

RFP – LC000054 – Online Play System, Player Loyalty Program & Related Services (Q & A)

Note to all Responding Contractors, the Lottery is amending the RFP to remove the requirement that the digital instant component/module/system must be installed along with the Online Play and Player Loyalty System(s) by the anticipated launch date of November 1, 2019. The Responding Contractors are required to provide their best time-line for launch of a full service digital instant system, which must be integrated with the Online Play and Player Loyalty System(s), once the Lottery notifies the Contractor that it has the authority to offer digital instants. Under Section A2.19 of the RFP, Implementation Plan, the following provision shall be added:

“Digital Instants

Responding Contractor must provide a schedule detailing the length of time that digital instants functionality will take to implement, once given a go-ahead by the Lottery.”

- 1. Appendix A Technical Specifications, A.2 Detailed Technical Responses, A.2.5 Virtual Prize Claim Center** – Does the State of North Carolina make available through automated means (i.e., API), or semi-automated means (i.e., Login to a State reporting system) any information about debt setoff, past due taxes, child support, or any other money that need/should be withheld and collected from a player’s winnings prior to paying a prize? The Lottery currently does not have an API or direct access to a North Carolina state government reporting system regarding Debt Setoff. Data regarding Debt Setoff owed state agencies/entities by persons is received by the Lottery in specified file formats from the North Carolina Department of Revenue on a bi-weekly basis. Collection of Debt Setoff is currently accomplished by transfer and upload of these particular files within the designated format into our Gaming System Vendor’s backend management application that performs the processing of player Claims and Payments; with a cross reference performed at the time of lottery player claim and payment for potential debt setoff related deductions from a player’s winnings.
- 2. Appendix A Technical Specifications, A.2 Detailed Technical Responses, A.2.7 Lucke-Rewards Loyalty Program** – Can the Lottery provide any numbers on the volume, frequency, and nature of contacts they receive from their current Loyalty Club players? The Lottery does not have access to this report, and therefore, cannot provide it.
- 3. RFP Section Reference Section 3-Terms and Conditions** - In the Scientific Games contract (Lottery Subscription System and Related Services Agreement) there are Liquidated Damage provisions A-I (9) with payments ranging from \$500 per day to \$5,000 for an unauthorized change. This compares with the proposed Liquidated Damage provisions in the RFP that span 32 clauses with payments ranging from \$70 to \$100,000 per day/ occurrence. The Liquidated Damages in the current contract are generally aligned with current market conditions. The Liquidated Damages outlined in the RFP are punitive and do not support a mutually beneficial business agreement. Please can the North Carolina Education Lottery therefore clarify why the LD structure is

substantially different between the current contract and the proposed contract and also consider modifying the LDs to reflect the current contract structure? **The original "Subscription" Contract was established with no point of reference for appropriate LDs that will hold the Contractor accountable for various operational and transactional issues arising from Lottery transactions via the Internet, along with lack of service level expectations of the Contractor. The original LDs were also drafted without anticipating the loss of good will when players/potential users experience degradation and/or complete loss of service. After five (5) years of operational experience with our Online Play system, the LD provisions as specified in the RFP are deemed appropriate to ensure that the Successful Contractor will be held accountable for complying with the terms of the RFP, the resulting Contract, and service level expectations to ensure that the new Online Play system will be reliable and user friendly.**

- 4. RFP Section Reference Section 5- Pricing** - The RFP asked bidders to present a pricing option that includes Instant Win Games (IWGs) running on the platform and available to players. To effectively model the IWG portfolio and provide pricing as a percentage of sales less prizes (net gaming revenues), would the Lottery please provide its targets for the prize payout range that will be permitted and offered in North Carolina? For example, some jurisdictions limit payout to 65%, other jurisdictions offer IWGs with payout in the 85% to 90% range. It is important for potential bidders to understand this model as it affects price, sales forecasts and also impacts the potential cannibalization on the online Draw Games portfolio. **The Lottery expects prize payout for IWGs to be no less than 65%. Responding Contractors may propose recommended optimal prize payout percentage range for games keeping in mind the Lottery's objective to maximize net revenues to fund designated North Carolina educational programs. The Lottery will maintain flexibility to make adjustments to the Responding Contractor's recommendation.**
- 5. RFP Section Reference Section 3 – Terms and Conditions** - We note that in the Scientific Games contract (Lottery Subscription System and Related Services Agreement) section 19, Termination C termination without cause, there is a provision of \$2.8m compensation/ early termination fee ("the Offset") to offset vendor loss in event of early termination. In the RFP 3.6.3 termination for convenience states that contractor 'may be entitled to compensation' for costs incurred in performing the contract or terminated portion thereof and reasonable costs incurred post termination in respect of claims arising from subcontracts. Would the Lottery consider amending this section of the RFP to state that there will be a minimum compensation fee to cover vendor investment? **The Responding Contractors must provide their proposed "Offset" fee for early termination with their Pricing Proposals, which will be evaluated accordingly.**
- 6. RFP Section Reference Section 3 – Terms and Conditions** - We note RFP section 3.17 Non-Exclusive Rights states that nothing in this RFP or any resulting contract shall preclude the Lottery from acquiring related services from other contracts, individuals, or entities as the Lottery at its sole discretion shall determine. We also note that there is no such clause in the existing Scientific Games contract. Vendors will be required to make a large capital investment and support ongoing recurring operational costs that are then recovered through the life of the contract based on assumed sales volumes

through the platform. Therefore, would the Lottery please consider amending this section of the RFP to clarify what it deems to be related services and provide assurance that over the course of the contract if the Lottery chooses to acquire services that replace, compete or impact any element of the services delivered under this contract that the vendor will be financially compensated? **Please refer to Scientific Games' Contract Subsection 8(E). The Lottery does not anticipate acquiring another Internet based Lottery services system; but this RFP expects that the Lottery will acquire third party games to be integrated with the Successful Contractor's system throughout the life of the Contract.**

