated from other MSLC products and must be uniquely positioned in the marketplace. Their consumer appeal should

be complementary to that of the other games to help maximize revenue from all products within the MSLC game portfolio.

Terminology and Definitions

Stratified Random Distribution – Stratified Random Distribution is random distribution within strata that make up the whole, for example, within pools that make up the game.

Algorithm Specifications - The MSLC will not provide information regarding the algorithms that protect our games. However, it is mandatory that all algorithms that vendors provide should be efficient in protecting all information regarding the location of prizes such that the games offered by the MSLC will never be compromised and be efficient in the utilization of memory and the speed in calculation.

Validation Number - This is currently a unique 24 digit number that will appear on the front of the ticket and that is applied with an ink jet imager. This number consists of a 2 digit game identifier, a dash, a 12 digit encrypted validation number (the first 3 digits are underlined) followed by a 2 digit vendor code, 3 digit ticket number, 3 digits for future use and a 2 digit check code. This 24 digit number is covered with “latex” and a “void if removed” overprint. For security reasons, the MSLC will not provide information regarding the generation, compression and encryption processes.

Barcode - This is a unique representation of the Game Number, Validation Number and Book Number appearing on the back of the ticket. This barcode represents 24 decimal digits. This includes: a 2 digit game identifier, a 12 digit validation number, a 2 digit vendor code, 3 digit ticket number, 3 digits for future use and a two digit check code. The 12 digit validation number is an encrypted version of the real Validation Number and the Book Number. The barcode is a standard interleaved 2 of 5 symbology utilizing standard start and stop characters.

Latex Code – This is a bar code such as Data Matrix or PDF-417 on the front of the ticket under the latex utilizing the latest technology. This bar code will provide “single scan” keyless validation for the MSLC agents.

Check Digit Calculation - The MSLC will not provide this calculation to vendors, for security reasons.

Rules for the Auto-Cash indicator Programming - The decryption of the barcode by the cashing system signals the MSLC’s computer system whether a cash is validated in memory or as a file look-up. Based on parameters set up by the MSLC’s IT department, the system will treat the validation of the ticket as an Auto Cash (no key entry digits required) or a cash that requires 3 key entry digits. The parameters are based on the dollar value of the cash. At this point, the MSLC is cashing up to \$20 prizes via Auto Cash.

File Specifications-

Encrypted files will be put on the vendors FTP server for the MSLC to access.

High Level Winners File

All winners that are non-GLEPS prizes will be provided on a file. Records contains a 2 digit Game Code, 9 digit version of the 12 digit ticket validation number and a 7 digit amount field (right justified, leading zero suppression). The file will be padded with records at the end.

Guaranteed Low End Prize Structure (GLEPS) Type File

A file containing one record per book will be provided. The first 300 records (10 bytes each) is the header which contains the distribution of low-tier winners for the 5 GLEPS types. Subsequent records are in book number sequence and contain a 2 digit game number, a 6 digit book number, and a 2 digit GLEPS type number.

Summary Reports -The MSLC requires that the vendor provide a list of the gross number of tickets, the range of book numbers (lowest and highest) and range of box numbers. The trucks seal number will appear on the bill of lading. In addition, the MSLC requires a shipping control manifest which is a record of all books manufactured, listed by box.

Reconstruction Specifications - The MSLC requires that the vendor have the ability to reconstruct tickets from validation numbers and from book-ticket numbers. However, the MSLC must only be able to reconstruct ticket layout and determination of prize results from the validation numbers. The MSLC must be able to go forward a minimum of ten (10) years from the final delivery of a game. The MSLC must be able to request and receive reconstructions until 10 years from the final delivery of tickets for a game. For example, if a game starts on sale on February 1, 2012 and the final delivery of tickets for the game is received on May 1, 2012, the MSLC must be able to request and receive reconstruction data until May 1, 2022.

IMPORTANT

Any Technical and Business Proposal that does not receive a minimum of 60% of the maximum combined technical and business points will be disqualified from further consideration and deemed non-responsive. This requirement will apply so long as there are two (2) or more responsive Technical and Business Proposals that do receive more than 60% of the maximum combined technical and business points.

The following is a listing of elements considered **mandatory (must)**, **desirable** or **highly desirable** by the MSLC.

1.1 TICKET SAMPLES AND TESTING

(This section only applies to vendors who have not printed tickets for the MSLC in the past three (3) years.)

All Vendors **must** provide a minimum of three (3) books each (300 tickets or more per book) of three (3) separate Instant Ticket games, printed on recycled card stock (10% recycled card stock is preferred but 10 point or 12 point recyclable card stock will be accepted) with their response to this RFR. (Note: A minimum of 10% recycled fibers is required for substrate to qualify as recycled stock). A total of no less than 2,700 tickets **must** be provided. Therefore, vendors providing books of less than 300 tickets each **must** provide enough books to equal or surpass the minimum of 2,700 tickets. These tickets will be inspected for ticket quality, susceptibility to compromise, game play (losing tickets), and bar code readability (using a hand held wand). Vendors are cautioned to submit those games that they feel truly represent their abilities to design, program and produce high quality Instant Tickets. However, the tickets submitted **must** be currently available in the market. The MSLC may purchase tickets in those states selling the tickets for use in its analysis.

Samples of the tickets will be submitted to an independent laboratory for security evaluation testing to verify that the tickets are secure when subjected to various test techniques. Testing may include optical, x-ray, mechanical, electrical, magnetic, chemical, thermal, scratch coat lifting and replacement, and game data alteration techniques. Testing may also include any appropriate combinations of procedures, or other techniques relevant to determining the security of the game tickets.

NOTE: The MSLC will bear the costs of the above testing. To the extent required by law, individual test results will be available through the Freedom of Information Act (FOIA) process after the award and contract negotiations are complete. The identity of the security testing laboratory will not be released prior to contract award and contract negotiation with the successful Vendor(s). If it becomes necessary to protect the integrity and security of the MSLC, and to the extent permissible under the applicable Public Records Law, the MSLC may maintain the instant ticket test results as exempt from access.

Any ticket submitted in response to this RFR, **must** be representative of an actual production run, i.e., be a complete product having passed through all production steps. The ticket **must** play normally as it would be expected to when sold to the public. Additionally, if tickets are voided by the stamping or by the drilling of holes, such stamping or holes **must** not be made in or near the play area(s), to avoid interference with any test or evaluation procedures conducted by the MSLC. Vendors are prohibited from contacting the independent laboratory regarding their own or a competitor's ticket testing results during the RFR process. If a Vendor(s) does contact the laboratory for this purpose, the bid(s) will be disqualified.

1.2 TICKET QUANTITIES AND SCHEDULE.

1.2.1 Annual Quantities Based on present estimates of demand, the MSLC expects it will require the following ticket quantities per year.

<i>Instant Tickets - Ticket Quantities and Schedule (Approximate)</i>						
	GAME SIZE	FY 11				
PRICEPOINT	QTY of TKTS	# of Games	Size (inches)	New Game (N)	Reorder (R)	
\$1	12,096,000	1	2.25x4	N		
\$1	20,160,000	1	2.25x4	N		
\$7	25,200,000	3	2.25x4	N		
\$2	15,120,000	2	4x4	N		
\$2	20,160,000	1	4x4	N		
\$2	25,200,000	5	4x4	N		
\$2	30,240,000	4	4x4	N		
\$2	45,360,000	1	6x4	extended play	R	\$2 Cashword
\$5	6,048,000	1	6x4	N		
\$5	8,064,000	1	6x4	N		
\$5	14,112,000	1	6x4	N		
\$5	25,200,000	3	6x4	N		
\$5	30,240,000	1	8x4	extended play	R	Super Cashword
\$5	30,240,000	1	6x4	N		
\$10	10,080,000	1	8x4	N		
\$10	20,160,000	1	9x4	N	Extended play	\$10Cashword
\$10	30,240,000	1	8x4	N		
\$20	22,176,000	1	9x4	N		

The table above shows the current demand for instant tickets. For a breakdown of sales for 2011, please refer to Attachment T. This Ticket Quantity and Schedule is subject to change.

1.2.2 Schedule for first Games. The schedule for the first introduction of new games is as follows:

Proposal Submission Date	Summer	2012
Contract Award	Summer	2012
Games designs completed and prize structure approved*	Fall	2012
Ticket delivery to MSLC from Vendor of first 40% tickets of each of three-four games	Fall	2012
Distribution of Tickets	Fall	2012

*The game design, prize structure, programming parameters and ticket mechanicals for the first three-four games of the contract will be largely developed by the MSLC prior to the contract award. Any necessary adjustments to any of these elements to meet particular production specifications **must** take place after the award. The first three/four games will probably follow 2011 strategy. The information should be available within one month of the contract award and negotiation period.

1.2.3 Normal Schedule. Vendors **must** submit their proposals on the MSLC Instant Game business based on the above schedule for the first three (3) - four (4) games and the delivery schedule below for all subsequent games during the contract:

Normal Schedule - Initial Orders

Typical order sizes for MSLC games are currently as follows:

	<u>Size</u>	<u>Quantity</u>	
\$1 game	2.25x4*	12,096,000	Tickets
		20,160,000	Tickets
		22,176,000	Tickets
		25,200,000	Tickets
		30,240,000	Tickets
		40,320,000	Tickets
\$2 game	3x4	12,096,000	Tickets
		15,120,000	Tickets
		25,200,000	Tickets
		30,240,000	Tickets
		40,320,000	Tickets
\$2 game	4x4	12,096,000	Tickets
		15,120,000	Tickets

		25,200,000	Tickets
		30,240,000	Tickets
		40,320,000	
		0	Tickets
Extended Play	6x4	50,400,000	
		0	Tickets
		60,480,000	
		0	Tickets
\$5 game	6x4	5,040,000	Tickets
		6,048,000	Tickets
		8,064,000	Tickets
		12,096,000	
		0	Tickets
		14,112,000	
		0	Tickets
		25,200,000	
		0	Tickets
		30,240,000	
		0	Tickets
		40,320,000	
		0	Tickets
Extended Play	8x4	30,240,000	
		0	Tickets
\$10 game	8x4	10,080,000	
		0	Tickets
		25,200,000	
		0	Tickets
		30,240,000	
		0	Tickets
		40,320,000	
		0	Tickets
Extended Play	9x4	20,160,000	
		0	Tickets
\$20 game	9x4	22,176,000	
		0	Tickets
		30,240,000	
		0	Tickets

***For this RFR we may be going to a 2.5 x 4 ticket size for a \$1 game.**

Normal production and Delivery schedules should be as follows:

New Orders

<u>Cumulative % of order delivered</u>	<u># of working days after game design prize structure and mechanical sign-off.</u>
40%	35 days
60%	50 days
80%	70 days
100%	100 days

1.2.3.1 Vendors should be aware that the MSLC may request significant deviations from this normal schedule as need arises. It is **desirable** that vendors indicate (in # of working days) how soon after sign-off the MSLC could receive the initial 40% of the order. It is **desirable** that the first shipment dates are at least four (4) weeks from the date that the ticket is set to go on sale (although this time frame may vary in certain instances).

