



ADDENDUM NO. 1 TO ALL OFFERORS:

Reference: Request for Proposal: **RFP# 7098MG**

Commodity: **Loyalty Program and Related Services**

Dated: **May 3, 2022**

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

A pre-proposal conference was held on April 26, 2022. The slides that were presented are include in Attachment One.

1st Round of Questions and Answers

1. Q: Will the system need to integrate a current Player Account Management (PAM) system?

A: The Lottery has an active PAM system and the proposed solution would need to integrate with the Lottery's existing PAM.

2. Q: Is the proposed solution going to support iLottery, retail, or both?

A: Both

3. Q: Does the Lottery anticipate tiers? What levels?

A: Yes, we anticipate 3 or more tiers and are looking for a partner to help solidify the strategy, including defining the tier levels that consider points earned through purchases, engagement activity and other desired customer behavior.

4. Q: Do the sections in the RFP relate to the required pricing line items?

A: Pricing for the development and implementation of the system should be included in the *Loyalty Program* line item. Any maintenance or ongoing pricing should be included in the *Ongoing Support* line item. Any pricing for additional customizations or consulting post go-live should be included in the *Consulting Services* line item.

5. Q: What does the Lottery intend to players to redeem points for?

A: Promotional entries, product coupons, free online pay are a few examples. We are looking to leverage a loyalty program expert to help define meaningful and effective redemption options.



6. Q: Any restriction on redeeming points for non-Lottery items at retailers?

A: There are no restrictions.

7. Q: Does this system need to integrate with the Lottery's app?

A: Yes.

8. Q: The RFP mentions omnichannel. Can the Lottery define what it means by omnichannel?

A: Omnichannel refers to any way a player interacts with the Lottery, whether that's via retail (clerk or vending machine), mobile, online, or desktop.

9. Q: Section II: Is it required that the existing programs fold into the new loyalty program? If so, would the intent be to share data or port the existing programs into this new platform? Also, if yes, are there API's available in order to fully integrate?

A: The Lottery is looking for Offeror's recommendations. The Lottery envisions there would be some element of these programs incorporated into the new loyalty program, but it would not be the exact same structure as it is today. Yes, API's are available or will be developed as needed.

10. Q: Section III A.2: What are the anticipated update cycles? Monthly? Quarterly? Ad Hoc/daily?

A: This is to be determined based on performance of the program, business needs, external factors, etc. The Lottery would like to use data and analytics to drive this as well as business needs.

11. Q: Section III A.3: Can you provide additional information regarding purchase data end points?

A: Purchase data end point would include capturing all retail transactions as well as online transactions -- retail includes counter sales and vending machine sales.

12. Q: Section III A.4: What is the anticipated delivery mechanism of loyalty program data to be loaded into the Lottery's Data Warehouse (sFTP, Blob, or HTTPS)?

A: sFTP will work, but the Lottery prefers to use an API written by the Lottery for the offeror to send data inputs over to the data warehouse. The Lottery has data lake & data services API setup on Azure and sftp & SQL server data warehouse on premises. The Lottery has multiple architecture options to deliver loyalty program data and is willing to adopt best architecture after meeting with awarded vendor.



13. Q: Section III B.3&4: Are you currently offering these discounts? Does your current system allow for discounts to be distributed and redeemed?

A: The Lottery does not currently have a loyalty program so not all these examples are currently supported today. These are items the Lottery would like to be able to offer as part of the loyalty program.

14. Q: Section III B.5: Can you provide additional details on personalization requirement?

A: Examples of personalization include the ability to personalize rewards, cross-sell as well as messaging to individual player's based on a player's attitudinal and behavioral attributes.

15. Q: Section III C: Can you provide additional insight into the integrations required (i.e iframe, webview, API, others?)

A: The Lottery typically uses APIs for integration with our existing 3rd party vendors.

16. Q: Section IV: Can you describe "new campaign" and how this would be used. Is this about new initiative or specific card or creative and total refresh of program?

A: "New campaign" was in reference to adding a new initiative to the program. Allowing for a flexible and saleable program that can adapt to changing business needs and sales support based on product performance.