- 7. RFP Section Reference Section 3 – Terms and Conditions** - Would the Lottery please expand on its position regarding future ownership of the successful bidders IP, for example is this limited to co-development/ creation within the State of North Carolina or is this anticipated to be nationally or globally? **The Lottery expects a nonexclusive, perpetual and royalty free license to utilize any IPs that were co-developed/created with the Lottery, regardless of the Contractor that is providing the Online Play and Player Loyalty system(s).**
- 8. RFP Section Reference Section 3 – Terms and Conditions** - We note the requirement of RFP section 3.37.6 Performance Bond and Payment Bond for a \$10m "Payment Bond" (i) and a \$10m "Performance Bond" (ii) equating to an aggregate of \$20m of bonds in place for the term of the contract. In the existing Scientific Games contract (Lottery Subscription System and Related Services Agreement) section 17 E contains the same language except for the amounts being a \$1m Payment Bond and a \$1m Performance Bond equating to an aggregate of \$2m of bonds in place for the term of the contract. Would the Lottery please explain the justification and business case for this significant and material increase to the bond amounts? These high bond amounts will ultimately drive significant contractual costs for bidding companies that will be converted and translated into higher pricing for the Online Play System, Loyalty Program and Related Services contract for the State of North Carolina. **As noted above, the Lottery's initial expectation for "subscription" sales did not warrant the higher bond amounts. The current expected level is anticipating growth with Online Play sales (with or without digital instants) and loyalty program.**
- 9. RFP Section Reference Section 5 – Pricing** - The scope of services required by the Online Play System, Player Loyalty Program and Related Services RFP issued by the North Carolina Education Lottery includes products and services that drive sales performance of traditional lottery games sold at brick and mortar retail store locations around the State of North Carolina, i.e., loyalty programs for players tied to promotions and second chance play and drawing services on traditional lottery games and lottery brand awareness delivered across digital channels. The current pricing structure requested by the Lottery limits bidders to pricing at a percentage of online draws, currently performing at an estimated \$8 million per year and limited to only 4 games. Therefore, would the North Carolina Education Lottery consider modifying the RFP to allow bidders to present a price option at a % of both online and retail sales? **No.**
- 10. RFP Section Reference Technical Specification** - We note the RFP requirement A.2.3 for

single debit funding and purchase, and also subsequent sections of A.2.3 that require the successful bidder to assume all fees, including banking fees and verification fees. Based on our experience in the US market, transaction fees can represent 2-5% of the transaction plus additional fee charges for ID, age and location verification. Other US lottery jurisdictions have put in place wallet funding minimums to control fee costs and to create an improved and efficient transaction cost model for digital sales. Therefore, would the North Carolina Education Lottery consider modifying this requirement to include a wallet funding minimum of \$10? **No.**

- 11. RFP Section Reference Technical Specification** - The current Scientific Games contract (Lottery Subscription System and Related Services Agreement) operates as a standalone platform with no direct technology integration with the IGT host central lottery system. For the purposes of this RFP, would the Lottery please confirm bidders have the option to design technology offers that assume integration with the IGT lottery host system at no additional cost? Integration with the host reduces optional risk and provides a more cost-effective solution for the North Carolina Education Lottery. **Yes, but the Responding Contractor shall assume all responsibility and costs for such integration.**

- 12. RFP Reference Number 3.25 RFP Page Number 66** - Section 3.25 of the RFP requires that the Contractor grant a license to the Lottery to make use of any Contractor's Intellectual Property Rights contained in Work Product for use in connection with the applicable Work Product on an indefinite basis.

Would the Lottery please confirm that any license grant required under this section would not include a license to any Contractor's Intellectual Property Rights related to the Contractor's System provided under the Contract? **Yes, subject to the Lottery's response to Question 7 above.**

- 13. RFP Reference Number 3.26 RFP Page Number 66** Section 3.26 of the RFP requires the Contractor to take "all possible measures" to avoid any patent, copyright, trademark, and/or trade secret infringements during any phase developing, designing, or operating the System. It is not practicable or commercially feasible for the Contractor to take all possible measures to avoid any intellectual property infringement related to every element of the System. The Contractor will rely on best practices regarding intellectual property related to the System. The RFP provides sufficient protection for the Lottery regarding potential infringement claims through Contractor's obligations of infringement liability in Section 3.26 and indemnity obligations in Section 3.27 as well as in Section 3.39, which requires the Contractor to have appropriate products and controls in place to ensure against infringement.

Would the Lottery please modify the first sentence of Section 3.26 by replacing "all possible measures" with "all commercially reasonable measures"? **No.**

- 14. RFP Reference Number 3.27 RFP Page Number 67** Section 3.27 of the RFP requires the Contractor with respect to any deliverable that in the Lottery's opinion is likely to be held infringing: (a) procure the right for the Lottery to continue using it, (b) replace it with a non-infringing equivalent, or (c) modify it to make it non-infringing.

Determinations of infringement are legal opinions based on legal analysis. And, two different parties often reach different conclusions regarding whether infringement exists.

Given the Contractor's obligations regarding intellectual property infringement, would the Lottery please amend Section 3.27 by deleting the language shown in strikethrough text below?

"If any deliverable is, ~~or in the Lottery's opinion is likely to be,~~ held to be infringing, the Contractor must at its expense and option either: (a) procure the right for the Lottery to continue using it, (b) replace it with a non-infringing equivalent, or (c) modify it to make it non-infringing. **No.**

15. RFP Reference Number A.2.1 RFP Page Number 98

The Requirement "Secure Upload Center" in Section A.2.1 requires that the System provide capabilities for registered players, and certain qualified failed registrations, to upload and transfer documents to the Lottery. We assume that the documents referenced in this Requirement that are to be uploaded and transferred to the Lottery are player identification documents, such as licenses, utility bills, or other official documents which would aid in personal identification. Will the Lottery please confirm if this understanding is correct? **No. The Successful Contractor will solely be responsible for the entire registration process including requiring and/or reviewing any documents for verification purposes. No documents should be transferred to the Lottery. Therefore, RFP Section A.2.1 under "Secure Upload Center" shall be amended to: "The System must provide capabilities for registered players, and certain qualified failed registrations, to upload and transfer documents in a secure manner to the Contractor."**

We further understand that the Lottery will review these documents and be responsible for any manual override of the player registration process that may be required. Will the Lottery please confirm if this understanding is correct or please specify otherwise? **No. The Successful Contractor will solely be responsible for any manual override.**

- 16. RFP Reference Number A.2.2 RFP Page Number 100** We understand that the Contractor may support compliance with all applicable AML and PCI regulations as set forth in the Requirement "Compliance and Risk Requirements," however would the Lottery please confirm our understanding that the Contractor may design the program in such a way to minimize AML risk (for example, through system controls such as applying a maximum player wallet balance of \$2,000 as well as implementing manual monitoring of player and payment risk by the Contractor fraud and security team)? **The Successful Contractor may design programs in a way to minimize AML risks, but must also adhere to all AML and PCI regulations and compliances.**

17. RFP General Question Summary

This Responding Contractor appreciates the NCEL's vision in planning a next generation mobile and internet solution to digitally integrate several facets of its business. The requirements presented in the RFP are similar to several of the mature omni-channel platforms in market today. Similarities are especially apparent with the platforms operating in jurisdictions outside the United States where internet and mobile sales

transactions were legalized years prior to the U.S. We support NCEL's plans for expanding into the digital world, however, we have serious questions regarding what is being required of the Responding Contractors in the NCEL's RFP as currently constructed.

