



**GAMING BOARD OF TANZANIA**

**INVITATION TO APPLY FOR THE  
NATIONAL LOTTERY LICENCE**

AUGUST 2009



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## **DISCLAIMER STATEMENT**

This Invitation to Apply (ITA) has been carefully prepared to provide the necessary guidance to potential bidders. However, the ITA is not intended to commit the Board into awarding a Licence pursuant to the Competition. It reserves, therefore, the right to terminate the Competition to award the Licence without prior notice, to change the basis, the procedures and the timescale for the Invitation to Apply and the Competition, or to reject any or all of the Bids and to terminate discussions with any or all Bidders at any time. Nothing in this document should be interpreted as a commitment by the Board to award the Licence to any Bidder.

The ITA is not intended to form the basis for any investment decision or investment recommendation made by the Board and does not constitute the giving of investment advice by the Board. Each person to whom the ITA is made available must make own independent assessment of the ITA after undertaking necessary investigation and upon obtaining necessary professional advice.

The Board is under no obligation to provide Bidders with access to any additional information or to update the ITA. No representation, warranty or undertaking, express or implied is or will be made in relation to the accuracy, adequacy or completeness of this document and no reliance may be placed on any information contained within this document. No responsibility or liability is or will be accepted by either the Board, or its officers or agents in respect of any error or misstatement in or omission from this document. No information contained in this document forms the basis for any warranty, representation or term of any contract by the Board with any third party.

All intellectual property rights in this document, and the information contained or referred to in it, shall remain the property of the Board and no Bidder shall obtain any right, title or interest therein. Bidders should note that the copyright in this ITA rests with the Board.

All Bids become the property of the Board upon receipt by the Board. Bidders shall give the Board the right to use responses to this ITA for any purposes in connection with the fulfillment of its statutory duties.

Each person or Bidder to whom this document is made available agrees to and accepts the terms set out in this Disclaimer Statement.

## Definitions

The following words will carry the assigned definitions through out this document unless the context requires otherwise:

**Act:** The Gaming Act No. 4 of 2003

**Agreement:** The Agreement made in accordance with Section 41(2) of the Act.

**Ancillary Activities:** Activities which generate income derived from the use of lottery assets or from lottery related activities other than from ticket sales

**Bid:** A bid as formulated in response to this ITA, or the process of submitting that bid.

**Bid Group:** The Bidder, any Significant Shareholders, Controlling Parties and ultimate parent companies.

**Bid Process Agreement:** The agreement to be entered into between each Bidder and the Board, which sets out the rules governing a Bidder's participation in the Competition.

**Bid Submission Certificate:** The certificate as set out in the Bid Process Agreement.

**Bid Submission Checklist:** The checklist made available by the Board.

**Bidder:** The legal entity that has submitted or intends to submit a Bid.

**Board:** The Gaming Board of Tanzania.

**Bond:** The bond of **USD 100,000(or TZS Equivalent)** to be provided in accordance with the Bid Process Agreement.

**Competition:** The competition process undertaken to award the Licence.

**Confidential Information:** Information as defined in section 1 of the Bid Process Agreement.

**Consortium:** The Bidder, its Bid Group and Key Contractors.

**Consortium Member:** A person or entity that is part of a Consortium.

**EPOS:** Electronic Point of Sale.

**Information and Clarification Request Form:** The information and clarification request form issued by the Board.

**ITA:** The Invitation to Apply.

**ISO:** International Organization for Standardization  
(see [www.iso.org](http://www.iso.org)).

**Licence:** The National Lottery Licence to be issued by the Board to the Successful Bidder.

**Licence Period:** Term of five years over which the National Lottery licence will be in force.

**Gaming Tax:** The tax payable in accordance with Second Schedule of the Act.

**Preferred Bidder:** The Bidder with whom the Board intends to finalise the Licence.

**Required Standards:** The standards set by the Board in respect of certain areas of the evaluation that must be met if a Bidder is to be awarded the Licence.

**Reserve Bidder:** The Bidder to whom the Board would intend to grant the Licence in the event the Preferred Bidder fails to qualify for the Licence.

**Restrictive Agreements:** Agreements used by one party to restrict the actions of another party e.g. an agreement between a Bidder and a technology supplier, which restricts the ability of that technology supplier to provide terms and/or supply another Bidder.

**Guiding Principles:** The document released by the Board on the 17 July 2009 outlining the guiding principles for the Licence Competition.

**Successful Bidder:** The Bidder to whom the Licence is awarded.

**Superdraw:** An arrangement in which a guaranteed jackpot is declared for a particular Lottery draw.

**Technology Operation:** Any aspect of the Lottery operation associated with the provision and operation of technology, including the Technology Solution, technology processes and the technology organisation.

**Technology Solution:** All computer hardware, software, data, gaming technology, telecommunications, data centre(s) and other facilities associated with the Lottery operation whether operated by the Bidder or a third party.

**Transition:** The process of preparing for the next Lottery operation, including any activities necessary for handover.

## EXECUTIVE SUMMARY

### 1.1 Introduction

This ITA has been prepared following studies carried out by the Board in some jurisdictions with successful National Lottery operations in Africa and Europe. Considering the robustness of the processes undertaken in the UK experience, preparation of this ITA has borrowed quite heavily from the experience of the National Lottery Commission of the UK while being mindful of our local environment.

The Board is inviting suitable companies to bid for the National Lottery Licence in Tanzania for a period of five years. Upon expiry of the initial term of five years, another competition shall be conducted where the winner of the current competition will be eligible to participate.

This ITA, which is issued by the Board, sets out detailed terms of the competition for the licence. It sets out details of the Lottery opportunity with the involved process and requirements connected with submitting a Bid and information as to how Bids will be evaluated. The executive summary provides an overview to assist Bidders in reading the entire document, but it is not comprehensive.

The suitable company being sought shall provide a complete solution for the Lottery, including: setting up and running the Lottery; designing, building, financing and operating the requisite infrastructure and systems; designing, distributing and marketing Lottery games. Each Bidder will have to describe all of these elements in its Bid.

The key responsibilities of the would-be successful bidder can be categorized into two main phases as follows:

#### **Phase One: Pre-Operational Phase**

This is a critical phase, which sets out the ground for take off. It is an important phase because it prepares for and determines success for the subsequent phase.

Key responsibilities in this phase are:

- i. Planning and risk management;
- ii. Acquisition of Premises and facilities;
- iii. Roll-out of infrastructure;
- iv. Recruiting and training of staff;
- v. Appointment of all suppliers;
- vi. Establishing the distribution network;
- vii. Development, testing and implementation of all proposed systems; and
- viii. Launch of initial game portfolio.

## Phase Two: Operating Phase

This is an operational phase where the actual business of lottery takes place. It consists of all activities associated with the operation of the lottery, namely; operational, contributions and compliance. The key responsibilities of the would-be successful operator are summarized in the table below:

Operational	Contributions	Compliance
i. Continuous development of lottery games	i. Maximisation of Government revenue (gaming tax, levy and royalty)	i. Observe the National Lottery Agreement
ii. Designing and implementing appropriate marketing strategy	ii. Maximisation of return to good causes	ii. Observe Propriety
iii. Management of distribution channels	iii. Transfer of unclaimed prizes	iii. Prohibit children participation
iv. Provision of complete technology solutions		iv. Protect the vulnerable
v. Management draws		v. Good corporate governance
vi. Payment of prizes		vi. Observe performance standards
vii. Protection of intellectual property		vii. Assignment of rights
viii. Provision of customer service and care		viii. Observe own Business Plan
		ix. Licence conditions
		x. Requirement for Performance Bond

The Licencee will obtain income from its operations through a retention structure which allows the Licencee to retain a proportion of income after prize payments, gaming tax, royalty, gaming levy and retailers' Boards. Each Bidder will need to provide projections based on genuine and reasonably held assumptions that set out forecasts of its business plan.

Where possible, this ITA uses output specifications, which means that the Board sets out necessary and desirable outcomes rather than a rigid technical specification. Each Bidder can therefore innovate by using own solutions within the context of the requirements of this ITA and the regulatory environment. Where the Board has a current preference, this is stated. For instance, while each Bidder is free to choose its own type of games and methods of distribution, the Board would ordinarily expect these to include at least a form of Lotto game and a form of scratch card game in its portfolio, with access through retailers, Internet, mobile phones and other interactive channels.

The Board welcomes Bids from companies worldwide. However, Bidders should note that a successful bidder shall have to establish a physical office in Tanzania. Furthermore, the Board is impartial on the nationality of the Bidder provided that the Bidder can demonstrate to the Board that it is able to fulfill the Board's statutory objectives as set out in this ITA, and that it is capable of being regulated in an efficient and effective manner.

## **1.2 Board's Mandate on the National Lottery**

Section 41(1) of the Act provides for the national lottery operations to be Licenced and regulated by the Board. The Act mandates the Board to appoint a suitable company to conduct national lottery operations. The Board's statutory duties are:

- To ensure that the National Lottery is run and managed by fit and proper persons;
- To ensure public protection; and
- To ensure maximization of government revenue by way of gaming tax, gaming levy and royalty.

The primary responsibilities of the Board are therefore to ensure propriety and player protection and its main regulatory activity focuses on these areas. High standards of propriety, player protection and revenue maximization are paramount under the gaming legislation.

## **1.3 The Competition**

The Board has designed this competition process to achieve:

- High standards of propriety and player protection;
- Revenue maximization;
- Maximization of returns to good causes;
- Level playing field for all Bidders; and
- Well-aligned incentives for the Licencee to increase returns to good causes.

In running this Competition, the Board's objectives and the criteria against which it will evaluate the Bids, are consistent with its statutory duties of safeguarding the lottery and selecting a suitable operator of the lottery.

In consideration of the above, some key principles apply to this Competition, including:

- Greater use of output specification, encouraging innovation and use of each Bidder's preferred approach;

- A requirement on each Bidder, from the start and throughout the Licence Period, to provide modern, flexible technology which adopts open systems principles;
- A format to the ITA intended to make the requirements and evaluation criteria highly transparent;
- Additional steps designed to ensure that sales projections are realistic and comparable; and
- An evaluation methodology that focuses on each Bidder's ability to meet Required Standards, revenue maximization and returns to good causes.

#### 1.4 The evaluation

The Board must be satisfied that a bidder has the ability to deliver the proposed solution in time for the start of the Licence; on 30<sup>th</sup> May 2010. The bidder must also demonstrate and satisfy the Board that it has the ability to operate throughout the Licence Period in accordance with the Agreement and regulatory environment and in a manner that enables the Board to comply with its statutory duties. There will be two parts to the evaluation of Bids:

- **Required Standards** – the Board must be satisfied that the Bid meets these Required Standards; otherwise the respective Bidder will not be eligible for award of the Licence.
- **Revenue maximization** – the Board will select the Bidder that meets all of the Required Standards and that, in its opinion, offers the most economically advantageous Bid that is best able to maximize statutory revenue and contribution to good causes based on analysis of the deliverability of its business plan.

A Bidder may be requested by the Board, in its absolute discretion, to provide additional information on particular aspects of its Bid at any time during the evaluation process. The Board reserves the right to grant a Bidder the opportunity to amend its Bid where the Board considers that this will allow a deficiency in the Bid to be addressed. A deficiency includes any concerns that, if not addressed, might prevent the Bid from passing any Required Standard or meeting any other requirements set out in this ITA and Licence.

In the event the Board decides to grant the opportunity to address a deficiency in respect of any Required Standard, then all Bidders shall be given a similar opportunity to address any deficiency in respect of the Required Standard aspects of their Bids, if necessary. Where the Board decides to grant an opportunity to address a deficiency in respect of areas other than Required Standards, all Bidders shall be given a similar opportunity to address any deficiency in respect of those areas. For the avoidance of any doubt, no amendment, either upwards or downwards, may be made to a Bidder's Principal Revenue Forecast, retention rates and hence forecast statutory payments and contributions to good causes at any time after the Bid has been submitted. However, where there is a change to the underlying cost structure that arises as a result of clarification or amendment of a Bid, the Board will consider this into when assessing the financial soundness and realism of that Bid, and when adjusting the Bidder's business plan forecasts.

## 1.5 The process

The Competition process begins by issuance of this ITA by the Board during August 2009. Thereafter, the following stages will ensue:

<b>Timeframe</b>	<b>Activity</b>
30 <sup>th</sup> October 2009	Submission of Bids
November 2009	Evaluation of applications
	Appointment of preferred Bidder
December 2009	Probity investigation
January 2010	Signing of Agreement with the preferred Bidder
	Issuance of Licence
June 2010	Launching of National Lottery operations

# CHAPTER

# 1

## INTRODUCTION

## 1.0 INTRODUCTION

### 1.1 Background

This part gives an overview on the understanding of national lottery operations in Tanzania. It intends to provide Bidders with background information on the lottery.

Bidders should note that unlike some other jurisdictions, national lottery operations in Tanzania are regulated alongside other gaming activities like casinos and slot machines operations and by one regulator; the Gaming Board of Tanzania.

### 1.2 National Gaming Policy

The National Policy on Gaming Activities in Tanzania has classified gaming activities into three groups, one of which is being National Lotteries. The lotteries are nation-wide meaning that, they are operated nationally. The Policy provides that national lotteries will be owned by the Government but their operation will be contracted to Private Sector through competitive bidding.

### 1.3 Gaming Legislation

National lotteries are governed by the Act and the Gaming Regulations, 2003. Specifically, Section 41(1) of the Act requires the Board to appoint and grant a licence to a suitable company to run the national lottery. The Act and the Regulations stipulates all other aspects regarding the conduct and regulation of national lotteries.

### 1.4 Competition

An important feature of the National Gaming Policy and the gaming legislation is that the operator of the national lottery will be appointed competitively. There can only be one national lottery operator at a time; for a term of five years. However, upon expiry of the five-year period, a competition for the next term is conducted where the incumbent operator is eligible to compete.

The Competition for national lottery licence is open to companies inside as well as outside Tanzania. This competition process is therefore intended for potential Bidders; both local and international.

# CHAPTER

# 2

## PROCESS

## 2.0 PROCESS

### 2.1 Introduction

All Bids to run the Lottery should comply and respond fully to the Board's detailed requirements in this ITA. Each Bidder should provide accurate information. Each Bid must contain the following:

- i. An Application for a national Lottery Licence;
- ii. A Bid Submission Checklist;
- iii. An Executive Summary;
- iv. Relevant vetting forms as set out in this ITA;

The Board expects to complete its evaluation of Bids by end of November 2009. The Board will then select a Preferred Bidder on whom to conduct probity investigations. The Board may also select a Reserve Bidder on whom it would conduct probity investigation in the event clean findings are not achieved with the Preferred Bidder. Once the probity investigations have been favorably concluded, the Board will award the Licence.

Bidders should note that:

- The Licence will be awarded subject to the Preferred Bidder securing any consent, clearances, permissions, approvals or other conditions that it may require from third parties. Where appropriate, each Bidder shall provide relevant details of any such conditionality in its Bid.
- The Board will expect each Bidder to co-operate with it fully in order to enable early confirmation of the decision to award the Licence.

### 2.2 Communications with the Board

Communications by all bidders in respect of the competition for the National Lottery Licence shall be made in writing to the Director General of the Board. All correspondences must be addressed to:

The Director General,  
Gaming Board of Tanzania,  
Harbour View Towers Samora Avenue 3<sup>rd</sup> Floor,  
P. O. Box 1717,  
Dar es Salaam, Tanzania.

E-mail:[info@gamingboard.go.tz](mailto:info@gamingboard.go.tz)

Bidders may wish to communicate by e-mail or by letter.

#### 2.2.1 Meetings with the Board

Bidders may request to meet with the Board prior to submitting a Bid to discuss any issues arising from this ITA. They are encouraged to request such a meeting when the Bidder has issues relating to new or innovative proposals, or in respect of those specific issues highlighted in this ITA as

being ones that the Bidder may wish to raise with the Board.

The Board reserves the right to make presentations which would be made available to all Bidders.

### **2.2.2 Clarification and information requests**

Further clarification or further information requests must only be made to the Board in writing. Any clarification or information arising from such requests will be published on the Board's website, taking into account issues of confidentiality and commercial sensitivity.

In the event a Bidder believes that the matter being raised is confidential or commercially sensitive, for example, if it relates to proprietary proposals, the Bidder must clearly state this in the request. If in its absolute discretion the Board considers that the request and/or its response should be properly regarded as confidential or commercially sensitive, then the request and its response shall be kept confidential. In this way, the Board intends that Bidders should be able to discuss proprietary proposals prior to submitting bids to provide Bidders with greater clarity.

The Board may, however, be required to publish points of principle in order to ensure that Bidders are treated equally. Any views expressed by the Board that it considers relate to points of principle will be made available on the Board's website.

If, as a result of any requests for information or clarification above, or any communication between the Board and a Bidder in relation to a Bid or otherwise, the Board is of the opinion that a clarification, amendment to the ITA or additional information is required to be issued to all Bidders, then the Board shall be entitled to make any such clarification or amendment to the ITA at any time or release such additional information as it considers in its absolute discretion may be required.

