

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
GOVERNMENTAL OPERATIONS				1601.00.00.00
ESTIMATED EXPENDITURES				1000000
ESTIMATED EXPENDITURES - OPERATIONS				1001000
SALARY RATE				000000
SALARY RATE.....	14,956,763			
=====				
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE	369.00			
	21,588,120			2510 1
=====				
OTHER PERSONAL SERVICES				030000
OPERATING TRUST FUND -STATE	93,296			2510 1
=====				
EXPENSES				040000
OPERATING TRUST FUND -STATE	3,484,596			2510 1
=====				
OPERATING CAPITAL OUTLAY				060000
OPERATING TRUST FUND -STATE	426,045			2510 1
=====				
SPECIAL CATEGORIES				100000
CONTRACTED SERVICES				100777
OPERATING TRUST FUND -STATE	2,411,351			2510 1
=====				
INSTANT TICKET PURCHASE				101740
OPERATING TRUST FUND -STATE	56,000,000			2510 1
=====				
PAID ADVERTISING/PROMOTION				102380
OPERATING TRUST FUND -STATE	34,869,453			2510 1
=====				

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
<u>PGM: LOTTERY OPERATIONS</u>				36010000
GOV OPERATIONS/SUPPORT				16
<u>GOVERNMENTAL OPERATIONS</u>				1601.00.00.00
ESTIMATED EXPENDITURES				1000000
ESTIMATED EXPENDITURES - OPERATIONS				1001000
SPECIAL CATEGORIES				100000
ONLINE GAMES CONTRACT				102381
OPERATING TRUST FUND -STATE	30,340,321			2510 1
RETAILER INCENTIVES				102388
OPERATING TRUST FUND -STATE	2,500,000			2510 1
SALARY INCENTIVE PAYMENTS				103290
OPERATING TRUST FUND -STATE	21,060			2510 1
TOTAL: ESTIMATED EXPENDITURES - OPERATIONS				1001000
TOTAL POSITIONS.....	369.00			
TOTAL ISSUE.....	151,734,242			
TOTAL SALARY RATE.....	14,956,763			
ADJUSTMENT TO STATE HEALTH				
INSURANCE PREMIUM CONTRIBUTION -				
FISCAL YEAR 2008-09				1001800
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE	71,782			2510 1
ADJUSTMENT TO STATE LIFE AND				
DISABILITY INSURANCE CONTRIBUTION				
RATES - FISCAL YEAR 2008-09				1001910
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE	12,773-			2510 1

	COL A03		COL A04		COL A05		CODES
	AGY REQUEST FY 2009-10	POS	AGY REQ N/R FY 2009-10	POS	AG REQ ANZ FY 2009-10	POS	
LOTTERY, DEPARTMENT OF THE							36000000
PGM: LOTTERY OPERATIONS							36010000
GOV OPERATIONS/SUPPORT							16
GOVERNMENTAL OPERATIONS							1601.00.00.00
NONRECURRING EXPENDITURES							2100000
INFORMATION TECHNOLOGY							
INFRASTRUCTURE REPLACEMENT							2103007
EXPENSES							040000
OPERATING TRUST FUND	-STATE	111,422-					2510 1
OPERATING CAPITAL OUTLAY							060000
OPERATING TRUST FUND	-STATE	323,865-					2510 1
SPECIAL CATEGORIES							100000
CONTRACTED SERVICES							100777
OPERATING TRUST FUND	-STATE	24,000-					2510 1
TOTAL: INFORMATION TECHNOLOGY							2103007
INFRASTRUCTURE REPLACEMENT							
TOTAL ISSUE.....		459,287-					
REDUCTIONS IN SALARIES AND							
BENEFITS - VACANCIES							2103031
SALARIES AND BENEFITS							010000
OPERATING TRUST FUND	-STATE	166,024					2510 1
VIDEO SPECTRAL COMPARATOR							
REPLACEMENT							2103032
OPERATING CAPITAL OUTLAY							060000
OPERATING TRUST FUND	-STATE	102,180-					2510 1
SPECIAL CATEGORIES							100000
CONTRACTED SERVICES							100777
OPERATING TRUST FUND	-STATE	2,100-					2510 1