We recently acquired the industry's leading next-generation internet gaming platform and digital game content provider and are the industry leader in implementing these international omni-channel solutions. Given this wealth of experience and our exhaustive RFP evaluation, we have serious concern that the current procurement process is flawed. *In fact, we believe the current RFP process will result in a lack of competitive bid submissions. Additionally, we believe any executed contract will not meet the NCEL's financial objectives because the business plan, solution roadmap, and supporting financial drivers are misaligned.* As a result, we strongly believe the RFP will not achieve NCEL's stated objective of maximizing and increasing net revenues, year over year, raised for education programs (RFP 1.3 Lottery and RFP Objectives).

We respectfully suggest that the RFP be withdrawn to allow the NCEL to conduct individual or group information sessions with major suppliers to solicit input in shaping a more viable business plan and technology solution that will be achievable for the NCEL.

In summary, the RFP's requirements are generally prescriptive and predetermined. In some cases, the current RFP requirements act to limit industry standard product solutions leading to unnecessary product customization. The RFP also contains a significant level of unknowns that prevent any supplier from accurately estimating implementation and operating costs. Just as important, the RFP currently lacks the material business plan information needed to drive NCEL product sales revenues and calls for a supplier compensation mechanism which is not economically feasible.

We have summarized immediately below the major areas of misalignment leading to our recommendation to pause the RFP process to seek input from all major suppliers. Detailed questions are in the subsequent section.

- Multiple sections of the RFP appear to require the Contractor to implement, at project initiation, a portfolio of digital instant games, as well as the associated systems, infrastructure, and third party interfaces, without the NCEL having approval to launch these games. This would require millions of dollars of Contractor investment with no guarantee of compensation for the investment. **The Lottery is amending the RFP to not require the installation of digital instant component/module/system along with the Online Play and Player Loyalty System(s) by the anticipated launch date of November 1, 2019. The Responding Contractors will be asked to provide their best time-line for launch of a full service digital instant system, which must be integrated with the Online Play and Player Loyalty System(s), once the Lottery notifies the Contractor that it has the authority to offer digital instants.**
- The RFP gives no guidance on the Lottery's business plan related to new programs necessary to estimate sales projections and financial returns. These include, but are not limited to, estimated prize payout percentages on digital instant win games, estimated

online marketing/bonus budgets, affiliate commissions, and advertising budgets. These program metrics can result in variances in the hundreds of millions of dollars in annual sales. **Please refer to Question #4 above regarding minimum prize payout. Responding Contractors are expected to draw on their experiences and expertise with providing online play service, by recommending optimal prize payout percentages and types of games, along with their proposed marketing/promotional plans that best meet the needs of the Lottery and North Carolina players. This should be included in the two-year plan required as a response to Strategic Planning Services in RFP Section A.2.14 Staffing Support Model.**

- The RFP contemplates digital integration across multiple product channels with compensation only guaranteed from online draw games, and no mechanism or commitment for compensation from the other integrated channels. **See notification message to all Responding Contractors above.**
- There are multiple open-ended requirements that could result in millions of dollars in Contractor expense variances depending on the final solution directed by the NCEL. Examples include:
 - It is not clear if the Contractor is to supply a MUSL-compliant stand-alone draw game system and 7X24 draw game operations, or if the Online Play System should integrate with the current retail draw game system. **The Responding Contractor has the option to provide a stand-alone MUSL-compliant Online Play and Player Loyalty System(s) to support all the requirements as specified in the RFP, or propose integration with the current retail Gaming System (in which case, the Responding Contractor is responsible for coordinating with the current retail Gaming System provider for the integration and the cost arising thereof).**
 - Multiple sections require significant integration, as opposed to interfacing, with third-party or Lottery systems without clarity to remotely estimate cost – especially in cases where Contractor-provided tools can be utilized. **The Lottery is utilizing the term “integration” broadly. The Successful Contractor’s system must ensure that third-party games/software can seamlessly be offered through the Online Play and the Player Loyalty system(s). See the Lottery’s response to Question 5 in Q&A#3 document.**
- The RFP requires the Contractor to subcontract with undefined third-party suppliers as directed by the Lottery, pass-through third-party Subcontractor fees (as negotiated by the Lottery) with no compensation for the Contractor, while requiring the Contractor to accept integration costs, as well as financial liability for the Subcontractor’s performance. **See the Lottery’s response to Question 5 in Q&A#3.**
- The Lottery’s points-based methodology for software development still leaves ambiguities in evaluating the number and type of deliverables needed. Along with the reference to “ample resources” (Section A.2.11, Page 116 – Software Development Model), scoping and pricing with vague details will be difficult. **The Lottery expects the Responding Contractors to clearly define the scope of their**

software development efforts to provide the Lottery with sufficient information on how long and how much the software development will be for any potential projects. The points system is the easiest to track development “costs” and for Lottery’s budget planning for any future projects.