17. Q: What are your overarching goals with launching this program in addition to promoting financial wellness? (specific metrics and objectives)

A: Overarching goals are to:

- Attract desired players
- Enable greater personalization based on attitudinal and behavioral data collected
- Provide greater value to players
- Increase overarching lifetime value (LTV)

In terms of specific metrics and objectives, the Lottery is interested in recommendations from Offerors on best practices.

18. Q: What other KPIs do you intend to tie back to the program, if any?

A: Looking for recommendations from Offeror to provide

19. Q: Where is funding for this program coming from? Internal budget, contra-revenue, etc.?

A: Internal budget



20. Q: What percent of revenue (or GP) would you consider allocating to a rewards budget? What is the total program budget?

A: To be determined.

21. Q: What are the leading indicators/behaviors to purchase or repurchase?

A: One indicator for purchase/repurchase that span both offline and online lottery is if a player registers and/or has an existing account with the Lottery. That shows intent or interest in the offerings. Another indicator is if players have participated in promotions (online or offline).

For retail, there is only self-reported data on intent to purchase or frequency of purchase. Launching a loyalty program will help the Lottery determine more concrete leading indicators, both attitudinal and behavioral for purchase and/or repurchase. For online players, the current leading indicator is FTD (first-time deposit) and continued deposits into their player wallet.

22. Q: How is customer/owner data stored today? CRM (which one?), ERP, Ecommerce, etc.

A: Customer/Owner Data Stored in Lottery Data warehouse. The Lottery receives transactional (Retailers/Online) data from two (2) vendors. The Lottery only brings CRM data into data warehouse which is required for data analysis by business team.

23. Q: What marketing automation tools do you use to communicate with the audience?

A: The Lottery uses Listrak to send emails and SMS to our registered audience and website to include popups and interstitials through Sitecore as well as push notifications via the app

24. Q: What expectation do you have for your loyalty program partner to supply marketing and media support for the program? Driving awareness, consideration, conversion - vs. purely operating the engine?

A: As described in the RFP, the Lottery is looking for recommendations on the level of involvement from program partner for GTM (go-to-market) strategy as well as ongoing support for the program.

25. Q: What is the potential loyalty audience size? Any segmentation or more detailed information on the target customer group would be helpful.

A: Currently from our quarterly tracking study (self-reported), 64% of the adult population (18+) in Virginia has played any game in the past year and 42% have played in the past month. The Lottery is looking for recommendations from



Offerors on what the potential projected loyalty audience size will be in year one and on-going.

26. Q: Will the vendor be expected to field general customer service inquiries, and if so, what is the current inquiry volume you see across both programs?

A: No, not currently. Unless the Offeror is recommending this as part of their overarching strategy.

27. Q: Can you measure YOY growth based on your two loyalty initiatives today? (or is a goal of this program to be able to measure and reward YOY growth?)

A: The Lottery does not view eXTRA Chances and the 2nd Chance program to be loyalty initiatives, but rather player engagement programs.

28. Q: Will digital/physical lottery player cards be launched alongside / with this program to access the retail purchaser customers information?

A: Looking for Offeror to recommend strategy to capture retail purchase information.

29. Q: Outside of age and residency, are there any restrictions on who can register, earn and redeem points in the program?

A: No.

30. Q: Points earning Terms and Conditions Accepted Up Front or Upon Redemption? Should we allow for Opt-out of Communications?

A: Looking for best practice recommendation on T&C placement. Yes, there should always be an opt-out of promotional communications for players (that are not transactional)

31. Q: Will there need to be Level/Tier Resets and Point Expirations?

A: Looking for Offeror to provide best practice recommendations

32. Q: Is there a cap amount on referrals (e.g. 10 Referrals Max)?

A: Looking for Offeror to provide best practice recommendations

33. Q: Will any image upload action validation be required (scratch off ticket OCR rather than typing into fields for second chance)?

A: Looking for Offeror to provide best practice recommendations



34. Q: If we are rewarding for Scratch Plays, how do we validate authentic tickets?

A: Currently, we authenticate using simple barcode scan under the latex or players manually enter code online. Looking for Offeror to provide best practice recommendations.

35. Q: Content Consumption - will the consumers be able consume content to earn, and if so, what platform will be used to create the content (e.g. Hubspot, Marketo, etc.)?

