ADDENDUM NO. 2 TO ALL OFFERORS:

Reference: Request for Proposal: RFP# 3067MG

Commodity: Email Marketing Service Provider

Dated: May 24, 2019

All Offerors are required to acknowledge all RFP addenda in their proposals.

2nd Round of Questions and Answers

1. Q: In Section III of your RFP, you state: “Offeror shall have the ability to provide and implement an email marketing platform designed to create custom messages and quickly send them to customers which shall integrate with Microsoft Dynamics CRM.”

With regard to the integration with Microsoft Dynamics CRM, is the Lottery prepared to provide technical resources to build an integration between the selected ESP and Microsoft Dynamics CRM, using vendor-provided APIs (or SFTP)? Or is the Lottery seeking “packaged” or native integrations with MSCRM?

A: The Lottery is prepared to provide technical resources to build an integration between the selected ESP and Microsoft Dynamics CRM if necessary. Both the awarded vendor and the Lottery will likely have deliverables that both teams will need to complete to ensure a smooth transition. Any proposed solution will need to go through our Security, Technology, Architecture (STAR) review to ensure it aligns with our technical architecture.

2. Q: For next round of answers, please provide how many templates are currently being used. Thanks.

A: ~7 different base templates are currently being used.

3. Q: My firm is a reseller of an email service provider. Does this mean that the software is a subcontractor? It affects the answer on page 20.
A: Offerors should make clear all partners they plan on using and what the roles of each partner or subcontractor will be.

4. On page 21, Article, VII, General Terms and Conditions states:

"The Lottery will not sign any offeror’s documents, MSAS, or any other type of agreement(s). The Lottery’s general terms and conditions shall not be negotiated."

Can you clarify if this means The Lottery will not sign any MSA documents, period,

OR

Does it mean we would be signing a document authorized by The Lottery?

A: The Lottery will not sign vendor documents. A contract will be created (by the Lottery) based off the RFP, awarded vendor’s proposal, and negotiations. Both parties will have a chance to review and propose changes to the contract prior to signing.

5. Q: Could you provide a breakdown by email domain of the total contacts that you have in your database?

A: Please see the below. Note: These are estimates and not exact figures.

Gmail.com – 97,575
Yahoo.com – 59,892
Outlook.com – 1,890
Verizon.net – 7,670
Aol.com – 23,390
Comcast.net – 7,663
Cox.net – 4,758
Hotmail.com – 16,059
MSN.com – 4,621
Remaining balance is split across other domains
6. Q: Are you capable of pulling lists of people with higher engagement on emails (clicks and opens)? This will be beneficial for the IP warmup process.

A: No, we do not currently track email engagement at an individual level.

7. Q: Will you be open to consider redesigning or adjusting the existing emails so they follow content and deliverability best practices?

A: Yes.

8. Q: Do you send your emails from one or multiple IPs? Are these IPs dedicated to your environment?

A: The Lottery currently sends out email to our current SMTP provider from two (2) dedicated IP address. The Lottery’s SMTP provider broadcasts these emails from five (5) dedicated IP addresses.

9. Q: What’s your overall bounce rate and open rate?

A: The average metrics for the last 30 days are as follows:

- **Winning Number/Jackpot Alert Emails:**
  - Open Rate: 28.6%
  - Bounce Rate: 1.5%

- **Promotional Emails:**
  - Open Rate: 20.1%
  - Bounce Rate: 0.7%

10. Q: How do you handle Unsubscribe requests today?

A: Each email contains an unsubscribe link. The link passes the player’s email address to our website where (if clicked) an application unsubscribes a player from our list.
11. Q: How do subscribers manage their email preferences?

A: Players can sign up for/unsubscribe from specific campaign streams using the alert preference center on valottery.com (screenshot below). Players can also unsubscribe directly from an email sent to them without having to enter the preference center.

![Alert Preference Center Screenshot](image)

12. Q: Is the intention to originate audiences for campaigns from Microsoft Dynamics or will you be performing segmentation to send campaigns from the new ESP?

A: Records will ultimately originate from Microsoft Dynamics, but the Lottery is open to performing audience segmentation in either Microsoft Dynamics or the new ESP.
13. Q: Do you currently perform any email validation or verification of emails before adding them to your CRM platform?

A: The email address is not vetted during the registration process. The Lottery performs monthly reviews of bounced/spam reported email and “cleans up” the lists by suppressing them from future engagement.

14. Q: Do you have plans to incorporate multi-channel customer journeys integrating with your current SMS provider?

A: Yes.

15. Q: Have you executed any email address hygiene platforms to review the hygiene of your current email list?

A: No, we have not.

16. Q: Are you open to receive implementation and support services from our delivery team located in Argentina?

A: Yes.