- To effectively grow sales and achieve the NCEL goals for returns to education, it will be imperative the lottery implement CRM strategies that result in driving player behavior. The Lottery has provided very few requirements for utilizing tools that will effectively market the program (Section A.2.14, Page 119 – Strategic Planning Services). Given the current level of sales performance from online draw games and subscriptions, marketing and advertising initiatives will be important to promote these games and eventually, digital instants. **Agreed.**
- Questions:
 - Will the Lottery pause the RFP process to solicit input from all major qualified suppliers to construct a process that will align the Lottery’s business plan, technical and operational requirements, and Contractor return on investment in order to better meet the Lottery’s long-term objectives? **No. The current Online Play and Player Loyalty Systems do not support the Lottery’s customization demands and growth.**
 - Alternatively, will the Lottery allow for product fees or time and materials pricing to compensate the Contractor for the investment not supported by the currently defined pricing structure? **See notification message to all Responding Contractors above.**

18. Section A.2.9, Game Development Services; Section A.2.10, Third-Party Game Integration Support; and Section 5.3.1, Specified Options

In addition to other requirements, in combination these sections appear to require the following:

- The RFP states in Section A.2.9 “A minimum of fifty (50) games must be provided to the NCEL at no cost.” The NCEL provides no anticipated timeline for the launch of Digital Instants. Further, it does not appear that the Lottery has been granted authority to launch Digital Instants (RFP 1.2 Introduction). Regardless, the Responding Contractor must provide at least fifty (50) games at no cost and implement sixteen (16) games by the defined System startup date, with no indication when or if the other thirty-four (34) games will ever be launched. It is also unclear whether the fifty (50) required games include Digital Instant games (see the questions regarding Section A.2 below). Regardless, this requirement poses significant risk and additional material investment by the Responding Contractors and additional material cost for the NCEL in connection with game development, systems components and infrastructure to manage digital instant games.
 - **Question:** Is it the Lottery’s intention for Contractors to invest what will likely be millions of dollars to be prepared to launch digital instant games as required without NCEL being granted express authority for these games

- by the State of North Carolina? **See notification message to all Responding Contractors above.**
- **Question:** What are the NCEL’s approval steps for a game, including digital instant games, to launch, including who needs to authorize games, and timelines for the approval of digital instant games? **Once the North Carolina State Lottery Commission approves the concept to launch digital instants, approval of digital instants will be similar to scratch-off games, whereby the Lottery will follow its own internal process to approve games, working papers, execution, etc.**
 - The RFP provides no definition of the game mechanics or business plan to support new games under this contract, including (if authorized) digital instant game payout percentages and marketing and bonus budgets. These items can impact the performance of the games in the millions, if not hundreds of millions of dollars in annual sales.
 - **Question:** Will the NCEL please provide guidance regarding the anticipated payout percentages, marketing budget, and bonus incentive budget the NCEL will provide in connection with the launch of digital instant games? **No.**
 - The RFP states “A minimum of fifty (50) games must be provided to the Lottery at no cost. Mega Millions, Powerball, Carolina Cash 5, Lucky for Life, Carolina Keno (Online Play version if approved by Commission) and at least sixteen (16) additional Responding Contractor-proposed games must be available by the defined System startup date.”
 - Question: Will the NCEL provide specifications for “at least sixteen (16) additional Responding Contractor-proposed games must be available by the defined System startup date”? The category and type of game have material impact on the development cost and therefore the cost to the NCEL. **See notification message to all Responding Contractors above. The Lottery expects the Responding Contractors to recommend these sixteen (16) additional games, which will be instant win games that can be added to the Lottery’s portfolio.**
 - **Question:** Will the NCEL provide further definition for the remaining portion of “fifty (50) games” that must be provided to the Lottery at no cost outside of the noted games (“Mega Millions, Powerball, Carolina Cash 5, Lucky for Life, Carolina Keno (Online Play version if approved by Commission) and at least sixteen (16) additional Responding Contractor-proposed games”)? The category and type of game have material impact on the development cost and therefore the cost to the NCEL. **See response above. Responding Contractors are expected to draw on their experiences and expertise with providing online play service, by recommending games that best meet the needs of the Lottery and North Carolina players. This should be included in the two-year strategic plan required as a response to Strategic Planning Services in RFP Section A.2.14 Staffing Support Model.**
 - The RFP states “The Lottery must be able to procure additional games, beyond the minimum quantity provided, from the Contractor at a fixed cost per game.

Responding Contractor shall provide pricing terms for additional game types in the separately sealed pricing proposal.” However, the pricing proposal requires either a price at a % of Gaming Revenues or % of Net Gaming Revenues.

- **Question:** As these two items conflict each other, will the Lottery please clarify how pricing should be provided for additional games? **The Lottery is removing the fixed cost per game pricing requirement. Responding Contractors may propose % of net gaming revenues for these games.**
- **Question:** Additionally, given the vast difference in types of games, whether on-line draw or digital instants, each may have a different fixed price. In order for Responding Contractors to effectively estimate the impact, will the Lottery agree that the selection of games will be mutually agreed upon by the Lottery and the Successful Contractor? **See response above.**
- Section A.2.10 states that upon the direction of the NCEL, the Contractor must integrate third party draw and instant game systems and libraries, including the Contractor being responsible for the performance of such third party product and services (including potential associated liquidated damages), as a pass-through cost negotiated between the NCEL and the applicable third party at no compensation to the Contractor.
 - **Question:** Is it the Lottery’s intent from these requirements, that the Contractor has no input or participation in the process of selecting third party game suppliers, and must therefore bear unknown integration costs and liabilities of any third party game supplier selected by the Lottery? **The Lottery will take input from the Contractor into consideration, but ultimately the final decision for selection of third party game suppliers will be at the Lottery’s discretion.**
- Mandatory requirements with a yes or no response – A “no” response for the Mandatory requirements in the Technical Specification section will be deemed non-responsive, according to the RFP (). However, there are many custom requirements in this section. This approach ensures the Responding Contractor has no way to provide an alternative or modified solution that might be more cost effective or leverage a proven market-deployed solution. The Lottery may not receive the best, market-proven solution as a result. Please see related question later in RFP Section A questions. **The Responding Contractors may proposed any solution if such solution meets the Lottery requirements as specified in the RFP.**
- It is not clear whether the Online Draw and Subscription solution is separate or integrated with the IGT system, or whether it considers MUSL standards. MUSL compliance of the requested solution requires significant Contractor resource investments. Without clarity on this requirement (Section A.2.10, Page 114 – Third-Party Game Integration Support), the Responding Contractors may provide significantly different cost proposals.
 - **Question:** Is it the intent of the NCEL to have the Online Draw and Subscription solution delivered to MUSL standards? **Yes. This is an industry**

standard for systems designed to produce play of MUSL regulated and/or managed games. MUSL requirements and standards must be adhered to in the delivered system.

19. Section A, Page 96 – Technical Specifications

This technical section is the only section requiring specific yes or no responses, where any “no” response in any of the mandatory minimum requirements will be deemed non-responsive and the Responding Contractor’s Proposal will be removed from consideration and evaluation.