A: Yes. As described in the RFP, players will be able to earn based on engagement as well as purchasing. We currently use Listrak to power our email and SMS content and Sitecore for our web and app.

36. Q: Please indicate your desired selection of rewards for your customers. Retail coupons, promotional entries, brand-name merchandise, digital and physical gift cards, experience-oriented rewards, etc.

A: Looking for Offeror to provide best practice recommendations

37. Q: Is the loyalty vendor expected to provide customer service for items fulfilled by VA Lottery?

A: Looking for Offeror to provide best practice recommendations

38. Q: Please describe the audience in terms of persona, average income, tenure, life stage, etc. This helps define the ideal reward mix for the program.

A: This information can be provided on an individual basis by emailing Mike Gerdes at mgerdes@valottery.com.

39. Q: How often and how many retail specific promotions currently run a year?

A: That depends on the year. Please refer to the Lottery website for a list of promotions.

40. Q: Will any integrations with a CRM, POS, or ERP Platforms be required, and if so, which ones (e.g. SAP, Salesforce, etc.)?

A: Looking or Offeror to provide best practice recommendations.

41. Q: Will any integrations with marketing automation platforms be required, and if so, who (e.g. Hubspot, Marketo, Bronto)?

A: Looking for Offeror to provide best practice recommendations, but the Lottery currently uses Listrak as the marketing automation platform. We also deliver transactional messaging from our online gaming system.



42. Q: Will any integrations with email automation platforms be required, and if so, who (if different to marketing automation platform)? Or, are you looking for a recommendation?

A: Refer to Question # 41.

43. Q: Will purchases made at retail stores be fed in as data or will users have to enter their own tickets?

A: Looking for Offeror to provide recommendation based on best practice. Currently, retail purchases are anonymous.

44. Q: Is there a current customer portal we would need to setup an SSO with, and if so, is the architecture SAML2, OAuth, or other?

A: Yes, there is an existing customer portal that would need to be integrated with an SSO. The Lottery and its partners have multiple RESTful APIs that provide SSO (Same Sign On) functionality. The architecture is JSON based with credentials stored within the headers. Complete documentation and support can be provided once the contract is awarded.

We also integrate via a JavaScript framework that is referenced on the host site. The framework provides the ability to interface with the PAM (player account management, aka customer portal) and provide personalized content.

45. Q: Will your mobile app be able to exchange information via APIs or will we need a different data feed?

A: App should be able to exchange information via APIs

46. Q: Will this be handled by VA Lottery, a VA Lottery creative agency partner, or the vendor?

A: Not sure of the question.

47. Q: Are there any other languages requirements in addition to English? Please list.

A: Not currently.

48. Q: Please provide any other comments/requirements as it relates to program front end creative design.

A: Requirements are outlined in the RFP and looking for Offeror to provide additional recommendations based on best in class.



49. Q: How do you want to engage/launch program? Who will develop and manage the marketing campaign?

A: Looking for Offeror to provide recommendations based on best in class.

50. Q: Are you looking for the loyalty program vendor to provide full-service marketing support to drive member acquisition, engagement, and retention?

A: Looking for Offeror to provide recommendation based on best practice

51. Q: Is it an assumption that triggered (automated) emails/notifications need to be delivered by the vendor platform?

A: Ideally would like to integrate with current marketing automation provider, Listrak.

52. Q: Do Ad hoc or marketing-related emails need to be delivered from a 3rd Party Email Marketing System, and if so, would this be handled by the vendor?

A: Please refer to Question #51.

53. Q: Could you provide a detailed list of reports that you are looking to access in the backend admin (different types of transactions, consumer demographics, promotion specific, etc.)?

A: Looking for Offeror to provide recommendations based on best practice

54. Q: **General Question:** The initial contract term of two years is short by industry standard. Is there a specific reason two years was chosen as the initial contract term?

A: Contract term is negotiable, the Lottery is willing to do whatever is in its best interest.

55. Q: **General Question:** What is the Lottery's expectation in terms of implementation timeline from contract signing?

A: The RFP asks for Offeror's to provide their methodology for system implementation to include schedules and timelines. The Lottery does not currently have any expectations but does expect Offerors to provide this information as part of their response for our evaluation.



