

VERMONT DEPARTMENT OF LIQUOR AND LOTTERY (DLL)

VERMONT BOARD OF LIQUOR AND LOTTERY (BLL)

SPORTS WAGERING
OPERATOR RFP EVALUATION CRITERIA

Authority

These procedures are adopted pursuant to 3 V.S.A. § 835 and 31 V.S.A. § 1320(b), and establish criteria for the selection of Sports Wagering Program Operator contractors in the Sports Wagering Program.

Evaluation of Proposals

Criteria for Evaluation and Scoring

In conducting the Sports Wagering Operator RFP, the Vermont Department of Liquor and Lottery (DLL) is seeking to select an operator or operators based on the general principles stated below:

- 1) DLL intends to select one or more operators that have substantial history conducting sports wagering operations and with branded websites in similar markets and are of the highest quality and ethical standard in the gaming industry.
- 2) DLL seeks operators that wish to work with DLL in a collaborative manner. Operators will be evaluated based on their ability to work with DLL in creating and operating the Vermont sports betting market.
- 3) DLL seeks operators that propose branding suited to the Vermont market and the State's aesthetic.
- 4) DLL seeks operators that are invested in the Vermont market and are willing to commit long-term personnel and resources to the State.
- 5) DLL is seeking cutting-edge hardware and software solutions that are flexible and can be adapted as the Vermont sports betting market becomes more defined.
- 6) DLL seeks operators that can work with DLL in creating and managing an overall market strategy and risk management strategy and that has system tools that allow flexibility in these strategies over the course of the contract.
- 7) DLL is seeking a full suite of online sports betting services with ongoing project management that will serve as a bridge between the services and DLL.
- 8) DLL is seeking operators that are dedicated to identifying and curbing problem gaming within the State and have processes and tools in place to address these issues.
- 9) DLL is seeking operators that will maximize state revenue and reduce the illegal market through a conversion program to the legal market.

Note the Technical and Revenue proposals must be separated and divided into two separately sealed and clearly marked envelopes. The technical proposal must be marked with the Bidder's name and "Vermont Sports Wagering RFP Technical Proposal." A separately sealed revenue proposal must be marked with the Bidder's name and "Vermont Sports Wagering RFP Revenue Proposal." Each Bidder can submit one (1) proposal only.

Based on the principles set forth by DLL, each responsive proposal will be evaluated and considered with regard to the following specific criteria:

TECHNICAL CRITERIA

I. Company Experience, Resources, Financial Stability (100 points)

DLL will award points based on:

- a) The overall strength and experience of the company in the sports betting space specifically and the legal gaming space generally.
- b) A list of all jurisdictions where the applicant and any parent companies are currently authorized to conduct sports wagering operations.
- c) The financial capacity of the company to perform the work proposed, particularly in light of start-up costs associated with the proposal.
- d) The quality and experience of the personnel dedicated to the Vermont sports betting project.
- e) The Bidder's prior experience generating and maximizing mobile sports wagering gross gaming revenue and achieving gross gaming revenue targets.
- f) A plan for maximizing sustainable, long-term revenue for Vermont, including a detailed market analysis..

II. Company Integrity and Ethics (80 points)

DLL will award points based on:

- a) The criminal history associated with Bidder, affiliated company or subcontractor awarding points to those companies who have provided gaming services without a history of criminal conduct.
- b) History of administrative or regulatory issues with the Bidder's business practices awarding points to those companies that have demonstrated an ability to operate in regulated jurisdictions without incurring penalties, fees, fines, liquidated damages or other administrative or regulatory actions.
- c) The absence of conflicts of interest or the identification and appropriate management of any potential or real conflicts of interest or appearance of conflicts of interest.
- d) History of contract issues with clients including damages, penalties or terminations awarding points to those companies that demonstrate the ability to comply with contract provisions.
- e) The company's integrity monitoring systems, including any current related integrity monitoring.

Negative histories in these areas will be cause for DLL to not award or reduce points for this section. DLL advises Bidders that it may conduct independent research in these areas to validate the claims made in the proposal.

III. General Design and Implementation of the Sports Betting Product (120 points)

DLL will award points based on:

- a) The fit of the proposed skin and branding for the Vermont market. While a brand need not be Vermont specific, Bidder should identify the rationale for selecting the brand for this market based on market research, local aesthetic or existing brand strength in the market.
- b) Understanding of the Vermont market in the proposal. DLL will evaluate whether Bidder provided a rationale for marketing, player acquisition that demonstrates an intelligent approach to the Vermont market.

- c) Flexibility of the Bidder to adjust the sports betting product during the lifetime of the contract.
- d) The ability to successfully leverage existing DLL resources.
- e) General strength of the proposed sports betting product, including the Bidder's understanding of the unique challenges and opportunities in the Vermont sports gaming market with each channel that is being proposed.

