

# New York Gaming Commission Video Lottery Central System Pricing Proposal

Request for Proposal: C190001 June 2019

VOLUME II PRICING PROPOSAL



### **Table of Contents**

Transmittal Letter - Pricing	. 1
Executive Summary	. 3
Pricing Justification Summary	17
Pricing Proposal Form	19



### **Transmittal Letter - Pricing**



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everi.com NYSE: EVRI

#### Letter of Transmittal

RE: NYL RFP C190001 - Everi PRICING Proposal

NOTE: This proposal will remain valid for at least 180 days from the due date of proposals.

**DATE:** June 5, 2019

TO:

Stacey Relation

Contract Management Specialist 3 New York State Gaming Commission Contracts Office, 4th Floor One Broadway Center Schenectady, NY 12305 From:
Dean Ehrlich
EVP, Games
206 Wild Basin Road S. Bldg. B
Austin, TX 78746
dean.ehrlich@everi.com
512-439-3033

Dear New York State Gaming Commission RFP evaluation team,

Everi Games Inc. is pleased to present you our proposal for the New York State Gaming Commission Video Lottery Central System proposal for implementation and continued operation of a Central System supporting Video Lottery Terminals, dated June 5, 2019.

Per your request, the separate pricing proposal includes:

- Executive Summary
- Pricing Justification Summary
- Attachment 2: Pricing Proposal Form

We are excited about the opportunity to continue to serve the New York State Gaming Commission because we bring numerous advantages for you program:

- The most experience in designing and implementing VLT Central System
- Unique and innovate software delivering progressive jackpots and game features that increase revenue
- Proven promotional programs and staff to drive traffic to the VLT Facilities
- Superior network, hardware, and software redundancy and security for maximum uptime
- Scalable support to quickly expand the number of VLTs, built in from inception
- Field proven e-commerce based hardware and software platforms to minimize costs
- Flexible browser based interfaces and reporting to analyze data and monitor all aspects of the Central System

All of these capabilities translate into one thing for the New York Lottery: Everi Game Inc. provides you the most experienced company and people in this market, with 24X7 platforms and the innovate software architecture and promotions capabilities that will drive the most revenue for the New York State Gaming Commission and the educational program it supports.





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We already have in place the data centers, infrastructure, and controls to meet or exceed the Commissions requirements. We stand ready to support our continued operation.

We have the most comprehensive, field-tested solution and we can't wait to put it to work for you and New York's education fund.

Thank you for considering our proposal.

Sincerely,

Dean Ehrlich

### A proposal for the New York State Gaming Commission...

he Games Division of Everi Games Inc. is pleased to present this proposal to the New York State Gaming Commission for the implementation and operation of a central determinant system supporting Video Lottery Terminals (VLT). Since 1996, Everi Games Inc. (formerly Multimedia Games) has been a leader in processing high speed, electronic gaming outcomes delivered by central systems from remote data centers. In fact, we have been operating games from central systems since 1988. In many markets and jurisdictions, we are credited with being the developer of the first video lottery systems similar to that specified in the New York Gaming Commissions Request for Proposals.

In the past 16 years, Everi's central determinant system, operated in New York, has processed more than \$300 billion in wagers placed and has distributed more than \$250 billion in prizes. This represents more than 150 billion individual player wagers and more than 55 billion winning outcomes delivered. Everi's innovations have pushed the gaming industry's technology envelope. As a result, Global Cash



Access, the dominant payments provider in the gaming industry, purchased Multimedia Games for over \$1 Billion in 2014. The combined companies (Everi) continue to make giant strides in back office systems development, new gaming systems, game introductions, innovative communications, and networked technologies. These advancements have helped position us as a leader in the world of banking and central determinant gaming systems. Industry experts agree there is a simple reason for this success: the personnel that Everi Games Inc. has assembled represents the best in the industry in technology, development, and marketing.

This response to the New York State Gaming Commissions Request for Proposals is based on the latest gaming systems technology, our experience in operating data centers, and our experience in delivering gaming laboratory-certified and field-proven central determinant lottery systems. The system we propose not only assures the greatest probability of continued financial success for the state of New York, but also goes further by anticipating and delivering future technology needs. This offering eliminates risk, while delivering the flexibility required to meet the evolving needs of players and operators.