56. Q: **General Requirements, 2. Proposal Preparation, d.** – Rather than highlighting or underlining proprietary and trade secret information, will the Lottery accept this information marked by red bars, as shown below:

START OF CONFIDENTIAL, PROPRIETARY AND TRADE SECRET INFORMATION

END OF CONFIDENTIAL, PROPRIETARY AND TRADE SECRET INFORMATION

A: Yes, this is acceptable. Please be sure to complete the *Proprietary Information Table* in the RFP as well.

57. Q: **General Question:** Can the Lottery confirm that the information requested in B. Specific Proposal Requirements, Section 1: Signed Cover Page, Addenda, and/or Exceptions to T/Cs does not count toward the 100-page limit?

A: The Lottery does confirm this. Section 1 is not included in the 100-page limit.

58. Q: **General Question:** The current RFP document is currently ‘locked’ meaning that cutting and pasting questions is not permitted. Can the Lottery please provide a standard word or unlocked PDF copy of the RFP?

A: Due to audit reasons, the Lottery cannot unlock the RFP.

59. Q: **General Question:** What is the Lottery staffing complement and skill sets available to support the Loyalty program on an ongoing basis?

A: The Lottery has extensive lottery experience, marketing knowledge, internal technical skills (API dev, web dev, etc.), strategic skill set experience in CRM (all stages: acquisition, retention/engagement, winback) and loyalty, creative and customer service staffing skill sets to support the Loyalty program depending on the recommendations.

60. Q: **III. Statement of Needs (p. 5):** The Lottery has stated that it requires a ‘hybrid loyalty program’. Can the Lottery clarify what is meant by hybrid?

A: A hybrid loyalty program merges two (2) or more types of programs together. Such as “earn & burn” points program with a tiered, gamification, or fee-based program, as an example.



61. Q: **III. Statement of Needs, B. Optional Requirements, 3. (p. 6):** How does the Lottery currently do segmentation for marketing campaigns? Will the Loyalty vendor have access to any services or tools that the Lottery is currently using and how would the Lottery expect for this information to be used within the Loyalty program?

A: The Lottery currently uses behavioral/transactional data to segment the database for online lottery marketing campaigns. The data, tools and services the Lottery has will be made available to the selected Offeror to support the loyalty program.

62. Q: **III. Statement of Needs, B. Optional Requirements, 5. (p. 6):** We understand that the Lottery is interested in two different methodologies for managing the proposed solution. Can the Lottery confirm that a Lottery managed program would include the first two line items in X. Pricing (i.e. Loyalty Program and Ongoing Support)? Furthermore, would a program that includes active oversight from the Offeror be inclusive of all three line items in X. Pricing (i.e. Loyalty Program, Ongoing Support and Consulting Services)?

A: Please see Question #4 for more information regarding pricing. If you are proposing different solutions that have different pricing, you may submit separate pricing for each solution. Just be sure that it is clearly delineated in your proposal.

63. Q: **III. Statement of Needs, B. Optional Requirements, 5. (p. 5):** In the case of a Lottery managed program, please confirm that there are no expectations of the vendor for ongoing management outside of technical support. For example, we assume the Lottery would develop and/or manage and operationalize creative, drawings, fulfillment, communications etc.

A. Please provide your recommendations based on best practice.



64. Q: **III. Statement of Needs, C. Integrations (p. 6):** The RFP states, “Offeror’s loyalty program shall have the ability to integrate with 3rd party platforms such as website, mobile app, online gaming transaction, etc.” Can the Lottery please confirm if these integrations are required for launch and should these integrations be included in the pricing? If yes, can the Lottery provide some information on how they see the loyalty program will be integrated on the website and the mobile app? Can the Lottery provide the technology that is used to develop the iOS and Android app? The requirement states “etc.”, can the Lottery please confirm if there any other integrations that are required?

A: Yes, integrations with the 3rd party platforms are required for launch, therefore should be included in the pricing. The Lottery would like recommendations from the Offeror’ in terms of how the integration on the website and app would look from a player perspective. The technology used to develop the iOS and Android app will be revealed once the selection is made.