17. Pg 28, PERSONNEL SECURITY CLEARANCES: Section 58.1-4008 of the Code of Virginia (Virginia Lottery Law) requires that all Board members, officers and employees of any vendor of lottery online or instant ticket goods or services working directly on a Contract with the Virginia Lottery for such goods or services shall be subject to a criminal background search to be conducted by the chief security officer of the Virginia Lottery. Additionally, Lottery Regulation 5-20-410 extends this to include any parent or Subsidiary Corporation of the vendor, and any shareholder of 5% or more of the vendor, its parent or Subsidiary Corporation.

We assume this only applies to contractor personnel that are performing the solution implementation services and not the Cloud Service Provider (CSP) personnel that are hosting the solution. For example, CSP engages
the services of a background screening vendor to conduct background checks on employees at the time of hire. CSP also performs background investigations in certain foreign countries. The scope of these checks is subject to local laws in the jurisdictions in which the employee is hired. Can the Lottery please modify this requirement accordingly?

A: Background checks will be performed on any Contractor employee who will have access to Lottery systems or data prior to granting them access. Additionally, any Contractor requiring physical access to Lottery property would need to pass a background check.

18. Q: **Pg 21, W. CONFIDENTIALITY (CONTRACTOR):** The Contractor assures that information and data obtained as to personal facts and circumstances related to patients or clients will be collected and held confidential, during and following the term of this agreement, and will not be divulged without the individual’s and the Lottery’s written consent. Any information to be disclosed, except to the Lottery, must be in summary, statistical, or other form which does not identify particular individuals. Contractors and their employees working on this project will be required to sign the Confidentiality statement in this solicitation.

We believe that this only applies to contractor personnel that are performing the solution implementation services and not the Cloud Services Provider (CSP) personnel that are hosting the solution, CSP personnel are required to sign an NDA that covers all customer data, not specifically the data belonging to a single tenant of the system. Additionally, we assume that the NDA language that is incorporated as part of the overall cloud/SaaS subscription agreement will meet this requirement. We request that this requirement to be modified to reflect that this is not required for CSP employees hosting the solution.

A: A NDA will not be required for this Contract.

19. Q: **Pg 25, Q. INFORMATION SECURITY REVIEW:** Should the Contractor’s obligations involve creating, collecting, or storing Lottery information which is deemed sensitive by the Virginia State Lottery Department, said Contractor shall participate in an annual information security review conducted by the Virginia Lottery Information Security Administrator to ensure that information protection policies and practices of
the Contractor are sufficient for the Lottery information being reated, collected and/or stored.

As a multi-tenant cloud service provider, we do not typically offer a Right to Audit clause as part of the base service offering. As a multi-tenant service, compartmentalization is virtual, not physical. Annual site visits can be arranged at the Lottery’s expense, but in consideration of our other customers, random access cannot be permitted. We have third party auditors that inspect and review our security. We undergo annual audits for compliance with additional frameworks such as SSAE 16 SOC 1, SOC 2, SOC 3, ISO 27001, and PCI-DSS Level 1. The results of these audits can be provided to the Lottery as desired under NDA. Is this acceptable to meeting the Lottery’s requirements?

A: A SSAE 18 SOC2 Type 2 audit would be acceptable to the Lottery.

20. Q: Our service industry and our service specifically in some cases does not align with the terms and conditions as provided in the RFP for our offering we have. How do we submit any suggested adjustments or objections to consider? Is there a specific process for this?

A: Offerors may submit redlined edits to the Terms and Conditions with their response.

21. Q: How many contact records do you have?

A: We have ~285,000 unique email opt-ins in the database. The entire contact database is ~791,000 records.

22. Q: What’s the breakdown of active subscribers to inactive subscribers?

A: The Lottery does not currently track this information.

23. Q: How many new subscribers do you add per month?

A: New subscribers fluctuate based on current jackpot levels, promotions, and seasonality. On average it about 2,000 opt-ins each month.
24. Q: Can we submit proposals via email?
   
   A: No, please follow submission requirements for a sealed response outlined in the RFP.

25. Q: Section IV. B. 11. What is the mechanism for providing redlines to the Lottery terms and conditions?
   
   A: As part of your response, you may submit proposed changes to the Lottery’s terms and conditions.

26. Q: Section VI. B. Regarding Confidentiality of PII, can “patients” be deleted?
   
   A: Please submit proposed changes to terms and conditions as part of your response.

27. Q: Section VI. J. Regarding Indemnification, are you willing to discuss financial caps of indemnification?
   
   A: Please submit proposed changes to terms and conditions as part of your response.

28. Q: Section VI. Q. Regarding the Lottery’s right to renegotiate the compensation paid to the Contractor, can third party contracts and licensing agreements we, the Contractor enter into as part of our solution be fixed for the term of those agreements?
   
   A: Please submit proposed changes to terms and conditions as part of your response.