## **2.3 Submission of Bids**

Bids will be submitted by Friday 30<sup>th</sup> October 2009 and before 1600 Hours local time to the following address:

Director General,  
Gaming Board of Tanzania,  
Harbour View Towers, 3<sup>rd</sup> Floor,  
Samora Avenue,  
P. O. Box 1717,  
**Dar es Salaam, Tanzania.**

## 2.4 Format of Bids

Each Bidder shall submit only one Bid which should accord with the requirements set out in this ITA. The following requirements should also be adhered to:

- i. An original copy of the Bid shall be presented in an original A4 file or files, excluding fit and proper vetting forms. This master copy shall have the signature of two directors of the Bidder on a coversheet to each file. Proof of the directors' authority to sign on behalf of the Bidder shall be provided;
- ii. The original copy shall include an executive summary of the Bid. It is each Bidder's responsibility to ensure that any such executive summary is consistent with its Bid. However, the Board will assess the Bid, not the executive summary;
- iii. Each Bidder shall provide five numbered copies of the original copy. It is each Bidder's responsibility to ensure that all copies are the same as the original;
- iv. The Bid shall also be provided on CD-ROM (2 copies). Files shall be provided in either Word or PDF format or, in the case of the financial information, Excel spreadsheet format. Appropriate filenames shall be specified and cross references shall be provided to the printed or typed document;
- v. The Bid shall be printed in its entirety so that it can be read without any apparatus, except as provided below;
- vi. Each Bidder is responsible for ensuring that information provided in electronic form is consistent with the information provided in the printed or typed Bid. In the event of a discrepancy in information between the CD-ROM and the printed version, the printed versions of Word and PDF documents will take precedence, while the electronic version of any Excel documents shall take precedence;
- vii. The Bid shall be typed in English, with each page clearly numbered and chapters and sections suitably recorded in a contents table;
- viii. The Bid shall provide responses in the same order as the requests for information in this ITA;
- ix. All responses shall be cross-referenced to the relevant section of this ITA. Each Bidder is asked only to respond to the sections marked **evidence required**. However, they must take into account the considerations outlined in each relevant chapter;
- x. Responses to the evidence required for each chapter shall be provided in a separate file or files;
- xi. Responses to each chapter should contain all the relevant information that the Bidder wishes to be assessed as against the requirements for that chapter. Cross-references to responses to other chapters should be avoided except where absolutely necessary, to avoid substantial repetition;
- xii. The master copy of the Bid, each copy thereof, CD-ROMs and the executive summary, together with all other contents of the Bid must be submitted in sealed packages or boxes. The first box must provide an index that enables the Board to verify that the whole of the Bidder's submission has been received;
- xiii. Each Bidder shall provide an original signed copy and one other copy of the vetting forms in a separate file or files. These files should be submitted in a separate box to the remainder of each Bidder's submission. The box should be clearly marked 'Vetting forms; and
- xiv. No faxed or emailed Bids will be accepted.

### **2.5 Acceptance of terms**

The submission of a Bid will be taken as acceptance of the terms of this ITA. It is the responsibility of the Bidder to ensure that the Bid submitted is complete.

### **2.6 Acknowledgement of receipt**

An acknowledgement will be issued as soon as practicable in respect of each Bid and any early submissions of fit and proper vetting forms. Materials once submitted will not be returned.

### **2.7 Publication, disclosure and use of Bid information**

Following submission of Bids to the Board, Bidders are requested to refrain from media contact, issuing of press releases and the distribution of other promotional material and from the staging of promotion in respect of their Bids until the announcement of the Preferred Bidder. In particular, the Board considers that it would be helpful for each Bidder to avoid, after the closing date for submission of Bids, to release previously undisclosed information about its Bid, and to utter negative comments about other Bids or Bidders.

### **2.8 Presentation of Bids**

The Board intends to invite all Bidders to make presentations to it. However, Bidders would not be allowed to present new information that is additional to that already submitted to the Board unless it is in response to a request from the Board.

In addition, the Board reserves the right to visit lotteries or other operations where services are being provided by Preferred Bidders or their Consortium Members. Accordingly, each Bidder must specify three sites that the Board might visit. In addition, the Board may wish to visit operations other than those specified by the Bidder and for which a Consortium Member is responsible. The Board may choose to have advisers present at any visits made.

### **2.9 The right of the Board to request for clarification**

The Board may request each Bidder to provide additional information in writing on particular aspects of its Bid. The Board reserves the right to seek such further particulars from any Bidder at the time and in the format of its choosing. The Board will use the point of contact indicated in the Bidder's Bid Submission Checklist.

### **2.10 Modifications and amendments to Bids**

The Board will not accept unsolicited additional material from any Bidder after the Submission Date.

### **2.11 Variant bids**

Variant bids will not be accepted. Variant bids are defined as Bids that detail materially different ways of meeting the requirements set out in this ITA, or which propose more than one Principal Forecast.

### 2.12 Structure of Bidders

This ITA is intended for corporate entities; which are potential Licencees. The Licencee is required to be a single purpose entity in order to ensure, as far as possible, that the Licencee focuses fully on the successful operation of the Lottery. The Licence will therefore only be awarded to a body whose Memorandum and Articles of Association, or equivalent, properly reflect this single purpose requirement. As a requirement of the Licence, the Board must approve the contents and any changes to the Memorandum and Articles of Association of the Licencee, or any additional or equivalent documents.

Bidders may also propose a range of financial structures. The Board would expect all Bidders to retain sufficient reserves during the Licence Period to provide them with financial stability, or to make alternative provisions to achieve this. The Board welcomes Bidders and Consortium Members that may be based outside Tanzania.

#### 2.12.1 Participation in more than one Consortium

The Board will allow parties to participate in more than one Consortium if they wish to do so, provided that there is no collusion and measures are put in place to ensure that this is the case. If parties choose to participate in more than one Consortium, they should not be capable of exercising control or significant influence over more than one Bidder. The Board may, in its absolute discretion, permit such participation on receipt of prior notice together with appropriate assurances and implementation of safeguards.

#### 2.12.2 Changes to Consortia Members

The Board may, in its absolute discretion, accept changes to be made to any Bidder's Consortium. Where a Bidder wishes to change a member of its Consortium, that Bidder shall notify the Board in writing as soon as reasonably practicable of any such changes. Such notification shall be accompanied by a full explanation of the reason for the change.

The Bidder may be required by the Board to provide any information required or necessary within a specified period in order to enable the Board to evaluate the impact of any such changes. The Board reserves the right to accept or refuse any changes.

### 2.13 Undertakings in respect of Restrictive Agreements

To qualify for participation in the competition, bidders, or members of their consortia, shall not enter into any agreement with any retailer or supplier of equipment, gaming related software and/or scratch cards if:

- i. The agreement would, in the opinion of the Board, have the effect of restricting the retailer's freedom to offer distribution channels to other bidders and/or consortia;
- ii. The agreement would, in the opinion of the Board, have the effect of restricting the retailer's freedom to determine the terms and conditions on which the retailer might offer distribution channels to any other bidder or consortia;

- iii. The agreement would, in the opinion of the Board, have the effect of restricting the supplier's ability to supply any relevant equipment, gaming related software and/or scratch cards to any other bidder and/or consortia;
- iv. The agreement would, in the opinion of the Board, have the effect of restricting the supplier's freedom to set prices, or of restricting its freedom to determine any other terms or conditions that it might wish to agree with any other bidder and/or consortia;
- v. No agreement shall be entered into if it contains any restriction similar or analogous in nature to those described in (i)-(iv) above and which, in the opinion of the Board, would have the effect of materially restricting the freedom of any supplier of equipment or any retailer to reaching agreement with any other bidder or consortia in connection with the competition for the licence. Participants to the competition shall not enter into an agreement that would prevent disclosure of any agreement of the kinds referred to in (i)-(iv) above.

#### **2.14 Bid validity period**

Each Bid and the information contained therein is irrevocable and must remain valid for a minimum of eight months from 30<sup>th</sup> October 2009. Each Bidder shall indicate the maximum validity period over and above eight months, which it is prepared to accept, without adjustment to its Bid.



# CHAPTER

# 3

## EVALUATION

## 3.0 EVALUATION

### 3.1 Evaluation of Bids

The evaluation of Bids will be based on the Board's statutory duties. The Board will evaluate a number of specific elements, which can be grouped into two parts as follows:

- i. Required Standards which each Bid will be required to meet; and
- ii. Maximization of Government revenue, and returns to good causes, which will be the basis of comparison between Bids.

Appointment of the Licencee is the responsibility of the Board. The decision to award the Licence, on the basis of this evaluation, will therefore be that of the Board.

Based on the evaluation of Bids, the Board will appoint a Preferred Bidder, if any, on whom to conduct probity investigation. The Board may also appoint a Reserve Bidder, on whom the Board will conduct probity investigation in the event of adverse findings on the Preferred Bidder

### 3.2 Required Standards

The evaluation process will focus on a Bidder's ability to satisfy the Board that it meets Seven Required Standards in respect of the following areas:

- i. Propriety (chapter 4);
- ii. Player protection (chapter 5);
- iii. Management ability and appropriate organizational structure (Chapter 6)
- iv. Financial soundness (chapter 7);
- v. Appropriate Modern Technology and its suitability as a basis for a modern lottery (chapter 8);
- vi. Operational risk management (chapter 9);
- vii. Management of transition risks (chapter 10);

Description of the Required Standards, the criteria against which each Bidder will be evaluated, and the evidence it needs to provide to support the evaluation are described in the indicated chapters. Each Bidder should ensure that the response to each chapter is provided in a separate volume or volumes, and that all the information that each Bidder wishes the Board to take into account is contained within those respective volume(s), without the need for cross referencing except where absolutely necessary to avoid substantial repetition.

The ability of each Bidder to meet a Required Standard will be assessed separately from the evaluation of its ability to maximize Government revenue and generate returns to good causes. While the Required Standards are assessed separately from the evaluation of maximization of Government revenue, and returns to good causes, each Bidder's ability to satisfy a particular Required Standard may depend upon the analysis undertaken in other areas. For example, the assessment of each Bidder's ability to meet the Required Standard

for financial soundness will depend, in part, upon the scenario analysis undertaken on the business plan submitted to the Board.

### **3.3 Maximization of Revenue and Returns to Good causes**

The Board will make an assess of each Bidder's ability to maximize Government revenue and expected returns to good causes. It is this assessment that will determine the Bidder that will be awarded the Licence, provided the Board's Required Standards are satisfied.

Each Bidder is required to submit to the Board sufficient evidence to enable it make informed assessment on this aspect. The information should be on the:

- i. Business Plan
- ii. Revenue maximization and contributions to good causes;
- iii. Marketing plan;
- iv. Game plan;
- v. Player access plan; and
- vi. Marketing and sales plan.

### **3.4 Ancillary Activities**

The Board is keen to encourage innovative ideas and methods to increase revenues through Ancillary Activities, and to share those increases as appropriate between the good causes and the Licencee. Once the Successful Bidder has been appointed, the Board will consider the Bidder's proposals to implement such activities accordingly.

Ancillary Activities refers to any activity that generates income derived from the use of Lottery assets or from Lottery-related activities other than that derived from ticket sales. The definition captures activities such as:

- i. Broadcasting rights;
- ii. Use of Lottery terminals, for purposes not related to the sale of Lottery tickets; or
- iii. Advertising revenues, for example through the Lottery website and or on the lottery tickets.

Undertaking of Ancillary Activities shall require prior approval of the Board. This is because among other things, the Board needs to ensure that sufficient safeguards are put in place to protect the core Lottery business and brand. Subject to the foregoing the Board would give consent where it is satisfied that a fair return can be achieved for the good causes in making such use of the Lottery infrastructure.

Bidders should note, however, that for the purposes of the Competition and evaluating Bids, they must not include any Ancillary Activities in the business plan projections. This means that the direct contributions or direct financial effects (e.g. revenues, costs, capital expenditure) of such activities must not be shown. In the event Ancillary Activities are shown, they will be ignored for the purposes of the evaluation. In this way, the Board intends to focus the financial evaluation on the contributions to good causes driven by core Lottery-related sales.



# CHAPTER

# 4

## REQUIRED STANDARDS

## 4.0 REQUIRED STANDARDS

### 4.1 Purpose

The Board has an overriding statutory duty to ensure that the Lottery is run with all due propriety. It must therefore be satisfied that those likely to manage the lottery, or for whose benefit the lottery is likely to be conducted, are fit and proper.

The assessment of propriety will be carried out during the evaluation as a Required Standard. There are two elements to establishing propriety:

- i. The Board must be satisfied that those who manage the business of running the Lottery are fit and proper to do so, and those for whose benefit that business would be carried out are fit and proper to benefit from it;
- ii. The Board will also need to test the management arrangements in place, or to be put in place, to ensure that the Lottery will be run with due propriety in the future. These arrangements extend to the Licencee, its staff and suppliers.

The Board must be notified immediately of any changes in any of the information provided in response to this part during the period between the submission of a Bid and the point at which the licence is granted.

### 4.2 Fit and proper testing

#### 4.2.1 Requirement

Section 42(1) of the Act requires that the Board shall grant a licence to run national lottery upon satisfaction that the applicant is fit and proper and that any person managing or benefiting from the lottery is fit and proper. The Board will need to be satisfied as to the fitness and propriety of the organisations and personnel that are key to each Bid prior to Licence Award.

Bidders should note that satisfaction of tests regarding fitness and propriety will be an ongoing obligation during the course of the Licence and any Transition period.

#### 4.2.2 Evaluation criteria

The Board will judge propriety of the Bidder on the basis of the information made available to it. Bidders will be required to provide information to the Board to enable it to make a judgment. The Board may require additional information in order to complete the process. The Board will check the accuracy and completeness of the information provided to it by Bidders with a range of agencies in Tanzania and in other jurisdictions. The details of such information provided about Bidders are confidential and the checks are carried out with this understanding.

It may be that in the course of this process the Board will receive adverse information. For practical purposes, the types of adverse information that would cause the Board to investigate further would include, but not be limited to, that relating to:

- Convictions for a criminal offence,
- Censure by a regulatory authority or
- Bankruptcy.

In examining adverse information the Board will consider the role of the individual concerned, the nature of the adverse information and any other relevant information.

The Board aims to allow any organisation or individual about whom it has received adverse information, or about which it otherwise has concerns, to make representations and provide any additional information which that organisation or individual considers relevant to the Board's decision. However, the confidentiality attached to information received may limit the Board's ability to disclose to the organisation or individual involved the full details of its concerns.

The Board would not wish to be in a position where it would be obliged to reject a Bid for the Licence by reason only of a problem in relation to an organisation or individual who is not of major importance to that Bid. In such an instance, the Board would wish to discuss the position with the relevant Bidder and invite it to make an appropriate change to deal with the difficulty. The Board wishes to make it clear that it has no knowledge or expectation that the circumstances envisaged above will arise.

#### **4.2.3 Evidence required**

The following sections set out the evidence required in respect of the Bidder, and parties within its Consortium.

##### **4.2.3.1 *Directors and key employees***

Each Bidder shall provide a list of the directors, officers and key employees of the Bidder and any subsidiaries (and those who are intended to be such) or holding companies, together with vetting forms as set out in Appendix C, as appropriate, duly completed by each of those persons.

Key employees include any employees who are not directors or officers, but who are nonetheless material to the delivery of the proposals set out in the Bid and are not easily replaced.

#### 4.2.3.2 **Shareholders and persons connected with the Bidder**

Each Bidder shall provide:

- 1) A list of the names and addresses of all Shareholders representing at least 5 per cent of the interest in the company together with their ultimate parent companies. The list must explain the relationship of each of these parties to the Bidder and any relationship with any other member of the Consortium, and how, if at all, those relationships would change were the Bidder to be granted the Licence.
- 2) A list of the directors and officers for each of the parties set out in (i) above.
- 3) Vetting forms as set out in Appendix C, as appropriate, duly completed by each of those persons.

#### 4.2.3.3 **Contractors and subcontractors**

Bidders should note the following:

- i. A Key Contractor is defined as a party that provides services of a material nature to a Bidder, either directly or via a subcontract. The following key principles apply when considering whether a supplier or contractor falls under the definition of Key Contractor. It will do so if:
  - a) It provides services that are material to the structure and content of any Bid;
  - b) If it provides services that are not commodity-type in nature but are unique, bespoke or tailored;
  - c) It is not easily replaced without material risk to the delivery of a Bid or its proposals; or
  - d) The cost of an alternative supplier or contractor would likely be significantly different.
- ii. The Board reserves the right, in its absolute discretion, to classify any contractor or supplier as a Key Contractor and to seek relevant information as appropriate.
- iii. Key employees are intended to include any employees who are not directors or officers, but who are nonetheless material to the delivery of the proposals set out in the Bid and are not easily replaced.

Each Bidder shall provide:

- 1) A list of the names and addresses of all Key Contractors providing, or intending to provide, services to the Bidder.
- 2) A list of each Key Contractor's directors, officers and key employees.
- 3) A list of the names and addresses of each Key Contractor's Significant Shareholders and their ultimate parent companies, and a list of the directors and officers of those Significant Shareholders and ultimate parent companies.
- 4) Vetting forms as set out in Appendix C, as appropriate, duly completed by each of those persons.