65. Q: **III. Statement of Needs, D. Security, 1. (p. 6):** The RFP states **if applicable**. Can the Lottery please clarify if the Commonwealth’s Security Standard SEC 525 is applicable to the Offeror for this specific program? If so, which specific sections/controls apply?

A: SEC 525 applies to any cloud-hosted solution. If your system is cloud hosted, then SEC 525 applies.

66. Q: **III. Statement of Needs, D. Security, 2. (p. 6):** The RFP states “If applicable, the Offeror shall have the ability to remove and sanitize...” Can the Lottery confirm if this is applicable to the Offeror for this specific program? Can the Lottery confirm that if a different standard achieves the same result, that the Lottery would consider that acceptable?

A: Yes, this is applicable to this program. If the activities achieve the same result as required in SEC 515 then it meets the standards of SEC 515.

67. Q: **III. Statement of Needs, D. Security, 3. (p. 7):** The RFP states “Offeror shall have the ability to conform to the Lottery’s technology environment.” Can the Lottery confirm it is open to the Offeror proposing a technology stack that is different than the Lottery’s technology but meets the loyalty program objectives and all necessary integration requirements?

A: Offerors may propose a different stack, but they need to be aware that depending on the level of integration and support required by the Lottery, it could affect their evaluation.



68. Q: IV., B. Specific Proposal Requirements, Section 1. Signed Cover Page, Addenda, and/or Exceptions to T/Cs, ii. (p. 9): Can the Lottery confirm that ‘lot’ refers to the RFP number?

A: Section IV., B. Specific Proposal Requirements, Section 1. Signed Cover Page, Addenda, and/or Exceptions to T/Cs, ii. on page 9 is hereby deleted.

69. Q: IV., B. Specific Proposal Requirements, Section 1. Signed Cover Page, Addenda, and/or Exceptions to T/Cs, ii. (p. 9): Can the Lottery confirm if the cover letter referred to in this section is page 1 of the RFP?

A: Please see Question # 68.

70. Q: IV., B. Specific Proposal Requirements, Section 2., v. (p.10): This requirement refers to ‘...Lottery data provided to the Lottery...’. Can the Lottery clarify if this should actually read: ‘...*loyalty* data provided to the Lottery...’?

A: Yes, it should read “...Loyalty Program data provided to the Lottery...”

71. Q: IV., B. Specific Proposal Requirements, Section 2., vii. (p.10): Since all the loyalty data will be sent to the Lottery’s data warehouse, can the Lottery confirm if it is looking for regular program reporting, ad hoc reporting or just the recommendations on how to measure the program including defining the KPIs?

A: Looking for Offeror recommendations based on best practice.

72. Q: IV. B. Specific Proposal Requirements, Section 3, v. (p.11): – This requirement refers to ‘Section III Statement of Needs F. Ongoing Support’. Can the Lottery confirm that the reference should be to ‘E. Ongoing Support’ instead?

A: Confirmed

73. Q: X. Pricing (p.30):

- a) Can the Lottery confirm that NO specific section of the response relates directly to each of the three pricing line items?
- b) Or, is it the Lottery’s intent that narrative responses to Section 2. Loyalty Program Functionality represent the Loyalty Program line item and Section 3. Project Approach and Ongoing Support represent the Ongoing Support line item?
- c) Can the Lottery confirm, per the Pre-Proposal conference, that the intent of the Consulting Services price line item is that these services would only apply POST implementation?



- d) Please confirm that vendors should consider Initial loyalty program design described within consulting services defined on page 4 (and included below) to be part of the Loyalty Program found within the price line item on Section X. Pricing.

In addition, the Lottery will be evaluating consulting services including:

- Initial loyalty program design
- Go-to-market strategy and launch
- On-going program strategy and management

If this is not correct, would the Lottery please clarify what is to be included as part of the Initial loyalty program design that would fall under consulting services price line item, as found within Section X. Pricing.

A: Please see Question #4. The Consulting Services line item is designed for post-implementation to support continuous optimization and program growth. The Loyalty Program line item shall include everything up to and including go live.

74. Q: Can you describe the required integration points and their technical systems?

A: This is unknown at this time as it will depend on the proposed systems. The Lottery anticipates using an API for most integration points.