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
GOVERNMENTAL OPERATIONS				1601.00.00.00
NONRECURRING EXPENDITURES				2100000
VIDEO SPECTRAL COMPARATOR				2103032
REPLACEMENT				2103032
TOTAL: VIDEO SPECTRAL COMPARATOR				2103032
REPLACEMENT				
TOTAL ISSUE.....		104,280-		
=====				
ANNUALIZATION OF ADMINISTERED				
FUNDS APPROPRIATIONS				26A0000
STATE HEALTH INSURANCE PREMIUM				
CONTRIBUTION - 10 MONTHS				
ANNUALIZATION				26A1800
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE		358,910		2510 1
=====				
LIFE AND DISABILITY INSURANCE				
REDUCTION - 6 MONTHS ANNUALIZATION				26A2000
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE		12,773-		2510 1
=====				
CONTINUE CURRENT OTHER PERSONAL				
SERVICES ACTIVITIES				3100000
INDEPENDENT SECURITY AUDIT				3109300
OTHER PERSONAL SERVICES				030000
OPERATING TRUST FUND -STATE		250,000	250,000	2510 1
=====				

AGENCY ISSUE NARRATIVE:

2009-2010 BUDGET YEAR NARRATIVE:

IT COMPONENT? NO

This issue requests Other Personal Services (OPS) funding in the amount of \$250,000 for the Lottery to contract with a firm to conduct a comprehensive security evaluation of the department.

Per Section 24.108(7)(a), Florida Statutes, the department shall engage an independent firm experienced in security procedures, including, but not limited to, computer and gaming systems, ticket stock, draw activity, claims processing and payments, and an evaluation of all aspects of security in the operation of the department. In addition Section 24.108(7)(c), Florida Statutes, further states that the security evaluation shall be conducted at least every 2 years.

	COL A03		COL A04		COL A05		CODES
	AGY REQUEST FY 2009-10	POS	AGY REQ N/R FY 2009-10	POS	AG REQ ANZ FY 2009-10	POS	
LOTTERY, DEPARTMENT OF THE							36000000
<u>PGM: LOTTERY OPERATIONS</u>							36010000
<u>GOV OPERATIONS/SUPPORT</u>							16
<u>GOVERNMENTAL OPERATIONS</u>							<u>1601.00.00.00</u>
CONTINUE CURRENT OTHER PERSONAL							3100000
SERVICES ACTIVITIES							3109300
INDEPENDENT SECURITY AUDIT							

The last evaluation was conducted February through June 2008. To be in compliance with the statutory guidelines, the next evaluation must be conducted in 2010. If funding is not provided, the department will not be in compliance with the mandates of Section 24.108, Florida Statutes.

The department must solicit bids for a new contract for the next scheduled comprehensive security evaluation. Once the bids are received and a vendor is selected based on the criteria issued by the Lottery, the contracted vendor will implement the evaluation plan as agreed to by the Lottery. The next security evaluation should start in January 2010 and be completed by June 30, 2010.

Security and integrity of the Lottery is paramount to its successful operation, and to ensure continued public confidence. The security evaluation is a tool that helps ensure that the Lottery operates with the highest level of security and utmost integrity.

The Lottery has experienced a reduction in its base OPS appropriation in the amount of \$250,000. Other type of OPS costs include Draw Auditors (increased with the launch of mid-day draws), legal fees, and staff augmentation. Considering the reduction to, and increased costs within this appropriation category the Lottery cannot absorb this cost within its base. Without the requested funds the department would not be able to have an independent firm provide the security evaluation services.

AGENCY-WIDE INFORMATION TECHNOLOGY							3620000
PRIVATE BRANCH EXCHANGE - LOTTERY							
HEADQUARTERS							36212C0
EXPENSES							040000
OPERATING TRUST FUND	-STATE	86,433		86,433			2510 1
		=====		=====			
OPERATING CAPITAL OUTLAY							060000
OPERATING TRUST FUND	-STATE	198,658		198,658			2510 1
		=====		=====			