Earliest delivery from
sign-off for 40% of the order

of working days
from sign off

1.2.3.2 The MSLC, on occasion, will require shipping schedules to be spread over periods significantly longer than indicated in the normal schedule description. It is **desirable** that vendors describe their flexibility in this area by indicating to the MSLC how many working days they are willing to hold tickets beyond a normal schedule (as defined in section 1.2.3) and whether or not they charge any warehousing costs to do so. Any warehousing charges **must** be indicated on a per day basis in the cost section of the Vendor's proposal with representative site and security detail.

of working days that tickets
are held beyond normal schedule
at no warehousing charge to the MSLC

of working days that tickets
are held beyond normal schedule
if warehousing charges applied

Normal Schedule - Reorders

1.2.3.3 Normal sizes for reorders would range from 12,096,000 tickets to 20,160,000 tickets. Reorders are not a common occurrence, but may happen 1-2 times per year.

A normal production schedule for a reorder would be as follows:

<u>cumulative % of order delivered</u>	<u># of working days from sign-off</u>
50%	25 days
100%	50 days

As with initial orders, the MSLC may request significant changes to the normal production schedule. It is **desirable** that vendors indicate (in # of working days) how soon after sign-off the MSLC could receive the initial 50% of the reorder.

Earliest delivery from sign-off
for 50% of re-order

1.2.3.4 It is **desirable** that vendors also indicate how many working days they are willing to hold reorder tickets beyond a normal schedule as defined in section 1.2.3.3 and whether or not they charge any warehousing costs to do so. Any warehousing charges **must** be indicated on a per day basis in the cost section of the Vendor's proposal.

of working days that tickets
are held beyond normal re-order
schedule at no warehousing charge
to the MSLC

of working days that tickets
are held beyond normal re-order
schedule if warehousing charges
applied.

Emergency Recovery Plan It is **desirable** that in the event of a catastrophic emergency at the MSLC warehouse, the vendor state their ability to reprint their current games within four (4) weeks. Please describe in detail the quantity of games you can reprint within a (4) four week period.

Penalty: The MSLC reserves the option to penalize the Instant Ticket vendors for late deliveries. This product category brings in approximately \$10,000,000 a day in gross revenue and late deliveries can be very damaging to the product's potential.

1.3 TICKET QUALITY

1.3.1 The tickets or game piece materials **must** lend themselves to the production of a ticket or game piece capable of maximizing impulse purchases by the consumer.

1.3.2 The tickets or game piece materials used **must** provide the necessary security as well as a high quality appearance.

1.3.3 It is **mandatory** that the vendor(s) be capable of producing Instant Tickets on 12 point recycled card stock coated on one side and that the tickets are 100% recyclable (other than rub-off materials and inks). However, the MSLC will not accept materials that: 1. Weaken the security of the product; 2. Dilute the appearance of the product to the extent that sales would be impacted negatively; or 3. Dilute the shelf life in appearance, function and/or security within three (3) years of delivery to the MSLC.

For purposes of this RFR, “recycled” is defined as the extraction and reuse of appropriate materials from waste to produce a product. Vendors **must** state in their proposals the post-consumer content percentage of their proposed recycled tickets. “Recyclable” is defined as a product which can be reused in the production of other products.

1.3.4 The rub-off (scratch off) material utilized on any Instant Tickets supplied to the MSLC **must** be soft and easily removable by the consumer using his/her fingernail. For guideline purposes, all tickets submitted for use by the MSLC **must** be substantially equal in ease of removal to the MSLC's current tickets.

1.3.5 All Instant Tickets supplied to the MSLC **must** remain in good condition regardless of the environment encountered in normal handling and usage for a minimum of thirty-six (36) months from the delivery date to the MSLC's warehouse. Over this period of time, the scratch off material **must** still rub off easily, the ticket graphics **must** remain sharp and readable and the apparent value of the ticket **must** not have suffered.

MSLC requires that the rub off removal of latex from all instant tickets meet industry standards. It is **mandatory** that the removal of latex must not rub off at less than 25 grams of pressure but must rub off at no more than 175 grams of pressure using standard industry methods. (The acceptable tolerance for rub off removal is 25 grams to 175 grams)

1.3.6 The ticket defects listed in paragraph 1.3.7 below are considered by the MSLC to be potentially harmful to both the realization of maximum revenue potential and/or the credibility of the MSLC's Instant Game in the eyes of consumers. Associated with each defect is a percentage which the MSLC will consider acceptable. The winning Vendor(s) **must** supply the MSLC with Instant tickets or game pieces that do not contain defects exceeding the indicated acceptable levels. The MSLC reserves the right to determine the quality level on any pool of tickets by using quality control sampling techniques geared to ensuring the quality levels specified.

Vendors **must** be aware that security testing will not be limited to tests against defects indicated in this section. Any known method of compromising tickets, which could be duplicated in the marketplace to an extent that the MSLC considers to be potentially damaging, may be tested against each Vendor's tickets. Tickets capable of being compromised by these methods will be deemed unacceptable and rejected.

1.3.7 In the event a vendor supplies tickets with a defect or defects in excess of the acceptable levels contained in the following table, the vendor **must** reimburse the MSLC for all the costs associated with curing the defect(s). The costs **must** include the vendor reprinting all tickets; the vendor shipping all replacement tickets to the MSLC and the vendor reimbursing the MSLC for all costs associated with the collection, replacement and destruction of tickets deemed defective by MSLC personnel. This reimbursement of the MSLC expenses shall include the salaries of MSLC employees, equipment rental, travel, and all other related expenses incurred in the collection, replacement and destruction of the tickets.

The MSLC shall make the final determination as to what constitutes acceptable cure for a quality failure. If the MSLC chooses to remedy the defect internally, the vendor must reimburse the MSLC for the above listed costs; if the MSLC chooses to have the vendor remedy the defect, it is done at the vendor's expense; or the MSLC may choose to cure by a combination of the two remedies. In all instances where a defect (s) of the vendor has exceeded the levels set forth in the following table, the MSLC shall maintain control over the remedy, and the vendor shall bear all costs associated with the remedy.

<u>QUALITY DEFECT</u>	<u>ACCEPTABLE LEVEL OF DEFECTS</u>
A. Play numbers lifting off and becoming unrecognizable when latex covering is scratched off, under normal conditions.	.001%
B. Foil or card stock which rips away when the latex covering is scratched off, under normal conditions.	.001%
C. Latex coverings that fail to come off when rubbed.	.001%
D. Play symbols that are partially exposed rather than completely covered by the latex.	.001%
E. Latex coverings that have holes which expose portions of hidden play symbols and/or may make the player believe that the ticket has been tampered with, even if no portion of the play symbols have been exposed.	.001%
F. Lottery play symbols that are clipped or	

incomplete to the point where they are not distinct and recognizable.	.001%
G. Delamination of the paper stock or the foil from the paper stock (if a foil laminate ticket is used)	.001%
H. Play symbols that are completely removable (without damaging or distorting the ticket surface) with a common household drinking, cooking or cleaning material.	.001%
I. A miscounted number of tickets within a pack.	.001%
J. Tickets out of order within a pack.	.001%
K. Play symbols that smear to the point of becoming unrecognizable when immersed in water for ten (10) seconds and wiped twice with a paper towel.	.001%
L. Play symbols that smear to the point of becoming unrecognizable when subjected to normal body moisture under normal handling conditions.	.001%
M. Perforations between tickets that are so deep as to cause tickets to fall out of packs while handling.	.001%
N. Noticeable scratches across the latex covering.	.01%
O. Overprint designs that are not clear and crisply printed.	.01%
P. Tears in the foil or paper stock.	.01%
Q. Latex coverings that are off register more than 1/16".	.01%
R. Overprint designs that are off register more than 1/16".	.01%
S. Noticeable offsetting of inks from one ticket to another, which detracts from the visual impact of the ticket.	.01%
T. Tickets which are trimmed in a noticeably uneven manner.	.01%
U. Latex coverings that fail to come off easily when scratched by a person using his/her fingernail.	.01%
V. Tickets, which when the latex covering has been removed, appear to have won a prize but do not have a corresponding record in the High Level Winners File or the GLEPS File, and which do not correspond to the prize structure for that game	0%

1.3.8 MSLC currently has an independent company that evaluates instant tickets to verify that the integrity of the instant tickets cannot be compromised. Examples of security tests performed include (but are not limited to): protective coatings, security patterns, security tints, background coatings, covered retailer data,

effects of chemicals/water/heat, ease of alteration, color copier reproduction/alteration, scrape testing and evaluation of cover material for ease of readout.

1.4 PERFORATIONS

Perforations separating tickets and/or sections of tickets **must** be such that the tickets and/or section can be separated easily and cleanly while not permitting accidental separation during normal handling. All tickets supplied to the MSLC **must** be capable of being easily and cleanly burst by the MSLC's Instant Ticket Vending Machines in a consistent and efficient manner. These machines are manufactured by GTECH Corporation, 10 Memorial Boulevard, Providence, RI 02903.

1.5 PRINTING

1.5.1 The printing of the tickets or game pieces **must** be sharp and of a high impact nature.

1.5.2 Five (5) color printing **must** be available on the front of the tickets for the graphics display and one (1) color **must** be available on the back of the tickets.

1.5.3 It is **desirable** that more than five (5) color printing be available on the front of the tickets and/or more than one (1) color be available on the back of the tickets at no extra cost to the MSLC while still providing at least two colors for overprinting the latex.

1.5.4 Two (2) colors **must** be available for overprinting the latex.

1.5.5 It is **desirable** that more than two (2) colors be available for overprinting the latex at no extra cost to the MSLC while still providing a minimum of five colors for the graphics display portion of the front of the tickets.