#### 4.2.3.4 **Providers of financing**

Bidders need only submit vetting forms in respect of providers of financing where:

- i. Such financing is of a highly structured and/or bespoke nature, and where the providers of such financing are not easily replaced without material risk to the delivery of the financing of the Bid or where the cost of an alternative provider would likely be significantly different; or
- ii. Where such financing offers the provider the right or option of becoming at least 5 per cent Shareholder.

Where any providers of financing fall within the definitions above, each Bidder must provide:

- 1) A list of the names and addresses of providers, or intended providers of such financing to the Bidder.
- 2) A list of the directors and officers of each provider of financing.
- 3) A list of the names and addresses of each financing provider's Significant Shareholders and their ultimate parent companies, and a list of the directors and officers of those Significant Shareholder and ultimate parent companies.
- 4) Vetting forms as set out in Appendix C, as appropriate, duly completed by each of those persons.

The Board reserves the right, in its absolute discretion, to require such information of any provider of financing to the Bidder.

#### 4.2.3.5 **Changes in circumstances**

Each Bidder must notify the Board immediately of any changes in the identity of any of the above parties or of any material changes in their circumstances (such as, in the case of directors, officers or key employees, any conviction for a criminal offence, censure by a regulatory authority or bankruptcy) during the period between the submission of the relevant vetting form and the grant of the Licence. A confirmation will be required before the grant of the Licence from each director and proposed director and from the Bidder that the information set out in the vetting form submitted with the Bid is correct. The Licence will require any subsequent changes that occur while the Licence remains in force to be notified to the Board.

#### 4.2.3.6 **Note for Bidders**

Bidders should note that following the selection of the Licencee the range of persons to which vetting will apply is likely to be wider than that set out above. The Board reserve the right to determine persons to which vetting will apply. Bidders should note that during the Licence Period vetting checks will be repeated at regular intervals.

### 4.3 Propriety

#### 4.3.1 Requirement

The requirement for a Bidder to operate the Lottery with all due propriety extends to the way in which the Licencee manages its relationships with its shareholders or other beneficiaries, its staff and its contractors. It is the Licencee's responsibility to ensure that sufficient control mechanisms are, or will be, in place to maintain control of those parties and that ultimately, the reputation of the Lottery is protected.

Each Bidder must be managed in accordance with high standards of corporate governance. This is in order to ensure propriety and protect the interests of participants.

#### 4.3.2 Evaluation criteria

The Board must be satisfied that high standards of corporate governance and other control mechanisms are in place to ensure that any significant probity or regulatory issues, whether involving the Licencee, its shareholders and other beneficiaries, or suppliers and contractors, is brought to the Board's attention immediately. Each Bidder will need to satisfy the Board that appropriate arrangements are in place with its staff, contractors and suppliers (particularly its shareholder suppliers) to ensure that those relationships are clear, properly managed and transparent. Each Bidder will be assessed on the arrangements incorporated in, or intended to be

incorporated in, relevant contracts. The Board will expect the successful Bidder/Licencee to lodge current versions of material contracts with it at all times throughout the Licence Period.

The Board must also be satisfied that the Licencee has adequate powers to require any person who is, or appears to be, directly or indirectly interested in its share capital to supply information concerning that person's interest and, if the required information is not supplied, to suspend the voting and dividend rights attaching to any relevant shares until the position has been clarified. These powers should apply where any shares or interests in shares of the Licencee are, or have been transferred.

#### 4.3.3 Evidence required

Each Bidder shall provide the following:

- 1) An overview of the measures it has, or intends to put in place, to ensure that any probity or other regulatory concerns are brought to the attention of the Board, including:
  - a) The procedures it intends to adopt for notifying the Board promptly of any issues that should be brought to the Board's attention.
  - b) Its approach to corporate governance.
  - c) Details of its internal audit function.
- 2) Details of the arrangements in place, or to be put in place, in respect of its employees in order to manage the recruitment and behaviour of its staff.
- 3) Details of the arrangements in place, or to be put in place, with its contractors and suppliers, and in particular shareholder suppliers, in order to manage those relationships. This must include:
  - a) Details or copies of supply contracts with Key Contractors (as defined in Appendix A). This should include information relating to the financial arrangements and terms of remuneration.
  - b) Proposals for ensuring value for money from key suppliers during the period of the Licence.

## 4.4 Corporate governance

### 4.4.1 Requirement

Each Bidder must be managed in accordance with high standards of corporate governance. This is in order to ensure propriety and to protect the interests of players. Bidders should also note that Licencees shall be required to establish a code of corporate social responsibility and a code of conduct which shall provide a code for an ethical framework for all business decisions.

#### 4.4.2 Evaluation criteria

Each Bidder will need to satisfy the Board that it is able to meet high standards of corporate governance. The arrangements set out in its proposals will be tested against the Code on Corporate Governance issued by the Board. This part of the evaluation is a key element in demonstrating that the Lottery will be run with all due propriety and that clarity and transparency will be evident.

Each Bidder will also be assessed on the arrangements that it intends to put in place to ensure transparency of remuneration and incentives for directors and staff in accordance with the provisions of the Code. The Board wishes to be assured that these are consistent with achieving revenue maximization for the Government and the best possible returns to good causes.

#### 4.4.3 Evidence required

Each Bidder must provide:

- 1) Confirmation that it will comply with the Code on Corporate Governance, or that it will put in place appropriate and equivalent measures to ensure a commitment to high standards of corporate governance. Bidders must highlight any areas where they are unable to comply with the terms of the Code and identify alternative arrangements designed to achieve similar outcomes to those sought by the Code.
- 2) Details on the corporate governance structure, relevant bodies or committees and their roles, and any key processes that it has or intends to put in place.
- 3) Details on the extent to which these corporate governance arrangements extend to suppliers.
- 4) Details of any proposed employee incentive schemes, including any individual arrangements applicable to directors or other key or senior personnel that it intends to put in place.
- 5) An explanation of the approach it intends to take in respect of corporate social responsibility and in setting an ethical framework for business decisions, including any external standards that it intends to comply with, and any reporting and audit arrangements that it intends to adopt.
- 6) An outline of the plans it proposes to put in place to encourage greater public involvement in the operation of the Lottery.

## 4.5 Internal audit

### 4.5.1 Requirement

Each Bidder is required to set up and maintain an internal audit function. It may choose to outsource this to a suitable provider.

### 4.5.2 Evaluation criteria

Each Bidder must confirm that all internal audit services will comply with appropriate professional standards, such as the International Internal Audit Standards issued by the Institute of Internal Auditors (IIA). These requirements must be considered a minimum acceptable standard.

### 4.5.3 Evidence required

Each Bidder must provide confirmation that:

- 1) Appropriate standards, equivalent to or in excess of those adopted by the IIA, will be followed.
- 2) Appropriately qualified and experienced staff will be employed.
- 3) Systems of risk management will be evaluated and an assessment made as to their adequacy, efficiency and effectiveness.
- 4) The internal audit function will review the whole network of controls, including financial, operational and other management controls, established to ensure that objectives are met in the most cost-effective manner.

## 4.6 Arrangements in respect of employees

### 4.6.1 Requirement

Each Bidder is required to set out the key arrangements it intends to put in place to ensure that its employees observe appropriate standards of propriety.

### 4.6.2 Evaluation criteria

Consistent with its need to assure the Board that the Lottery is run with all due propriety, the Bidder must satisfy the Board that it will include appropriate safeguards in its recruitment and employment procedures.

### 4.6.4 Evidence required

The Bidder shall provide details of the safeguards it will include in its recruitment and employment procedures. This should include:

- a) Recruitment checks that the Bidder will undertake to satisfy itself of the propriety of the staff it employs.

- b) Details of relevant staff terms and conditions that the Bidder intends to employ staff on that are designed to ensure the propriety of the behaviour of staff.
- c) Details of arrangements that the Bidder intends to adopt to allow staff to raise any propriety concerns or issues with senior management and with the Board (such as 'whistle blowing' policies).

## 4.7 Arrangements in respect of suppliers and contractors

### 4.7.1 Requirement

Each Bidder is required to set out the key arrangements it intends to put in place to ensure that its suppliers and contractors observe appropriate standards of propriety.

### 4.7.2 Evaluation criteria

Consistent with its need to assure the Board that the Lottery is run with all due propriety, the Bidder must satisfy the Board that it will include appropriate safeguards in its relationships with its suppliers and contractors.

### 4.7.3 Evidence required

The Bidder shall provide details of the safeguards that it will include in its relationships with its suppliers, contractors and subcontractors. This should include:

- a) Any checks that the Bidder will undertake to satisfy itself of the propriety of its suppliers and contractors.
- b) Details of the contractual arrangements that the Bidder intends to adopt to ensure the propriety of the behaviour of suppliers and contractors, and that any issues are brought to its attention, and to the attention of the Board, promptly and fully.
- c) Details of arrangements that the Bidder intends to adopt to ensure the staff of any supplier or contractor are able to raise any propriety concerns or issues with its senior management and with the Board (such as whistle-blowing policies).
- d) The arrangements the Bidder intends to adopt to ensure value for money in respect of goods and services provided by its suppliers and contractors. The Board is particularly concerned with understanding the arrangements that will apply to suppliers and contractors who have a financial interest in the Bidder (e.g. suppliers and contractors who are also shareholders).

**CHAPTER**

**5**

## **PLAYER PROTECTION**

## 5.0 PLAYER PROTECTION

### 5.1 Introduction

One of the statutory duties of the Board is to ensure public protection. The Board must therefore be satisfied that the Bidder has made the necessary arrangements to ensure that the interests of every participant in the Lottery will be protected, that players are treated fairly, and that effective and rigorous arrangements are in place to counter excessive and underage play.

In this chapter, therefore, the Board has set out the requirements that relate to player protection. The Board is satisfied that the requirements set out here, when implemented effectively, protect the interests of participants. However, the Board also needs to be satisfied as part of the Competition process that these requirements remain appropriate in the context of an evolving Lottery environment and in the context of specific proposals by each Bidder. The approach adopted therefore requires each Bidder to satisfy the Board that the levels of protection afforded by the current arrangements will be maintained by confirming that it will comply with the requirements set out or, where necessary or appropriate in the context of its Bid proposals, to suggest alternatives that meet or exceed those requirements.

Each Bidder must link its response to those requirements to the proposals set out in its Bid, for example, in relation to the proposed game portfolio or the proposed player access plan. Its response must take into account the proposed structure to be put in place at commencement of the Licence Period, and any changes that are anticipated over the first three years of the Licence Period. This response must be supported by details as to how the Bidder intends to resource player protection requirements.

Bidders should note that the Board reserves the right to impose arrangements or content on the Licensee in order to ensure that the interests of every participant in the Lottery are protected. Bidders should further note that some of the arrangements referred to in this chapter are reviewed regularly and may be amended from time to time.

### 5.2 Arrangements to protect the interests of players

#### 5.2.1 Requirement

Each Bidder will be required to demonstrate that it will establish arrangements that meet the Board's general requirements for player protection. The arrangements should include:

- i. A requirement to adopt, maintain and comply with a Player Guide for Lottery games, where tickets are bought from distributors;
- ii. A requirement to adopt, maintain and comply with a Service Guide for Lottery games which are played interactively;
- iii. A requirement to adopt, maintain and comply with a Subscription Guide where tickets are bought by subscription;

- iv. A requirement to adopt, maintain and comply with a code of practice concerning the availability of top prizes for all scratch card lotteries;
- v. A range of provisions to ensure that players have sufficient information to enable them to play Lottery games and claim any prize to which they are entitled;
- vi. A requirement that, if requested by any person, the terms and conditions, rules, procedures and game specific rules for each Lottery game, the Player Guide, the Service Guide and the Subscription Guide shall be provided in any language as the Board may from time to time determine;
- vii. A requirement, unless the Board agrees otherwise, not to engage or be involved in any manner or capacity in the use, provision or promotion of any premium charge telephone numbers or lines for any purpose connected with the Lottery or Ancillary Activities;
- viii. A requirement to adopt, maintain and comply with the terms and conditions, rules, procedures and game specific rules for each Lottery game;
- ix. A requirement to establish an efficient and effective system for handling complaints and enquiries by players and members of the public;
- x. A requirement to adopt, maintain and comply with a code or codes of practice covering advertising, sales promotion and public relations in respect of the Lottery and lottery ancillary activities; and
- xi. A requirement to ensure that at all times at least one active draw-based game is promoted in which persons may participate by purchasing tickets other than at a retail outlet. Bidders should note that the Board is concerned that players who would find it difficult to access terminals or those players who are immobile or visually impaired should be able to access the Lottery. If a Bidder proposes alternatives, the Board would wish to understand how these players would continue to be provided with access.

### 5.2.2 Evaluation criteria

The Board must be satisfied that each Bidder will establish arrangements for player protection that meet, or are at least equivalent to, the requirements set out above, and that the Bidder will maintain the arrangements over the course of the Licence, taking account of the changes it proposes in its Bid in respect of games, player access, marketing and any other issue which impacts on players.

### 5.2.3 Evidence required

Each Bidder must:

- 1) Confirm that it will comply with each of the requirements set out above, or propose alternatives which meet or exceed the standards set out in the requirements above, and so deliver the Board's objective of securing player protection.
- 2) Indicate how the requirements set out above will reflect the Bidder's game, player access and marketing plans at the outset of the Licence Period, and which aspects of the arrangements and/or documents the Bidder expects to change as a consequence of the development of its game, player access and marketing plans during the first three years of the Licence.
- 3) Demonstrate how the Bidder intends to resource player protection arrangements (for example, by reference to its proposed organizational structure) and ensure compliance by its staff, suppliers and contractors with those arrangements.

## 5.3 Arrangements for the protection of winners

### 5.3.1 Requirement

Each Bidder will be required to demonstrate that it will establish arrangements that meet the Board's requirements for the protection of winners. Such arrangements are summarized below:

- i. A requirement to ensure that all prizes are paid to those that have claimed them;
- ii. A requirement to not disclose the identity of any person who has won a prize in any lottery or who the Licencee is aware is, or is likely to be, entitled to any share in or part of any such prize without the prior written consent of that person;
- iii. A requirement to secure that no lottery contractor, subcontractor or agent discloses the identity of any person who has won a prize in any lottery or who the Licencee is aware is, or is likely to be, entitled to any share in or part of any such prize without the prior written consent of that person;
- iv. A requirement to ensure that at every retail outlet there will be a prominently displayed notice advising players how to find out how many prizes in each tier remain unclaimed in any game offering a fixed number of prizes, including the relevant telephone number;
- v. A requirement to ensure that all participants are able to find out without payment to the Licencee and without undue inconvenience whether they have won a prize;

- vi. A requirement that the Licencee secures from its own resources that, where a prize winning ticket can be demonstrated to have been fraudulently, erroneously or negligently cancelled, it pays to the bearer the prize to which he/she would have been entitled;
- vii. A requirement to use all reasonable endeavour to identify prize winners whose prizes may have been reduced by the payment of a prize to a person who was not entitled to purchase a ticket, and to pay to them the amount by which their prize was reduced;
- viii. A requirement that validation of tickets and payment of prizes must be prompt and not unduly inconvenience winners; and
- ix. A requirement to ensure that the winners of prizes which are **TZS 50 Million** or in excess of **TZS 50 Million** in value are provided with appropriate sources of legal and financial advice.

### 5.3.2 Evaluation criteria

The Board must be satisfied that each Bidder will establish arrangements for player protection that meet, or are at least equivalent to, the requirements set out above, and that the Bidder will maintain the arrangements over the course of the Licence, taking account of the changes it proposes in its Bid in respect of games, player access, marketing and any other issue which impacts on players.

### 5.3.3 Evidence required

Each Bidder must:

- 1) Confirm that it will comply with each of the requirements set out above, or propose alternatives which meet or exceed the standards set out in the requirements above, and so deliver the Board's objective of protecting winners.
- 2) Indicate how the requirements set out above will reflect the Bidder's game, player access and marketing plans at the outset of the Licence Period, and which aspects of the arrangements and/or documents the Bidder expects to change as a consequence of the development of its game, player access and marketing plans during the first three years of the Licence.
- 3) Demonstrate how the Bidder intends to resource arrangements for the protection of winners (for example, by reference to its proposed organisational structure), and ensure compliance by its staff, suppliers and contractors with those arrangements.

## 5.4 Protection of players' funds and prize liabilities

### 5.4.1 Requirements

Each Bidder will be required to demonstrate that it will establish arrangements that meet the Board's requirement for safeguarding players' money and prize liabilities in all circumstances, including that of the failure of the Licencee. Bidders should note that this condition may be amended to reflect the Successful Bidder's proposals.

### 5.4.2 Evaluation criteria

The Board must be satisfied that each Bidder will establish arrangements for the protection of players' money that meet, or are at least equivalent to, the requirements set out above, and that the Bidder will maintain the arrangements over the course of the Licence, taking account of any changes it proposes in its Bid in respect of games, player access, marketing and any other issue which impacts on players. In particular, each Bidder must satisfy the Board that the funds set aside to secure players' money and prize liabilities will be sufficient to meet those liabilities. There must be no prior claims on funds designated to meet all players' money and prize liabilities either:

- i. During the Licence Period;
- ii. Upon expiry of the Licence;
- iii. In the case of revocation of the Licence;
- iv. In the case of default by the Bidder on any financing arrangements in place during the life of the Licence; and
- v. In the case of insolvency of the Bidder.