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
POS	AMOUNT	POS	AMOUNT	POS
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
<u>PGM: LOTTERY OPERATIONS</u>				36010000
GOV OPERATIONS/SUPPORT				16
<u>GOVERNMENTAL OPERATIONS</u>				<u>1601.00.00.00</u>
AGENCY-WIDE INFORMATION TECHNOLOGY				3620000
PRIVATE BRANCH EXCHANGE - LOTTERY				
HEADQUARTERS				36212C0
SPECIAL CATEGORIES				100000
CONTRACTED SERVICES				100777
OPERATING TRUST FUND -STATE	52,407	5,562		2510 1
TOTAL: PRIVATE BRANCH EXCHANGE - LOTTERY				36212C0
HEADQUARTERS				
TOTAL ISSUE.....	337,498	290,653		

AGENCY ISSUE NARRATIVE:

2009-2010 BUDGET YEAR NARRATIVE:

IT COMPONENT? YES

The Lottery requests a total of \$337,498 (\$198,658 in Operating Capital Outlay, \$86,433 in Expense and \$52,407 in Contracted Services) to replace the Lottery Headquarters existing Private Branch Exchange (PBX), fax server, voice mail system, unified messaging facility and telephone systems equipment with new, supportable products.

The Lottery's phone system is mission critical. This is an aging system whose components are past end-of-life, meaning the manufacturer and vendors will not provide support under maintenance contracts. The Lottery's current phone system was installed in 1991, is 17 years old and reached end-of-life in 10/07. The phone system's operating system software was upgraded in 2002, is now 6 years old and was discontinued by the manufacturer in 02/07. The Lottery's voicemail system, Meridian Mail, was installed in 1996 and was discontinued by the manufacturer in 02/07. In addition, the Automatic Call Distribution (ACD) software reached end-of-life in 12/04 and will only run on a 2.9 GHz processor or slower with no more than 512mb of memory.

The existing resources are not reliable or supportive enough for the high availability demands of the Lottery. Any failure of these systems result in unacceptable downtimes. The rate of failure is increasing due to the high volume of calls received during peak times after Lottery drawings. Constant monitoring is required during peak times to avoid a full system failure. This high volume of calls causes the single processor on the PBX to lock up and the voice mail system to shut down. All calls are lost until the PBX/voicemail system is recycled which takes approximately 30 minutes.

In the past six months, from April 2008 - September 2008, the Lottery has experienced 108 incidents and 325 hours of disruption to the phone service. The voicemail service has been down due to the inability to handle the high call volumes 96 times resulting in voicemail being unavailable 236 hours, an average of 30 hours per month. The Lottery has experienced 12 phone system outages and 51 hours of downtime where the phone system was entirely or partially unavailable to provide phone service. In addition, there were 9 equipment failures which resulted in 36 hours of disruption to the phone service.

Support will no longer be available for these systems as of 10/08, so any disruption in service can only be restored on a "best-effort" basis. The Lottery is extremely dependent on its voice systems, averaging over 240,000 calls per year from players, retailers, district offices and gaming vendors on our hotlines. The hotline calls do not include normal

COL A03		COL A04		COL A05		CODES
AGY REQUEST	AGY REQ N/R	AGY REQ N/R	AGY REQ N/R	AG REQ ANZ	AG REQ ANZ	
FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	
POS	AMOUNT	POS	AMOUNT	POS	AMOUNT	
LOTTERY, DEPARTMENT OF THE						36000000
<u>PGM: LOTTERY OPERATIONS</u>						36010000
GOV OPERATIONS/SUPPORT						16
<u>GOVERNMENTAL OPERATIONS</u>						<u>1601.00.00.00</u>
AGENCY-WIDE INFORMATION TECHNOLOGY						3620000
PRIVATE BRANCH EXCHANGE - LOTTERY						
HEADQUARTERS						36212C0

business calls averaging 33,600 per week, once the voice system reaches saturation callers receive a busy signal, therefore we are unable to determine the number of calls that go unanswered. In addition, the Lottery utilizes its phone system as a customer service mechanism by directing players to recorded messages for all game draw information, winning numbers and promotions.

PROPOSED SOLUTION:

Replacement of the current PBX with a highly scalable Nortel CS1000E system and install CallPilot voicemail, Contact Center Manager for Automated Call Distribution (ACD) Management and Telephony Manager for system administration. The new system will reuse existing analog and digital line cards and will be powered by an Uninterruptible Power Supply (UPS) with 8 hours backup run time. This will eliminate the need for replacing costly batteries and rectifiers that would reach end-of-life status in the future. Batteries for a UPS are modular, easily replaced, environmentally friendly and reduce electricity consumption by up to 80% over the current system. Also battery condition levels may be monitored via Local Area Network based tools instead of service calls from a maintenance vendor.