1.5.6 Vendors **must** be able to produce tickets with both vertically oriented layouts (i.e. tickets read left to right across the shorter dimension and down the longer dimension) and horizontally oriented layouts (i.e. ticket reads left to right along the longer dimension and down the shorter dimension).

1.5.7 It is **mandatory** that the Vendor be able to supply the MSLC with Instant Tickets and/or game piece materials in the range of graphic designs.

1.5.8 It is **desirable** that the Vendor be able to supply the MSLC with Instant Tickets and/or game piece materials exhibiting high impact graphics capable of stimulating incremental demand on the Instant Game. Ideally, the Vendor would enable the MSLC to expand its range of graphics to maximize the impulse buy potential available in the marketplace. In responding to this section, Vendors should submit as many designs as they feel are necessary to demonstrate their capability. Unless the Vendor indicates otherwise, the MSLC will evaluate the Vendor's capabilities based on the concepts that they submit as part of their first year marketing plan.

1.5.9 Variable data printed on the front and back of the tickets **must** be sharp, easy to read and be available in at least a black color.

1.5.10 It is **desirable** that Vendors be able to print variable game play data in more than one (1) color on a ticket (e.g. black and red suits on a "cards" theme ticket).

1.5.11 It is **desirable** that fluorescent colors be available for printing the ticket graphics on MSLC Instant Game Tickets and that these fluorescent colors provide a high quality, fluorescent effect. Samples of tickets representing the Vendor's ability to provide tickets utilizing fluorescent colors should be included in the Vendor's proposal.

1.5.12 It is **desirable** that vendors be able to print Instant tickets utilizing holographic images on the front of the ticket. Samples of tickets representing the Vendor's ability to provide tickets utilizing holographic images should be included in the Vendor's proposal. Conventional printing on holographic substrate satisfies this ticket printing requirement. Pricing should be included in Attachment C – Cost Table under the Miscellaneous column.

1.5.13 Vendors must describe in detail their use of the newest printing technologies, printing inks, specialty materials, etc. It is **desirable** that the Vendor be able to print using the newest print technologies, printing inks, specialty materials, etc. All new processes **must** not negate the requirements of Paragraph 1.3.7.

1.6 TICKET SIZES

1.6.1 Vendor(s) **must** be capable of supplying tickets of the following configurations.

2.5" high x 4.0" wide
3.0" high x 4.0" wide
4.0" high x 4.0" wide
4.5" high x 4.0" wide
6.0" high x 4.0" wide
8.0" high x 4.0" wide
9.0" high x 4.0" wide
12.0" high x 4.0" wide

Note: The maximum acceptable tolerance range on the height only of all ticket sizes is plus (+) or minus (-) 2.5%. There is no allowable tolerance on the width of the tickets.

1.6.2 It is **desirable** that Vendor(s) be able to supply a wider variety of quality tickets sizes and configurations (other than rectangular and square) than those specified above; Vendor(s) **must** indicate the specific sizes and configurations in their proposals, rather than submitting samples.

1.7 BOOK AND TICKET (OR GAME PIECE) NUMBERING AND CODING

1.7.1 It is **mandatory** that game construction ensure the level of randomization of play numbers, letters or symbols necessary to prevent the practical predictability of winner location by ticket, book or carton.

1.7.2 It is **mandatory** that game construction ensure that no winning or losing configuration of play symbols have a better probability of appearing than .0033 (variable positions of the same set of play symbols would be considered "different configurations"). The number of ways of winning per prize level is available on the MSLC website www.masslottery.com. The MSLC is requiring a guarantee of unique patterns within a game.

1.7.3 It is **desirable** that game construction ensure that winning and losing configurations of play symbols have probabilities of appearing significantly less than .0033 (as indicated in 1.7.2 above with variable positions of the same set of play symbols considered "different configurations"). Vendors should indicate their intentions regarding providing variety of winning and non-winning tickets by indicating that probability of appearance figure (for any winning or non-winning configuration) that they would be willing to guarantee as the highest that would be found for any of the MSLC games. Since game design constrains the level of variability, vendors should base their guarantees on key number match games that feature 2 winning numbers and 10 "Your Numbers" (out of a universe of 20 numbers) with a player winning by matching any of "Your Numbers" to either winning number (players could win up to 10 times). For consistency purposes, bidders should use the prize structure in Attachment O as the basis for their guarantees. The MSLC will assume that vendors will guarantee the maximum number of mathematical possibilities for any designs offering fewer possibilities than the match 10 to 2 designs up to that level that they are willing to guarantee for the match 10 to 2 design.

1.7.4 It is **mandatory** that Vendors be able to supply the MSLC with games matching the MSLC's requested programming parameters (see Attachment O).

1.7.5 It is **mandatory** that five (5) guaranteed low end prize structures (GLEPS) be available for games requested by the MSLC. A substantially equal number of each "GLEPS" book category will be randomly distributed throughout each pool of tickets. All GLEPS book categories within a game will contain the same

dollar value of low-level prizes but the categories will differ from each other with regards to the mix of prizes being used to make up the total low-level prize value.

1.7.6 It is **mandatory** that five (5) "GLEPS" categories be available to the MSLC in the design of any particular Instant Game at no extra cost to the MSLC.

1.7.7 A sufficient level of randomization of low-level winners **must** exist within each "GLEPS" book category to prevent the practical pick out of winners. However, this randomization **must** be controlled to eliminate the potential of extremely long strings of non-winning (e.g. no more than ten (10) non-winning in a row for games offering probabilities of winning of approximately 1:3, no more than twelve (12) non-winning in a row for games offering probabilities of winning of approximately 1:4 and no more than fifteen (15) non-winning in a row for games offering probabilities of winning of approximately 1:5).

1.7.8 High level winners (those winners above the "GLEPS" category) **must** be distributed within the game utilizing stratified random distribution. Ideally, each pool would have an equal number of high level winners. However, when the size of top winners is such that offering an equal number of winners for each pool is not possible, an equal number of high level winners **must** be distributed randomly within specified equal segments of the game [e.g. (1) winner every (2) pools or (1) winner every 2.5 pools].

1.7.9 It is **mandatory** that Vendors are capable of providing tickets of the size indicated in Section 1.6.1 above with barcodes printed on the back. The barcodes **must** be interleaved 2 of 5 and **must** contain standard interleaved 2 of 5 start and stop sentinels, 24 digits of barcoded data.

In order to get a proper read with all MSLC barcode scanners, the barcode **must** be positioned such that the midpoint is .45 +/- .058" from the 4" edge of the tickets. All barcodes **must** have .25" quiet zones at both the beginning and end of the barcode and a narrow bar (delimiter bar) **must** be printed at the extreme end of each quiet zone. In addition, guard bars **must** be printed along the top and bottom edges of the barcodes. Unless the MSLC is convinced that the read rates obtained by our sales agents utilizing their bar code scanners will not be weakened using barcodes of different sizes, the barcodes printed on MSLC tickets **must** be at least .3" high and **must** be approximately 2.09" from the front edge of one delimiter to the back edge of the other.

1.7.9.1 It is **mandatory** that the successful vendor provide a bar code such as Data Matrix or PDF-417 on the front of the ticket under the latex utilizing the latest technology. This bar code will provide "single scan" keyless validation for the MSLC agents. The MSLC realizes that the current ISYS terminal is not capable of reading this type of bar code. However, the intention of the MSLC is when new terminals have been acquired, that the majority of all instant tickets would have this type of bar code on the front of the ticket under the latex resulting in a smooth transition. Vendors **must** include whatever costs if any associated with this in their base pricing in the cost table. It **must** not be priced as a separate item. Vendors are advised that it may take 2 or more years before this type of bar code is used by all MSLC agents. In other words, vendor must continue to provide the Interleaved 2 of 5 bar code on the back of the ticket as well as the VIRN underneath the latex on the front of the ticket.

1.7.10 It is **mandatory** that the successful Vendors be capable of supplying the MSLC with Instant Tickets containing barcodes that can be read accurately 98% of the time with the first swipe through the MSLC barcode readers and 99.5% of the time by the third swipe through the reader.

1.7.11 Each ticket **must** contain both barcodes and human readable numbers to be used for winning ticket claims validation. As mentioned, Vendors **must** be able to print the barcodes on the back of the tickets in

the position described in Section 1.7.9. This barcode will define an encrypted version of the validation number and contain the following:

- * a two (2) digit game identifier
- * the six (6) digit book number
- * a six (6) digit compressed validation number
- * a two (2) digit vendor code
- * a three (3) digit ticket number
- * three (3) digits for future use
- * a two (2) digit check number

The validation number under the latex covering on the front of the ticket will contain a different encryption of the data contained in the barcode and three (3) of the digits must be underlined to signify that they are the three (3) key entry digits required to complete the validation for any winner type not included in autocash (that system which allows for complete validation by simply scanning the barcode).

Over the life of this contract, the Mass State Lottery may at some point decide to change the size of their twenty four digit validation number. Some of these changes may include changing the game number from two digits to three. In addition, another possible change to one of the algorithms may be the changing of the check sum routine to three digits.

The Vendor must be capable of handling up to a twenty seven digit validation number in the bar code/VIRN.

If changes are made to the validation number, the lottery in turn would also change the pack activation card to now include a three digit game number. The check sum routine would also change from two digits to three digits. The Vendor must be capable of handling any of the above changes to the pack activation card.

1.7.11.1 The Vendor must be capable of “floating” the human readable numbers under the latex of the VIRN to avoid/minimize the “pinpricking” by a dishonest person in search of the underlined 3 digits used in the cashing of instant tickets. The Vendor must be able to float these numbers up/down as well as left/right from their customary position under the latex.

It is **highly desirable** for the vendor to provide security tints in the play area to minimize color copying thus improving the security of the instant ticket.

1.7.12 The Mass State Lottery will provide the algorithm logic to be used by the winning vendors. The vendor must be able to generate the validation number from the algorithm provided by the lottery.

In addition, the Mass State Lottery will also provide the object modules that will encrypt and decrypt the generated validation numbers. These object modules are unique per vendor. The vendor must be able to encrypt and decrypt the generated validation numbers using the object modules provided by the lottery.

1.7.13 Each ticket must contain numbers for use in controlling distribution and accounting. These numbers must be printed in bold type and be clearly visible on the outside of the finished pack. It is **mandatory** that each ticket contain a two (2) digit game Identifier, a six (6) digit book number and a three (3) digit ticket number.