29. Q: Total anticipated yearly email volume.
   
   A: Currently send approximately 72,000,000 emails/year, but anticipate growing to 84,000,000+ emails/year.
30. Q: Average number of emails sent in a single batch
   A: Winning Number/Jackpot Alert Emails: 90,000/day
   Promotional Emails: 250,000/deployment

31. Q: What is the frequency (time intervals) of email batches
   A: The Lottery has 2-5 batches (deployments) a day in support of winning numbers and/or promotional email.

32. Q: Average number of batches sent in a month.
   A: Winning Number/Jackpot Alert Emails: ~112 deployments/month
   Promotional Emails: 18-20 deployments/month

33. Q: Maximum number of email sent in a single batch.
   A: 250,000/deployment.

34. Q: Maximum number of batches sent in a month.
   A: Approximately 30+

35. Q: Average time between batches (if known).
   A: Unknown.

36. Q: Complexity of email. Will Va Lottery use FreeMarker or similar tool for more than personalization, and if so, to what extent? (ie, if/else statements, lists).
A: It will depend on the offeror selected and their proposed solution.

37. Q: Does Va Lottery currently use Litmus or similar e-mail preview service?

A: No.

38. Q: Opt-in method or (legacy) opt-out method?

A: Players can sign up for/unsubscribe from specific campaign streams using the alert preference center on valottery.com (screenshot below). Players can also unsubscribe directly from an email sent to them without having to enter the preference center.
39. Q: Number of records in unsubscribe list.

A: We do not currently keep a separate unsubscribe list. Records are either flagged as opted in or opted out in the current system.

40. Q: Do you have additional unsubscribe lists that will continue to be stored outside of CRM after implementation of ClickDimensions?

A: No. The use of ClickDimensions will depend on the offeror selected and their proposed solution.

41. Q: What are the plans/expectations for growth in email volume of the first year?

A: Currently send approximately 72,000,000 emails/year, but anticipate growing to 84,000,000+ emails/year.

42. Q: Do you plan to use Campaign Automation as part of the core project?

A: The Lottery is not currently planning to use Campaign Automations as part of Microsoft Dynamics 365, but it will depend on the offeror selected and their proposed solution.

43. Q: Will you provide requirements or sample diagrams detailing their anticipated usage of Campaign Automations?

A: The Lottery is not currently planning to use Campaign Automations as part of Microsoft Dynamics 365, but it will depend on the offeror selected and their proposed solution.

44. Q: Will you run Campaign Automations against existing CRM marketing lists, or by adding members to the Campaign Automation either on an ad hoc basis or through workflow? (If against existing lists, how many members will be on each list?)
A: The Lottery is not currently planning to use Campaign Automations as part of Microsoft Dynamics 365, but it will depend on the offeror selected and their proposed solution.

45. Q: Are there business-directed time constraints on the delivery of emails via Campaign Automation? (ie, a confirmation email that must be received immediately after a recipient takes an action) Or will they be using them for general nurturing purposes?

A: The Lottery is not currently planning to use Campaign Automations as part of Microsoft Dynamics 365, but it will depend on the offeror selected and their proposed solution. Most email campaigns will be used for general nurturing purposes, but there may be a need to deploy immediate confirmation emails as well.

46. Q: Total anticipated yearly SMS messages

   A: +14 million

47. Q: Average number of SMS messages sent in a single batch.

   A: 11,000

48. Q: Average number of SMS batches sent in a month

   A: 105

49. Q: Maximum number of SMS messages sent in a single batch

   A: 15,000

50. Q: Average time between SMS batches (if known).

   A: Unknown.
51. Q: Maximum number of SMS batches sent in a month.
   A: 110+

52. Q: Is SMS a requirement for the core functionality of the project?
   A: No, as outlined in the RFP, SMS would be considered a Optional Feature.

53. Q: When do you anticipate the first live send will occur?
   A: This is dependent on the Offeror selected and the implementation plan/schedule proposed.

54. Q: Is this a Dynamics Online or on-premises implementation? (assume this is on-premise)
   A: Dynamics CRM will be in the cloud.

55. Q: If on-premises, which version of Dynamics will be used at go-live?
   A: It will not be on premises.

56. Q: Approximate number of contacts, leads, accounts (please indicate # for each)
   A: We have ~285,000 unique email opt-ins in the database. The entire contact database is ~791,000 records.

57. Q: If on-premises, do you have a regular maintenance plan set up for the SQL Server that includes rebuilding indexes, backups, etc.?
   A: It will not be on premises.
58. Q: Does Va Lottery have now or intend to procure Office 365 account and subscription to Azure services?

A: The Lottery has Office 365 account and subscription to Azure services.

59. Q: Description of on-premises deployment (number and types of servers, general specs).

A: It will not be on premises.

60. Q: Please list other data integrations and ISV solutions.

A: All anticipated integrations and software has been listed in the RFP and Addendums. Actual integrations and software solutions are dependent on proposed solutions.