### Committed to education.

Te commit to support the primary mission of the New York Gaming Commission to increase its contribution to primary and secondary public education in New York State. This commitment of support is visible by the 16 years of service as the central system partner to the New York State Gaming Commission and is reiterated throughout this proposal. From our technological solutions to our pricing model, every effort is made to ensure that the goals of the New York Gaming Commission's education mandate are not just met, but exceeded.



For revenue for eduction, we are head of the class.

Provides the gaming Inc. is a leading technology supplier to the gaming industry. We design, implement, and deploy interactive Class II bingo games and gaming systems, as well as interactive Class III video lottery gaming systems. Our systems provide the most comprehensive and flexible solutions for creating, delivering, managing, recording, auditing, and tracking both gaming and player activities. The central system architecture is fully compatible with emerging computing, communications, and wireless technologies and wherever possible employs standardized protocols and commercially available software. Our proposed system is critical to the New York State Gaming Commission's revenue objectives because it will link proven games from top vendors. Additionally, it provides the greatest possible flexibility for continued and new revenue generating activities, which will emerge during the life of this contract and beyond.

The system requested in the New York State Gaming Commission's Request for Proposals is virtually identical to the video lottery gaming system Everi currently supplies and operates in eight gaming Video Lottery Facilities across the state of New York. In fact, we might well be the only proposing vendor with a system in place today that meets all of the New York State Gaming Commissions requirements. Clearly, this Proposal to the New York State Gaming Commission means that Everi is the low-risk provider for the state of New York.

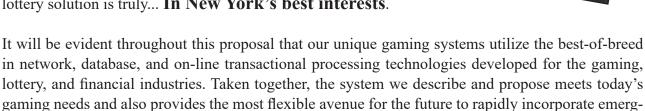
Our ability to adapt emerging technologies to our gaming systems is the reason Everi is a market-leader. In the mid-1990s, while most lottery central system providers focused on technologies for verifying instant tickets utilizing on-line terminals and systems, Everi focused instead on developing high-speed, database-driven, high-volume, on-line, interactive transactional processing (OLTP) systems. Simply stated, as communications costs fell and bandwidth expanded, Everi led the industry by developing a cost-efficient, secure, networked, state-of-the-industry interactive system while other gaming system providers directed their efforts elsewhere. Today our systems represent the standard by which other central determinant systems are measured.

Today, Everi's interactive gaming networks are operational and linking facilities, Electronic Gaming Machines, and central systems in more than 140 gaming venues across North America, including New York.

Ours is a future-friendly, low-risk gaming system.

ing technologies.

Everi's commitment to deliver to the New York State Gaming Commission and the people of New York a proven, reliable video lottery solution is truly... In New York's best interests.





### We have the technology...

Veri Games is a leader in developing, implementing, and supporting high-speed, linked, transaction-driven, networked, interactive video gaming. In fact, Everi is the only gaming company that has linked, interactive games currently in operation in more than 130 locations across the United States that are being played in settings 24 hours a day, seven days a week. Also, operating in a 24/7 timeframe, Everi's video lottery systems have achieved "up-time" on par with the current operations in New York, meeting or exceeding the standards specified by the New York State Gaming Commission - to our knowledge an achievement unequalled by any other central determinant lottery system provider.

Over the last 16 years Everi has been a valued partner to the New York State Gaming Commission and has been central to the success of the Video Lottery program. Since the first installation in late 2003, we have supported both the growth in Video Lottery Terminals, now at over 15,000, and the introduction of Electronic Table Games, now at over 2000. While the growth in the number of games supported has been remarkable, at the same time, with the guidance of the gaming commission and strong partnerships with the gaming manufacturers, Everi's current system has supported the growth in average win per day per device, nearly doubling over a span of 15 years.



Everi Games' experienced team of software, hardware, and field service technicians have logged thousands of hours installing and supporting video lottery systems. These field proven systems meet the unique demands and challenges of today's complex gaming operations. More so, our proposal goes beyond satisfying the requirements of the RFP. Our unique experience developing and deploying complex systems allowed us to

develop proprietary software architectures that facilitate quick implementation and deployment of exciting new features.

### What does this all mean to the New York State Gaming Commission?



It means Everi knows how to make central determinant systems work in the fast-paced, customer-service oriented, one-to-one marketing environment of commercial and video lottery gaming establishments. The proof of our claim is evidenced at the 8 locations that currently participate in the Video Lottery Terminal program across the state of New York and the 28 lottery based casinos in Washington State.