Question: Allowing alternative or modified solutions in Sections A.2.1 – A.2.20 that showcase the Responding Contractor’s market-tested product may provide the NCEL with the optimal response to the overall objectives of the RFP even if it does not align with the specific requirements. Will the NCEL consider alternate or modified solutions in Sections A.2.1 – A.2.20? If not, kindly provide context how this requirement meets the NCEL’s overall RFP objectives of maximizing and increasing net revenues, year over year, raised for education programs (RFP 1.3 Lottery and RFP Objectives). **Responding Contractors may respond with “yes” and propose its alternative solution with detail information regarding how such solution will accomplish the same objective as the requirement.**

Question: Alternatively, will the Lottery allow Responding Contractors to provide a separate price for any custom features or services outside our proven product offering? **The requirements are specifically drafted to ensure security and integrity with respect to the operations of the Online Play and Player Loyalty System(s), ensure compliance with State and Federal regulations for Online Play and to provide optimal customer service with user friendly capabilities.**

20. Section A.2.1, Page 99-100 – Responsible Gaming Controls

The RFP states: “The System must provide capabilities for players to define personal limits, within defined time periods, for deposit and loss amounts and within loyalty.” Setting personal limits for loyalty programs is not a standard practice for any loyalty program in the market. Additionally, the system will not limit player purchase, it will only limit the player’s ability to enter tickets. Therefore, this requirement likely does not support the NCEL’s responsible gaming objectives and may be impractical to implement.

Question: Will the Lottery consider removing loyalty from this requirement? If not, kindly provide context how this requirement supports the responsible gaming framework of the NCEL. **Based upon this question, the Lottery presumed that the Responding Vendor has not reviewed the Lottery’s WLA Level 4 application, which clearly defined our responsible gaming approach with our Loyalty Program. Please refer to the Lottery’s WLA Level 4 application.**

21. Section A.2.3, Page 101 – Backup and Failover Capabilities

The RFP states: “The payment acceptance system should be configured in such a way that it can easily switch to additional services providers (e.g. payment processor, acquiring bank, etc.)” This requirement is vague and potentially costly for the Successful

Contractor and the NCEL. The requirement has the net impact of requiring the Successful Contractor to have a series of other vendors available, inclusive of necessary compliance approvals, technology solutions and operating contracts in place, for a service that may never be deployed with the “additional service providers.”

Question: Will the Lottery consider a single vendor with redundancy for uninterrupted payment operations? If not, kindly provide context how this requirement meets the Lottery objectives of maximizing and increasing net revenues, year over year, raised for education programs (RFP 1.3 Lottery and RFP Objectives)? **Basically, this alludes to designing the system in a componentized manner of where if the need arises to replace a current third party service provider, an alternate can be implemented without major development effort due to the componentized design of the system.**

22. Section A.2.3, Page 102 – Guest Checkout

The requirements in this section contradict the standards in the WLA certification, as well as the GLI-19 Responsible Gaming controls.

Question: Will the Lottery please remove this requirement? If not, kindly provide context how this requirement supports the responsible gaming objectives of the NCEL. **No, the Lottery will not remove this requirement. Functionality to provide guest checkout would be similar to the current Play-at-the-Pump program, which has a number of responsible gaming controls in place as discussed in the Lottery’s WLA Level 4 application. The Lottery is open to options for providing such functionality, but guest checkout as a feature is a requirement.**

23. Section A.2.6, Page 106 – Free Games

Question: Will the Lottery please define “free games” as it is used in this requirement? **Free games would be free plays in Online Play and/or digital instants awarded as part of a promotion based on configurable criteria. Please refer to RFP Section A.2.6 for examples of variable parameters for these free plays.**

24. Section A.2.7, Page 107 – Lucke-Rewards™ Loyalty Program

This section requires an integrated loyalty program that serves all channels including retail games and digital instant games. However, there appears to no compensation model considered other than online draw game sales.

Question: Please clarify, is it the Lottery’s intent that the Contract is required to integrated loyalty across all sales channels with no compensation derived from each of those channels? **Yes.**

25. Section A.2.7, Page 108 – Instant Rewards

The RFP states “These prizes and the structure for awarding them must be fully configurable based on criteria provided by the Lottery. Prizes that may be awarded include bonus points, experiences, merchandise, and cash.”

Question: Will the Lottery please provide the configurable criteria? Will the Lottery confirm it shall pay, or negotiate the cost with the Successful Contractor at a later date

the cost of experiences, merchandise and cash, and the cost is not part of the Successful Contractor's proposal? **This criteria will be provided by the Lottery upon such time as the Lottery and Successful Contractor develop a strategic plan.**

26. Section A.2.11, Page 115 – Software Development Resources

The RFP states "Responding Contractor must provide the Lottery with ample resources to modify the system during the Contract Term. System change requests must be estimated by the Successful Contractor using a points-based methodology."

Question: The Lottery's requirements for ample resources to modify the software, as well as the points-based methodology to define the types of software releases creates an unknown situation for Responding Contractors to determine the type of releases, the number of releases and the resources necessary. Therefore, the ability to determine scope and costs is not clear and could result in a higher than necessary cost for the Lottery. Further, there could be considerable disparity between Responding Contractors with respect to pricing given the lack of assumptions. Will the Lottery further define the expected type and scope of software releases? If not, kindly provide context how this requirement meets the Lottery's objectives of maximizing and increasing net revenues, year over year, raised for education programs. **See Lottery's response in the sixth bullet in Question 17 above.**

27. Section A.2.12, Page 117 – Staffing Levels

The RFP states "CSC staffing levels must be provided, at no cost to the Lottery, on an ongoing basis in a manner that scales to meet the capacity requirements and service levels as established in the RFP."

Question: Will the Lottery consider paying for a staffing model that will enable the Contractor to scale with call volume in support of the targeted services levels? If planned marketing activity increases the number of support requests, will the Lottery be willing to pay for additional staff to support this effort or waive the service level requirements? **The Lottery understands that staffing support needs will grow as the business grows. The Contractor should provide a staffing model that is scalable and should account for growth in the proposed pricing. As would be expected, growth in sales would result in a growth in revenue for the Contractor as price is a percentage of the Lottery's net gaming revenue. The Lottery will not separately pay for additional staff or waive service requirements during increased marketing activity.**

28. Section A.2.12, Page 118 – System Access and Case Transfers

The RFP states "The System must be able to receive and transfer case history notes and live calls between the CSC and the Lottery's designated internal systems."