The Lottery's current PBX has an extremely old and slow single processor. The proposed solution is a server-based, full-featured Internet Protocol PBX that has Dual Core Processors representing a 70% increase in processing power over the existing PBX. Additionally, the proposed solution has a significant storage advantage with a 40GB hard drive compared to the current systems 600mb hard drive. Faster processing and more storage result in the systems ability to handle a much higher volume of calls.

BENEFITS:

The primary benefit of this request is avoiding the risk of significant phone system outages. As a business with significant dependence on its phone system, the Lottery cannot continue to assume this level of risk. The proposed replacement of the PBX hardware and software systems will ensure replacement part availability and a continued high level of vendor support. An AC power system eliminates the need to service and replace existing DC rectifiers, which currently is an on-going problem. This proposed system positions the Lottery for all future Nortel plans to offer/support products such as Voice over Internet Protocol (VoIP), Mobile voice, Unified Messaging and Multimedia applications. The existing, out dated PBX equipment does not support such functionality. The proposed option will consist of the two systems working in parallel while each line card is removed and placed into its designated slot in the new system. This will ensure that no more than 16 phones will be out of service at any one time and for only a few minutes. In addition, increased application power and capacity with reduction in foot print and power consumption means a lower cost of ownership. The proposed CS1000E also provides for the retention of 30+ line level interface cards and 400+ digital phones. This is a cost effective option as it allows for replacement of phones, on an as needed basis. There are other intangible benefits associated mostly with staff productivity that add to the value of the new PBX but are not the primary need for funding this proposal.

ASSUMPTIONS AND CONSTRAINTS:

Barring significant changes in workload due to new projects or initiatives; this project can be accomplished by existing staff with assistance from the vendor within schedule and within acceptable levels of risk and downtime. It is further assumed that the equipment can be procured in a timely manner.

	COL A03		COL A04		COL A05		CODES
	AGY REQUEST FY 2009-10	POS	AGY REQ N/R FY 2009-10	POS	AG REQ ANZ FY 2009-10	POS	
LOTTERY, DEPARTMENT OF THE							36000000
<u>PGM: LOTTERY OPERATIONS</u>							36010000
GOV OPERATIONS/SUPPORT							16
<u>GOVERNMENTAL OPERATIONS</u>							<u>1601.00.00.00</u>
AGENCY-WIDE INFORMATION TECHNOLOGY							3620000
PRIVATE BRANCH EXCHANGE - LOTTERY							
HEADQUARTERS							36212C0

Implementation Timeline:

Task	Approx Start	Approx End
Develop detailed specs for procurement	07/01/2009	07/10/2009
Issue Request for Quote	08/03/2009	08/28/2009
Issue Direct Order	09/01/2009	09/30/2009
Equipment delivery	10/05/2009	10/16/2009
Stage Equipment at Lottery Headquarters	10/19/2009	10/23/2009
Install New PBX	10/26/2009	11/06/2009
Install CallPilot Voicemail	11/09/2009	11/20/2009
Install Contact Center for ACD	11/23/2009	12/04/2009
Install Telephony Manager	12/07/2009	12/11/2009
Switch to New Production HQ PBX	12/12/2009	12/13/2009

ESTIMATED COSTS:

The table below provides the detail estimate. The equipment will be installed, configured and managed by existing Lottery staff with assistance as shown, from the vendor. Maintenance on the CS1000E is \$46,845 and is requested as recurring Contracted Services for 4 years.

Item Description	OCO	Expense	Contracted Services
HQ CS1000E PBX and Modules	\$198,658		
Licenses		\$83,584	
Shipping		\$2,849	
Implementation Services			\$52,407
Total	\$198,658	\$86,433	\$52,407

IMPACT OF NOT FUNDING:

If this issue is not funded, the Lottery will continue to experience costly failures of its phone systems at an increasing rate as the equipment ages. In the event of hardware failure, the phone system will be unavailable for extended periods of time directly related to the unavailability of replacement parts due to the systems age. The Lottery will be unable to provide a reliable and consistent flow of services and information to the public, retailers and our business partners. The Lottery will continue its heavy reliance on staff monitoring of equipment and human intervention, which is more resource-intensive. All voice systems play an integral part in the smooth and efficient operation of the Lottery.