Unlike other central system providers, our proven system includes linked, interactive progressive jackpots. Right now, on Everi's proprietary gaming network in New York, more than 5800 video lottery terminals are linked together offering players a chance to win state wide-area or local-area jackpots. Just as with the current commercial casino offerings, higher jackpots result in increased player enjoyment and activity. In addition, Everi Games Inc. operates thousands of its own wide-area and local-area progressive games in Class II, Tribal, and Commercial casinos. Interactive connectivity allows for more interesting, innovative, and exciting gaming opportunities.



Everi's video lottery system allows game manufacturers and operators to run special events like game tournaments, seasonal games, select game promotions, and statewide and site-specific promotions, as well as Everi's award winning and industry leading tournament solution, TournEvent®. TournEvent® is currently installed at over 300 locations across North and South America and is the preferred solution of marketing departments in attracting and retaining players.



#### Bottom line... we can expand your revenues.

he New York State Gaming Commission's current video lottery central system, provided by Everi, is among the most innovative and cost-efficient operations of its kind in the world. Throughout this proposal, the reader will see how a partnership between the Commission and Everi will continue to drive contributions from the VLTs and maintain a critical funding source for New York State through the most state-of-the-art, cost-efficient central determinant system available in the video lottery gaming industry. The video lottery central system proposed by Everi will allow the Commission to expand well beyond the scope of operation suggested in the Request For Proposal.

#### **TournEvent of Champions**

For example, the Commission could participate in Everi's TournEvent of Champions®, the premier slot tournament in North America, because of the system's unique and flexible architecture and superior marketing capabilities. TournEvent of Champions is a unique collaboration between Everi and its top casino partners in North America. Together we bring thrilling competition and unbelievable excitement to casinos through a patented slot tournament campaign. The campaign began in 2012 as statewide slot tournaments in California and Washington, with only 24 participating casinos and 30 finalists. Since then, TournEvent of Champions has seen rapid traction and growth with more than 100 casinos and more than 150 finalists participating annually.

In-casino qualifying events take place between January and September. More than 200,000 participants compete in their respective casinos' semi-finals and finals portion of the tour. These qualifying events give players a chance to compete for a spot The Million Dollar Event®, a shot to win a share of the \$1.3 million in total cash prizes. The winner can walk away as the top slot player in North America and a grand prize of \$1 million¹. This culminating event is held in Las Vegas in October.

#### **Casino Partner Benefits**

veri partners with participating casinos to fully engage their guests and provide dedicated support through its promotions and marketing teams. The team effectively helps to market qualifying events from start to finish, providing a comprehensive media plan that includes social media support, national/regional print and digital advertising campaigns, and giveaway strategizes that include branded assets like design templates, t-shirts, and lanyards. Everi's promotions team and

<sup>1</sup> Payable in periodic payments over 20 years or in a lump sum, present day cash value payment.

field service technicians are on-site at in-casino events to ensure smooth and efficient tournaments that are fun, lively, and entertaining!

In addition, Everi's branded tour buses travel roughly 50,000 miles across the U.S. and Canada to visit partner casinos and promote their final in-casino events. The Money Man® is Everi's iconic brand ambassador and the official mascot of the TournEvent of Champions. He and the Mgirls™ cheer players on, adding pizzazz and excitement to tournaments. Everi is the only slot manufacturer to have a slot promotion this big, and Everi ensures all our casinos are supported every step of the way. With so much at stake, and more than \$6.4 million in total cash prizes awarded since its inception in 2012, it's no surprise that TournEvent of Champions is the world's most exciting slot tournament event.

#### Learn More

Everi would like the opportunity to partner with gaming facilities in New York State and offer its guests all that TournEvent of Champions has to offer including a shot at competing at The Million Dollar Event in Las Vegas in October. To learn more about the marketing opportunities Everi provides to its partner casinos, visit <a href="https://www.tourneventofchampions.com/">https://www.tourneventofchampions.com/</a>.



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#### An interactive system to enable services.

Veri believes that the future of video lottery gaming success will be through interactive games. Using the latest technology standards and interactive network solutions, we are able to offer game manufacturers, Video Lottery Terminal Operators, and New York State Gaming Commission personnel a richly featured system that will contribute to player satisfaction while increasing revenues to the state of New York and proceeds to beneficiaries.

Through our successful partnerships with Scientific Games and IGT as part of the current New York State Video Lottery program, we have proven our ability to work with top manufacturers and stand ready to integrate with a wide range of gaming manufacturers in the future.