Question: With this requirement, is the Lottery attempting to serve as an escalation point for customer interactions whereby we must implement an API to hand off customers in real-time? Or, can this requirement be fulfilled by historical notes and recorded calls? **See the Lottery response in Q&A #4 document, question 8.**

29. Section A.2.12, Page 118 – Subject Matters Supported

The RFP states “CSC staff must also answer and manage any calls related to winning numbers information and any questions that are of a general nature that do not require specialized training.”

Question: Is the intent of this request for the Contractor to take over the Lottery’s existing IVR for the winning number hotline? Further, is the Lottery seeking to outsource the existing NCEL call center that processes questions of a general nature? If either of these questions are a yes, can the Lottery please provide additional details so that the Contractor can provide a proper response. **No, the Lottery has no intention to outsource the Lottery’s existing IVR and in-house customer service unit. The intent of this provision is to ensure that the user experience is optimal and with unnecessary transfers if certain questions can be answered easily by the CSC staff during a call regarding other matters.**

30. Section A.2.14, Page 119 – Strategic Planning Services

The RFP requires Strategic Planning Services including an initial two-year strategic plan for Online Play and Loyalty products and marketing initiatives. However, the Lottery does not provide much detail on the marketing tools that it will use, nor is any budget provided.

Question: Will the Lottery elaborate on the expectations required for marketing the program, including data analytics, CRM tools and the annual budget that will be provided? **See response to question #17 above.**

31. Section A.2.16, Page 120 – Near Real Time Processing

The RFP states “System transactions must be transmitted to the ICS in a near real time manner.”

Question: Will the Lottery please clarify if digital instant transactions also have to be processed through the ICS? **Digital Instant transactions should also be processed and recorded on the Central Online Play Gaming System thereby giving the ICS system the ability to capture digital instant transactions in a near real time manner, which is similar to regular draw game related transactions.**

32. Section A.2.17, Page 122 – Game Card Reporting

Question: Will the Lottery define ‘game card’ as it is used in this requirement? **“Game card” as written in this requirement means promotional cards sold at retail store locations that can provide consumers with added value for Online Play purchases (i.e., \$20 game card for \$25 worth of Online Play games). Card functionality includes entry of code/card number into Online Play system to fund wallet or pay for game play.**

33. Section 4.2, Page 81 – Responding Contractor Certification Requirements

The required certifications for the Responding Contractor do not include any NASPL best practices certifications, particularly the NASPL certification for Development Process and the Requirements Definition process.

Question: Why has the NCEL omitted a NASPL industry standard development process and requirements definition process best practices certification from the list of required certifications? **See response in next question below.**

Question: Will the NCEL amend Section 4.2 to include the NASPL certification for Development Process and the Requirements Definition process? **Section 4.2 already contains both certifications mentioned above without naming the certifications word for word. Regardless, the Lottery clarifies that "NSI: Quality Assurance Requirements Definition" shall be replaced with "NSI QA Requirements Definitions for Vendors 1.0" and "NSI: Quality Assurance Development Process" shall be replaced with "NSI QA Development Process 1.0." Please note that the Lottery expects the latest certification version.**

34. Section 3.12, Page 53 - Background Investigations during the Contract Term

The RFP states "The Record Check Fee that must be submitted by EACH Responding Contractor with their Proposal in the amount equal to the sum of: i) Fifty thousand dollars (\$50,000) (the "Corporate Search Fee") for Responding Contractor and any parent company of Responding Contractor; plus ii) Two hundred fifty dollars (\$250) (the "Individual Search Fee") for each officer and director of Responding Contractor and for each shareholder of Responding Contractor who owns an interest of five percent (5%) or more in Responding Contractor."

Question: If the Responding Contractor currently has an active contract with the NCEL, will the Lottery consider removing the Record Check Fee requirement for such Responding Contractors? **The Lottery agrees to waive the Record Check Fee requirement if the background investigation on the Company has been completed within the past three (3) years and the individuals within the past one (1) year.**

35. Section 3.15, Page 55 – Right to Audit

This section refers to the obligation of the Contractor and all subcontractors maintaining "records and supporting evidence pertaining to the fulfillment of the Contract obligations" pursuant to GAAP and "other procedures specified by the Lottery."

Question: Where are the "other procedures" specified? Is it limited to the requirements set forth in Section 3.16 of the RFP? **Other procedures may be additional audits that the Lottery may need to provide reasonable assurance that the organization and its customer's information are secured. For example, if the Successful Contractor stores its data with a SaaS contractor, they must provide assurance that their system has been certified and audited for security testing and compliance standards (i.e, FedRamp Certified or other certification standards provider).**

36. Section 3.16, Page 55 – Audit Requirements

Question: Will the Lottery please clarify in detail what constitutes a "subservice organization"? **Any organization that provides a service to the Successful Contractor, that without that service, the Successful Contractor could not fulfill their contract requirements with the Lottery. The Lottery also has the right to audit any subcontractors of the Successful Contractor that would impact either the Lottery or the Lottery's**

customers/players.

37. Section 3.21, Page 58 – Cooperation of the Parties

This section requires that the Contractor "cooperate or make changes" in order for third party products to be compatible with the iLottery platform provided by the Contractor, which may include "providing the necessary interfaces and platforms".

Question: This mandatory requirement potentially creates an open-ended obligation on the part of the Contractor to develop, possibly from scratch, new systems and functions to allow a third party product to work in conjunction with the iLottery platform with no clear right to receive compensation for the work or input into the development process. Since the iLottery platform will be the hub of the iLottery operations for the NCEL, imposing this level of uncertainty and potential cost liability poses risk for both the Contractor and the Lottery. Will the Lottery please clarify the scope of performance intended by the NCEL in connection with this requirement? **See further clarifications below. Compensation will be determined on a case-by-case basis, depending upon effort and scope of work to be performed. Compensation and method of compensation will be mutually agreed upon by the Successful Contractor and the Lottery.**

Question: It is our understanding that this section requires that the Contractor provide an API and supply the specifications of such API to the third party system or product provider. Will the Lottery please confirm this understanding is correct? If that is not correct, please clarify what is specifically required of the Contractor to comply with this mandatory requirement. **Yes.**

Question: Please clarify what is intended by the statement that such cooperation includes the obligation to provide "the necessary . . . platforms". It is our understanding that the only platform that is required is the iLottery system platform. Will the Lottery please confirm this understanding is correct? **The Successful Contractor should make all efforts to integrate the provided Online Play and Player Loyalty platform(s) with any third party systems, applications, or programs as the Lottery deems necessary, not necessarily via API but possibly via other means as well (i.e., file transfer, upload, etc.).**

38. Section 3.22.1, Page 58 – Services and Original Scope

This Section appears to list the goods and services required by the NCEL to be provided at no additional cost. Subsection D requires that "the latest system software" be provided at start-up and that new releases will be installed as determined by the NCEL.