In assessing the security of arrangements to be put in place, the Board needs to be satisfied that all providers of services are of reputable nature and standing.

### 5.4.3 Evidence required

Each Bidder must:

- 1) Confirm that it will comply with the requirements set out above, or propose alternatives which meet or exceed the standards set out in the requirements above, and so deliver the Board's objective of securing the protection of players' money.
- 2) Indicate how the requirements set out above will reflect the Bidder's game, player access and marketing plans at the outset of the Licence Period.

- 3) Identify providers of any services required in setting up trust (or equivalent) arrangements.
- 4) Provide a letter of confirmation from any relevant trustee or other organisation to confirm that, that organisation will provide those arrangements proposed by the Bidder, outlining any remaining conditions to be satisfied.
- 5) Provide a letter of confirmation from the Bidder's funders that they are aware of and satisfied with the proposed arrangements and that they have been taken into account in structuring any financing.
- 6) Describe the arrangements it intends to put in place to ensure that the trustees (or equivalent) have the facilities available to them that are necessary to pay all outstanding prizes and reimburse the value of tickets purchased for a lottery where the draw does not take place in the event of Licencee default.

Bidders should note that the licence conditions relating to protection of players' money will be agreed upon with the Preferred Bidder for inclusion in the National Lottery Agreement. The intended trust (or equivalent) structure for delivering that protection is expected to be put in place prior to Licence Award. The Board would therefore expect the Preferred Bidder to settle the detailed, underlying documents, e.g. trust deed, Performance Bond, prior to Licence Award.

## 5.5 Arrangements to prevent children participation

### 5.5.1 Requirement

Each Bidder will be required to demonstrate that it will establish arrangements that meet the Board's requirements for preventing children to play. Each Bidder will be required to demonstrate that it will establish arrangements for the prevention of sale of tickets to children which should include:

- a) A requirement to adopt, maintain and implement a strategy to prevent play on the Lottery by persons under the age of 18 years.
- b) A requirement to conduct or procure the conduct of such tests of retailers as the Board may require establishing whether sales have been or are being made or are likely to be made by retailers to purchasers under the age of 18 years.
- c) In evaluating an application to introduce a new game or a new distribution Channel, Bidders should note that the Board will pay particular regard to the potential for children participation.

### 5.5.2 Evaluation criteria

The Board must be satisfied that each Bidder will establish arrangements for the prevention of sale of tickets to children. The Bidder will maintain the arrangements over the course of the Licence, taking into account the changes it proposes in its Bid in respect of games, player access, marketing and any other issue which impacts on players.

The Board is particularly concerned with a Bidder's ability to:

- i. Actively seek to prevent children participation in the first instance;
- ii. Monitor whether games or distribution channels result in children participation; and
- iii. React speedily and appropriately to instances of children participation if they are identified.

### 5.5.3 Evidence required

Each Bidder must:

- 1) Confirm that it will comply with each of the requirements set out above, or propose alternatives which meet or exceed the standards set for preventing children participation.
- 2) Indicate how the requirements set out above will reflect the Bidder's game, player access and marketing plans at the outset of the Licence period.

The Bidder should also outline any specific proposals or strategies in respect of the following areas:

- a) Game research and design;
  - b) Public information and education;
  - c) Registration schemes and/or proof-of-age schemes;
  - d) Accessibility of products and channels;
  - e) Support from the underlying technology solution;
  - f) Staff and distributor training; and
- 3) Demonstrate how the Bidder intends to resource player protection arrangements (for example, by reference to its proposed organizational structure) and ensure compliance by its staff, suppliers and contractors with those arrangements.

## 5.6 Arrangements to ensure responsible play

### 5.6.1 Requirement

Each Bidder will be required to demonstrate that it will establish arrangements for the prevention of excessive play that are robust. The arrangements include:

- i. A requirement to adopt, maintain and implement a strategy to prevent excessive play of the Lottery which shall in particular deal with game research and design, marketing, public information and education, accessibility, staff and distributor training, monitoring and support for the treatment of problem gaming.
- ii. The Board must ensure that no licence is granted to allow more than one draw to take place in any period of one hour.

### 5.6.2 Evaluation criteria

The Board must be satisfied that each Bidder will establish arrangements for the prevention of excessive play, and that the Bidder will maintain the arrangements over the course of the Licence, taking account into the changes it proposes in its Bid in respect of games, player access, marketing and any other issue which impacts on players. The Board is particularly concerned with a Bidder's ability to:

- a) Actively seek to prevent excessive play in the first instance;
- b) Monitor whether games or distribution channels result in excessive play; and
- c) React speedily and appropriately to instances of excessive play, if they are identified.

### 5.6.3 Evidence required

Each Bidder must:

- 1) Confirm that it will comply with each of the requirements set out above, or propose alternatives which meet or exceed the standards set out in the requirements above, and so deliver the objective of preventing excessive play.
- 2) Indicate how the requirements set out above will reflect the Bidder's game, player access and marketing plans at the outset of the Licence Period. The Bidder should also outline any specific proposals or strategies in respect of the following areas:
  - a) Game research and design;
  - b) Public information and education;

- c) Registration schemes;
  - d) Accessibility of products and channels;
  - e) Support from the underlying technology solution;
  - f) Staff and distributor training; and
  - g) The ways in which the proposals or strategies might work with relevant bodies, locally and internationally, involved in the monitoring and treatment of problem gaming.
- 3) Demonstrate how the Bidder intends to resource the proposed arrangements (for example, by reference to its proposed organisational structure) and ensure compliance by its staff, suppliers and contractors with those arrangements.

# CHAPTER

# 6

## ORGANISATION

## 6.0 ORGANISATION

### 6.1 Corporate structure

The Board must be satisfied that a Bidder has the capacity and ability to plan, organise and operate an undertaking of the nature of the Lottery. Each Bidder must also satisfy the Board that it has, or will have, the appropriate corporate and legal structures in place to comply with the requirements set out in the ITA.

#### 6.1.1 Requirement

The Board must be satisfied that a bidder has an appropriate organization structure, which is properly filled to adequately manage the lottery. Each Bidder must be capable of being regulated efficiently and effectively and have an office physically located in Tanzania managed by personnel appropriately authorised to act on behalf of the Bidder.

#### 6.1.2 Evaluation criteria

The Board must be satisfied that each Bidder is, or will be, a single purpose entity. It will assess this by reference to the Bidder's Memorandum and Articles of Association or equivalent documents, and the Bidder's proposals set out in response to the requirements of this ITA. The Board must also be satisfied that each Bidder is capable of being regulated effectively, no matter where the bidder, its Consortium Members, suppliers or operations are located.

#### 6.1.3 Evidence required

Each Bidder shall provide the following information or its nearest equivalent in relation to its current and intended arrangements:

- 1) The name of the Bidder company and any names under which it trades or has traded in the past five years;
- 2) Details of the company registration of the Bidder and each, if any, of its subsidiaries, including:
  - a) A certified copy Certificate of incorporation;
  - b) A certified copy Certificate of Compliance issued by the Registrar of Companies in Tanzania;
  - c) A certified copy of the Memorandum and Articles of Association;
  - d) Date and place where the company is registered;
  - e) A certified copy of its registration certificate;
  - f) The address of its registered office;

- g) Details of its principal and any other offices;
  - h) The names of directors and company secretary;
  - i) Other constitutional documents of the company; and
- 3) Details of any companies which will be subsidiaries of the Bidder following the award of the Licence including the legal jurisdictions in which they will operate and details of their proposed activities.
  - 4) Details of the Board of Directors of the Bidder including its Non-Executive Directors. Bidders should note that the Board expects the Board of Directors to be appointed by the time the Bid is submitted. If a Bidder is unable to recruit any of its Non-Executive Directors prior to submitting its Bid, the Bidder must outline the roles that it intends to fill and the recruitment strategy for achieving this.
  - 5) The names and addresses of the Bidder's auditors, legal advisers, principal bankers.
  - 6) Certified copies of board minutes of the Bidder, or equivalent documentation, approving the contents of the Bid.

## 6.2 Consortium structure

### 6.2.1 Requirement

Each Bidder will be required to have its Consortium substantially in place at the time of bidding. Parties that wish to participate in more than one Consortium must ensure that where they hold confidential information in respect of those Consortia, there are adequate safeguards in place to protect all confidential information.

### 6.2.2 Evaluation criteria

The Board must be satisfied that each Bidder's Consortium is substantially in place at the time the Bid is submitted, in order to be satisfied that a Bidder's proposals are deliverable. The Board requires each Bidder to have agreed heads of terms on material contracts with their Key Contractors. Where necessary, the Board will consider the financial position and soundness of any Key Contractors and reserve the right to require further information from a Bidder to assess such financial soundness.

### 6.2.3 Evidence required

Each Bidder must provide:

- 1) A list of all Consortium members, detailing their relationships, whether formal or otherwise, with the Bidder and the nature of any services to be provided.

- 2) For all Key Contractors, copies of heads of terms of all material contracts or copies of material contracts.
- 3) The country of incorporation and countries of operations in which its Key Contractors are located.
- 4) Where relevant, evidence of the safeguards put in place to protect confidential information held by a Consortium Member that is participating in more than one Consortium.

### 6.3 Consortium capability

#### 6.3.1 Requirement

Each Bidder will be required to show that its Consortium has the requisite capability to meet the requirements set out in this ITA.

#### 6.3.2 Evaluation criteria

The Board needs to be satisfied that each Bidder has the capacity and ability to organise and operate an undertaking of the nature of the Lottery, and of that proposed in its Bid. The Board will be assessing each Bidder's capability with respect to that shown by its Consortium, either collectively, through its individual members or through key individuals.

The Board will consider the experience of other comparable projects, although this will only form part of the assessment of overall capability. Where capability relates to key individuals, the Board will assess the extent to which those individuals have been involved in formulating the Bid, the degree of commitment expressed by those individuals to seeing through the delivery of the Bid proposals and, where relevant, the recruitment and handover strategy for ensuring continuity between key roles.

The Board is particularly interested in a Bidder's capabilities, which may be demonstrated by experience of:

- i. Lotteries, or participation in lotteries;
- ii. Planning and implementing projects of a comparable nature or complexity, or with similar characteristics;
- iii. Conducting successful operation of an undertaking of a similar nature or complexity, or with similar characteristics; or
- iv. Other key elements of the proposals set out in the Bid.

Each Bidder should note that the Board reserves the right to seek references concerning past experience by means of written references and by directly visiting referees, and to make any other enquiries at its discretion. The Board

may also decide to visit operations where services are being supplied by Consortium Members, in order to assist its evaluation.

### 6.3.3 Evidence required

Each Bidder must:

- 1) Set out the core capabilities and skills that are required for delivery of its Bid.
- 2) For each of those core capabilities and skills, provide details of its ability to provide them, including the relevant experience attributable to any of the members of its Consortium. Where a Bidder refers to specific projects or experience, the information shall include:
  - a) A description of the functions undertaken;
  - b) Details of when and where this experience was obtained; and
  - c) Names, titles, roles and contact details of references.
- 3) Provide a CV for each director, non-executive director and other key personnel, where currently nominated, appointed, or in place, setting out their qualifications and experience.

Each Bidder should note that at the time of submitting a Bid, it is expected to have nominated specific individuals for the following roles, each of whom must have expressed his/her commitment to seeing through the implementation of the Bid proposals in the event that the Bid is successful:

- a) Board of Directors (including its Non-Executive Directors except where it has been unable to do so)
- b) Chief Executive
- 4) Provide a list of three reference sites where relevant or comparable services are currently being supplied by Consortium Members (either individually or collectively).
- 5) Provide the names and addresses of any expert advisers engaged to provide specialist advice to the Bidder in connection with the Lottery.

## 6.4 Organisation plan

### 6.4.1 Requirement

Each Bidder's proposed operational organisation structure must have sufficient capacity and capability to support, maintain and operate the Lottery in accordance with the proposals set out in its Bid, and the requirements of this ITA.

**6.4.2 Evaluation criteria**

The Board must be satisfied that the organisation structure each Bidder plans to put in place fully supports its business plan.

**6.4.3 Evidence required**

Each Bidder shall provide an organisation plan that detail the:

- 1) Organization structure and proposed key departments.
- 2) The expected numbers and the total remuneration of staff by department or function as appropriate.
- 3) Key positions in the organisation (e.g. executive directors, non-executive directors, senior managers and those responsible for each department) and brief job descriptions.

In addition, for each of these key positions the Bidder must set out the following:

- a) Where individuals for these key positions are currently in place, appointed or nominated, the Bidder must indicate this and provide a CV setting out the individual's qualifications and experience.
- b) Where individuals are not in place, appointed or nominated, the Bidder must describe its recruitment strategy for filling in these key positions.

For the avoidance of doubt, each Bidder is required to identify the broad structure of, and grouping of responsibilities within, its planned organisation. This should include an indication of the expected size of the different parts of its proposed organisation. A Bidder is NOT required to identify an exact number of posts or job descriptions in relation to individual posts beyond those specified elsewhere in this ITA.

# CHAPTER

# 7

## FINANCIAL SOUNDNESS

## 7.0 FINANCIAL SOUNDNESS

### 7.1 Requirement

Considering that operating the Lottery is a substantial venture, the Board must be satisfied that there is proper financial commitment to support the proposed business plan from providers of financing across each Bidder's capital structure. Each Bidder must satisfy the Board that its proposals are sufficiently robust and well-developed to remove any material risk, on financial grounds, that may lead to a failure to meet the obligations set out in the Bidder's proposal.

Each Bidder must also be capable of continuing as a going concern from the award of the Licence and during the period of operations.

### 7.2 Evaluation criteria

Each Bidder's financial proposals will be judged as to whether they are sufficiently developed and robust to remove any material risk, on financial grounds, which may lead to a failure to meet the obligations set out in the ITA. The Board must be satisfied that each Bidder's proposed financial structure is sufficiently robust and flexible to:

- i. Adequately support the implementation of its planned operations; and
- ii. Support ongoing operations (including maintenance of systems) and its ability to operate as a going concern throughout the period of the Licence, both under its Principal Forecast and under a variety of scenarios.

The Board will also evaluate the extent to which each Bidder will have the capacity to continue operating while solvent, notwithstanding unplanned additional costs, capital expenditure or shortfalls in revenue. In order to assist its evaluation, the Board will use the business plan and associated sensitivities submitted in response to this ITA.

In conducting its evaluation, the Board will take into account key strengths and weaknesses and any particular risks affecting the Bid. This is likely to lead to the assessment of a number of scenarios under which financial soundness will be tested, including ones with low sales revenues that, while the Board may consider them to be unlikely to occur, will nonetheless assist in understanding how the Bidder's operational and financial structure would perform in such cases. The Board may seek further information from a Bidder's analyst to understand the effects of these additional scenarios.

#### 7.2.1 Equity financing

The Board will evaluate each Bidder's response based on:

- i. The nature of commitments expressed in statements from equity sponsors as to their willingness, in principle, to provide funding based on the proposals outlined in the Bid and any conditions attached to the delivery of that funding. Each Bidder should note the following:
  - a) Any equity commitment letter must confirm that it has all the requisite approvals, including at least Board of Directors level, investment committee or equivalent approvals, and

provide full details of any conditionality relating to delivery of financing;

- b) The Board will need to be satisfied that the envisaged financing can be delivered and that sponsors have the financial wherewithal to support any commitments; and
  - c) The Preferred Bidder will be required to obtain fully committed financing from its sponsors before the Board can award the Licence;
- ii. The quantum and nature of equity in the capital structure, including any quasi-equity instruments; and
  - iii. The nature and impact of any support provided by parent companies.

### 7.2.2 Debt financing

The Board will evaluate each Bidder's response based on:

- i. The level of commitments expressed in statements from lenders as to their willingness, in principle, to provide funding based on the proposals outlined in the ITA, and any conditions attached to the delivery of that funding.

Each Bidder should note the following:

- a) The Board requires Board of Directors approved commitment letters to be provided with the Bid, and full details of any conditionality relating to delivery of financing;
  - b) The Board will need to be satisfied that the envisaged financing can be delivered if the Bidder is selected as the Preferred Bidder; and
  - c) The Preferred Bidder will be required to obtain fully committed financing from its debt funders before the Board can award the Licence;
- ii. The quantum and nature of any debt in the capital structure (this includes minor debt products) including the level of gearing and the level of risk this places on the overall financing structure; and
  - iii. The extent to which providers are willing to commit to additional funding where necessary and the terms upon which such commitments are to be made.

### 7.2.3 Contingency financing

The Board will evaluate each Bidder's response based on the amount of any contingency financing available to the Bidder. It will also evaluate the conditions under which such financing will be made available, including the way in which this contributes to that Bidder's ability to mitigate risks arising as a result of unexpected cash demands.