Through our unique central system reporting capabilities, operators and commission personnel are able to drill down into the details and learn, in real time, which games work and why. This ability enables Video Lottery Terminal Operators and the Gaming Commission to optimize the mix of games offered to players based on an in-depth and thorough analysis of game performance. Similarly, this feature can be used by video lottery terminal manufacturers to increase performance.



### What differentiates Everi Games Inc. from the competition?



### Solution as a Service™

Distinctive Solution as a Service™ (SaaS) offering, which provides Innovative Hardware Solutions, Casino System Applications and Proactive Monitoring as a service. SaaS applications run on a hardware and software platforms provided by and fully maintained by Everi. In addition, Everi manages those applications, including access, security, availability, upgrades, and performance.



### **Proactive Monitoring**

Proactive Monitoring leverages industry leading tools to identify potential problems which when combined with 24x7 operational support and service, provide for continuous rock solid performance.



#### **Patron Management**

Unparalleled Patron Management options, gives Video Lottery Operators the flexibility to choose and manage the Player Tracking System they believe works best for their facility. Everi Games has chosen to provide integration options with industry leading Player Tracking System vendors like Scientific Games, Gentings DRS, Konami, and Aristocrat that empower the operator to substitute one Patron Management System for another with minimal capital expenditures.



### **Strategic Partnership**

Strong Strategic Partnerships with already integrated gaming vendors give operators more choices and features that can be relied on to work with Everi's Central Determinant System.

- Cash/Voucher Kiosks System (Everi, NRT and Ditronics)
- Dispatch Systems (William Ryan Group and CIS)
- Business Intelligence and Visualization Systems (VizExplorer)
- Bonus Systems (Transact Epicenter)

With an experienced team, solid system, and stellar service with which the Commission already familiar, Everi Games is poised to provide the New York State Gaming Commission and its Video Lottery Terminal Operators with the flexibility and reliability to which they have become accustomed.



### The best solution. The lowest risk.

veri Games' central system architecture marries proven video lottery technology with leading-edge technology. This translates into a more reliable, flexible, and robust system that can scale to the needs of the Gaming Commission. Our proposed central system minimizes risk while maximizing performance in every aspect of the system.

The Everi Games solution utilizes the secure broadband communications channels and technologies, proven encryption protocols, and true interactivity to deliver innovative games to players in the most secure and controlled environment possible. Success in today's video lottery market requires the integration of new and emerging technologies and game design processes, as well as innovative mathematical, statistical, and simulation techniques.

Everi Games' central system incorporates the most reliable and secure transaction-processing systems, techniques, and technologies. Transactions are encoded and encrypted using well known and generally accepted industry standards.

We recognize our responsibility to protect the integrity of the games people play. This includes monitoring all video lottery transactions for possible illegal activities. The proposed tracking and reporting mechanisms allow the New York State Gaming Commission to aggressively become proactive in identifying potential fraudulent actions. Equally important, the reporting capabilities can provide valuable data and insight for the New York State Gaming Commission and assist in developing responsible gaming programs.

Today's video lottery systems present a significant upside potential because of their entertainment and financial opportunities, thus increasing the profitability to the New York State Gaming Commission and proceeds to beneficiaries. Video lottery systems are significantly more complex and challenging to manage than other lottery systems. Because there are no physical tickets to validate and verify, video lottery systems present unique problems that require innovative solutions and cannot be solved using yesterday's concepts and hardware solutions. Video lotteries must be held to higher audit standards and subjected to more stringent controls. Accordingly, Everi Games' proprietary system is fully auditable with robust controls and capabilities already in place to support the Gaming Commissions strict oversight.

The Data Control Center for Everi Games Inc. is located in Schenectady, NY in the New York State Gaming Commission building. From there, engineers can monitor and respond, in real time, to all activity on the network, down to an individual player station located across the state of New York.



Specific features of Everi Games' central determinant system solution include:

- A system built on field-proven, high volume, e-commerce, and encrypted data transfer infrastructure utilized by the highest-volume sites on the Internet.
- A fully redundant, scalable, and load-balanced system that has no single point of failure and will

provide the highest availability to the New York State Gaming Commission.