Question: Will the Lottery please clarify what is meant by the term "system software"? Please also clarify whether the NCEL intends that all subsequent new releases deemed to merit installation by the NCEL must be provided at no additional cost. Further, please clarify whether the NCEL intends that it may require that certain, but not all, features of a new release to be installed pursuant to this provision. **"System software" alludes to any software implemented to comprise the complete Online Play, Player Loyalty Program & Related Services system(s) servicing the Lottery. Updates/upgrades or additional software deemed necessary by the Lottery shall be provided at no additional cost to the Lottery in maintaining and/or enhancing these system environments. In addition, as**

stated in Section 3.22.1(D) of the RFP; “The Lottery will determine whether features and capabilities of new releases merit installation....”

39. Section 3.23, Page 59 – Liquidated Damages Provisions

Question: Will the Lottery please confirm or clarify the following:

- a. The amount of liquidated damages shall be reasonably and rationally related to damage actually incurred by the Lottery. **No, because loss of good will may be unquantifiable.**
- b. Liquidated damages shall not be assessed in the event the NCEL does not suffer actual damages. **No, because the Lottery considers loss of good will as a potential loss.**
- c. Contractor shall not be liable for liquidated damages to the extent the incident was caused by the NCEL, its retailers, third parties, communications failures, internet service provider failures or events of Force Majeure. **Only if the incident was solely caused by the NCEL, its retailers, third parties, communications failures, internet service provider failures or events of Force Majeure. If the Contractor and/or its subcontractor(s) was/were partially responsible for the incident, LD assessment (if any) may be less.**
- d. The assessment of liquidated damages shall be in lieu of the right of the NCEL to institute a cause of action for consequential damages. **Yes.**
- e. In the event such liquidated damages are assessed by the NCEL, it shall be the NCEL's sole remedy for the corresponding incident. **Yes.**
- f. The parties agree that liquidated damages will not be assessed by the NCEL under multiple provisions relating to a single incident. **No, it will depend upon whether multiple provisions will apply based upon the single incident.**
- g. The NCEL shall notify the Contractor of a proposed assessment of liquidated damages prior to issuing such assessment, the Contractor shall have the right to object to any such assessment within ten (10) business days following its receipt of the notice and the parties shall schedule a time to discuss such assessment. **Yes.**
- h. Such assessment must be made within twelve (12) months of the NCEL becoming aware of the incident, or such liquidated damages are deemed waived by the NCEL. **Yes.**

40. Section 3.23.A.5, Page 60 – Online Play and Player Loyalty/Rewards System Installation

Question: Will the Lottery please provide an explanation how the NCEL arrived at \$500 as a reasonable estimate of the amount of damages related to these unidentified events and deliverables? **The Lottery determines that such amount should encourage the Successful Contractor to ensure compliance with the project timeline.**

41. Section 3.23, Part B, Page 60 – Online Play System

The RFP states “For purposes of this Section, any down time from the mobile application due to the Contractor’s System shall also be included.”

Question: Since the mobile application is installed by many different Lottery players on a variety of devices, operating systems and wireless carriers, it would be important to understand the evaluation criteria for a mobile application outage. Will the Lottery please clarify the evaluation criteria used to determine a mobile application outage? **If the availability of any services provided by the Mobile Application are not available due to the Successful Contractor’s error/action and/or Contractor’s system failure, including**

Contractor's failure to adequately prepare for and respond to software updates from third party providers (such as mobile operating system).

42. **Section 3.23.I, Page 62 Part I – Improper Configuration**

The RFP states: "The Lottery Executive Director may impose liquidated damages of up to fifty thousand dollars (\$50,000) for each incident of where modified or updated software has been incorrectly installed or misconfigured in the production environment on any supporting system or component; causing inappropriate or undesired behavior and results."

Question: Will the Lottery please clarify the qualification criteria for "incorrectly installed or misconfigured" software? **Software implemented incorrectly, not fully, or not configured/set up to perform accurately in the production environment, leaving a potential vulnerability to the Lottery or failure to accurately provide services to the Lottery's customers resulting in undesired behavior or results.**

43. **Section 3.23.R, Page 64 – Failure to Comply with Required Standards or to Remedy Audit Recommendations**

Question: Will the Lottery please clarify how the Contractor would be able to present and address any objection or disagreement (or potential risks) it may have with the findings of an auditor? **Discussion with the Lottery and potentially the auditor regarding the objection or disagreement related to the finding. The Lottery has the sole authority to determine whether the finding needs to be addressed in any manner.**

44. **Section 3.23.S, Page 64 – Failure to Provide Software Testing and Quality Software Turnovers**

The RFP states "In the event that untested or poorly tested software is turned over for Lottery quality assurance testing and that software does not meet the specifications agreed upon by the Contractor and the Lottery..."

Question: The evaluation and categorization of "poorly tested software" would be very subjective without firm criteria guiding the analysis. Will the Lottery clarify the evaluation criteria used to determine "poorly tested software"? **Software delivered to the Lottery for Quality Assurance testing that is not in a usable state or functioning per the defined specifications causing the Lottery to not be able to advance in testing efforts.**

45. **Section 3.23.U, Page 64 – Data Breach**

Question: This provision, in part, imposes a liquidated damage on the basis that an action on our part "is suspected" to compromise Lottery data. This standard inserts an overwhelming element of subjectivity into a determination of potentially material liability. Please clarify what the standard of proof is so such suspicion to arise to the level of imposing liability? For instance, would the mere allegation of a data breach of some form from an iLottery component or database be sufficient to impose this liability for liquidated damages? Also, what would be the mechanism for reimbursing the Contractor in the event such suspected compromise is discovered to have been caused by some party other than the Contractor? **Per investigation and/ or solid material proof that the source of data compromise originated from the System and/or employee of the**

Successful Contractor and/or its subcontractor(s); liquidated damages may apply at the discretion of the Lottery's Executive Director. In the event it is discovered that a data compromise was caused by a party other than the Contractor or its subcontractor, the Lottery will work in good faith to assist the Contractor with seeking reimbursement for such specified damages.