It is **mandatory** that Vendors be able to position these numbers on the back side of the tickets of a size no less than that represented by the Game, Book and Ticket numbers on our current tickets.

1.7.14 It is **mandatory** that Vendors be able to position the uncovered barcodes and Game, Book and Ticket numbers on the front of the tickets if the MSLC so desires to have this data placed there. However, if required to do this, Vendors may be required to provide a ticket larger than the minimum ticket size defined in section 1.6.1 of these specifications by the additional amount necessary to hold the barcode, Game, Book and Ticket number.

1.7.15 It is **mandatory** for winning vendors to have an independent audit conducted by a firm of independent public accountants who are licensed as Certified Public Accountants to evaluate the Prize Structure and Data Processing Specifications against the final Working Papers and the final printed product to insure they are in accordance with those documents as approved by the MSLC for every game they print.

1.8 TICKET PACKAGING/LABELING/DELIVERY TO MSLC

1.8.1 Vendors **must** provide the MSLC with game tickets utilizing packages (books) of tickets made up of 100 tickets, 150 tickets, 200 tickets and 300 tickets.

1.8.2 Vendors **must** provide the MSLC with books of tickets utilizing 1, 2, 3 or 4 tickets per strip (or fanfold) depending on the size of the tickets.

1.8.3 It is **mandatory** that Vendors provide the MSLC with Ticket Books containing an insert card. The insert card may be either **3.625" x 4.75" or 3.75" x 6.25"**. The insert card dimensions are subject to change. An example of an insert card is shown in Attachment P. The following is an example of the requirements for the **3.625" x 4.75"** insert card but the insert card is subject to change in size, stock material, printed data, the use of colors, etc., in the future as directed by the MSLC.

This card **must** be five (5) or ten (10) point chipboard (or equal) and coated on one side. Vendors **must** be able to supply this card with a perforated section (See perforation dotted lines on Attachment P). Colors will vary by game. However, vendors **must** use at least one graphic color plus one color for printing of variable data. Each card will contain a barcode describing the game and book number along with a check digit. This barcode **must** be contained in the left hand section of the insert card and **must** be no smaller than .4" high x 2.5" wide. The position of the barcode **must** be such that the midpoint of the barcode is .45" from the edge of the card. Directly above the barcode **must** appear the game number, book number, and check digit identifying the book. In packaging, this section containing the barcode and book number will fold over the edge of the book (See Attachment P)

It is **mandatory** this insert card be ISYS terminal readable by the third time the insert card barcode has been shown to the ISYS bar code reader, and further, that the human readable information correspond with the information contained within the insert card barcode. The acceptable level of defect for the insert card is .01%.

1.8.4 It is **desirable** that Vendors be able to provide the MSLC with ticket book insert cards printed in more than one color in addition to the color used for variable printing. Vendors should indicate how many colors that they will make available within the standard prices that they quote for the tickets.

1.9 OMISSIONS POLICY

It is **mandatory** that Vendors be able to deliver Instant Games to the MSLC as specified in the agreed upon prize structure with no omissions.

“No omissions” means books of tickets in a game must be delivered to the MSLC in sequential order with no book numbers omitted.

If requested by the MSLC for specific games, it is also **mandatory** that Vendors be able to provide the MSLC with Instant Games containing no more than 5% omissions. However, the games **must** contain the number and pool distribution of high-level winners specified in the approved prize structure.

1.10 SHRINK WRAPPING

It is **mandatory** that Vendors be able to supply ticket books to the MSLC shrink wrapped using soft, durable, low shrink type force film, 75 gauge or equivalent.

1.11 WAREHOUSE MANAGEMENT SYSTEM (WMS)

The MSLC Warehouse Management System (WMS) tracks the receipt of a pallet (skid), the physical location of a pallet in any MSLC warehouse, transferring of pallets between any of the MSLC warehouse, and the status of a pallet as to whether in stock, opened, or consumed. The successful vendor **must** adhere to the bar coding/labeling requirements. Additions and/or deletions to the WMS requirements may occur during the life of the contract as the WMS evolves.

Load Tag Labels Provided by the Vendor

- Four (4) bar coded, white, minimum 8 ½” x 11” load tags
- One (1) on each side of the stretch wrap, adhered and easily removable from the outside of the stretch wrap
- On the load tag there must be certain information which will be scanned. The successful vendor will have to supply all bar coding and have approved by the MSLC before any deliveries can occur.
- The load tag will consist of a header section and bar code sections. The format for each follows.

Header Section of Load tag

- 1) The 1st line should contain **Massachusetts and the Three (3) digit game number**.

- 2) The 2nd line should have the game name. In Attachment 'W' the game name is 'Money Money Money' and the game number is **067**.
- 3) The 3th line of the header should have the text: **SKID NUMBER**
- 4) The 4th line should identify the 4 character skid number. In Attachment W, it is **0027**
- 5) The 5th line of this header section should identify the number of boxes (cartons) on the skid. The format is:
SKID CONTENTS: XX BOXES

Where **XX** the number of boxes. In the Attachment W, it is **60**

Bar Code Sections of Load tag

- 1) Bar Code is to be either 3/9 HRD or 128 HRD and one (1) inch minimum height
- 2) Purchase Order section format is as follows:
The 1st line contains the text: **Customer P.O.** and the 10 character Purchase order number as in the Attachment W
Customer P.O.: PC09261365
- 3) The 2nd line in this section of the Load Tag will be 24 characters in length, the example is as follows:
PC09261365 1 0027 011912
 - The format is as follows:
 - Purchase order # (10 characters), in this example is PC09261365
 - A blank space
 - 1 is in the line # on a Purchase Order and is usually 1, but can range from a 1 to a 6, depending on the Purchase Order
 - A blank space
 - Skid # (4 characters – This unique # will be the starting skid #) Skid #'s must start with 0001 per game and run consecutively. In this example the skid # is 0027
 - A blank space
 - MMDDYY (this will be the manufacture date and will be referred to as the "Born on Date"), in this example the "Born on Date" is 011912
- 4) The Box Range section of Bar code
 - This must be below the PO section of barcode
 - Line 1 of this section must have text: **BOX RANGE**
 - Line 2 should provide the box range on the skid for the game. The format is
xxx ssssss – xxx eeeeeee where xxx is the game number, ssssss is starting box number and eeeeeee is ending box number. The example shows 067 001561 067 001620
 - Line 3 should represent the box range bar code as xxxeeeeee ssssss. In this example it is **067 001561 001620**.
 - In this example it is game 067, carton range 001561-001620
- 5) The Book Range section of Bar Code
 - This must be below the Box range section of barcodes
 - Line 1 of this section must have text: **BOOK RANGE**

- Line 2 should provide the book range on the skid for the game.
- The format is
xxx ssssss – xxx eeeeeee where
xxx is the game number,
ssssss is starting book number
eeeeeee is ending book number .
The example shows 067-013201-067-032400
- Line 3 should represent the book range bar code as xxxeeeeesssssvvv. In this example it is 067 031201 032400.
- The game number is 067
- In this example the starting book is 031201 and the ending book is 032400
- VVV represents the vendor #. It is the last three (3) numbers. In the example it is 007

(See Attachment W – Load Tag Label)

Carton Label

- Each carton should be labeled on a pressure sensitive label, minimum 4” x 6”.
- This bar coded information **must** be in either 3/9 HRD or 128 HRD and one half (1/2) inch minimum.
-
- The format as shown in Attachment X – Carton Label follows below.
- This label must be similar to the format as shown in Attachment X – Carton Label)

Header Section of Carton Label

1) The 1st line should contain **Massachusetts GAME # XXX YYYYYYYYYYYY** where xxx is the 3 digit game number and yyyyyyyyyyy is the game name

Bar Code Sections of Carton Label

1) Bar Code is to be either 3/9 HRD or 128 HRD and one half (1/2) inch minimum height

2) Carton Number section format is as follows:

The top line should read Massachusetts State Lottery Instant Ticket Game Tickets, followed by the 1st line should have text headers for game number and carton number. In attachment ‘X’ the format **GAME # in the example it is GAME #067.**

The 2nd line should read the Game Name, in this example is “Money Money Money”.

The 2nd line should have game number and carton number. In Attachment ‘X’ the examples shows
‘067’ 001569

The 3rd line should have the barcode for game and carton. Format is xxxssssss where xxx is game number and ssssss is the carton number. In Attachment X, the barcode appears as
067001569

3) The Carton Book Range section of Bar Code

- This must be below the Carton Number section of barcodes
- Line 1 of this section must have text: **BOOK RANGE**
- Line 2 should provide the book range on the carton for the game.
- The format is
xxx ssssss eeeeeee where
xxx is the game number,
ssssss is starting book number on the carton
eeeeeee is ending book number on the carton .
The example shows 067 031361031380
- Line 3 should represent the book range bar code as xxxeeeeeeeeessssvvv. In this example it is
067031361031380007.
- The game number is 067
- In this example the starting book is 031361 and the ending book is 031380.
- The 3 digit vendor number is 007

4) The footer section of the Carton Label should identify the number of Omits, the number of good books and the Purchase Order number. Refer to Attachment X for format.

- Line 1 of the footer section should have a label of **OMITS: NONE** (if applicable).
- Line 2 should be labeled **GOOD BOOKS:** with a quantity. The example shows 20
- Line 3 should have a label of **PO#** followed by the 10 character purchase order number. As shown in the example, it is **PO# PC09261365**

Cartons

Shipments of tickets from vendors to the MSLC **must** be in 275 # (Board combination should be 69# - 30# - 69#) test, kraft, C flute, liners, to have no more than 30% recycled materials. Cartons must be sealed with 72 mm clear plastic tape, Intertape Polymer group # 9100 heavy duty carton sealing tape or equal. Cartons must be tightly shrink wrapped to wooden pallets with corner post on each of the four (4) corners, the height of the pallet and edge post on each of the four (4) top sides, the length of the side. Four (4) way plastic banding/strapping, two (2) on the entry side of the pallet and two (2) on the 4 way pallet side, ½” minimum. A wood pallet topper is to be used which is securely strapped to the skid with no overhang on any side.