- A unique outcome distribution model that eliminates the primary and secondary data centers as potential points of failure by storing sets of outcomes in an on-site server that is closer to the player than traditional on-line systems.
- Communications failure with the central system does not affect continuous play at the video lottery terminal locations. Simply put, fail-



- ures, when and if they occur, are isolated and do not disrupt the entire system. In all data center failure situations, players will continue to play uninterrupted. Our system offers the best chance at achieving the uptime the New York State Gaming Commission has become accustomed to, particularly when play volume is high. This translates into increased revenues.
- An instantaneous, automatic, hot fail-over system that avoids the potentially costly, 5-to-10 minute downtimes that occur when switch-overs to mainframe back-up systems are required.

# **Everi Games Inc. has the only proven,** field-tested, compliant system.

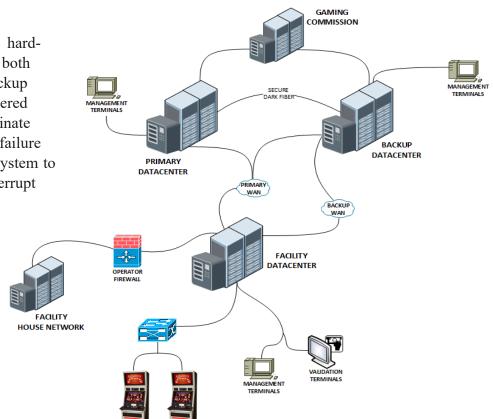
ur Central System is the heart of this proposal. To the best of our knowledge, we believe that Everi Games has the only system in operation today that meets the requirements of the New York State Gaming Commissions Request for Proposals.

Everi Games' central system solution is approved by Gaming Laboratories Incorporated (GLI) and is currently operational in New York State. This system is almost identical to the description provided by the New York State Gaming Commission in Section 1.1 of the RFP.

Uptime is the lifeblood of a central system. Our proposed central system offers robust central system hardware and communications protocols to the New York State Gaming Commission that have been proven in the most demanding of gaming environments.

More precisely, the reliability of our central system equates to higher revenues for the New York State Gaming Commission and increased entertainment value for the gaming public.

Everi's central system hardware configuration for both the Primary and Backup Data Centers and clustered database systems, eliminate all single points of failure which could cause the system to cease operation or interrupt gaming on the video lottery terminals. This contains many times the basic processing power and bandwidth required for the central system.



### We know how to network.

ependable communications greatly contribute to the reliability of the video gaming central determinant system. Site controllers are connected to the primary data center via redundant high-performance network circuits procured from the most reliable providers in the region. The security features of the network communications are unparalleled -from intrusion detection monitors to exposure analysis - the network is continuously and automatically scanned to identify vulnerabilities and comprehensive solutions. Back-up communications links are via high data-rate cellula r transmission, assuring that a failure of terrestrial data circuits will not shut down video lottery system operations. Key features of the Everi Games' Central Determinant System include:

- Highly fault-tolerant Local and Wide Area Network Architectures guaranteed to use separate routing to ensure no single point-of-failure.
- A simple, easy-to-implement interface protocol with the VLT's, giving the New York State Gaming Commission the widest choice possible of VLT vendors.
- Robust accounting and transaction suite exhaustively tested and built upon the Microsoft SQL Server Enterprise platform.



- GLI-certified backend gaming suite utilizing state-of-the-art infrastructure.
- Scalability, allowing expansion to many times the current system capacity simply by adding hardware.

The hardware and software platform employed by Everi is widely used in technology focused companies and benefits from vast economies of scale and research dollars directed to its almost-constant improvement. It is solid and stable enough to run some of the highest transaction based volume solutions in the world.

#### Leading edge now, leading edge in the future.

ur experienced personnel are intensely familiar with gaming systems and the gaming environment. This experience, coupled with proven controls and processes, supports the performance and reliability of our systems.

Today's sophisticated games require gaming system solution providers to supply rapidly evolving systems. Everi is "future-friendly" when it comes to new technology and processes, and our VLT Game Services software is built modularly so that new game structures can be accommodated with minimal software code changes.

Recognizing the need to evolve and adapt to rapidly increasing development needs for the Gaming Commission to meet business objectives, our New York Development Team

adopted AGILE development methodologies many years ago. Our objective was simple: provide more frequent incremental releases of value for the New York VLT Operation without sacrificing quality while avoiding the risks that come with less frequent and unnecessarily large releases. Once a month, Everi Project Sponsor meets with New York Gaming Commission Product Owner(s) to review current development efforts in progress, review what has been deployed since the last meeting, and to add new feature requests as applicable. New items are categorized into the Backlog and initial requirements documents are drafted for New York Gaming Commission to review and approve before development begins. Everi continues to work with the Gaming Commission throughout the development process to ensure we deliver what is asked. Where applicable and possible, we host a User Acceptance demo in our fully equipped lab as another avenue for customer feedback before proceeding further.