## 7.3 Evidence required

Each Bidder will need to describe as clearly as possible the structure, sources, nature of commitments and flexibility of its funding arrangements, including any alternative arrangements, which may be available. Specific information requirements are:

### 7.3.1 Equity financing

Each Bidder must provide:

- 1) Details of the identity of the providers, or intended providers, of the Bidder's equity financing, and the amounts of their commitments or intended commitments.
- 2) Commitment letters from each provider, detailing all conditions precedent to providing finance.
- 3) Sufficient evidence to substantiate the ability of those sponsors to meet their respective commitments.
- 4) Details of the equity share capital of the Bidder at the time of submission of the Bid (where applicable) and as it is intended to be following the award of the Licence,

### 7.3.2 Debt financing

Each Bidder must provide:

- 1) The identity of the providers, or intended providers, of the Bidder's debt financing and the amounts of any facilities or intended commitments. This should include, but is not limited to:
- 2) Commitment letters from each debt provider, detailing all conditions precedent to providing such finance and each provider's internal processes to delivering that financing.
- 3) Details of any contingent liabilities and off-balance sheet financing arrangements.

### 7.3.3 Contingency financing

Each Bidder must provide details of any contingency financing available and a summary of the terms and conditions under which it will be made available.

**CHAPTER**

**8**

# **TECHNOLOGY OPERATION**

## 8.0 TECHNOLOGY OPERATION

### 8.1 Introduction

The Board considers Technology Operation to be a key part of the overall Lottery operation. The term Technology Operation is used here to mean any aspect of the Lottery operation associated with the provision, operation and management of technology. Each Bidder must satisfy the Board that it will ensure the security, capacity, resilience and integrity of the Technology Operation, as well as its suitability as a basis for a modern lottery. The Board must be satisfied that the Technology Operation will be developed, operated and maintained to appropriately high professional standards.

A successful Technology Operation will be delivered by a combination of the appropriate technology, a well-run and experienced organisation and robust, high-quality processes.

#### 8.1.1 Investment during the Licence Period

Each Bidder is required to include, as part of its Bid, a commitment to undertake the maintenance programme necessary to keep its proposed operations fit for purpose throughout the Licence Period. This means that the operations, systems and assets that are put in place at commencement of the Licence must remain capable of offering the required level and quality of service through to the end of the Licence Period. Each Bidder's business plan must clearly show the relevant expenditure.

## 8.2 Overview of Technology Operation

### 8.2.1 Requirement

The overall Technology Operation must enable the successful delivery of each Bidder's proposals for operating the Lottery and support the high standards of propriety and player protection that are required of Lottery operations. In particular:

- 1) The Board should be satisfied that the overall Technology Operation is capable of delivering the high levels of risk management, sustainability, flexibility, openness, resilience, capacity, integrity and security required in support of Lottery operations;
- 2) The Board should be satisfied that the Technology Solution is suitable as the basis for a modern lottery and remain suitable throughout the period of the Licence;
- 3) The Board should be satisfied that the proposed Technology Organisational Capability is capable of providing all the resources, skills and relationships necessary to meet the needs and deliver the high quality service expected of the Lottery; and

- 4) The Board must be satisfied that the technology-related development and operational processes shall be undertaken to appropriately high professional standards.

### 8.3 Technology Solution

Each Bidder must explain how it will satisfy the criteria specified below and support the overall requirement for Technology Operation stated above.

#### 8.3.1 Evaluation criteria

The Board must be satisfied by each Bidder that its proposed Technology Solution provides a suitable basis for a modern lottery, from the first day of the Licence. In particular, it must:

- 1) Be based upon modern technologies, which are sustainable in a cost-effective manner over the period of the Licence;
- 2) Be developed and maintained using modern design principles, standards and techniques, and maximise use of commercial off-the-shelf components, where appropriate; and
- 3) Comply with appropriate industry best practice, international standards and codes of practice in all relevant aspects of the Technology Solution, in line with generally accepted principles of open systems design and conforming to internationally agreed open systems standards.

For purposes of this ITA, modern technology refers to the latest technologies which are in general adoption within products and solutions applicable to the Lottery operation and which are current in the marketplace.

The Board must also be satisfied that each Bidder will maintain and develop its Technology Solution, so that it remains a suitable basis for a modern lottery throughout the Licence Period, including the continued adherence to international standards and industry best practice as they develop or emerge.

All third party sales channels, and any interfaces with those systems, will be evaluated against the criteria set out above. Examples of third party sales channels might include existing mobile phone, and supermarket point-of-sale-systems. In any event, and where applicable, Bidders must provide the rationale for the use of such systems.

The Board will also be evaluating whether each Bidder's Technology Solution supports its business vision in a clear, appropriate and innovative way for the duration of the Licence Period, and that its plans for technology development and technology maintenance are consistent with this vision.

### 8.3.2 Evidence Required

Each Bidder must:

- 1) Describe its proposed Technology Solution, as will be fully operational at the start of the Licence Period. The description must include all significant elements of the Technology Solution including the following where applicable:
  - a) Lottery-draw technology;
  - b) Gaming systems;
  - c) Administrative and financial systems;
  - d) Management information systems;
  - e) Independent verification systems;
  - f) Telecommunications equipment and network services;
  - g) Server/data storage infrastructure;
  - h) Retailer terminal infrastructure;
  - i) Call-centre facilities, including call management, customer relationship, and knowledge management systems;
  - j) Help-desk facilities, including incident management systems;
  - k) Data centre facilities, including configuration management and other systems management systems;
  - l) Systems to be operated by the Bidder to provide other sales channels (e.g. websites);
  - m) Development and testing facilities;
  - n) Disaster recovery facilities (including alternative sites, if proposed);
  - o) Interfaces with third party service providers, providing additional sales channels;
  - p) Use of smartcard technologies and other player registration arrangements;
  - q) Software development/distribution tools; and
  - r) Any other technology components and tools.

- 2) Explain how its proposed Technology Solution will enable delivery of the proposals set out in its Bid.
- 3) Provide a clear and appropriate technology development plan, including all proposed changes to the technology solution after commencement of operations.
- 4) Describe its proposed technology maintenance plan, including the overall strategy and approach and the optimum/maximum replacement periods for each type of technology component of its Technology Solution.
- 5) Provide details of its capability and, where applicable, any relevant experience attributable to any of the members of its Consortium in delivering solutions similar to those proposed in the Technology Solution. Capability need not relate specifically to the Lottery sector.

#### **8.4 Technology organisation**

Each Bidder must explain how it will satisfy the criteria specified below and support the delivery of the proposed Technology Solution in line with the overall requirements for the Technology Operation.

##### **8.4.1 Evaluation criteria**

Each Bidder must satisfy the Board that its proposed technology organisation provides all the resources, skills and attributes necessary to:

- 1) Develop, operate and manage change to the Technology Solution proposed, following establishment of the processes proposed; and
- 2) Deliver the high quality service expected of the Lottery throughout the Licence Period.

Bidders must satisfy the Board that the people assigned to the development and operation of the Technology Operation are, or will be, appropriately qualified and experienced for the role assigned. In addition, Bidders must satisfy the Board that there will be adequate continuity of personnel associated with the Technology Operation throughout the licence period.

Bidders must also satisfy the Board that their technology organisation will work together efficiently and coherently, delivering an efficient and effective operation, with clear lines of management responsibility, control and accountability. Each Bidder must satisfy the Board that it will have sufficient, secure and well-qualified development capability and capacity to successfully deliver any changes to the Technology Operation, including the development of agreed new services.

### 8.4.2 Evidence Required

Each Bidder must:

- 1) Detail its proposed technology organisation, which will manage and deliver the Technology Operation, covering:
  - a) Leadership and governance;
  - b) Organisational structure with roles, responsibilities and locations, including partners, subcontractors and suppliers;
  - c) Approximate staff numbers by department, role, and location; and
  - d) Job descriptions for key roles.
- 2) State how it will ensure continuity of personnel in key roles from the initial development of the Technology Operation and throughout the Licence Period.
- 3) Provide details of capabilities and experience of the intended key personnel or where applicable, any relevant experience attributable to any of the members of its Consortium.

## 8.5 Technology-related operational processes

Each Bidder must use its response to this section to present its proposed processes for developing, operating and managing changes to its proposed Technology Solution, as they will exist throughout the period of the Licence. Each Bidder must explain how these will satisfy the criteria specified below and so demonstrate its capability to deliver an industry best practice Technology Operation, in line with the overall requirements for the Technology Operation.

### 8.5.1 Evaluation criteria

Each Bidder must satisfy the Board that its proposed technology development, operational and change management processes meet the high professional standards appropriate for the Lottery. Each Bidder must demonstrate how its processes (and those of its suppliers, where applicable) will:

- 1) Be fit for purpose, given the characteristics of the Lottery;
- 2) Follow industry best practice; and
- 3) Comply with appropriate international standards, where these are applicable.

Each Bidder must satisfy the Board that all changes which impact the Technology Operation of the Lottery will be subject to robust, agile and effective change management control, which will ensure the integrity, responsiveness and continuity of the Technology Operation throughout the Licence Period.

Each Bidder must satisfy the Board that it will combine the need for integrity and continuity of the Technology Operation with the need for responsiveness and flexibility.

Each Bidder must satisfy the Board that its operational and change management processes are fit for purpose and will ensure the integrity, responsiveness and continuity of the Technology Operation throughout the Licence Period.

### 8.5.2 Evidence Required

When responding to the specific elements outlined in 1 – 3 below, each Bidder should consider the following:

- 1) Each Bidder must provide a high-level description of its proposed processes, skills and capability for technology development, operation and change management, as outlined below. Where changes are planned to processes or capabilities (e.g. when new technologies are implemented), these must also be described;
- 2) When describing their proposed processes, each Bidder should make reference to relevant international standards and codes of practice, or equivalent, stating clearly the extent to which it will comply with these, and highlighting areas where it will not comply with such standards;
- 3) Each Bidder must demonstrate that its proposed Technology Operation will comply with the following standards and codes of practice, or their equivalents, insofar as they are relevant to the Lottery Operation:
  - a) ISO9001 for quality management of systems development, together with ISO10005, ISO10006 and ISO10007;
  - b) ISO20000 for systems management; and
  - c) the ISO27000 series for security management;
- 4) Bidders may refer to an equivalent national or any other standard or code of practice that gives a similar level of assurance to those stated above, if, for any reason, it is not possible to refer to its international equivalent. If they do so, Bidders must clearly state the full name of the standard, its status, its owner, the name of the equivalent international standard and any material differences between the two, as these might impact on the technology operation.
- 5) Bidders are asked NOT to reproduce material from such standards or process documents in the body of their response. However, Bidders must provide sufficient details of their proposed processes, standards

and codes of practice to enable the Board to assess whether the Technology Operation will meet the criteria stated; and

- 6) Each Bidder must identify measures proposed to ensure adherence to these standards throughout their operation e.g. independent audit/formal accreditation.
- 7) Each Bidder should note that where it has committed to seeking accreditation in line with specific standards, accreditation need not be in place at commencement of the Licence. Rather the Bidder must ensure that its processes comply with any standards stated, and should seek accreditation as soon as reasonably practicable.

Each Bidder must describe the key features of its proposed technology-related processes, and associated resources and skills, in the following areas:

- 1) Technology Development Processes:
  - a. Strategy, architecture and design authority;
  - b. Project/programme management;
  - c. Requirements definition/prototyping/proof of concept;
  - d. Procurement of systems and components;
  - e. Application software development;
  - f. Infrastructure development;
  - g. Testing and acceptance, including software assurance;
  - h. Systems integration and commissioning;
  - i. Systems implementation, including data migration, cut-over, user training, business process change, benefits realisation, etc.;
  - j. System and user documentation; and
  - k. Post-implementation review.
- 2) Technology Operational Processes:
  - a. Configuration management;
  - b. Incident management;
  - c. Problem management;
  - d. Service desk;
  - e. Service level management;
  - f. Capacity management;
  - g. Availability management;
  - h. IT service continuity management;

- i. Customer relationship management;
  - j. Information and communications technology infrastructure management (including terminal maintenance);
  - k. Application management;
  - l. Security monitoring and management;
  - m. Lottery-specific system operations; and
  - n. Management of compliance with the Licence.
- 3) Technology Change Management Processes:
- a. Change request/authorisation (including impact assessment and provision of adequate information in a suitable form to the Board);
  - b. Acceptance testing and quality assurance, including system function proving tests;
  - c. Documentation changes;
  - d. Software and component version management;
  - e. Communication and transfer of responsibilities;
  - f. The release of new/changed technology components into operation; and
  - g. Contingency planning/fall-back processes.
- 4) Each Bidder must provide details of its capabilities and, where applicable, any relevant experience attributable to any of the members of its Consortium in carrying out the proposed technology-related processes and complying with the proposed standards.

## 8.6 Technology capability

### 8.6.1 Requirement

Each Bidder must ensure that its Consortium has the requisite capability to deliver the proposed Technology Operation.

### 8.6.2 Evaluation criteria

Each Bidder must satisfy the Board that it has sufficient capability to design, build, implement and operate all elements of the proposed Technology Operation. The Board will be assessing each Bidder's capability with respect to that shown by its Consortium, either collectively or through its individual members. The Board will consider experience of other comparable projects, although this will only form one area of the assessment of a Bidder's overall capability.

The Board is particularly interested in a Bidder's capabilities, which may be demonstrated by experience relating to the delivery of comparable technology operations:

- 1) Of a complexity or with similar characteristics as the Lottery; and
- 2) Requiring similar high levels of risk management, sustainability, flexibility, openness, resilience, capacity, integrity and security, as are required of the Lottery.

Capability and experience need not relate specifically to the lottery sector.

### **8.6.3 Evidence required**

Each Bidder must:

- 3) Provide details of its capabilities and, where applicable, any relevant experience attributable to its Consortium Members.

## **8.7 Management of technology-related operational risk**

### **8.7.1 Requirement**

The Technology Operation must be designed, implemented and operated so as to appropriately manage the wide range of technology-related operational risks involved. These encompass the risks associated with any incident that may have an adverse impact upon any of the required outcomes described in this ITA.

The Board recognises that a degree of risk may be acceptable in order to exploit opportunities that have the potential to increase the return for good causes. Such risk must always be carefully managed and minimised where possible.

### **8.7.2 Evaluation criteria**

Each Bidder must satisfy the Board that it has identified and assessed all significant technology-related operational risk, including, but not limited to, risks associated with sustainability, flexibility, transparency, performance, resilience, availability, integrity and security of the Technology Operation; and

Each Bidder must also satisfy the Board that it has in place adequate controls and countermeasures, contingency plans, risk management and skills to identify, monitor, control and reduce the identified risks to an acceptable level on an ongoing basis.

### **8.7.3 Evidence Required**

Each Bidder must provide the Board with a risk management plan relating to its period of operations. This must include, but not limited to identification of all technology-related risks considered by the Bidder to be significant during the operational period of the Licence, and a description of how such risks will be managed.

Each Bidder should identify the internal or external expertise that it has used, and intends to use, to support the production and ongoing management and operation of its risk management plan and risk management framework.

## 8.8 Sustainability

### 8.8.1 Requirement

The Technology Solution must be based on modern technologies, which are sustainable in a cost effective manner over the Licence Period. The Bidder must follow an appropriate technology maintenance strategy that will ensure that all elements of the Technology Solution are fully supported and are maintainable throughout the Licence Period.

### 8.8.2 Evaluation criteria

The Board must be satisfied by each Bidder that its proposed Technology Operation is based on modern technologies, which are sustainable over the Licence Period. Each Bidder must satisfy the Board that throughout the period of the Licence each component of the Technology Solution is based on technologies that are:

- 1) Fit for purpose and are relevant and appropriate to adopt at the time;
- 2) Stable and reliable, with a wide availability of support skills in the market, and which have an appropriate future development path;
- 3) Open, flexible, compatible and facilitate the integration and use of third party components or sales channels; and
- 4) Consistent with technology industry trends and enable the integration and use of new or innovative technologies.

The Board must be satisfied that all application software will be modular in design and well-documented so as to enable easy support and maintenance throughout the period of the Licence. All languages utilised in the gaming application software must be generally in use for software development at the time, well-supported and capable of exploitation with skills readily available within the market.

All third party sales channels, and any interfaces with those systems will be evaluated against the criteria set out above. Examples of third party sales channels might include existing mobile phones, and supermarket point-of-sale-systems. In any event, and where applicable, Bidders must provide the rationale for the use of such systems.

### 8.8.3 Evidence Required

Each Bidder must:

- 1) State how its Technology Operation, including its proposed technology development plan and technology maintenance plan will meet the need and criteria for sustainability throughout the Licence Period.
- 2) Describe how it will use technologies and standards generally available in the IT market, throughout the Licence Period, to achieve sustainability.
- 3) Outline its plans for ensuring alignment/convergence of its Technology Solution with industry trends, emerging standards and best practice throughout the period of the Lottery operation.
- 4) Provide an overview of all application software that will be installed as part of the Technology Solution from day one of the Licence, covering initial development, subsequent major modifications or enhancements and customer references.
- 5) State how it will ensure appropriate support and maintainability throughout the Licence Period. In particular, the Bidder must state how it will ensure that:
  - a. The technology-related skills required to maintain and support the application software can be readily replaced from the wider IT jobs market; and
  - b. The application-related knowledge and the business process-related knowledge required to maintain and support the application software is documented in a form that is both secure and can be assimilated quickly by new employees.
- 6) State how components which rely upon third party organisations for any aspect of its support and maintenance will continue to be supported and maintained appropriately. This must include ensuring that appropriate contracts/licences will be in place and that the terms of those contracts/licences are adhered to.
- 7) Specify which, if any, technology components will be supported and maintained by retailers and other partners. Each Bidder should specify what skills and knowledge are required by retailers' or partners' staff to support and maintain each technology component, and how this will be provided.