Boxes **must** be packed with the lowest box number on the top layer of the skid, right front and run consecutive for the right top layer. The box numbering must then start with the left front and run consecutive for the left top layer. This numbering sequence should follow for the entire pallet. See Attachment Y

Pallets **must** be hardwood and either be 40" x 48" with three (3) runners 48" long or 42" x 50" with three (3) runners 50" long. The MSLC will also accept other sized pallets such as 42"x48" or 35"x36" or 45"x42" as long as they are properly built and meet industry standards. There must be three (3) parallel support boards under the runners depending on the size of the pallet. The strength of the wood utilized for the pallets and the building of the actual pallet must be such that the pallets of tickets can be stacked three (3) high safely and securely in accordance with accepted industry standards. The MSLC will retain the right to accept or reject the pallets.

It is **desirable** that the height of the pallets including the pallet, product, and pallet topper not exceed 53" due to the various racking configurations at MSLC warehouses.

Vendors must package 20 books per case, 60 cases per pallet, and 1200 books per pallet for the first shipment of every "new" Instant Game introduced by the MSLC.

1.11.1 Currently the tickets delivered to the MSLC are shipped as follows:

<u>Size of ticket</u>	<u>Tickets per book</u>	<u>tickets per fanfold</u>	<u>books per carton</u>	<u>Tickets per carton</u>	<u>Carton Size</u>
2.25"x4.0"	300	4	30	9000	20-7/8" x 6-3/4" x 9"
3.0" x 4.0"	300	3	30	9000	20-7/8" x 8-3/8" x 9"
4.0" x 4.0"	300	2	20	6000	20-1/2" x 9" x 8"
6.0" x 4.0"	100	1	30	3000	20-1/2" x 9" x 6-1/4"
8.0" x 4.0"	100	1	30	3000	Carton Size varies
9.0" x 4.0"	100	1	30	3000	Carton Size varies

The tickets **must** be packed vertically in the box (6 books to a row and 5 rows across for cartons with 30 packs and 4 books to a row and 5 rows across for cartons with 20 packs). The lowest book numbers **must** be on the top right corner and the highest book number in the lower left hand corner. The front of the box **must** have the word "FRONT" printed on it. A chipboard divide **must** be placed on the top and bottom of each box of tickets. Depending on the mix of products being introduced, the MSLC requires that vendors pack the first truckload of all games in the introduction, 20 books to a carton, 60 cartons, 1200 books per pallet. MSLC **must** receive tickets in this configuration.

1.11.2 It is **mandatory** that cartons containing tickets be clearly marked on the outside - **MASSACHUSETTS STATE LOTTERY. INSTANT GAME TICKETS.**

IMPORTANT

Bidders responding to this RFR must submit a sample load tag and a sample carton label with your bid submission.

1.12 MECHANICALS, PRINTING PLATES, CYLINDERS, ETC.

It is **mandatory** that mechanicals, printing plates, cylinders, etcetera. necessary for the production of game pieces or tickets be prepared by the Vendor with the approval by the MSLC. To the extent any of these materials (a) first originated under the Contract; (b) are unique to the MSLC; and (c) are paid for by the MSLC, with the understanding and agreement that to have “originated” as between the parties under the Contract means that the materials, do not incorporate, are not based on, and do not arise out of, any proprietary games, products or solutions of the Vendor, they will become the property of the MSLC and must not be used without the written approval of the MSLC. The MSLC will not assist in the “hands-on” preparation of the mechanicals, etc. The MSLC will participate in the approval process.

1.13 PRESS PROOFS, GAME RULES, SAMPLE TICKETS

1.13.1 An appropriate representative from the MSLC **must** sign off or approve press proofs for each new game, new ticket layout and new printing plates (or cylinders).

1.13.2 The Vendors **must** be able to provide sample tickets (void tickets) and proposed game rules (in hard copy and electronic disk) to the MSLC at least two weeks prior to the start of a new game(s). A sample of proposed Game Rules and Guidelines are provided in Attachment R. The Game Rules and Guidelines are subject to change as needed by the MSLC.

1.14 TICKET CONTROL IN MANUFACTURING, PLANT STORAGE AND SHIPMENT

1.14.1 It is **mandatory** that all tickets wasted in press make-ready and other manufacturing processes throughout the plant are accounted for and destroyed by the Vendor.

1.14.2 It is **mandatory** that all tickets are stored in a sealed-off, secured and dedicated area.

1.14.3 It is **mandatory** that all trucks used to transport instant tickets be appropriately sealed at the factory.

1.15 PRINTING PLANT SECURITY

1.15.1 It is **mandatory** that the printing plant or other facility where tickets are manufactured is equipped with a plant security system approved by the MSLC. The system **must** ensure that game tickets and materials are protected from theft, alteration and destruction, not only during the manufacturing process, but also while in storage on the Vendors premises.

The MSLC reserves the option to inspect Vendor plants at any time without advance notice to ensure that proper security is being maintained at all times. Corrective measures, that are deemed necessary by the MSLC, **must** be made by the successful Vendor at no cost to the MSLC.

1.15.2 It is **mandatory** that the Vendor notify immediately, by telephone and in writing, the Executive Director (or designee of the Executive Director) of the MSLC of any breach of security experienced by a Vendor during the term of this contract, especially break-in, theft or disappearance of any paper stock, ticket waste, printing plates, etc.

1.16 MARKETING ASSISTANCE

1.16.1 It is **mandatory** that Vendors provide the MSLC with marketing assistance in order to support the sale of tickets within the Instant Game portfolio and enhance the program in Massachusetts. Such marketing assistance **shall** be at no extra cost to the MSLC.

Note: Paragraphs 1.16.2 through 1.16.2.11 combined are highly desirable.

1.16.2 It is **highly desirable** that vendors demonstrate in their proposals their ability to provide a level of marketing assistance that will enhance the Instant Game portfolio in Massachusetts through the contract term. Vendor responses should clearly and precisely describe what assistance they would provide, at no extra cost to the MSLC, to maximize Instant Game revenues for the MSLC. Vendors **must** be clear, for every service that they propose, about the following: a. what variables they would consider in formulating their program; b. what data they would require; c. how they would generate the data; d. their methods of analysis; e. their methodology in formulating the programs; and f. tactics for executing the program. The MSLC is looking to make an objective evaluation of a vendor's proposed level of support and the quality that might be forthcoming. In order to do this, the MSLC **must** ascertain the vendor understands of the needs in the Massachusetts marketplace and their proposed methodologies for meeting these needs.

Following is a partial list of the types of Marketing Services for which the MSLC would expect vendor participation. Vendors should precisely indicate what they would contribute to the completion of each of these services at no extra charge to the MSLC, and what methodologies they would utilize (as indicated in the paragraph above). To be clear, Vendors should indicate what they propose for the division of tasks between Vendor and lottery personnel for each of these marketing services.

1.16.2.1 An annual analysis of the Instant Game market in Massachusetts to determine brand awareness, player profiles, trends, opportunities and sales potential.

1.16.2.2 Development of an Annual Instant Game Marketing Plan, including marketing plans to support each game introduction.

1.16.2.3 Research support (e.g., focus groups, quantitative studies, internet game and player research, annual agent retailer research, agent optimization studies, field level, on site research, etc.).

1.16.2.4 Development of point of sale programs and production of promotional elements, this would include at minimum one point of sale piece per game, per release, per agent (i.e., dangler, shelf talker, license plate, sticker, etc.). Also the point of sale materials shall include a 4" x 4" game insert card designed for each game and each release.

1.16.2.5 Development of promotional activities supporting games (including traditional and web-based strategies).

1.16.2.6 Development of advertising strategies (including copy strategies).

1.16.2.7 Development of price point and product mix strategies for introductions, and in total.

1.16.2.8 Development of recommendations for improving distribution network strategies including utilization of agent optimization tools and programs.

1.16.2.9 Development of game designs, prize structures and graphics. Vendor shall complete the MSLC agent prize structure template for each game provided a minimum of four weeks prior to game release.

1.16.2.10 Additional services offered by vendors (i.e. web development, second chance promotional programs, development and/or implantation of social media applications).

1.16.2.11 Analysis of Potential Licensed Properties

1.16.3 RESEARCH RESPONSIBILITIES

As part of the Marketing Program supporting the Lottery's Instant Games, vendors are required to conduct a minimum of three (3) focus group projects on New Instant Game concepts. Two of the projects must include at least four (4) panels of 10 respondents each and at least one of the projects must include six (6) panels of 10 respondents each. Design of the project, recruiting and all costs associated with this research will be the responsibility of the Instant Game supplier.

Note: Focus groups are a mandatory research vehicle included in the base pricing. It is up to the Vendor to determine how much they will contribute toward the research component. In the case of a multiple award, the cost of the market research will be based on the percentage of business given each Vendor.

In addition, the Vendor will be responsible for the cost and conducting the following three annual studies:

- Agent Study
- Customer Baseline Study
- Instant Ticket Testing Study

The customer contact data base (including all information accumulated during the study) used to conduct these studies will become the property of the MSLC and vendor.

1.16.4 Competitive Focus Groups

The MSLC reserves the option to hold competitive focus group testing to help determine which Instant Game concepts best will resonate with players in the Massachusetts marketplace.

It is **mandatory** that all selected Vendors participate in up to four (4) competitive focus groups the specific parameters of which will be determined by the MSLC. Vendors will be required to pay its proportional share of the cost of the four (4) focus groups based upon the number of Vendors awarded a contract under this RFR.

A competitive focus group will test Instant Games whose concepts are in a similar category, e.g. sports themes, casino games etc. Each vendor will submit the required number of instant tickets concepts for the consideration of the participants in the focus group. Two of the focus groups must include at least four (4) panels of 10 respondents each and at least one of the projects must include six (6) panels of 10 respondents each.

The focus groups will rank the Instant concepts from each focus group in order of preference. MSLC may use this ranking to select which Instant Game concepts to use in its annual portfolio of tickets it offers its customer. MSLC reserves the right to decide not to use the opinions of the competitive focus groups or its rankings in selecting instant ticket concepts. Specifically, the MSLC reserves the right to not select any instant ticket concept submitted to the competitive focus groups.

1.17 ANNUAL MARKETING PLAN

1.17.1 It is **mandatory** that Vendors provide the MSLC with annual marketing plans and related support services necessary to implement the plans throughout the term of the Contract and any extensions. Such marketing plans and related services **must** be included in the basic cost per 1,000 tickets (Attachment C, column a) in the Vendor's cost tables and per cent of sales calculations.

Note: Paragraphs 1.17.2 through 1.17.2.8 combined are desirable. 1.17.2.9 is highly desirable.

