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Request for Information (RFI)
BPM003944
Lottery Keno Game

Responses Due: Friday, October 26, 2021, 5pm Arizona Time.

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

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

INSTRUCTIONS

- A. In accordance with Arizona Administrative Code (A.A.C.) R19-3-538, the Arizona Lottery (Lottery) is issuing this Request for Information (RFI) to obtain information for planning purposes.
- B. The purpose of this RFI is to seek industry perspective and feedback on the questions presented herein and provide an opportunity for industry recommendations on best business approaches to achieve the desired goals as stated herein.
- C. Responses to an RFI are not offers and cannot be accepted to form a binding contract. Respondents are solely responsible for expenses associated with responding to this RFI. The Arizona Lottery is under no obligation to the responders in so far as the next steps to this process are concerned.
- D. This RFI should not be construed as a means to pre-qualify vendors. The Arizona Lottery may utilize results of this RFI in drafting a competitive solicitation for the subject services, products and/or equipment. Any future contract(s) that may be awarded must be the result of a competitive solicitation and shall comply with the Arizona Procurement Code.
- E. Information contained in a response to a request for information shall be considered confidential until the procurement process is concluded or two years, whichever occurs first unless authorized by the procurement officer.
- F. Respondents may submit any additional presentation material, models, renderings, etc. that would assist the Arizona Lottery in understanding the RFI response.
- G. The Arizona Lottery may request a presentation or demonstration in addition to the information delivered in the response.

- H. Responses should be in the same relative order as information requested for consistency and continuity of the information received. Responses should be as detailed as possible.
- I. In any resultant solicitation, such as a Request for Proposals (RFP), the Arizona Lottery anticipates contractually obligating any vendor to meet minimum asset and service quality. This includes the operation and maintenance of any new assets for improved cost efficiency and minimized risk.

BACKGROUND

The Arizona Lottery is seeking information from vendors to identify innovative and financially viable mechanisms to implement a keno game in select retail locations throughout Arizona. House Bill 2772 permits keno, as defined below, in the following limited locations in Arizona:

- Must be located at least five (5) miles from an Indian gaming facility (in Arizona)
- Must be a licensed Arizona Lottery retailer
 - Must be a fraternal organization or veterans' organization as defined in Arizona Revised Statutes (ARS) section 5-401, or
 - Must be a racetrack enclosure or additional wagering facility where pari-mutuel wagering on horse races is conducted (off-track betting location).
- Preliminary analysis by Arizona Lottery estimates that there are approximately 180 retailers who appear to meet the above criteria.
- “keno” means a house banking game in which a player selects from one to twenty numbers on a card that contains the numbers one through eighty, the house randomly draws twenty numbers; players win if the numbers they select correspond to the numbers drawn by the house and the house pays all winners, if any, and collects from all losers.

REQUIRED INFORMATION

1. Introduction

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

- A. Name of Respondent and its leadership team members.
- B. Principal business for Respondent.
- C. Identify any experience in implementing and maintaining a state-sponsored keno program.

2. Operating Models

In an effort to minimize cost and improve time to market, Arizona Lottery is considering operating models for keno that do not involve direct development and integration with the Lottery's existing central gaming system and retailer terminal network (which currently sells draw-based lottery games such as Powerball and Mega Millions).

- A. Describe your experience operating a keno game that is independent from a state lottery central gaming system.
- B. Provide examples of any general strategies, operating models or techniques that you would recommend in order to minimize cost and improve time to market for a keno game in Arizona.

- C. Describe any potential opportunities to leverage pre-existing resources to operate a keno game in Arizona at reduced cost or time to market. Possible examples might include the replication or reuse of pre-existing systems, networks, servers, game software, sales devices, employee staff, business processes or operating procedures.