OTHER OPTIONS CONSIDERED:

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
<u>PGM: LOTTERY OPERATIONS</u>				36010000
GOV OPERATIONS/SUPPORT				16
<u>GOVERNMENTAL OPERATIONS</u>				<u>1601.00.00.00</u>
AGENCY-WIDE INFORMATION TECHNOLOGY				3620000
PRIVATE BRANCH EXCHANGE - LOTTERY				
HEADQUARTERS				36212C0

Upgrading the Lottery's current 81C PBX core modules with new processor cards and hard drives.

Due to the existing system's age of 17 years, it was determined that there was significant reason for concern with this upgrade. A phased approach would have to be taken in this upgrade requiring multiple power cycles of the system increasing the risk of failure to key components that are 17 years old. Extensive downtime will be encountered with this option. Once a project of this magnitude is initiated, it must continue until the upgrade is completed. An estimated minimum downtime of 20+ hours can be expected to perform this upgrade. The upgrade will continue to operate as usual with no expanded features to handle the high call volumes the Lottery currently receives. This option does not allow the Lottery the opportunity to address environmental concerns by running greener technology. In the end, the Lottery would still have a 17 year old PBX and components that were not replaced in the upgrade. The age of this equipment and the extensive downtime to perform this upgrade presents unacceptable levels of risk for the Lottery.

Acquiring some services through the State of Florida network services contract (Centrex).

This solution doesn't provide the ability to direct players to recorded winning number messages for game draws and promotions. The ACD function offered by this hosted solution has severely diminished reporting capabilities. While some services could be provided by enterprise offerings, the Lottery believes its legislative mandate to operate as an entrepreneurial business requires that certain core functions be provided by full-time staff and equipment dedicated solely to the Lottery's demands. In addition, the actual cost of this service would be greater than the funds involved in the purchase to replace much of the Lottery's voice infrastructure with a more robust solution.

Leasing the proposed CS1000E solution.

This option did not make sound fiscal sense. Over the term of a 60-month lease, the Lottery would have paid \$732,240 for the lease and would not own the equipment in the end.

After careful and diligent consideration to all options, the Lottery believes that the outright purchase to install a new Nortel CS1000E is a cost effective and reliable solution. This option minimizes risk and allows the Lottery to leverage a system with much more advanced features than its current PBX. The table below offers a cost comparison over a 5-year term of all options considered.

Desired Option	Non-recurring	Recurring	
CS1000E purchase	\$337,498	\$46,845 X 4 years = \$187,380	
Other Considerations	Non-recurring	Recurring	
81C upgrade	\$303,846	\$ 51,167 X 4 years = \$204,668	Hosted by
State Network Svcs (Centrex)	\$143,965	\$107,532 X 4 years = \$430,128	

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
POS	AMOUNT	POS	AMOUNT	POS
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
GOVERNMENTAL OPERATIONS				1601.00.00.00
AGENCY-WIDE INFORMATION TECHNOLOGY				3620000
PRIVATE BRANCH EXCHANGE - LOTTERY				
HEADQUARTERS				36212C0
Leasing the CS1000E			\$146,448 X 5 years = \$732,240	

LOTTERY DISTRICT OFFICE KEY SYSTEMS				
(PHONE) REPLACEMENT				36213C0
EXPENSES				040000
OPERATING TRUST FUND -STATE	83,943	83,943		2510 1
=====				
OPERATING CAPITAL OUTLAY				060000
OPERATING TRUST FUND -STATE	84,723	84,723		2510 1
=====				
SPECIAL CATEGORIES				100000
CONTRACTED SERVICES				100777
OPERATING TRUST FUND -STATE	13,497	13,497		2510 1
=====				
TOTAL: LOTTERY DISTRICT OFFICE KEY SYSTEMS				36213C0
(PHONE) REPLACEMENT				
TOTAL ISSUE.....	182,163	182,163		
=====				

AGENCY ISSUE NARRATIVE:

2009-2010 BUDGET YEAR NARRATIVE:

IT COMPONENT? YES

This issue requests a total of \$182,163 (\$84,723 in Operating Capital Outlay, \$83,943 in Expense and \$13,497 in Contracted Services) to replace the Lottery's Key systems in 8 of its district offices and backup data center with new, supportable products.