1.17.2 It is **desirable** that the Vendor demonstrate its ability to provide annual marketing plans by submitting in its proposal a First-Year Marketing Plan. In order to facilitate equal comparison among responding Vendors, a Vendor's response **must** address the following:

1.17.2.1 An analysis of the market for Instant Games in Massachusetts to determine trends, opportunities, and potential.

1.17.2.2 An Executive Summary explaining the general theme and rationale for the First-Year Marketing Plan.

1.17.2.3 The number of games by introduction recommended selling prices and recommended quantities of tickets and game durations.

1.17.2.4 The mode and frequency of marketing research that would be undertaken and how the results would be used in formulating the First-Year Marketing Plan and on-going through the entire contract period.

1.17.2.5 The general promotional support that will be proposed by the Vendor and a brief description of the promotional support for each introduction.

1.17.2.6 The general advertising strategy that should be used and the recommended strategy for each campaign.

1.17.2.7 The recommended sales agent incentive training programs to increase the productivity of the sales agent.

1.17.2.8 The recommended number of sales agents by business class (e.g., ' supermarkets, liquor stores) including any proposals for special targeting efforts toward untapped markets (business classes).

1.17.2.9 It is **highly desirable** to submit descriptions of recommended games (clearly indicating which games will be introduced together) for the first fifty-two (52) weeks of the Contract. Indicate the following elements in the descriptions:

- a.) Game design rationales.
- b.) Graphic design - a layout in color of each game's ticket graphics illustrating the suggested appearance of the ticket.
- c.) Ticket sizes and constructions in terms of consumer appeal.
- d.) Description of game play mechanics - a detailed description of how the instant portion of the game ticket works, as well as the qualifications required for a ticket holders entry into a weekly, monthly, other periodic or grand prize drawing if recommended as part of the games.
- e.) Prize structure and related game budget for each game proposed.
- f.) The ticket prices for each game.
- g.) Whether or not the ticket was previously launched in other states; and, if so, provide details on the game's performance.

The First-Year Marketing Plan will be evaluated based upon the extent to which it demonstrates that the Vendor can provide annual comprehensive marketing plans, can provide a compelling rationale for the structure and details of the marketing plan, and can provide creative game designs and concepts which create the most effective product mix for the First-Year Marketing Plan. Responses will be evaluated on the logic, creativity and rationale for strategies proposed.

1.18 BENCHMARK INTRODUCTION

Note: Paragraphs 1.18.1 through 1.18.4 combined are **highly desirable.**

It is **highly desirable** that the Vendor provide to the MSLC in its proposal a Benchmark Introduction of game(s) illustrating the Vendor's capability to design Instant Game programs and to support these programs with comprehensive marketing services. In order to facilitate equal comparison among responding Vendors, the Vendor **must** select one (1) of the introductions in its First Year Marketing Plan (submitted in response to 1.17.2.9) and provide the following information relating to this Benchmark Introduction and its marketing plan.

1.18.1 A detailed description of the games' themes and play mechanics.

1.18.2 The ticket graphics in full color. DO NOT SUBMIT ACTUAL GAME TICKETS.

1.18.3 The games' prize structures (see Section 1.7.1 through 1.7.8).

1.18.4 A description of how the Vendor would program the games, including the programming parameters that would be utilized (see Attachment O).

Note: Paragraphs 1.18.5 through 1.18.7 combined are desirable.

1.18.5 An advertising and promotional plan (including theme and copy strategy) described in as much detail as possible, including the proposed timing of advertising/promotion activities during the life cycle of the games.

1.18.6 Recommended point of sale materials and promotional materials, represented graphically where possible.

1.18.7 Recommended advertising plan including theme, story boards and copy strategy. Also include suggested media and media spend.

Note: The MSLC is looking to assess a vendor's potential support in formulating advertising and promotional plans and is looking to see the vendor's creativity in designing and structuring the programs. In addition, the MSLC is looking for vendors to propose what they feel the budget should be in order to maximize revenue. Since the MSLC wants to determine a vendor's experience, creativity and capability in making complete Advertising/Promotion recommendations, the MSLC will not provide old programs and budgets. Additionally, the budget for any program suggested by a Vendor should not include any funds from the MSLC's anticipated advertising/marketing budget. The Vendor will assume the costs of the program.

Note: Paragraph 1.18.8 is desirable.

1.18.8 Provide any market testing of various potential game designs prior to the selection of the Benchmark Games.

The Benchmark Introduction will be evaluated based upon the extent to which it demonstrates that the Vendor can provide attractive, creative and player-friendly Instant Games designed and positioned such that revenue maximization will be realized; can provide creative advertising and promotion; and can demonstrate comprehensive research efforts undertaken to select the Benchmark Introduction's games.

1.19 ACCOUNT PERSONNEL

1.19.1 Vendors **must** identify the specific individual(s) who will coordinate services to the MSLC and include a detailed resume of his/her educational and professional background, experience and accomplishments.

1.19.2 It is **desirable** that the individual(s) assigned to the MSLC have the experience and abilities required to assist the MSLC in developing Instant Game marketing programs to maximize Instant Game sales and revenues.

1.19.3 Vendors **must** include three (3) professional references for the individuals identified in 1.19.1. Reference information **must** include contact person name, address, telephone number, email address and a brief description of the business relationship.

1.19.4 It is **desirable** that the references submitted in response to Section 1.19.3 be for services and projects similar to those requested in this RFR.

1.20 UPC CODES

Vendors **must** be able to meet the programming and printing requirements necessary to print UPC codes on the MSLC tickets, such that read rates for these codes are as good as those required for the barcodes utilized to validate the tickets.

1.21 LICENSED GAMES

The MSLC currently offers “licensed game” instant tickets to its consumers and would find it **desirable** to continue that practice. In conjunction with your response to 1.16 – Marketing Assistance, please indicate the types and variety of licensed games that you currently offer or have the ability to acquire.

Include the states, provinces, countries or other jurisdictions in which a “licensed game” has been introduced by you during the last three (3) years, and also include information on any marketing programs provided to support game sales of those licensed games. For the last five (5) years, indicate the licensed properties that you had under agreement with the owner of the intellectual property and subsequently lost, and the reasons for the termination of the relationship, if applicable.

It is **desirable** that the MSLC have flexibility in acquiring the rights to offer licensed games to the Massachusetts Consumer. As a supplement to the Cost Table, please provide the cost for each licensed property that your company currently has an agreement with to offer the name and attendant artwork. In addition to the traditional costing of a licensed property, please provide additional methods for the MSLC to obtain the rights to the licensed property. Provide only one copy of this supplement and include it with the cost table.

1.22 PROMPT PAYMENT DISCOUNTS

Vendors must specify what prompt payment discounts are available to the MSLC. It is **desirable** that the prompt payment discounts are as beneficial to the MSLC as possible. Refer to the Commonwealth of Massachusetts – Standard Contract Form, Attachment B and to the Attachment B Instructions for “Payments and Prompt Pay Discounts”. Also, complete Attachment K, “Prompt Pay Discount Form”.

1.23 ON-SITE APPROVALS/SIGN-OFF

A MSLC representative or designee, at the MSLC’s discretion, may perform the following duties at the Vendors site. Those duties to include, but not limited to, on-site pre and during press run sign off / approval

of digital proof (color and context), sign off / approval of press proof (color), review of QA procedures and test results throughout the press run, etc.

B. CONTRACT REQUIREMENTS

1. Vendor Requirements

To be eligible for contract award under this procurement, a Vendor **must** meet the following qualifications:

1.1 Be a company which demonstrates the experience and capacity to design and securely produce "instant" lottery tickets.

1.2 Be a company which is currently supplying instant lottery tickets, game designs and marketing services to a national, state or provincial lottery. The Vendor **must** provide the following information for all activity over the last five (5) years for products similar to those specified in this RFR:

- a) Name of lottery and size of contract (dollar value).
- b) Address, telephone number and contact person for reference purposes.
- c) Number of games ordered and delivered to the customer (including the quantity of tickets for each game).
- d) Annual instant ticket sales and population of each jurisdiction.
- e) Summary of Terms of contract, including effective dates.
- f) Types of services directly provided by the Vendor under the contract and whether the Vendor was the contractor or subcontractor.
- g) Reason for contract termination/expiration if the contract is no longer in effect.

NOTE: The Procurement Team will attempt to contact references provided by the Vendor 's response to part b of Section 1.2.

1.3 If a Vendor intends to employ a subcontractor(s) such subcontractor(s) and its responsibilities, with respect to this RFR, **must** be identified by the Vendor. The Prime Contractor **shall** be responsible for meeting all of the terms of the contract resulting from the RFR.

1.4 The Vendor **shall** provide a summary description of the Vendor's company as follows:

- a. Corporation inception date and the nature of the corporation.
- b. Principals of the entity, organizational structure, number of employees.
- c. Number of plants, locations and size (sq. ft.).
- d. List and describe all printing and bindery equipment installed which would be used in the production of MSLC Instant Tickets.
- e. Description of Vendor's computer programming resources, specifically those resources which would be applied to the programming of Instant Games.
- f. List and describe all major problems associated with the production of instant tickets for any lottery jurisdiction over the past five (5) years and remedial action taken to correct the indicated problems.
- g. Describe what production capacity level the Vendor would reach with the inclusion of the MSLC printing requirements (as described in these specifications) and the potential impact on meeting these requirements with the inclusion of additional contracts from other lottery organizations.
- h. List and describe all litigation (including outcome) for the last five years which relates to the following areas:
 1. Patent and trademark infringement;
 2. Contract disputes between the Lottery and the Vendor, or any of Vendor's subsidiaries;
 3. Any action taken by a state or federal actor against the Vendor as a whole, or an employee(s) specifically, which emanates from the improper conduct of any employee/former employee(s) during their term of employment with the Vendor. This shall include actions of: perjury, bribery, corruption, conflict of interest, larceny, environmental violation, and other civil and/or criminal actions which would be contrary to the accepted conduct of a Vendor working in partnership with a State Agency.
 4. Vendor **must** provide, if applicable, a detailed description of information regarding any company bankruptcy proceedings, criminal investigations, charges filed against the company, directors or managers, any mergers, acquisitions, etc, and any name changes within the last five (5) years.