- 8) Declare all proprietary technologies employed within its Technology Solution that may constrain its ability to meet this requirement. Each Bidder must describe all technologies and components for which the skills and knowledge required to utilise, support and maintain the associated components are only available from within its Consortium or via any form of restrictive agreement.
- 9) Outline its capabilities and, where applicable, any relevant experience.

## 8.9 Flexibility

### 8.9.1 Requirement

The Technology Operation must be designed, implemented and operated so that it:

- 1) Is responsive to changing requirements, including changes to the legislative, regulatory, political, cultural, technological and market environment; and
- 2) Allows for changes in usage, functionality, accessibility or technology to be implemented within appropriate timescales and at minimal operational risk, so maximising returns to good causes.

Such flexibility must be designed into the Technology Operation from the start of operation.

A lack of flexibility in the Technology Operation must not constrain the achievement of the outcomes described within this ITA.

### 8.9.2 Evaluation criteria

Each Bidder must satisfy the Board that its proposed Technology Operation will be designed, implemented and operated so that it is responsive to changing requirements, including changes to the legislative, regulatory, political, cultural, technological and market environments.

Each Bidder must satisfy the Board that its proposed Technology Operation will be designed, implemented and operated so that it allows for changes in usage, functionality, accessibility or technology to be implemented within appropriate timescales and at minimal operational risk (as might be expected of a modern lottery operation), including:

- 1) The introduction of new sales channels;
- 2) The introduction of new technology into sales channels;
- 3) The introduction of new instant win, Lotto-style or other types of games;
- 4) The introduction of alternative user interfaces for existing games;
- 5) Changes to the rules for games;

- 6) Changes to the rules for calculating commission, prizes, taxation, etc;
- 7) Changes to the rules for allocating sales revenue to specific good causes; and
- 8) The interoperability of the lottery operation with other third party systems as required.

Each Bidder must satisfy the Board that its Technology Solution will be constructed and maintained using modern design principles with a view to ensuring a suitable degree of flexibility.

In particular, it must:

- 1) Allow the implementation of new games, new features or new rules, with minimal changes to software;
- 2) Facilitate the integration and interoperation with new systems or sales channels, with minimal changes to software;
- 3) Enable any required software changes to be made easily and with minimal risk of introducing errors; and
- 4) Be constructed using modern technologies and techniques that will facilitate the integration and exploitation of new technologies as they emerge.

All third party sales channels, and any interfaces with those systems, will be evaluated against the criteria set out above. Examples of third party sales channels might include existing mobile phones, and supermarket point-of-sale-systems. In any event, and where applicable, Bidders must provide the rationale for the use of such systems.

### 8.9.3 Evidence Required

Each Bidder must:

- 1) Describe its overall approach to ensuring flexibility of its proposed Technology Operation, in line with the criteria specified above;
- 2) Provide indicative timescales, using realistic examples, that will apply to each type of change described above;
- 3) Describe which changes it will be able to make to the Technology Operation with little or no need for modification to, and hence retesting of, hardware or software, and how such changes will be achieved.
- 4) Describe how it will utilise best practice/state-of-the-art technologies and design techniques (such as Service-Oriented Architecture) for achieving this requirement.

- 5) State how it will ensure responsiveness of its organisation to requests from the Board, retailers or other parties for changes to their technology operation.
- 6) Outline its capabilities and, where applicable, any relevant experience attributable to any members of its Consortium in meeting similar requirements for flexibility.
- 7) Declare all proprietary technologies employed within its Technology Solution, which may constrain their ability to meet this requirement.

## 8.10 Openness

### 8.10.1 Requirement

The Technology Solution must be developed, operated and maintained in accordance with accepted principles of open systems design and conform to relevant international consensus-based standards.

Lack of openness in the Technology Operation must not place unnecessary constraint upon players, retailers, the Successful Bidder, its suppliers, its partners or a future licensee, which may adversely impact the aims of the Board.

### 8.10.2 Evaluation criteria

Each Bidder must satisfy the Board that its proposed Technology Operation will meet the overall need for openness throughout the Licence Period, including the need to:

- 1) Facilitate interoperability with a range of third party systems without unnecessary constraint, including lottery terminals, EPOS systems, third party sales channels, Board-owned systems, banks, player-owned PCs and other access devices;
- 2) Enable the implementation of interfaces with such systems quickly and easily;
- 3) Enable the replacement of major technology components (e.g. hardware platform, database management system), avoiding lock-in to specific products or proprietary architectures and enabling choice from a competitive market of commercial off-the-shelf products;
- 4) Minimise the complexity (and hence also the cost and risk) of integration of separately-sourced components;

- 5) Ensure that obsolete or superseded technologies can be readily replaced so that the Technology Operation remains maintainable in a cost-effective manner;
- 6) Maximise the likelihood of continued availability of development and maintenance skills and resources, again ensuring the maintainability and sustainability of the solution;
- 7) Minimise technical constraints to the continued use of third party and all physically-distributed systems (e.g. terminals) with a successor licensee's systems;
- 8) Enable the transfer of technology assets owned by the Licensee to a successor licensee such that the successor licensee can make full use of that technology.

Each Bidder must satisfy the Board that all proposed interfaces between Bidder-owned components of the Technology Operation and all third party systems meet the need for openness throughout the Licence Period.

Each Bidder must satisfy the Board that architecture of the Technology Solution embodies open systems principles. It must demonstrate that it is modular in design, uses widely supported and international consensus-based standards for its key interfaces, and be capable of being subjected to validation and verification to ensure the openness of those interfaces.

Each Bidder must satisfy the Board that its Technology Solution will be compliant with major international standards, or equivalent, for openness throughout the Licence Period

Each Bidder must satisfy the Board that its Technology Solution will utilise modern PC-based architectures for all terminals.

Each Bidder must satisfy the Board that its Technology Solution will continue to be compliant with such international standards of openness, as they develop or emerge throughout the Licence Period.

All third party sales channels, and any interfaces with those systems, will be evaluated against the criteria set out above. Examples of third party sales channels might include existing mobile phone, and supermarket point-of-sale-systems. In any event, and where applicable, Bidders must provide the rationale for the use of such systems.

### 8.10.3 Evidence Required

Each Bidder must:

- 1) Demonstrate how the Technology Solution will meet the overall need for openness throughout the Licence Period.
- 2) Describe how principles of openness are embodied in the architecture of the proposed solution, including any interfaces with third party systems. The Bidder must provide a high-level reference model for the proposed solution that identifies the components that comprise the solution, the relationship between those components, and the technologies, conventions and standards that will be used to build the solution. Where specified standards are not to be used initially, the Bidder must demonstrate how the requirements for openness will be achieved, together with the timeframe in which they propose introducing such standards.
- 3) State their commitment (now and in future) to internationally accepted open standards. The Bidder must describe how it will track and ensure compatibility with internationally accepted standards throughout the period of the Lottery operation.
- 4) Declare all proprietary technologies employed within its Technology Solution, which may constrain its ability to meet this requirement.
- 5) Outline its capabilities and, where applicable, any relevant experience attributable to any members of its Consortium in meeting similar requirements for openness.

## 8.11 Resilience and availability

### 8.11.1 Requirement

The Technology Operation must be designed, implemented and operated to ensure high levels of service availability, as is required to meet the expectations of users, service levels agreed with retailers and other partners, deliver the business plan and maximise overall returns to good causes. The Technology Operation must exhibit appropriate levels of reliability, resilience and recoverability, which should mean:

- 1) Failure of systems or components should be rare;
- 2) When failures occurs, key services should continue to function correctly (possibly to a reduced level of function or performance); and
- 3) Failure should be repaired and normal services resumed within a reasonable timeframe.

The Technology Operation must be capable of delivering high levels of reliability, resilience and recoverability and availability throughout the licence period, as might be expected of a modern lottery operation.

#### **8.11.2 Evaluation criteria**

Each Bidder must satisfy the Board that it understands the required levels of reliability, resilience, recoverability and availability, implied by its business plan, sales forecasts, and the capabilities of a modern lottery operation. The Board must also be satisfied that a Bidder's proposed Technology Operation will meet the required levels of resilience, reliability, recoverability and availability, as stated, throughout the Licence Period, taking into account all planned changes to the Technology Operation.

Each Bidder must satisfy the Board that it will protect against and manage all incidents that may adversely affect the availability of the Technology Operation, taking appropriate measures to minimise the impact of any system failure.

Furthermore, the Board must be satisfied that a Bidder has the necessary capabilities to manage the availability of the Technology Operation to the high levels required of the Lottery.

#### **8.11.3 Evidence Required**

Each Bidder must:

- 1) State its understanding of requirements for reliability, resilience, recoverability and availability by service/channel/access point.
- 2) State the minimum levels of reliability, resilience, recoverability and availability which it will meet, using appropriate metrics.
- 3) State how it will ensure that its Technology Operation will meet the requirements for resilience, reliability, recoverability and availability throughout the Licence Period and describe the most significant single points of failure that will exist.
- 4) State how it will ensure protection against incidents which may have an impact upon required levels of availability, reducing the likelihood of incidents as well as reducing the impact of incidents that do occur.
- 5) State how it will detect and manage incidents which result in service failure, ensuring the recovery of systems and data in a time appropriate to the potential impact of the incident.
- 6) Provide an outline business continuity and disaster recovery plan for the Technology Operation.

- 7) Outline its capabilities and, where applicable, any relevant experience attributable to any members of its Consortium in meeting similar requirements for resilience and availability.

## 8.12 Capacity and performance

### 8.12.1 Requirement

The Technology Operation must have sufficient capacity to ensure adequate system performance and throughput at all times, as required to meet the expectations of users, meet service levels agreed with retailers and other partners and deliver the business plan.

The Lottery Operation must be able to cope with volumes of transactions and user activity well in excess of those anticipated by the business plan. The Technology Operation must therefore be sufficiently scalable to allow it to cope with situations where volume of transactions and/or user activity is much greater than anticipated.

The Technology Operation must be capable of delivering high levels of performance and scalability, throughout the Licence Period, as might be expected of a modern lottery operation.

### 8.12.2 Evaluation criteria

Bidders must satisfy the Board that they understand the required levels of capacity, scalability and performance, given its business plan, sales forecasts, user expectations and the capabilities of a modern lottery operation. Bidders must also satisfy the Board that their proposed Technology Operation will meet the required levels of capacity, scalability and performance throughout the Licence Period. The Board must be satisfied that a Bidder has the ability to protect against, and manage all incidents, that may adversely affect the performance of the Technology Operation, taking appropriate measures to minimise any the impact of systems failure. A Bidder must demonstrate to the Board that it has the necessary capabilities to manage the capacity and performance of the Technology Operation to the high levels required of the Lottery.

### 8.12.3 Evidence Required

Each Bidder must:

- 1) State its understanding of requirements for capacity, scalability and performance by service/channel/access point.
- 2) State the service levels it will commit to in relation to capacity, scalability and performance, using appropriate metrics.

- 3) State how its Technology Operation will meet the requirement for capacity, scalability and performance through the presentation of a capacity plan and performance model.
- 4) The Bidder must state any assumptions it has used and must describe how it will utilise best practice methods and technologies for achieving this requirement.
- 5) Outline its capabilities and, where applicable, any relevant experience attributable to any members of its Consortium in meeting similar requirements for capacity and performance.

### 8.13 Integrity

#### 8.13.1 Requirement

The Technology Operation must be designed, implemented and operated so as to ensure the overall integrity of the Lottery operation. There must be no occasion when a lottery game is played using software or other technology that is known by the operator to be materially defective or unable to ensure the integrity of the Lottery operation.

#### 8.13.2 Evaluation criteria

The Board must be satisfied that the proposed Technology Operation will be designed, implemented and operated so as to materially maintain the overall integrity of the Lottery operation, including but not limited to:

- 1) Accurate recording of all wagers placed;
- 2) Accurate production of lottery tickets (paper or electronic);
- 3) Prevention of new wagers after a draw has closed;
- 4) Prevention of fraud;
- 5) Accurate calculation of prizes;
- 6) Accurate identification of winning wagers;
- 7) Accurate matching of winning wagers to tickets/players;
- 8) Accurate payment of prizes;
- 9) Prevention of double payment or non-payment of prizes;
- 10) Accurate management of player, retailer and other financial accounts;
- 11) Accurate transfer of funds;

- 12) Protection of player information;
- 13) Ensuring all games are played by the declared rules;
- 14) Confidentiality of player information.

The Board must be satisfied that the proposed Technology Operation will include measures to enforce the integrity of the software, system processes and data. Each Bidder must satisfy the Board that its processes for software assurance will adequately address all integrity-related risks associated with the sourcing of new software. The Board must be satisfied that a Bidder has the necessary capabilities to manage the integrity of the Technology Operation to the high levels required of the Lottery.

### 8.13.3 Evidence Required

Each Bidder must:

- 1) State how it will ensure the integrity of the Technology Operation at all times;
- 2) Each Bidder must describe how its processes for software assurance address risks associated with software.
- 3) State how it will detect, report and manage integrity failure incidents.
- 4) Outline its capabilities and, where applicable, any relevant experience attributable to any members of its Consortium in meeting similar requirements for integrity.

## 8.14 Security

### 8.14.1 Requirement

The Lottery must be secure beyond doubt for all practical purposes, in order to ensure ongoing confidence in the operation. The security measures implemented in the Technology Operation must be based on a risk mitigation plan which is itself based on a risk analysis.

### 8.14.2 Evaluation criteria

Each Bidder must satisfy the Board that:

- 1) The confidentiality of information will be maintained, in terms of protecting it from unauthorized disclosure;
- 2) The integrity of information will be preserved, in terms of ensuring its accuracy and completeness, by preventing unauthorised or invalid amendment; and

- 3) The availability of information will be maintained, by ensuring that information and information systems are available when required.

Each Bidder must satisfy the Board that appropriate measures will be taken to protect system components and information from damage or loss. Also, that it has the necessary capabilities to manage the security of the Technology Operation to the high levels required of the Lottery.

Each Bidder must satisfy the Board that its approach to security is based on best practice as embodied in current international standards (specifically ISO27000), or equivalent, and that it is sufficiently flexible to accommodate anticipated developments in standards.

Each Bidder must satisfy the Board that it will demonstrate compliance against an agreed security risk management plan, security management statement and associated processes and procedures.

Each Bidder must demonstrate that its approach to security includes an element of continual improvement, through a process of monitoring, feedback and corrective action.

#### **8.14.3 Evidence Required**

Each Bidder must:

- 1) Provide a security risk management plan which provides a more detailed analysis for all the security related risks consistent with ISO27000;
- 2) State how it will use internal authorisation and controls, in conjunction with independent third party services (e.g. penetration testing) in order to demonstrate compliance against the security management statement and supporting processes and procedures.
- 3) Outline its capabilities and, where applicable, any relevant experience attributable to any members of its Consortium in meeting similar requirements for security.

**OPERATIONAL RISK MANAGEMENT**

## 9.0 OPERATIONAL RISK MANAGEMENT

### 9.1 Requirement

Each Bidder must ensure that it has, or will have, the requisite processes and organisational capacity in place to manage all significant operating risks. Each Bidder must have a comprehensive risk assessment and risk management plan that fully satisfies the Board of its ability to:

- Identify and assess significant operating risks;
- Put in place sufficient measures to address those risks; and
- Monitor such risks in a way that effectively supports the delivery of the Bidder's objectives.

The Board expects any relevant risks to be specific to each Bidder's individual proposals and operational, organisation and financial structure. Each Bidder's response must address all relevant material risks, which should include, but not limited to:

- i. Risks affecting the propriety of ongoing operation – this may include risks relating to management of suppliers, relating to staff, or relating to governance arrangements;
- ii. Risks to the Licencee's ability to protect participants – children, vulnerable players and to protect players' funds.
- iii. Risks that threaten the performance of the Licencee or the delivery of Lottery services that may affect overall sales; and
- iv. Risks affecting the image and brand of the Lottery.

### 9.2 Evaluation criteria

The Board will be evaluating the approach that each Bidder intends to take in respect of risk management. It must be satisfied that the internal risk management structures that the Bidder intends to put in place are appropriate and sufficient to ensure the continued delivery of that Bidder's key business objectives.

The Board must be satisfied that the Bidder has taken appropriate steps to identify all significant risks. It must also be satisfied that their likelihood of occurrence and impact has been accurately identified, and that the proposed measures to address those risks are adequate. The Board will also be evaluating any contingency plans that the Bidder intends to put in place.