The Lottery's district phone systems have reached end-of-life and support will no longer be available for these systems as of October 2008, therefore any disruption in service can only be restored on a "best-effort" basis. System failures have dramatically increased over the past two years, resulting in extended periods of downtime for the district offices. For example, a system failure in the Miami District Office resulted in an extended period of downtime of six days and a failure in the Pensacola District Office took over a week to fix due to the unavailability of replacement parts. During these outages, phone service, access to voice mail and remote access for support and administration is unavailable. It is imperative that the Lottery has consistent and reliable communication with its retailers and the public.

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
<u>PGM: LOTTERY OPERATIONS</u>				36010000
GOV OPERATIONS/SUPPORT				16
<u>GOVERNMENTAL OPERATIONS</u>				<u>1601.00.00.00</u>
AGENCY-WIDE INFORMATION TECHNOLOGY				3620000
LOTTERY DISTRICT OFFICE KEY SYSTEMS				
(PHONE) REPLACEMENT				36213C0

PROPOSED SOLUTION:

The proposed solution is to replace the current key phone systems with 9 BCM-50's equipped for a T-1 connection, 40 digital station ports, 2 analog station ports and 40 voice mail boxes per site. It includes 27 T-7316 phones, 4 T-24 add on modules, lightning protection and Uninterrupted Power Supply (UPS) per site.

Item Description	OCO	Expense	Contracted Services
-----	-----	-----	-----
BCM 50 Key Systems	\$84,723		
T 7316 phones & T24 phones		\$83,943	
Implementation Services			\$13,497
	-----	-----	-----
Total	\$84,723	\$83,943	\$13,497

BENEFITS:

The primary benefit of this request is avoiding the risk of significant phone system outages. As a business with heavy reliance on its phone system, the Lottery cannot continue to assume this level of risk. The proposed replacement of the Key Systems hardware and software will ensure replacement part availability and a continued high level of vendor support. This solution allows the Lottery to utilize the state's MyFloridaNetwork avoiding long distance charges for inter-company calls. There are other intangible benefits associated mostly with staff productivity that add to the value of the new Key Systems but are not the primary need for funding this proposal.

ANY ASSUMPTIONS AND CONSTRAINTS:

Barring significant changes in workload due to new projects or initiatives; this project can be accomplished by existing staff with assistance from the vendor within schedule and within acceptable levels of risk and downtime. It is further assumed that the equipment can be procured in a timely manner.

Planned start and completion dates:

Task	Approx Start	Approx End
-----	-----	-----
Develop detailed specs for procurement	07/01/2009	07/10/2009
Issue Request for Quote	08/03/2009	08/28/2009
Issue Direct Order	09/01/2009	09/30/2009
Equipment delivery	10/05/2009	10/09/2009
Install New Key System in Pensacola District Office	10/19/2009	10/23/2009
Install New Key System in Jacksonville District Office	10/26/2009	10/28/2009
Install New Key System in Gainesville District Office	10/28/2009	10/30/2009
Install New Key System in Orlando District Office	11/02/2009	11/04/2009
Install New Key System in Orlando Data Center	11/04/2009	11/06/2009

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
<u>PGM: LOTTERY OPERATIONS</u>				36010000
GOV OPERATIONS/SUPPORT				16
<u>GOVERNMENTAL OPERATIONS</u>				<u>1601.00.00.00</u>
AGENCY-WIDE INFORMATION TECHNOLOGY				3620000
LOTTERY DISTRICT OFFICE KEY SYSTEMS				
(PHONE) REPLACEMENT				36213C0
Install New Key System in Tampa District Office			11/09/2009	11/10/2009
Install New Key System in Fort Myers District Office			11/16/2009	11/18/2009
Install New Key System in West Palm District Office			11/30/2009	12/02/2009
Install New Key System in Miami District Office			12/02/2009	12/04/2009

TOTAL PROJECT COSTS:

The table below provides the detail estimate. The equipment will be installed, configured and managed by existing Lottery staff with assistance as shown, from the vendor. There are no additional charges and maintenance will be covered under the Lottery's base budget.