1.5 Vendor Evaluation Questionnaire. It is **desirable** that instant ticket vendors demonstrate a track record of customer satisfaction. **The MSLC may send out Attachment S – Vendor Evaluation Questionnaire to other Lottery jurisdictions.** The results of this survey will form a part of the evaluation process. (See Attachment S)

The MSLC reserves the right to obtain, from sources other than the Vendor, information concerning a Vendor, the Vendor's capabilities and the Vendor's performance under other contracts which the MSLC deems pertinent to this RFR and to consider such information in evaluating the vendor's bid.

2. Written Inquiries

Vendors may submit questions concerning this RFR no later than the date and time specified in Section IX A, Procurement Calendar. They may be mailed, emailed, faxed or delivered. The Procurement Management Team will review and consolidate inquiries received before the deadline, prepare written answers. All responses will be posted on the Commonwealth Procurement Access and Solicitation Site - www.comm-pass.com. If the vendor has a problem accessing the responses please contact www.lotteryprocurement@masslottery.com. The source(s) of the question(s) will not be revealed.

All inquiries **must** be made in writing to:

Donna M. Walsh
Massachusetts State Lottery Commission
60 Columbian Street
Braintree, MA 02184
Tel: (781) 849-5674
Fax #: (781) 849-5579
Lotteryprocurement@masslottery.com

This inquiry procedure provides the only means by which a Vendor may request information on the performance, business and procedural requirements of this RFR, including the mandatory Commonwealth Terms and Conditions in Attachment A.

Vendors are cautioned that an inquiry should be presented in generic terms and **MUST NOT CONTAIN COST DATA**. The inclusion of cost information in an inquiry may result in the Vendor's disqualification.

Section VII - Instructions for Submission of Responses

1. GENERAL REQUIREMENTS

Vendors must adhere strictly to the bidding procedures as outlined herein.

IMPORTANT

Responses to this RFR or any parts thereof received by the MSLC after the required date and time will be rejected as non-responsive to the RFR. Delivery of responses to any office or location other than the Lottery's Braintree office will NOT constitute receipt by the MSLC. It is the sole responsibility of the respondent to ensure that responses are received at the proper location, prior to the stated deadline, and the receipt properly acknowledged by MSLC personnel.

Cost information must appear only as described below in Part 2.2.2 - Cost Table Preparation. Do not include cost information in any other part of the response. Inclusion of cost information in any other part of the response may result in disqualification of the response.

2. BID PREPARATION

2.1 PROPOSAL GENERAL REQUIREMENTS

Vendors responding to this RFR are required to prepare and submit proposals containing at least the information listed below and in the format specified. Vendors **must** conform precisely to this format in order that the MSLC will be able to more efficiently compare and evaluate all proposals submitted. Proposals submitted and not in this format will be rejected.

2.1.1 Organization of Proposal. Vendors are required to bind all proposal information into two or optionally three volumes as indicated below. The volume itself may have either a hard or soft cover and accommodate 8 1/2" x 11" size text paper. It may be contained in a 3-ring, GBC or equivalent form of binding.

2.1.2 Number of Copies of Proposals. One original and twelve (12) copies of all volumes of the proposal **must** be submitted. Vendors must also submit disks or equivalent, please clearly label each disk in separate envelopes marked disk Volume I/III.

2.1.3 Number of Pages. Although there is no limit on the number of pages, all the information pertaining to the Vendor's Technical and Business approach to meeting the requirements of this RFR **shall** be organized and presented as directed in this part. Fancy bindings, colorful displays and promotional material are not desired. The proposal should be prepared simply and economically, providing a straightforward, concise statement of the Vendor's commitment to satisfy the requirements of the RFR.

2.1.4 Accuracy and completeness are essential. Omissions and ambiguous or equivocal statements will be construed against the Vendor.

2.1.5 Since the successful Vendor(s) response(s) will be incorporated into and become part of the terms of the Contract, Vendors are further cautioned not to make claims or statements to which they are not prepared to commit.

VOLUME I

A package containing one original and ten copies of Volume I - Technical and Business Proposal **must** be labeled as follows: (Vendor Name) Technical and Business Proposal to Provide Instant Tickets, Game Designs, and Marketing Services.

Note: Vendors must not include any cost information in any part of the Technical and Business Proposal (Volume I) or Supplementary Proposal (Volume III).

VOLUME II

For instructions regarding Volume II - Cost Proposal, refer to Section 2.2.2. Cost Information should only appear in Volume II.

VOLUME III

A separate package containing one original and twelve copies of Volume III - Supplementary Proposal Information (if provided by Vendor) **must** be labeled as follows:

(Vendor Name) Supplementary Proposal to Provide Instant Tickets, Game Designs, and Marketing Services

Volume III - Supplementary Proposal Information. Volume III may contain any other information or material which the Vendor feels may serve to supplement the Vendor's proposal outlined in Volume I. Items in this Volume do not need to be referenced in Volume I or Volume II.

2.2 CONTENT AND FORMAT OF PROPOSALS

Note: The MSLC will provide soft copies of the RFR, Attachments, logos, etc., by email to those who request them through lotteryprocurement@masslottery.com. Some Attachments may not be available in soft form.

2.2.1 VOLUME I - TECHNICAL AND BUSINESS PROPOSAL

Technical and Business Proposals submitted **must** be organized into one and optionally two volumes as follows:

Volume I - Technical and Business Proposal. Proposals **must** be organized to contain the information specified below in the format indicated.

- a) Title Page
- b) Letter of Transmittal (signed by Authorized Company Officer)

Volume I of the response to this RFR **must** consist of a Letter of Transmittal signed by an individual authorized to bind the Vendor contractually. It **must**:

- A. State that the proposal, including the prices in the Cost Tables will remain in effect for a period of 90 calendar days after the Proposal Due Date given in the Transmittal Letter.
- B. Include the name, title, address, and telephone number of one or more individuals who can respond to requests for additional information;
- C. Include the name, title, address, and telephone number of one or more individuals who are authorized to negotiate and sign a Contract for the Vendor;
- D. Include a statement that the Vendor has read and understands the technical and business specifications of this RFR and agrees that its proposal meets all the technical and business requirements of this RFR.

- c) Table of Contents with Page Numbers
- d) Vendor Questionnaire

Vendors must include a completed copy of the Attachment N – Vendor Questionnaire. The Vendor Questionnaire shows either compliance or non-compliance with the referenced paragraphs of the Technical Specifications. In addition, vendors must indicate the Section and page in which the compliance or non-compliance is stated.

e) Response to Technical and Business Specifications

Important - Vendors must include with their proposals an all-inclusive response of the products and services included in Section VII of this RFR. Vendors must use a corresponding paragraph-by-paragraph format in their responses to this RFR using the same numbering system as the MSLC.

f) Required Documentation - All Bidders will be required to complete, execute and return the following documents:

1. All Bidders **must** complete, execute and return the Commonwealth Terms and Conditions (Attachment A) attached to this RFR. If the Bidder has already executed and filed the Commonwealth Terms and Conditions, please indicate this in your Response. The Commonwealth Terms and Conditions shall be incorporated by reference into any Contract for Commodities and Services executed pursuant to this RFR. A Bidder is required to execute the Commonwealth Terms and Conditions only once.

2. All Bidders **must** complete, execute and return the Standard Contract Form (Attachment B) as follows:

- (a) as the cover sheet to their Response. Failure to return a completed and executed Standard Contract Form will disqualify the Bidder's Response, and if necessary,
- (b) upon selection for Contract negotiation and execution.

By executing the Standard Contract Form, the Contractor certifies under the pains and penalties of perjury that it has submitted a Response to a Request for Response (RFR) issued by the MSLC and that this Response is the Contractor's offer as evidenced by the execution by the Contractor's authorized signatory, that the Contractor's Response may be subject to negotiation by the MSLC, and that the terms of the RFR, the Contractor's Response and any negotiated terms shall be deemed accepted by the MSLC and included as part of the Contract upon execution of the Standard Contract Form by the MSLC's authorized signatory.

If you do not have a Vendor Code, leave that portion of the form blank.

3. Vendors **must** complete and sign a copy of Attachment D - "Request for Verification of Taxation Reporting Information" relating to Taxpayer Identification Numbers.

4. The requirements of Attachment E "Tax Compliance Certification Instructions" **must** be submitted with the bid certifying compliance with the laws of The Commonwealth of Massachusetts relating to taxes. This requirement applies to firms that have previously done business in the Commonwealth of Massachusetts. If your firm has not previously conducted business in the Commonwealth of Massachusetts, please state so on your letterhead and submit as part of Attachment E.

5. Pursuant to Executive Order 524, any contract with a potential financial benefit of \$150,000 or more requires a bidder to complete applicable sections of Attachment G, Supplier Diversity Program (SDP) Form and include the required attachments (**Also, include a copy of the SOMWBA Certification letter for each SOMWBA Certified business**) for consideration in the scoring of their submission for any contracting opportunity with the Commonwealth of Massachusetts. The MSLC requires that this form and attachments **must** be submitted, regardless of the dollar value, with each bid. (Refer to General Information and Terms and Conditions, Supplier Diversity Program for further information and requirements)

6. Provide a completed Contractors Authorized Signatory Listing Form, Attachment H if the value of any contract resulting from this RFR is anticipated to exceed \$50,000. **IMPORTANT: For corporations, please read the signature verification/authorization instructions carefully to avoid unnecessary delays in processing contracts.**

7. Bidders **must** complete the Authorization for Electronic Funds Payment Form, Attachment I. All bidders responding to this RFR **must** agree to participate in the Commonwealth Electronic Funds Transfer (EFT) program for receiving payments, unless the bidder can provide compelling proof that it would be unduly burdensome.

EFT is a benefit to both contractors and the Commonwealth because it ensures fast, safe and reliable payment directly to contractors and saves both parties the cost of processing checks. Contractors are able to track and verify payments made electronically through the Comptrollers Vendor Web system. EFT applications can be found on OSD forms page (mass.gov/osd). Additional information about EFT is available on the Vendor Web site (mass.gov/osc: click on MASSfinance).

Successful bidders, upon notification of contract award, will be required to enroll in EFT as a contract requirement by completing and submitting the Authorization for Electronic Funds Payment Form, Attachment I, to OSD for review, approval and forwarding to the Office of the Comptroller. If the bidder is already enrolled in the program, it may so indicate in its response. Because the Authorization for Electronic Funds Payment Form contains banking information, this form, and any information contained on this form, shall not be considered a public record and shall not be subject to public disclosure through a public records request.