IV. Strength of the Sports Betting Hardware and Software Solutions (140 points)

DLL will award points based on:

- a) The strength of the core betting software product including, ease of use for player and DLL, flexibility of software system, speed and accuracy of the betting platform in setting and adjusting odds before and during an event. Particular emphasis will be given to the reliability, redundancy and stability of the system and network architecture.
- b) The central system hardware and networking infrastructure. DLL requires a solution that is entirely operator hosted and supported with no requirement for DLL to host or support hardware or software.
- c) All hardware and software solutions, including websites, individually branded or otherwise (with the specific number of individually branded websites the operator proposes to use for its sports wagering operations in Vermont), and applications used to enhance end user experience.
- d) Software programs that support the ancillary sports betting services including, but not limited to, odds creation and management and risk management.
- e) For any account-based wagering proposed, the full-service solution including player account management and player wallet solution, built-in compliance and responsible gaming (RG) tools and payment processing solutions.
- f) The estimated time frame for implementing the applicant's sports wagering operations.

V. Strength of the Bidder's Sports Betting Services (140 points)

DLL will award points based on:

- a) Bidder's strength in event creation in terms of number and consumer appeal, odds compilation and management, risk management and bet settlement. Particular attention will be given to the Bidder's risk management strategies and the ability to be flexible in their risk management approach through the use of technology or manual processes.
- b) Bidder's technological and human resources in trading services including the ability to handle live markets with particular attention provided to the speed and accuracy of the data feeds utilized by traders and the core betting system.
- c) Bidder's dedication to strong project management for the Vermont project including the strength of any proposed candidates for that position that are identified in the proposal.
- d) Bidder's plan for player acquisition model, advertising and affiliate programs, and marketing budget, including details on how the bidder will convert customers from wagering through illegal channels to wagering legally in the State.
- e) Customer support services including call center, IT support and payment processing.

VI. Bidder's Compliance Program (60 points)

DLL will award points based on:

- a) Understanding the compliance requirements set forth in Vermont law Enhanced Procedures (Appendix E) and general industry standards.
- b) Overall compliance program including the technical support for age verification, identity verification, geolocation, fraud monitoring, Anti-Money Laundering (AML) practices.
- c) Security program for all areas proposed including physical, data center, virtual environment and end user interface.
- d) System controls and compliance tools embedded in the software and hardware solutions and how those tools are augmented with manual controls.

VII. Responsible Gaming (140 points)

DLL will award points based on:

- a) Bidder's overall commitment to responsible gaming practices with an emphasis on the Bidder's experience in developing and implementing policies and messaging in other jurisdictions.
- b) A responsible gaming plan and a description of responsible gaming safeguards that the bidder currently employs elsewhere, and will employ in Vermont, with current software solutions including but not limited to self-exclusion functionality, bet limits, wellness checks, financial health checks, financial literacy messages, and cooling-off periods.
- c) Relationships with independent responsible gaming groups or providers including a description of Bidder's relationship with those operators.

VIII. Accounting and Audit Program (20 points)

DLL will award points based on:

- a) Bidder's plan and technical capabilities to establish a financial recording and reporting structure that will provide DLL a means of monitoring and auditing sports betting financial transactions.
- b) Bidder's internal and external auditing programs.
- c) Ability to ensure compliance with all IRS reporting requirements.
- d) Ability to push transaction data to a trusted third-party to enable reconciliation with the transaction data on the central betting system. Bidders will be evaluated based on their ability to propose and implement a solution that does not require hosting or support by DLL.

REVENUE CRITERIA (200 points)

a) Bidders must provide estimates of the bidder's anticipated annual gross and annual adjusted gross sports wagering revenue from mobile sports wagering in Vermont, along with a detailed and justifiable rationale for such estimates.

b) Bidders must identify the percentage of adjusted gross sports wagering revenue from mobile sports wagering that the bidder will pay to the State if selected to be an operator, provided that the minimum State share must be no lower than 20% of the actual adjusted gross sports wagering revenue; and any proposal not reaching that minimum threshold will be deemed materially non-compliant and will be disqualified. The higher the minimum State share, the more points that will be awarded under this criterion.

Scoring Summary

The following table breaks out the evaluation scoring by Technical and Revenue criteria.

Sports Wagering RFP Evaluation Criteria	
Technical Criteria	Points
Company Experience, Resources, Financial Stability	100
Company Integrity and Ethics	80
General Design and Implementation of the Sports Betting Product	120
Strength of the Sports Betting Hardware and Software Solutions	140
Strength of the Bidder's Sports Betting Services	140
Bidder's Compliance Program	60
Responsible Gaming	140
Accounting and Audit Program	20
Maximum cumulative score to be awarded for Technical Criteria	800
Revenue Criteria	Points
Estimated Potential Gross and Adjusted Gross Wagering Revenue and rationale	100
Adjusted gross sports wagering revenue from mobile sports wagering the applicant will pay to the State if selected to be an operator.	100
From 20 percent to 30 percent	- 25 points
From 31 percent to 40 percent	- 50 points
From 41 percent to 50 percent	- 75 points
51 percent or more	- 100 points
Total cumulative score to be awarded for Revenue Criteria	200
TOTAL POTENTIAL MAXIMUM POINTS AWARDED	1000