Item Description	OCO	Expense	Contracted Services
9 BCM 50 Key Systems	\$84,723		
T 7316 & T24 phones		\$83,943	
Implementation Services			\$13,497
Total	\$84,723	\$83,943	\$13,497

IMPACT OF NOT FUNDING THE PROJECT OR ISSUE:

Without approval of this request to replace the telephone systems in the district offices, the Lottery will continue to experience costly failures with its phone systems. The rate of failure will increase as equipment ages. In the event of hardware failure, the district's phone system will be unavailable for extended periods of time directly related to the unavailability of replacement parts. The district offices will be unable to provide a reliable and consistent flow of services and information to the public, our business partners and retailers. District staff will not have access to administrative and technical support from headquarters during outages. This presents an unacceptable level of risk for the Lottery. The district office voice systems play an integral part in the smooth and efficient operation of the Lottery. The Lottery cannot absorb the cost associated with this request, the department's current Operating Capital Outlay appropriation base is only \$1,000., also with the past reductions to the Expense appropriation base the department is anticipating the need for a 5% transfer to cover operating expenses.

OTHER OPTIONS CONSIDERED:

Will need to research additional options. However, preliminary findings on the options listed below are higher cost or limited functionality.

Hosted Centrex.

Basic Business Lines.

Cisco Call Servers.

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
<u>PGM: LOTTERY OPERATIONS</u>				36010000
GOV OPERATIONS/SUPPORT				16
<u>GOVERNMENTAL OPERATIONS</u>				<u>1601.00.00.00</u>
TOTAL: GOVERNMENTAL OPERATIONS				<u>1601.00.00.00</u>
BY FUND TYPE				
	369.00			
TRUST FUNDS.....	152,511,506	722,816		2000
SALARY RATE.....	14,956,763			
	=====	=====	=====	

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
EXEC LEADERSHIP/SUPPRT SVC				1602.00.00.00
ESTIMATED EXPENDITURES				1000000
ESTIMATED EXPENDITURES - OPERATIONS				1001000
SALARY RATE				000000
SALARY RATE.....	3,459,487			
=====				
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE	71.00	4,448,983		2510 1
=====				
OTHER PERSONAL SERVICES				030000
OPERATING TRUST FUND -STATE		391,500		2510 1
=====				
EXPENSES				040000
OPERATING TRUST FUND -STATE		3,094,963		2510 1
=====				
OPERATING CAPITAL OUTLAY				060000
OPERATING TRUST FUND -STATE		1,000		2510 1
=====				
SPECIAL CATEGORIES				100000
ACQUISITION/MOTOR VEHICLES				100021
OPERATING TRUST FUND -STATE		250,000		2510 1
=====				
CONTRACTED SERVICES				100777
OPERATING TRUST FUND -STATE		814,749		2510 1
=====				
RISK MANAGEMENT INSURANCE				103241
OPERATING TRUST FUND -STATE		319,768		2510 1
=====				

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
EXEC LEADERSHIP/SUPPRT SVC				1602.00.00.00
ESTIMATED EXPENDITURES				1000000
ESTIMATED EXPENDITURES - OPERATIONS				1001000
SPECIAL CATEGORIES				100000
TR/ED ENHANCEMENT TF				103940
OPERATING TRUST FUND -STATE		2,000,000		2510 1
TR/DMS/HR SVCS/STW CONTRCT				107040
OPERATING TRUST FUND -STATE		175,249		2510 1
TOTAL: ESTIMATED EXPENDITURES - OPERATIONS				1001000
TOTAL POSITIONS.....	71.00			
TOTAL ISSUE.....		11,496,212		
TOTAL SALARY RATE.....		3,459,487		
ADJUSTMENT TO STATE HEALTH				
INSURANCE PREMIUM CONTRIBUTION -				
FISCAL YEAR 2008-09				1001800
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE		11,566		2510 1
ADJUSTMENT TO STATE LIFE AND				
DISABILITY INSURANCE CONTRIBUTION				
RATES - FISCAL YEAR 2008-09				1001910
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE		2,396-		2510 1