### 9.3 Evidence required

Bidders must provide a risk management plan relating to its period of operations. This must include, but not limited to:

- 1) Identification of all risks considered by the Bidder to be significant during the operational period of the Licence, and a description of how such risks will be managed.
- 2) Details of any contingency planning the Bidder intends to put in place.
- 3) Details of the risk management structures, processes and responsibilities to be put in place during operations.



# CHAPTER

# 10

## TRANSITION

## 10.0 TRANSITION

### 10.1 Requirement

The Bidder must demonstrate to the Board that it understands and will accept the possibility of being replaced by a new operator at the expiry of the Licence Period. Each Bidder must satisfy the Board on its preparedness for a smooth transition on expiry of term in the event another operator takes over.

### 10.2 Evaluation criteria

The Board will evaluate each Bidder's commitment to facilitating a smooth transition at the end of the Licence Period, should it be necessary. Each Bidder must satisfy the Board that it shall, unequivocally, collaborate with the Board to ensure smooth hand-over to a taking over operator in the event it fails to retain the Licence at the end of the Licence Period.

### 10.3 Evidence Required

Each Bidder must submit evidence to satisfy the Board that it is willing and able to deliver Transition smoothly and successfully at the end of the Licence Period. Each Bidder must project a comprehensive Transition Plan that is fully supported with proper commitment for implementation. Each Bidder must fully satisfy the Board that it is willing and able to identify, monitor and manage any associated significant transition risks and take appropriate action to mitigate those risks so as to ensure smooth transfer of operations at the end of the Licence Period.

**CHAPTER**

**11**

## **BUSINESS PLAN**

## 11.0 BUSINESS PLAN

### 11.1 Introduction

Each Bidder is required to submit a detailed business plan in support of its Bid. The business plan should fully reflect the Bidder's proposed approach to running the Lottery; including financing arrangements, proposed technology and operations, gaming tax, contributions to good causes, game plan and marketing plan, player protection plan, etc.

### 11.2 Business plan evaluation

The business plan will contribute to a number of key parts of the evaluation:

- 1) It assists in demonstrating that each Bidder's proposals based on a clear and realistic view of the inputs that are required to run a successful Lottery;
- 2) It is intended to satisfy the Board on the indication of gaming tax, levy and royalty and contributions for good causes.
- 3) It plays an important role in allowing a Bidder to demonstrate financial soundness over a wide range of possible scenarios and as such will contribute to the Board's assessment of a Bidder's compliance with that Required Standard; and
- 4) Through sensitivity testing, the business plan will also demonstrate a Bidder's flexibility to adapt its approach to a range of possible developments over the whole of the Licence Period, and the implications for its financial soundness and level of contributions under those scenarios.

### 11.3 Underlying assumptions

Each Bidder must clearly indicate the underlying assumptions for the Business Plan. All financial projections should be shown in nominal terms. Each Bidder must demonstrate to the Board that the underlying assumptions are based on a proper study that reflects realism as far as possible.

### 11.4 Form of business plan

Each Bidder is required to submit each version of its business plan in the form of an integrated, Excel based financial model, together with hard copies of the entire financial model. Supporting notes can be supplied in Word or Excel. The model should include separate worksheets showing annual income statement, cashflow statements and balance sheets for the duration of the Licence Period, which is five years.

However, if a Bidder wishes to include additional categories of financial items to reflect more accurately its business plan it should do so. Each Bidder should note that the Board's evaluation team is likely to use the data from the output sheets of each financial model for the purpose of its own comparative analysis of business plans. This may include further sensitivity tests, as the Board may consider necessary. It is therefore important that each Bidder submits complete information as far as possible.

## 11.5 Evidence required

The projections submitted should be based on reasonably and properly held assumptions. Such projections should be consistent with the financial information presented elsewhere in its response, and are consistent with the proposals set out in response to this ITA.

### 11.5.1 Financial forecast

Each Bidder should provide a business plan that best represents its view of the financial projections that result as a consequence of the proposals set out in its Bid.

Each Bidder's business plan must provide:

- i. Financial forecast.
- ii. A commentary on its revenue projections, which should link to the justifications and forecasts provided as part of the Bidder's response to the Marketing Requirements.
- iii. Each Bidder must provide an explanation of the basis on which it has projected its own costs, including both capital and operating expenditure.
- iv. Details of its financing strategy throughout the projected period.

### 11.5.2 Sensitivity tests

The purpose of the sensitivity tests is to assist the Board understand how a Bidder might adapt its approach to a range of possible developments and its financial implication over the Licence Period.

Each Bidder must therefore provide:

- 1) Outputs of the business plan for each of the following sensitivities:
  - i. All games produce 110 per cent of the revenue projected;
  - ii. All games produce only 90 per cent of the revenue projected;
  - iii. All games produce 125 per cent of the revenue projected;
  - iv. All games produce only 75 per cent of the revenue projected;
  - v. The main draw games produce only 75 per cent of the revenue projected; or
  - vi. All other games produce only 75 per cent of the revenue projected.

- 2) A summary of the expected impact on different types of cost and other aspects of the business plan of the changes specified in each sensitivity test.
- 3) A summary of the extent to which the Bidder would be likely to adjust its game plan, marketing plan, technology, investment plan or other aspects of its business plan in the light of the changes specified in each sensitivity test.

Each Bidder is required to provide one or more Excel versions of its financial model in which the Board can adjust the parameters within the above sensitivities. The Board reserves the right to request any or all Bidders to provide further sensitivities during the evaluation period.

**CHAPTER**

**12**

## **REVENUE MAXIMIZATION**

## 12.0 REVENUE MAXIMIZATION

### 12.1 Introduction

Revenue maximization refers to a Bidder's ability to generate as much turnover as is practicable and thereby maximizing gaming tax and contribution for good causes. Provided the Board is satisfied that each of the Required Standards has been met, the Licence will be awarded to the Bidder that the Board considers best able to demonstrate revenue maximization.

### 12.2 Evaluation criteria

Each Bidder should note that the gaming legislation requires a national Lottery licensee to pay to the Government gaming tax, royalty and gaming levy all of which amounts to 15 per cent of gross sales as follows:

- i. Gaming tax 10 per cent of gross sales;
- ii. Royalty of 3 per cent of gross sales; and
- iii. Gaming levy of 2 per cent of gross sales.

Half of the amount paid as gaming tax is remitted to the National Sports Council for promotion of sport activities.

Subject to the bidder meeting the required standards, the Board will award the Bidder who is most able to realistically demonstrate its ability to maximize overall sales while properly managing its costs. Maximization of overall sales while properly managing expenditure is most likely to enhance the ability of the Bidder to maximize Government taxes, and contributions to other good causes.

Bidders should also note that although the current gaming legislation does not require, as a statutory requirement, a Licensee to contribute to good causes the Board recognizes the importance of Licensees contributing to various good causes. The Board will therefore consider a Bidder, who upon satisfying required standards, demonstrates to the satisfaction of the Board on its ability and willingness to contribute to good causes.

Each Bidder should therefore satisfy the Board that it has the ability to maximize turnover as a prerequisite for maximizing Government revenue and contribution to good causes. Each Bidder must also satisfy the Board on its willingness and commitment to contribute to good causes.

**CHAPTER**

**13**

## **MARKETING – GUIDANCE**

## 13.0 MARKETING – GUIDANCE

### 13.1 Introduction

This chapter provides an introduction and high-level explanation of the requirements, evaluation criteria and evidence required as part of a Bidder's marketing plans. Bidders are not required to respond to this chapter, but they should take into account the material set out here when responding to the marketing plans as a whole.

### 13.2 Overall evaluation criteria

The marketing requirements are designed to test whether each Bidder's proposals provide credibility for its Forecast. The Board will be assessing whether there is a direct link between individual elements of the strategy and the sales forecast in order to understand the relationships and drivers that underpin the forecast returns to good causes.

The Board is seeking to test four key marketing drivers for sales and each Bidder should therefore demonstrate credible proposals for those key drivers:

- 1) Games with strong, sustainable player appeal in an evolving technological and competitive environment.
- 2) Easy, convenient access for players, according to the channel preferences of the different target player segments, including taking advantage of new technology channels;
- 3) Marketing communications that are compelling and likely to motivate consumers, and, in particular, a central brand communications idea that demonstrates appeal and versatility across games, channels and player segments; and
- 4) A strong, credible vision and strategic thrust that responds to the evolving technological, player and competitive environment and that links the plans together. The elements of the plans should fit together and support each other, both vertically, (i.e. from strategic thrust to plans to individual proposals), and horizontally, (i.e. within each plan and across plans).

### 13.3 Quality of plans

The ITA sets out the evidence required in a way that will assist each Bidder to respond effectively. The quality of the thinking and presentation of the plans will be an important element in the evaluation.

Plans must be:

- 1) Credible, i.e. supported, where appropriate, by data and research;
- 2) Rigorous, i.e. structured, comprehensive, logical and well thought through;
- 3) Robust, i.e. able to withstand sustained challenge and scrutiny from a number of angles;

- 4) Insightful, i.e. display understanding, creativity and synthesis of disparate sources; and
- 5) Clear, i.e. easy to understand with the links between plans and proposals clearly flagged.

#### **13.4 Market evolution, vision and strategic thrust**

The Board recognises that the Lottery market: technology, consumer/player behaviour and competition, may well change significantly over the five years of the Licence. Technology, in particular, has the potential to change Lottery games, channels, communications and economics. Each Bidder should give his point of view on this evolution and the implications for the Lottery. The Bidder should also indicate his vision of the place of the Lottery in this future environment, and his strategic thrust and plans for achieving the vision. By strategic thrust, the Board is referring to the central, directional idea that will deliver this vision, and integrates all the individual plans and proposals.

Each Bidder is encouraged to provide any supporting work it has done into the evolution of technology, consumer/player behaviour and competition, such as expert opinion, future scenarios, and analysis of the economics of emerging channels in an appendix to its response. This is not a requirement but would be helpful to the Board in understanding the basis for each Bidder's thinking.

#### **13.5 Uncertainty of forecasts**

The Board recognises that it is increasingly difficult to predict technology, consumer/player behaviour and competition in the later years of the Licence Period. However, each Bidder must give broader estimates of such things as channel mix, media plans, and sales by game/channel. Each Bidder is required to submit his forecasts, which indicate the key drivers of, and the range of uncertainty it perceives around, this forecast.

#### **13.6 Supporting evidence**

The Board will be assessing supporting evidence for each Bidder's key assumptions and plan estimates, wherever practicable. For major initiatives, i.e. planned games and communications, each Bidder must provide evidence of research (quantitative and/or qualitative) on player appeal/intention to purchase. The research should directly support the specific recommended proposition.

The Board recognises the significant work involved in preparing professional marketing plans for the Lottery. It has therefore asked for substantial detail only where it deems it necessary.

#### **13.7 Player protection**

The requirements relating to player protection are tested separately, as a Required Standard. Full details of the requirements are given in Chapter 5. Each Bidder should give its full proposals on player protection in that chapter. The Board insists that each Bidder is required to provide details of how his proposals meet player protection requirements in relation to individual game proposals and channels since player protection is an integral part of the game design and channel management.



# CHAPTER

# 14

## GAME PLAN

## 14.0 GAME PLAN

### 14.1 Introduction

This section sets out the requirements, evaluation criteria and evidence required in support of Bidders' game plans. In their response, Bidders must set out their strategy, proposed game portfolio, details of individual games or class of game, and the forecast sales from each game. Each Bidder must deal with all major draw-based games separately. However, scratch card games and Interactive Instant Win-type games can each be considered as single game classes.

### 14.2 Game strategy and portfolio

#### 14.2.1 Requirement

Each Bidder must explain its overall game strategy, including the rationale for how it intends to maximise turnover. Particular interest is on each Bidder's planned evolution of its game portfolio over the Licence Period so that it remains competitive, makes best use of changes in player behaviour, and best exploits the development of channels based on new technology.

#### 14.2.2 Evaluation criteria

The Board will evaluate each Bidder's response based on:

- 1) The potential of the game strategy and portfolio: Whether the strategy is credible, likely to deliver the forecast sales, and is realistic about assumptions on incremental sales;
- 2) Consumer coverage and clarity: Whether the recommended game portfolio is optimally sized to exploit the available market opportunities, and whether consumers will understand the role of each game within the portfolio;
- 3) Innovation and technology fit: Whether the game strategy and portfolio appropriately exploits relevant new technology platforms;
- 4) Competitive edge: How the game portfolio is robust enough to withstand increasing competitive pressure from other forms of gaming;
- 5) Commercial efficiency: Whether the recommended breadth of the game portfolio maximizes returns to good causes while optimising coverage of player segments; and
- 6) Risk: whether there is a supportable balance between maximising returns from existing games and generating incremental returns from new games, and whether there is sufficient evidence to support the implementation assumptions for the proposed new game ideas.

### 14.2.3 Evidence required

#### 14.2.3.1 Overall strategy

Each Bidder must describe its game strategy, including the guiding principles that have shaped the plans, the headline game proposals, and the rationale behind the strategy including the linkage to their analysis of the current and future market and consumer and technological opportunities.

#### 14.2.3.2 Proposed portfolio

Each Bidder must describe its game portfolio, showing how it will evolve over the Licence Period. The proposed portfolio must be supported by a clear rationale which highlights the commercial and strategic logic behind the breadth of the portfolio, the rationale for the balance between managing the existing core games and introducing new games, the distinctive consumer benefit of each game, and how the portfolio will cover the different player segments.

#### 14.2.3.3 Source of volume

Each Bidder must provide a source of volume analysis for the proposed game portfolio, clearly showing the sales generated by each game each year. It must clearly identify the level of incremental sales for each game over time.

#### 14.2.3.4 Use of technology

Each Bidder must demonstrate how its game strategy, portfolio and technology solution makes effective use of technology evolution, explaining why it has chosen a particular technology or channel for specific parts of its portfolio, how it sees the benefits and barriers of different technologies for different games.

#### 14.2.3.5 Game development and use of third parties

Each Bidder must describe how, if at all, it plans to use third parties, including Consortium Members, for development of new games. The description must include those parts of the portfolio for which it would use third parties and why.

### 14.3 Individual games

Each Bidder is required to provide a detailed summary of each game or class of game. This must incorporate all key information about: how to play the game; the consumer appeal of the game with supporting evidence; prize payout ratios; prize structures (including where relevant expected level of roll-overs); and the volume expectations for the game.

**14.3.1 Evaluation criteria**

The Board will evaluate each Bidder's response based on:

- a) Evidence of sustainable player appeal including whether the game:
  - i. Has sufficient inherent appeal to justify the corresponding sales forecasts, backed up by robust, credible market research;
  - ii. Is meeting a real and distinctive consumer need and targeted at the appropriate consumer segment(s); and
  - iii. Is sustainable over its proposed life;
- b) Commercial efficiency in terms of whether a game justifies its role in the portfolio, contributing appropriately to sales and returns to good causes rather than simply substituting sales from other games and further complicating the portfolio;
- c) Practicality, including whether:
  - iv. The game is feasible to implement;
  - v. It is credible that the game can be successfully operated in the way proposed;
  - vi. The assumptions for the game are sufficiently well supported by evidence, whether data led and/or qualitative assessments; and
  - vii. The game makes effective use of the technology capabilities available, and whether the game is delivered and implemented effectively within the technology solution;
- d) Brand fit – whether the proposed games are consistent with the Bidder's recommended brand positioning; and
- e) Regulatory environment – whether the games are acceptable within the regulatory environment.

**14.3.2 Evidence required****14.3.2.1 Games requirement**

Each Bidder is required, for each type of game, to outline the play mechanic, proposition, delivery mechanism, prize payout ratios, prize structure, (including expected rate of rollovers), price, game name, consumer rationale and benefit, and target player segment. Each Bidder should provide a summary of its

strategy and its key drivers for each relevant game. Each bidder must provide adequate research as supporting evidence for the consumer rationale and sales estimates for each type of game wherever relevant and particularly on games which account for a substantial proportion of total sales.

Furthermore, each Bidder must describe, for each game, the proposed game platform or delivery mechanism, forecasts of volume and prize payout, by year, must be included, showing both absolute and incremental sales volume, linked to the overall source of volume analysis. Each Bidder must provide adequate research as supporting evidence for the consumer rationale and sales estimates for each type of game, where relevant and particularly on games which accounts for a substantial proportion of total sales.

#### **14.3.2.2 Games based on new technology**

For games which involve the adoption of new technologies, each Bidder must outline the assumptions it has made on the availability, and the target consumer adoption, of such technologies, its rationale (together with supporting evidence where possible) for these assumptions, its reasoning for why the technology meets the relevant consumer need and why it improves the player experience, and a summary of any substantive implications of such games to other parts of the commercial operation (e.g. retailer and sales force network and overall margin).

#### **14.3.2.3 Game delivery and technology**

Each Bidder must explain how the technology solution, described in Chapter 8, is used to deliver each game. Where appropriate, the explanation need only refer to elements of Chapter 8 rather than repeat them. The explanation need only be in sufficient detail to satisfy the Board that the Bidder is clear on the technical aspects of delivering the game, has identified any particular issues, and has a link between the Technology Operation and the game plan.