Powers the casino floor

From an internal perspective, our development team is made up of:

- Senior Director of Operations serving the role of Project Manager
- Software Development Manager managing application development team and plays the role of SCRUM Master
- Database Development and Support Manager managing database development team
- Quality Assurance Analyst

# Everi Games is in New York education's best interests...

nstallation, implementation, and testing eight separate gaming central systems throughout New York State at one time will be a daunting task for any other potential RFP respondents. However, our leadership position in providing video lottery central determinant systems is indisputable. No other vendor can make the same claims of experience as those held by Everi:

- We believe we are the only vendor submitting a bid that can successfully meet the requirements and transition schedule identified in Section 1.4 of this proposal and stand ready to continue our exceptional service on the start date identified with zero interruption in revenue generation due to a difficult and complex transition plan.
- We have successfully and professionally managed the complexities of interfacing with a wide array of video lottery game manufacturers and providers. Additionally, we have managed the daunting task of interfacing in highly competitive environments with different player tracking and casino systems, payment providers and software solutions.
- Everi has the financial strength and resources to assure the New York State Gaming Commission that we will continue to be the viable provider for both the near-term and long-term future.

As the New York State Gaming Commission considers the future in the challenging, exciting, and evolving video lottery environment, it should carefully examine the field-proven system from Everi Games Inc.



• Everi Games is an undisputed leader at developing, providing, and supporting high-speed, linked, broadband, interactive video gaming.

• Everi Games' unique and innovative design solutions are based on leading edge lottery and fi-

nancial technologies and are far superior in reliability,

flexibility, and performance.

Everi Games Inc. is a well-known and trusted partner of the New York State Gaming Commission, has the longest proven track record where it counts, in providing the type of video lottery gaming system solution outlined by the New York State Gaming Commission in the Request for Proposals. We welcome evaluators and representatives from the New York State Gaming Commission to visit Everi Games' technology headquarters in Austin, TX and other sites where we have video lottery systems in operation. We are extremely confident in our belief that our solutions are truly in **New York's best interest.** 

16

### **Pricing Justification Summary**

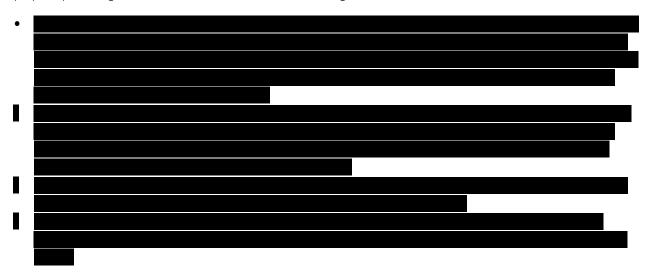


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#### **Pricing Justification Summary**

It is important for the Gaming Commission and other interested parties to understand how we determined our pricing proposal percentage and the risks that were considered in doing so:



We have taken each of these risk factors into consideration in arriving at the proposed pricing percentage defined on *Attachment 2 – Pricing Proposal Form*.



# **Pricing Proposal Form**

RFP: C190001 Video Lottery Central System	Attachment 2	
Pricing Proposal		
<b>Base System Pricing</b> - Includes central system, backup system, site cont telecommunications, etc.	rollers, validation terminals, personnel,	
Bidders are required to provide their pricing as a percentage of net sale zeros. If a bidder does not carry out a price quote to four (4) decimal planumber of zeros. For example, if a quote is stated as 0.10%, the Commiseed 0.1000%.	ices, the Commission will add the appropriate	
Multiply the quoted percentage by the Estimated Net Revenues and en	ter the product in the "Estimated Annual Price" field.	
Note: Estimated Net Revenue provided by the Commission is for calculation purposes only. Percentage will be calculated by actual net revenues on a monthly basis.		
Quote (% Net Revenues):	Estimated Annual Price	
VLT Central System 1.1217% % x Estimated Net Revenues \$	1,991,000,000.00 \$22,333,047.00	
Please include the following information to verify the Entity for white Company Name:  EVEN: Games Inc.  Signature:		