The requirement to use EFT may be waived by the PMT on a case-by-case basis if participation in the program would be unduly burdensome on the bidder. If a bidder is claiming that this requirement is a hardship or unduly burdensome, the specific reason **must** be documented in its response. The PMT will consider such requests on a case-by-case basis and communicate the findings with the bidder.

8. Invest in MA Form – Attachment J. All bidders responding to this RFR **must complete** applicable sections of Attachment J, for consideration in the scoring of their submission for any contracting opportunity with the Commonwealth of Massachusetts. (Refer to General Information and Terms and Conditions, Invest in Massachusetts for further information and requirements).

9. Prompt Pay Discount Form – Attachment K. All bidders responding to this RFR **must complete** this attachment and agree **to** participate in the Commonwealth Prompt Pay Discount initiative for receiving early and/or on-time payments. Prompt Pay benefits both Vendor and the Commonwealth. Vendors benefit by increased, usable cash flow as a result of fast and efficient for commodities and services rendered. Participation in the Electronic Funds Transfer initiative further maximizes the benefits with payments directed to designated accounts, thus eliminating the impact of check clearance policies and traditional mail lead time or delays. Payments that are processed electronically can be tracked and verified through the Comptrollers Vendor Web system.

10. Commonwealth of Massachusetts State Lottery Commission's Disclosure Statement (Attachment L) **must** be completed with complete and accurate responses. In the event any information changes regarding these responses the MSLC must be notified in writing immediately.

11. Bidders **must** read, complete and sign the Certification of Compliance Concerning Personal Information and Personal Data (Attachment M).

2.2.2 VOLUME II - COST PROPOSAL

The Cost Proposal **must** be prepared in two (2) sections as specified below:

Section 1 - Letter of Transmittal

Section 2 - Cost Tables – Per Thousand Pricing

The Cost Tables shall not be altered in any way from the format and wording attached hereto. Any additions/alterations/deletions from the Cost Tables attached hereto may result in disqualification of the response.

Section 1 - Letter of Transmittal

Section 1 of the Cost Proposal **must** include a Cost Letter of Transmittal signed by an individual authorized to contractually bind the Vendor. This letter **must** include the following:

- a. Specify the products and services proposed.
- b. State that the Cost Proposal will remain in effect for a period of ninety (90) calendar days from the Proposal Due Date.
- c. State that if the MSLC accepts the Proposal within ninety (90) calendar days from the proposal due date or any additional period as may be jointly agreed upon by the Vendor and the MSLC, the Vendor will furnish any and all of the Proposed products and services to the MSLC at the prices shown in Attachment C - Cost Tables.
- d. Include the name, title, address and telephone number of one or more individuals who can respond to requests for additional information.
- e. Each person signing the Proposal **must** also certify that he/she is the person in the Vendor's organization responsible for, or authorized to make decisions regarding the prices quoted.

Section 2 - Cost Tables – Per Thousand Pricing

Per thousand ticket prices.

Bidders must provide ticket costs for each of the Instant Ticket configurations specified in Attachment C matrices. Vendors must provide ticket costs for every condition listed (e.g. ticket size, pack size, ticket quantities, ticket stock, omissions policies, # of colors (front and back) etc.

For any additional ticket specifications that vendors feel would stimulate additional consumer interest in certain games but would involve additional costs to the Lottery, bidders must describe the specifications and the associated additional per thousand costs.

Specification variations for which the Massachusetts Lottery requires additional cost quotes (if any) are as follows:

- UV coating
- Foil laminate paper stock
- 5"x8" pouch packages (printed 5 Colors and must be fully secure)
- additional graphics colors
- additional overprint colors
- additional imaging colors
- full color background printed in play area under latex
- die cut tickets
- the use of spot varnish
- multiple scenes
- fluorescent colors
- fold over tickets

Note: Pouch packages do not have to be vendible. The pouch size to be priced is 5" x 8". Pouches are to be priced in 5 million, 10 million and 15 million quantities printed on front and back.

Printing options not described in the Cost Tables should be listed and priced under Column F – Miscellaneous.

Section 3 – Licensed Games

Please provide the cost for each licensed property that your company currently has an agreement with to offer the name and attendant artwork. In addition to the traditional costing of a licensed property, please provide additional methods for the MSLC to obtain the rights to the licensed property. For example, Instant Ticket vendors in the past have provided a licensed game to the MSLC at no additional cost if a certain number of games are ordered from the manufacturer in a fixed period of time, e.g. one year. Provide only one copy of this supplement and include it with the cost table.

Cost Tables (Volume II) must be sealed and submitted separately from Volume I information and Volume III information. All three volumes may be submitted in the same container but Volume II must be sealed separately. Cost information must appear only in Volume II. Do not include cost information in any other part of the response. Inclusion of cost information in any other part of the response may result in disqualification of the response.

2.2.3 VOLUME III – SUPPLEMENTARY PROPOSAL INFORMATION

Volume III - Supplementary Proposal Information. Volume III may contain any other information or material which the Vendor feels may serve to supplement the Vendor's proposal outlined in Volume I. Items in this Volume do not need to be referenced in Volume I or Volume II.

Important – If a service offered requires additional costs, those costs must only appear in Attachment C – Cost Table

3. Submission of Bids

One (1) original, Eleven (11) paper copies and a disk of the bidder's response and attachments must be delivered in the same sealed package no later than the date and time shown in Section IX, A. Procurement Calendar. **The Cost Table must be submitted under separate cover in a separate sealed envelope.** Failure to adhere to this requirement may result in the disqualification of the bid. Responses and attachments received after this deadline date and time will not be evaluated. A facsimile response will not qualify as a "submission" for deadline purposes in advance of or in lieu of a hard copy submission. Responses and attachments should be delivered to

Donna M. Walsh
Massachusetts State Lottery Commission
60 Columbian Street
Braintree, MA 02184

BIDS MUST BE CLEARLY MARKED -

“BID #LOT 1211”

**“INSTANT LOTTERY TICKETS, GAME
DESIGNS AND MARKETING SERVICES”.**

IMPORTANT: It is imperative that bids enclosed in “FedEx” or “UPS” type shipping containers must be clearly marked with the bid number and title on the outer most container in order to be distinguished from regular delivery items. For a bid to be responsive, it must be received by MSLC personnel prior to the bid due date and time. The MSLC will not be responsible for bid responses not properly marked

Vendors may submit more than one (1) bid. Each bid **must** be submitted under separate cover and shall be evaluated separately. Mail or personal delivery, hard copies required, sealed responses, no faxed or electronic responses.

**Volume II - The Cost Table (One Original)
must be sealed separately in an envelope and submitted with the bid.
Do not include the Cost Table in the bid or copies.**

Section IX - Deadline for Responses and Procurement Calendar

IMPORTANT

Responses to this RFR or any parts thereof received by the MSLC after the required "Response Due Date" date and time will be rejected as non-responsive to the RFR. Delivery of responses to any office or location other than the Lottery's Braintree office, will NOT constitute receipt by the MSLC. It is the sole responsibility of the respondent to ensure that responses are received at the proper location, prior to the stated deadline, and the receipt properly acknowledged by MSLC personnel.

A. Procurement Calendar

RFR #LOT 1211 INSTANT LOTTERY TICKETS, GAME DESIGNS AND MARKETING SERVICES

The dates and times for certain critical events relative to this RFR, including the release of this RFR, submission of bids, etc., are as follows:

	Day	Date	Time
Release of RFR	Tuesday	March 27, 2012	
Submission of Written Inquiries			
1 st Cycle Inquiries	Tuesday	April 10, 2012	1:00PM
1 st Cycle Responses	Wednesday	April 18, 2012	
2 nd Cycle Inquiries	Tuesday	May 1, 2012	1:00PM
2 nd Cycle Responses	Tuesday	May 8, 2012	

Response Due Date	Monday	May 21, 2012	1:00PM
--------------------------	---------------	---------------------	---------------

Oral Presentations To Be Determined

Site Visits To Be Determined

(All Responses will be posted Commonwealth Procurement Access and Solicitation Site - www.comm-pass.com)

Section X - Attachments

Attachment A - Commonwealth Terms and Conditions [Two (2) Pages]

Attachment B - Standard Contract Form [Five (5) Pages]

Attachment C - Cost Table [Six (6) Pages]

Attachment D – W-9 Request for Verification of Taxation Reporting Information [Two (2) Pages]

Attachment E - Certificate of Compliance [One (1) Page]

Attachment F - Business Reference Form [One (1) Page]

Attachment G – Supplier Diversity Plan (SDP) Form [Two (2) Pages]

Attachment H - Contractor Authorized Signatory Listing [Two (2) Pages]
(Required for Contracts Anticipated to exceed \$50,000, or as required by the RFR)

Attachment I - Authorization for Electronic Funds Transfer (EFT) Payments [One (1) Page]

Attachment J – Invest in MA [Two (2) Pages]

Attachment K- Prompt Pay Discount Form [One (1) Page]

Attachment L- Commonwealth of Massachusetts State Lottery Commission's Disclosure Statement [Three (3) Pages]

Attachment M- Certification of Compliance Concerning Personal Information and Personal Data Form [One (1) Page]

Attachment N – Vendor Questionnaire [Three (3) Pages]

Attachment O- Typical Programming Parameters [Five (5) Pages]

Attachment P- Sample Ticket Book Insert Card [One (1) Page]

Attachment Q- Massachusetts State Lottery Annual Customer Tracking Study [Fifty Eight (58) Pages]

Attachment R- Instant Ticket Rules and Guidelines [Seven (7) Pages]

Attachment S- Vendor Evaluation Questionnaire [Four (4) Pages]

Attachment T- 2011 Net Sales for All Products For All Cities and All Business Types [Thirty Five (35) Pages]

Attachment U- 2011 Net Sales for Instant Tickets For All Cities and All Business Types [Thirty Five (35) Pages]

Attachment V- 2011 Net Sales for All Products and Instant Tickets By Zip Code For All Cities and All Business Types [Fourteen (14) Pages]

Attachment W- Load Tag Label Sample [One (1) Page]

Attachment X- Carton Label [Two (2) Pages]

Attachment Y- Carton Stacking on Pallet [Two (2) Pages]

Note: Attachments A, B, C, D, E, F, G, H, I, K, L, M, N, O, P, Q, R, S, T, U, V, W, X and Y are available in electronic form at www.comm-pass.com.