3. Financial

- A. Based on the number and types of authorized retailers, provide an estimate for total gross annual keno sales in Arizona.
- B. Provide an estimate of the total upfront capital investment required to launch keno sales in Arizona, assuming a retailer network of 180 sales locations. The estimate should include all significant startup expenses, irrespective of who will pay the actual costs (i.e., vendor or Arizona Lottery).
- C. Provide an estimate of the ongoing annual operating expenses required to operate a keno game in Arizona, assuming a retailer network of 180 sales locations. The estimate should include a breakdown of the following expense categories, irrespective of who will pay the actual costs (i.e., vendor or Arizona Lottery).
1. Prize expense
 2. Retailer sales commission / incentives
 3. Personnel / staffing expenses, including sales, product & marketing, security / audit and administrative support functions
 4. Other operating expenses, including consumable supplies, equipment maintenance / technical support / repair, customer support, marketing and all other administrative expenses
- D. Provide a detailed listing and justification for any important or recommended contract terms that Arizona Lottery should consider including in a potential RFP, such as:
1. Contract term / duration
 2. Compensation structure / formulas
 3. Specific financial, technical or contractual requirements

4. Program Initiation

- A. Given the limited availability of keno in Arizona, how would you generate excitement around the game?
- B. How would you attract and recruit retail partners to sell the product?
- C. What actions, if any, would you take to promote program launch to players?
- D. Provide a recommended game implementation timeline that would support rapid time to market.
- E. Describe any strategies that the Arizona Lottery should consider to ensure best value is obtained.

5. General Operation

- A. Describe the recommended hardware and software used to operate a keno game, highlighting any significant differences with traditional lottery central gaming system solutions.
- B. Describe a general maintenance schedule for recommended hardware and software.
- C. Describe recommended draw procedures for a keno game, including draw close, draw break, winning number selection, winning number entry and verification, winner selection, prize value calculation and verification, draw certification and draw payable.

- D. How are the prize amounts (i.e. modification of calculated prize amounts) secured?
- E. Provide a summary of recommended security controls for a keno system, including data security policies, storage locations and data retention periods

6. Player Integration

- A. What methods of player interaction do you support with a keno game?
- B. What wagering options (paper, digital, etc.) do you offer?
- C. What payment options do you offer to players? (cash, debit, credit, coupons etc.)
- D. Describe any recommended wagering limits.
- E. Can players view game results online?
 - 1. If so, do you support responsive web design for mobile, desktop, and tablet devices?
 - 2. Can players use a toll free landline if online options are unavailable?
- F. What kind of support do you provide to players who have general questions or are requesting assistance?
 - 1. Problems playing games
 - 2. Complaints about retailer equipment

7. Prize Validation

- A. How are prizes validated?
- B. Describe the process used to pay high tier prizes, including checking winning players for State debt-setoff obligations.
- C. Describe the process used to pay non-high tier prizes?

8. Program Maintenance

- A. If the State of Arizona authorized additional retailers to offer the keno game, what is the process to have them added to the program?
- B. How often are game graphics refreshed?
- C. Are game enhancements and new variations of the keno game easily integrated?

9. Reporting

- A. How would the Arizona Lottery access data regarding sales, winning numbers, validations, etc.?
- B. In the event that a data connection must be established between the keno system and the Lottery's back office system, what data integration methods would be supported (i.e., secure file transfer / file import, API service, etc.)?

10. Game Security & Integrity

- A. What are the security protocols for vendor employees?
- B. Describe ~~and~~ the digital security and game integrity procedures.
 - 1. How is ~~the~~ hardware and software physically and logically secured?
 - 2. Describe any emergency game shutdown procedures.
 - 3. What are the RNG audit and certification protocols?
 - 4. How is game operation (drawings) audited?

11. Game Marketing and Promotions

- A. What in game functions are available to promote keno on location (e.g. buy one get one coupons, earn free wagers, etc.)?
- B. Can a licensee create their own promotions unique to each location?
- C. What kind of instruction is available to players and retailers to learn the game (e.g. “how to videos”, brochures, etc.)?