46. **Section 3.24, Page 65 – Ownership of Materials and Intellectual Property**

The RFP states "All deliverables, written materials, designs, tangible or intangible materials, intellectual or other property or other work product of any kind or nature produced, revised, created, modified or prepared by Contractor and any of its subcontractors exclusively and specifically for the Lottery in connection with the Contract, the RFP and/or the Contractor's Proposal (collectively, the "Work Product") will be deemed, to the greatest extent possible, "work made for hire" under Section 101 of the United States Copyright Act, 17 U.S.C. Section 101 to be exclusively owned by the Lottery." This could be problematic for a Responding Contractor considering the product may already be in market for other clients.

Question: If the Responding Contractor proposes a product solution already in the market, but accommodates the Lottery's requirements, will the Lottery change the exclusivity and "work made for hire" assumption? **Yes**

47. **Section 3.24, Page 65 – Ownership of Materials and Intellectual Property**

Question: Conceptually and by design, the iLottery platform is materially different than a traditional lottery gaming system. By concept and design, it is not intended to be a bespoke designed system specifically for the NCEL, but rather a dynamic platform for which new functionality and features will be added and made available as they come into production, whether such function or feature was originally launched for NCEL or for another customer. As such, from the Contractor's perspective, the ownership of intellectual property becomes a very material issue if it cannot add the new features developed in one jurisdiction to customers in other jurisdictions. So, to address that concern, would the NCEL please replace the wording and structure of Section 3.24 with the proposed wording that follows. If this suggested wording is not acceptable at this time, would the Lottery confirm that this issue may be addressed in negotiation following award?

"All deliverables, written materials, designs, tangible or intangible materials, intellectual or other property or other work product of any kind or nature produced, revised, created, modified or prepared by Contractor and any of its subcontractors, with the exception of the incorporation of any intellectual property rights provided to Contractor by the Lottery belonging to the Lottery or a third party, (collectively, the Work Product") will be deemed to be owned by Contractor. Consistent with the foregoing, nothing contained herein shall limit or be deemed to limit the Lottery's intellectual property ownership right and interests with respect to any and all property, programs, systems, data, documentation, information, materials, modifications, adaptations and intellectual property which was in its possession or in which it held an interest prior to the Contract, as well as that which will be developed independent of the Contract." **No. Please refer to the Lottery's Response to Question 7 above.**

48. Section 1.5, Page 18 – Deadline for Proposal Submission

Question: Due to the technical complexity of requirements in the RFP, we request the Lottery extend the proposal due date to September 12 to give Responding Contractors adequate time to form their responses. **No. The Lottery already agreed to extend the original Proposal due date from August 15, 2018 to August 29, 2018.**

49. Section 1.9, Page 20 – Responding Contractor Contact with the Lottery

Question: Please confirm at what point the limitations on contact with NCEL and other North Carolina public officials regarding the RFP and the Proposals terminate. **Once the Contract has been executed.**

- 50. RFP Reference Number 3.6.2, 3.6.3 RFP Page Number 49, 51** Item No. 6 of Section 3.6.2 allows the Lottery to terminate the contract “for cause” in the event that the “Lottery determines that the public operation of the System could place the integrity of the Lottery in jeopardy.” However, absent fault of the Contractor, such an event should not constitute a “termination for cause,” and should instead be a “termination for convenience” under Section 3.6.3.

As such, will the Lottery please revise Item No. 6 to further define that the events that led to the integrity of the System being in jeopardy were caused by the Contractor, its subcontractors, or agents, or will the Lottery otherwise revise this clause as needed to clarify that only in the event of such fault would such a termination constitute termination for cause? **No. The Successful Contractor’s System should prevent anyone else, not associated with the Contractor, from compromising the integrity of the System.**

- 51. RFP Reference Number 3.18 RFP Page Number 56** With respect to Section 3.18, will the Lottery please confirm that its right to use the Contractor’s software, materials, and documentation pursuant to this Section shall be limited as follows: (i) that its right to use source and object program instructions, documentation for those programs, and any products or services pursuant to this Section shall be subject to the rights in Intellectual Property held by the Contractor; (ii) as between the Lottery and the Contractor, the Contractor shall be deemed to own all rights, title, and interest in all Contractor materials and information covered by this Section; and (iii) that the Lottery’s right to use Contractor materials in altering or improving the operational characteristics of the program and systems being used by the Lottery under the Contract shall be limited only to alterations or modifications reasonably contemplated by the Lottery and the Contractor under the Contract? **Yes.**

- 52. RFP Reference Number 3.23 RFP Page Number 59** Will the Lottery please confirm that it will only assess Liquidated Damages under one clause of Section 3.23 for the same incident (such applicable clause to be determined by the Lottery)? **See response to 39(f) above.**

- 53. RFP Reference Number Section 5 RFP Page Number 86-87** While we understand that Digital Instants have not been approved at this time, will the Lottery please confirm

whether the rates proposed by the Responding Contractor for the Price Proposal are based on the assumption that Digital Instants will be approved and will be launched concurrently with the Draw Games at system Go Live? Alternatively, if Digital Instants are approved post Go Live of the Online Play System, which rates for the Draw Games will prevail and would the rates submitted for Digital Instants still be binding? **See notification message to all Responding Contractors above.**

- 54. RFP Reference Number Appendix E** Will the Lottery kindly confirm that you only require one (1) original response containing the completed forms in Appendix E to be submitted with the Responding Contractor's one (1) original technical binder? **Yes.**
- 55. RFP Reference Number A.2.10 RFP Page Number 114** It is understood that the Contractor will be responsible for contracting with potential third-party game providers and that the Contractor must impose the same, or greater, standards for game performance on such third-party provider as set forth in this Requirement. We are seeking to confirm our understanding that such third-party game providers would not be considered "Subcontractors" as defined in the RFP. **No, such third-party game providers will be considered "Subcontractors" as defined in the RFP. However, due to the uncertainty surrounding when digital instants may be offered by the Lottery, the identity/disclosure of any potential third-party game providers will not be required at this time.**

Can the Lottery confirm our understanding that the provision of such third-party game content and related wager processing by such third-party game providers engaged by the Contractor as contemplated in this Section A.2.10 would be not be considered a "Major Part" as defined in the RFP and that consequently such third party providers would not be considered "Subcontractors" as defined in the RFP? **No, they will be considered a "Subcontractor."**