#### **14.3.2.4 Supporting evidence**

Each Bidder must provide evidence supporting the potential of its proposed games. Such evidence will be helpful to the Board in assessing the credibility of the individual game plans. The evidence should be in the form of adequate research. The research must provide solutions on quantitative measures of player appeal and intention to purchase supported by qualitative diagnostic evidence where relevant.

#### 14.3.2.5 Regulation and player protection

For significant proposed new games, each Bidder must provide supporting justification for the game's ability to meet the regulatory guidelines. This includes supporting justification that the game meets the appropriate definition of what constitutes a lottery, that the game does not encourage excessive play, and that the game does not encourage underage **play**.

The Board recognises that a Bidder may wish to propose games that use new technology and channels in ways that have not yet had to be evaluated within the current regulatory framework. In such circumstances, the Board encourages Bidders to enter into dialogue with it on the regulatory implications of any new games proposed, prior to submitting Bids.

**CHAPTER**

**15**

## **PLAYER ACCESS PLAN**

## 15.0 PLAYER ACCESS PLAN

### 15.1 Introduction

In the player access plan, each Bidder is required to set out its plans for providing players with access to play the Lottery games. Player access can be through established retail channels e.g. multiple grocery, petrol stations, independent kiosks and new channels, e.g. Internet, mobile phones and all related hybrids. The Board expects that these new channels/delivery mechanisms will be available in increasingly sophisticated and consumer acceptable forms during the Licence Period.

### 15.2 Channel environment

#### 15.2.1 Requirement

Each Bidder must provide an analysis of how it sees the likely trends in access channels over the Licence Period, and how this will impact on the Lottery in terms of opportunities and threats. The analysis must cover the key trends in both established retail channels and in new channels.

#### 15.2.2 Evaluation criteria

The Board will evaluate each Bidder's response based on:  
Understanding and analysis: whether the Bidder has understood the critical technological, economic, cultural and consumer trends, whether the analysis is supported by credible evidence, and, in particular, whether the impact of new channels and their potential adoption has been factored appropriately into the thinking; and

Insight and imagination: Whether the Bidder has been insightful in its assessment of the access environment and its view of the implications for the Lottery.

#### 15.2.3 Evidence required

##### i. Established retail channels

Each Bidder must provide a brief assessment of likely trends in established retail channels (e.g. multiple grocery, petrol stations and independent kiosks) from now until the end of the Licence Period, and the implications for the Lottery.

##### ii. New channels

Each Bidder must provide an assessment of potential new channels and delivery mechanisms likely to be available and the opportunities for the Lottery. New channels include the Internet, mobile phones, and interactive television and all related hybrids.

While the Board recognises that a precise analysis is not possible, new channels may have profound implications for the Lottery in terms of channel mix, player experience and economics within the Licence Period and each Bidder is required to make a well-informed assessment of their likely evolution.

### 15.3 Management of established retailers

#### 15.3.1 Requirement

Each Bidder must provide a plan for managing established retail channels. The plan must clearly show the proposed support in terms of type, level of resources, organisation/management etc. Each Bidder must also show how the plan provides a level of support that is both cost-effective and motivates the retailers to maximise Lottery sales.

#### 15.3.2 Evaluation criteria

The Board will evaluate each Bidder's response based on:

- i. Adequacy of support :whether the plan provides support for established channels that is comprehensive in terms of coverage, adequate in terms of level of resources, and coherent in terms of how the elements fit together;
- ii. Realism of the proposed financial arrangements: Whether the financial arrangements match the characteristics of different retailer groups and how the Bidder plans to balance cost minimisation on the one hand, and adequate motivation to maximise sales on the other;
- iii. Operational effectiveness and efficiency: how cost-effective the different aspects of support are, e.g. recruitment, control, sales force organisation and tasks etc; and
- iv. Channel transition – whether there are robust plans for managing any change in mix of channels, in particular the reduction in volume through channels that the Bidder envisages becoming less significant.

#### 15.3.3 Evidence required

Each Bidder must provide the following evidence to describe its proposed retailer management arrangements:

- 1) Retailer financial arrangements: Each Bidder must outline its proposals for retailer Boards, distinguishing between different types of payments, e.g. Board, bonuses and other incentives, loans, charges for equipment etc. The Bidder must also describe the proposed financial and contractual arrangements in cases where it will be using retailers' own terminals.
- 2) Retailer management: Each Bidder must describe its plans for managing retailers, distinguishing between different types of retailers, if appropriate. The management arrangements must cover:
  - Proposals for terms of contract;
  - Selection, including security checks, and de-selection including criteria that would trigger deselection, (e.g. sales to underage players);

- Initial and continuing training;
  - Retailer hotline and any other support arrangements;
  - Monitoring of performance, and action for poor performance;
  - Logistics, including supply of tickets and other materials, repair of terminals etc; and
- 3) Sales force support: Each Bidder must describe its plans for the sales force to support the retailers. The description must include:
- The approximate number of sales people, the number of retail outlets covered per sales person and the rationale for this number;
  - The tasks to be performed by the sales force, and frequency of visit by type/size of retailer;
  - Structure and management of the sales force;
  - Indicative remuneration levels; and
  - Training and monitoring of performance.
- 4) Cost structures: Each Bidder must give a breakdown of its planned costs for managing the established retailers, in total and by type of retailer. The breakdown must include retailer Boards and other payments, sales force support, logistics, retailer selection and training, and management overheads, and show the assumptions behind the figures.
- 5) Supporting evidence: A Bidder is not required to put in place contractual arrangements with retailers but evidence supporting its ability to conclude arrangements should be provided, especially in respect of the major multiples.

## 15.4 Management of new channels

### 15.4.1 Requirement

Each Bidder must provide an outline plan for each new channel and delivery mechanisms that it intends to use over the Licence Period, and how it will manage the channels. The Board recognises that a detailed plan is not possible, but it expects each Bidder to have thought through the key issues, and have a realistic view of how it will manage the issues. This includes provision of games, channel support, third party control, and branding of channels.

#### 15.4.2 Evaluation criteria

The Board will evaluate each Bidder's response based on:

- i. Adequacy of support: Whether the plan provides adequate support for new channels in terms of systems, support for third party network providers, player instructions and help etc. that fits with the channel requirements, proposed games and likely player behaviour;
- ii. Transition and evolution: Whether the Bidder has planned the appropriate resources for introducing the channel to players, whether the proposed support provides sufficient flexibility for evolving the channel to enable new games/formats and whether the technology solution is effective; and
- iii. Consumer protection: Whether the plans for avoidance of children and excessive play, e.g. through registration/authentication and play controls are adequate to ensure consumer protection, and whether the level of player security is likely to reassure players and support the reputation of the Lottery.

#### 15.4.3 Evidence required

Each Bidder must provide, plans for managing each channel that it is proposing to use. The plans must be as detailed as necessary to demonstrate understanding of the key aspects of channel management, and to demonstrate that the plans are credible in supporting the Bidder's ability to generate its forecast level of sales from that channel.



**A**

**APPLICATION FOR A LICENCE TO MANAGE  
THE NATIONAL LOTTERY**



**THE UNITED REPUBLIC OF TANZANIA**

**THE GAMING BOARD OF TANZANIA  
APPLICATION FOR A LICENCE TO MANAGE  
THE NATIONAL LOTTERY**

*(Made under Sections 15(1), (2) and 41 (1) of the Act)*

1. In accordance with the Gaming Act, 2003 and its regulations made thereunder:-

I .....  
*(Insert full name of a person making the application)*

of .....  
*(address)*

duly authorized in that behalf by a body corporate specified in paragraph 2, hereby apply for a licence to manage and run the National Lottery.

2. Name of a corporate body under which the management of the National Lottery will be conducted:-

.....

Date and place of registration: .....

.....

3. Full particulars of all partners, directors and secretary of body corporate:-

(i) .....  
*(Name and address)*

.....  
*(description, i.e director, secretary, etc)*

(ii) .....

(iii) .....

(iv) .....

4. Have you or any of the persons named in paragraph 3 ever been:-  
 (a) convicted of any criminal offence involving fraud or dishonesty;  
 (b) declared bankrupt, or entered into any agreement with creditors?

If so give particulars:-

.....  
 .....  
 .....

5. State number and type of lotteries and their frequencies you wish to promote during the life of the licence applied for:-

.....  
 .....  
 .....

6. Will the lotteries be run by the company mentioned in No. 2 or through a contract with other company? If through other company, give full details of the company including company profile and contacts:-

.....  
 .....  
 .....

7. As a condition of this application, kindly provide a feasibility study on the investment of national lottery including improvisation of technical know-how, management, machinery, marketing and sales, manpower, profit, research and development.

8. What do you expect will be the amount of the gross turnover for the first twelve months of the gaming business in respect of which this application is made?

.....  
 .....

9. State the name and address of the accountant you wish to appoint for the purpose of auditing your statement of account:-

.....  
 .....

*Date:* ....., 20.....

*Signature*

.....

*Description*

.....

A

**FOR OFFICIAL USE ONLY**

Date of which the application was received

.....

Date set for hearing by the Board

.....

Attachments received

.....

Name and signature of the receiving officer of the Board

.....

**B**

**INFORMATION AND  
CLARIFICATION REQUEST FORM**

**INFORMATION AND CLARIFICATION REQUEST FORM**

For further clarification or further information requests must only be made in writing to:

Director General,  
Gaming Board of Tanzania,  
Harbour View Towers, 3<sup>rd</sup> Floor,  
P. O. Box 1717,  
Dar es Salaam  
Email: .....

Should a Bidder wish to submit a request for information or clarification, it should use this form. This form is also available on the Board's website in Word format. Any clarification or information arising from such requests will be published under the competition section of the Board's website, taking into account issues of confidentiality and commercial sensitivity as set out in this ITA.

All requests will be acknowledged by the Board as soon as practicable. The deadline for request of clarification from the Board is 16 Hours on 15 September 2009.

**Contact details:**

Individual's name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

Representing: [Insert name of bidder, company or other party]

\_\_\_\_\_

\_\_\_\_\_

Does the party submitting this request believe that the matter being raised is of a confidential or commercially sensitive nature? Yes / No (delete as appropriate)

**Request for further information or clarification:**

[Insert description below]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**C**

**THE GAMING BOARD OF  
TANZANIA**

**VETTING FORM**

**THE GAMING BOARD OF TANZANIA**  
**VETTING FORM**

1. Surname: .....
2. First Names: .....
3. Nationality:
  - a) By birth .....
  - b) Registration.....
4. Title: .....
5. Maiden name:.....
6. Aliases, nicknames, other name changes, legal or otherwise, you have used or by which you have been known: .....
7. Present residential address.....  
.....
8. Present businesses address.....  
.....  
.....
9. Occupation: .....
10. Telephone
  - a) Business.....
  - b) Home.....
  - c) Fax.....
11. Date of birth.....
12. Place of birth (City, state and country).....
- 13 Sex.....

## 14. Physical description

- a) Height.....
- b) Weight.....
- c) Complexion.....
- d) Colour of eyes.....
- e) Colour of hair.....
- f) Scars, tattoos or other distinguishing marks.....

15. Country/countries of which you are a citizen.....

16. Marital status.....

## 17. Details of spouse/de facto partner

- a) Date of marriage.....
- b) Place where married.....
- c) Full name of spouse/partner.....
- d) Spouse's maiden name (where applicable).....
- e) Date of birth of spouse/partner .....
- f) Place of birth of spouse/partner .....
- g) Spouse's/partner's occupation .....
- h) Name and address of spouse's/partner's employer.....  
.....  
.....

## 18. Name and address of previous spouse(s):

- a) Current full name.....
- b) Maiden surname (where applicable).....
- c) Current address.....  
.....

(If space is insufficient, supply information on attachment page)

## 19. Full name of father.....

- a) Date of birth .....
- b) Occupation.....

## 20. Full name of mother.....

- a) Date of birth .....
- b) Occupation.....

## 21. Educational details:

- c) Highest level of education attained .....
- d) Name of last educational institution attended .....
- e) Year education in (a) above completed .....
- f) Professional qualifications .....

## 22. Passport information: Passport 1 Passport 2

- a) Passport number.....
- b) Country.....
- c) Place of issue .....
- d) Date of issue .....
- e) Date of expiry .....

## 23. Arrests, detention and convictions (except for MINOR traffic offences):

- a) Have you ever been convicted of an offence:.....
- b) Arrested, detained, charged or summonsed before a court to answer for any offence or violation for any reason whatsoever, regardless of the disposition of the event? .....

If “yes”, to either question, provide details below. List all cases without exception.

Nature of offence	State and country	City/Town	Date of offence	Result of court case or hearing
-------------------	-------------------	-----------	-----------------	---------------------------------

## 24. Residences: List all addresses at which you have been permanently resident over the last 20 years, beginning with your current address and working backwards.

Month and Year (From – To)	Street and Number	Suburb	City	State and Country
----------------------------	-------------------	--------	------	-------------------

## 25. Employment history:

- a) Beginning with your current employment, list your employment history, including all businesses with which you have been involved during the last 20 years.

Month and year (From – To)	Name and postal address of employer/business	Reason for leaving
Job Title	Description of duties	Contact person & Tel No.



<b>Month and year (From – To)</b>	<b>Name and postal address of employer/business</b>	<b>Reason for leaving</b>
<b>Job Title</b>	<b>Description of duties</b>	<b>Contact person &amp; Tel No.</b>

N.B. If additional space is needed, use an attachment page

- b) Have you ever been dismissed, discharged or asked to resign from any employment or office of trust?.....

If “yes”, complete the following:

<b>Date</b>	<b>Name and address of Employer/ office</b>	<b>Contact person</b>	<b>Reason for dismissal, discharge or resignation</b>
-------------	-------------------------------------------------	-----------------------	-----------------------------------------------------------

- c) List all companies, partnerships, joint ventures or any business with which you have been associated and actively participated in the management or operation thereof as a director, partner or other capacity during the last 20 years.

.....

.....

.....

.....

.....

If space is insufficient, use an attachment page.

- d) Have any of the businesses in which you have been employed or associated with listed in (a) or (c) ever been involved in any gaming or amusement related activities?

.....

.....

.....

.....

.....

If space is insufficient, use an attachment page.

## 26. Personal references

Nominate three persons who are not related to you and who have known you for a period of preferably during the last five years. Referees may be asked to appraise your character and reputation.

- i. Surname.....  
 First names.....  
 Address.....  
 Occupation.....  
 Telephone .....
- E mail.....  
 Years known.....
- ii. Surname.....  
 First names.....  
 Address.....  
 Occupation.....  
 Telephone .....
- E mail.....  
 Years known.....
- iii. Surname.....  
 First names.....  
 Address.....  
 Occupation.....  
 Telephone.....  
 E mail.....  
 Years known.....

## 27. Professional / Ethical history

- a) List present and past membership (within the past five years) of professional bodies.

Body	Period



c) Have you ever been investigated or disciplined by a professional body for ethical misconduct or any other breach of rules or regulations?.....

If "yes", provide details

.....  
.....  
.....

d) Have you ever been directly involved in the management of any company that has been placed in

liquidation, judicial management, a scheme of arrangement or any other formal administration? (Include an pending arrangements)

If "yes", provide details

.....  
.....  
.....  
.....

(If insufficient space, use attachment page)

d. Have you ever been disqualified from acting as a director of a company under any provision of Company Act , Cap 212 or overseas legislation?.....

If "yes", provide details

.....  
.....  
.....  
.....

e) To your knowledge, are you or have you ever been under investigation by any government authority? .....

If "yes", provide details

.....  
.....  
.....

f) Have you ever been granted a licence by any government authority to conduct any gaming activity? .....

If “yes”, provide details

.....  
 .....  
 .....  
 .....

g) Have you ever been refused a license by any government authority to conduct any gaming activity or had any such license revoked? .....

If “yes”, provide full particulars.

.....  
 .....  
 .....  
 .....

28. Credit history

a) Are you currently in default in payment of any debts incurred solely or jointly in your name?.....

If “yes”, complete the following <b>Creditor</b>	<b>Total amount owing TZS</b>	<b>Total amount in default TZS</b>	<b>Number of days overdue</b>
--------------------------------------------------	-------------------------------	------------------------------------	-------------------------------

c) Have you ever been refused credit or been the subject of an adverse credit rating report to your knowledge?

If “yes”, provide details

.....  
 .....  
 .....  
 .....



29. Provide brief details of any management experience you have had in the gaming industry

.....  
.....  
.....  
.....

30. Have you ever been refused a licence for employment in the gaming industry, or been disciplined by any gaming regulatory body?.....

If “yes”, provide details

.....  
.....  
.....  
.....

31. Have you ever been excluded from a casino or other gaming establishment anywhere in the world?.....

If “yes”, provide details

.....  
.....  
.....  
.....

32. Financial information

a) Have you ever been declared insolvent or taken advantage of the laws relating to bankruptcy or insolvency?.....

If “yes”, provide details

.....  
.....  
.....  
.....  
.....

- b) Amount invested/to be invested in the applicant business and the percentage of ownership this will represent:

.....

.....

.....

.....

### CASH AT BANK

List below all bank accounts, foreign and domestic, maintained by you and your spouse

Name and address of financial institution	Names of persons appearing on account	Account No	Date opened	Type of account	Current balance





