

## Schedule C

### Statement of Work - #3

This Statement of Work provides for a retailer support program designed to support the NYS Lottery ("Lottery") retailer network and to provide coverage of Lottery retailers not regularly visited by Lottery sales staff.

Commencement Date:	Upon approval of the Office of the State Comptroller
Estimated Completion Date:	Throughout the remainder of the term of the full service lottery contract
Estimated Cost:	\$24,627,000.000 (represents estimated cost through the end of the term of contract)

#### **Description of option, enhanced services, system upgrades, required support or maintenance:**

#### **Retailer Support Program**

##### **Background**

As provided by the full service lottery system contract between the Lottery and GTECH Corporation ("GTECH"), the Lottery wishes to implement a PILOT Retailer Support Program (the "Program") in order to improve the performance of the Lottery's retailer network. The Lottery currently has over 17,000 active retailers. Of these retailer sites over 1,500 currently are not regularly visited by Lottery or GTECH.

This Program will be designed to support the Lottery retailer network and provide coverage of retailer sites not currently visited. Further, in addition to providing support to retailers, it is expected that the Program will result in the recruitment of retailers to the Lottery network. Compensation for this Program will be based on total net sales (excluding internet based sales); thereby incentivizing GTECH to support retailers under the Program.

This Program will undergo a review 24 months from start-up to evaluate the success of the Program. The program will continue through the end of the full service lottery system contract if deemed successful.

#### **GTECH Responsibilities under the Player and Retailer Support Program**

GTECH will provide the necessary resources to service the Lottery's retailer network in the areas of on-site GTECH equipment testing, maintenance and or repair, secure storage of Lottery Point of Sale (POS) advertising materials, tracking and delivery of POS and other Lottery merchandise delivered to defined Lottery retailers based on a work program to be developed and agreed upon between GTECH and the Lottery ("Work Program").

GTECH will be responsible for the follow-up of equipment problems reported to the GTECH hotline, and may also complete merchandising, setup and display of Lottery products and POS at Lottery locations identified by the Lottery, GTECH and GTECH tell-sell operation as set forth in the Work Program. This may include refreshing POS materials; training retailers and their staff

on operation of the GTECH equipment; evaluating Lottery product inventory to determine proper placement according to space-to-sales and best practices; setting retailer displays to Lottery standards; advising retailers on effective POS materials that support statewide programs and/or specific products; lottery games; informing retailers of current and upcoming Lottery programs, promotions and events; answering retailer questions; maintaining adequate trunk stock inventory of POS, information brochures, and other product related materials; and communicating with appropriate Lottery personnel to maximize Lottery's presence in these targeted account locations.

As set forth in the Work Program, GTECH will provide support to defined chain stores in areas identified by the Lottery to include training, equipment maintenance and repair, merchandising, display, stocking tickets, weekly accounting verification reports, retailer website, oversight of sales and corrective actions to increase sales at locations identified by the Lottery.

GTECH will implement an incentive program that will provide additional compensation to directly involved GTECH staff and subcontractors as new retailers are licensed and upon retailers meeting defined program goals. Such program will be jointly developed and approved by GTECH and the Lottery. The value of each GTECH staff member's possible incentive based earnings will not be valued at less than 20% of each staff member's base annual salary. The combined net value of any portions of the agreed upon incentive program not attained by or paid to staff and/or subcontractors will be available to the Lottery to purchase any additional equipment or services from GTECH at agreed upon prices.

### **Compensation**

The Lottery will compensate GTECH for providing service support for the Program at the following rates of total net sales (excluding internet based sales):

1,000 retailers -	.0156%
2,000 retailers -	.0288%
3,000 retailers -	.0420%
4,000 retailers -	.0552%
5,000 retailers -	.0684%

If retailer counts included in this Program are at levels between those provided above (it being understood that there shall be a minimum of 1,000 retailers identified by the Lottery for service), the compensation will be prorated in increments of not less than 125 retailers as described in the Work Program. The proration and setting of the compensation rate will not be adjusted more often than every four weeks. Compensation will be made through the existing Net Remittance process.