75. Q: What is the current gaming population size?

A: The 18+ adult population in Virginia.

76. Q: What are the program's language requirements?

A: English

77. Q: Can you describe the desired redemption process?

A: Looking for Offeror to provide recommendations based on best practice

78. Q: Are there certain regulations about promotional activity related to the Lottery? What limitations are you under because of the nature of the business?

A: There are no regulatory restrictions on promotional activity offered by the lottery. There are no specific limitations. If there are specific questions on limitations that will impact a vendor's response, please provide the detail question(s).



79. We see details about sales, but do you have a sense for how many individual players you have?

A: Currently from our quarterly tracking study (self-reported), 64% of the adult population (18+) in Virginia has played any game in the past year and 42% have played in the past month.

80. Q. How many players are utilizing your online gaming system?

A: In calendar year 2021, there were 257,214 unique players who made an iLottery purchase

81. Q: How many players are using the Extra Chances and Second Chance promotions?

A: In calendar year 2021, there were 175,686 unique players that entered eXTRA Chance and 90,992 unique players that entered 2nd Chance

82. Q: Can you obtain any retail information from those players using the extra promotions?

A: The only retail information that is available is the price of the ticket and the total number of tickets the individual player entered as well as where the ticket was purchased. There is no information relative to total basket size or the frequency of purchase.

Attachment One



VIRGINIA LOTTERY

Loyalty Program and Related Services
Pre-Proposal Conference

4/26/22



Table of Contents

01. **Statement of Needs**

02. **RFP Requirements**

03. **Questions**

Statement of Needs

Why a Loyalty Program?



The Virginia Lottery seeks to implement a loyalty program for the following reasons:

1. Provide a better experience for our players
2. Identify our players who purchase at retail and understand their purchase behavior
3. Understand the lifetime value of a player

Statement of Needs

System Functionality



1. Multi-Tier System
2. **Flexible and Scalable**
3. Reward players for both engagement and transactional behaviors
4. Data must be accessible to the Lottery's Data Warehouse
5. System must integrate with other Lottery systems

Statement of Needs

Optional Functionality



- Optional functions are not requirements but can be considered differentiators.
- Consulting Services – helping the Lottery develop a cohesive strategy related to the loyalty program.
- How involved with the Lottery be?
- How to continually optimize and improve the system

RFP Requirements

Important Dates

Procurement Process	Estimated Completion Date
Optional Pre-Proposal Conference <i>See Page 24 for More Information</i>	April 26, 2022; 10:00AM EST
First Round of Questions	April 27 2022; 3:00PM EST
Addendum #1 (if applicable)	May 3, 2022
Second Round of Questions (if applicable)	May 9, 2022; 3:00PM EST
Addendum #2 (if applicable)	May 12, 2022
RFP Due Date	May 25, 2022; 3:00PM EST
Estimated Contract Award	Late August

*Issue dates of Addenda are dependent on the number of questions received.

RFP Requirements

Proposal Requirements



- 100 Page Limit
- Organize Proposal as Outlined in the RFP
- Cannot negotiate General Ts and Cs
- Provide redlines to any Special Ts and Cs
- Do not rehash RFP Requirements. The Lottery is interested in how you will meet the requirements and the value your organization can provide.
- May provide additional information, if what is asked for is provided as well

RFP Requirements

Proposal Requirements



- The SWaM percentages you propose in your response will be expected to be met during the contract term
- SWaM and Pricing will be evaluated objectively
- Company Background, Experiential Strategy & Annual Event Plan, Operational Methodology will be evaluated subjectively
- Must acknowledge Addenda
- Lottery will not sign another organization's documents or agree to any MSA

RFP Requirements

Pricing Requirements



Offerors must complete the required pricing schedules in the RFP

Offerors are encouraged to provide alternate pricing solutions that provide additional value to the Lottery.

RFP Requirements

Evaluation Criteria



Evaluation Criteria	Scoring Points Available
Loyalty Program Functionality	35
Project Approach and Ongoing Support	25
Case Studies	15
SWaM	10
Pricing	15
Total Points Available	100

Questions

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All questions will be officially answered in an addendum

Thank you

Contact us : Mike Gerdes



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