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
EXEC LEADERSHIP/SUPPRT SVC				1602.00.00.00
NONRECURRING EXPENDITURES				2100000
REPLACEMENT OF MOTOR VEHICLES				2103005
SPECIAL CATEGORIES				100000
ACQUISITION/MOTOR VEHICLES				100021
OPERATING TRUST FUND -STATE	250,000-			2510 1
=====				
REDUCTIONS IN SALARIES AND				
BENEFITS - VACANCIES				2103031
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE	31,624			2510 1
=====				
EQUIPMENT NEEDS				2400000
REPLACEMENT OF MOTOR VEHICLES				2401500
SPECIAL CATEGORIES				100000
ACQUISITION/MOTOR VEHICLES				100021
OPERATING TRUST FUND -STATE	1,593,064	1,593,064		2510 1
=====				

AGENCY ISSUE NARRATIVE:

2009-2010 BUDGET YEAR NARRATIVE:

IT COMPONENT? NO

The Florida Lottery is requesting \$1,593,064 in budget authority to replace 86 vehicles in its existing fleet. The Lottery currently has a fleet of 182 vehicles, over the last 2 years this number of vehicles has been reduced from 192 due to catastrophic failure/damage, as well as right-sizing efforts to reduce pool vehicles. The Lottery's fleet is allocated as follows:

Lottery Sales Representatives	113
Contract Compliance Coordinators	10
Statewide District Office Pool Vehicles	29*
District Managers	9
Field Sales Managers	12
Security	2
Special Events	2
Support Services	5

Total	182

*District office pool vehicles are used to maintain retailer service levels while assigned vehicles are being repaired/maintained. These vehicles are also used by district office staff for business operations.

COL A03		COL A04		COL A05		CODES
AGY REQUEST	AGY REQ N/R	AGY REQ N/R	AGY REQ N/R	AG REQ ANZ	AG REQ ANZ	
FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	
POS	AMOUNT	POS	AMOUNT	POS	AMOUNT	
LOTTERY, DEPARTMENT OF THE						36000000
<u>PGM: LOTTERY OPERATIONS</u>						36010000
GOV OPERATIONS/SUPPORT						16
<u>EXEC LEADERSHIP/SUPPRT SVC</u>						<u>1602.00.00.00</u>
EQUIPMENT NEEDS						2400000
REPLACEMENT OF MOTOR VEHICLES						2401500

As a marketing corporation competing for the discretionary dollars of consumers, the Florida Lottery is a business that requires a sales force to provide support to approximately 13,300 retailers statewide. In any sales organization, there's a direct correlation between account "call frequency" and increased sales, the Florida Lottery is no exception. The Lottery's 113 Sales Representatives must be able to regularly call on our retailers to increase sales. It is critical that the Lottery have vehicles to support the sale of Lottery products by enabling staff to timely visit retailers and deliver upcoming game information and point-of-sale (POS) materials. Providing a cost-effective, more reliable fleet of vehicles will increase employee productivity. In addition to this main goal, the Lottery would be adhering to environmental concerns by running a newer more environmentally friendly fleet.

The Florida Lottery's vehicle fleet has reached critical status based on excessive mileage and/or high vehicle repair cost-operating expenses. This problem will continue to worsen if not promptly addressed. As of September 2008, 103 vehicles, 57% of the fleet, exceeded the Mercury Associates established replacement criteria of 70,000 to 80,000 miles (depending on classification of vehicle.) The Governor's Office of Policy and Budget's criteria for vehicle replacement is currently 100,000 miles and therefore, this is the criteria upon which this issue is constructed. It is industry knowledge (as documented in the Mercury Associates report dated April 2007) that an older high-mileage fleet will have higher maintenance and operating costs. Lottery vehicle repair and maintenance costs increased from \$564,065 for Fiscal Year 2006-07 to \$725,370 for Fiscal Year 2007-08 for an increase of \$161,305 (29%). These costs will continue to increase with vehicle age as major systems fail and structural rigidity is compromised. The wear on vehicles is a direct result of exceeding accepted and often safe standards. Additionally, the longer vehicles are retained in service, the salvage and resale values are significantly lowered, or have virtually no value if catastrophic failure/damage occurs. Reversing this trend will allow the Lottery to reduce the amount of time vehicles are out of commission for repairs. In addition, aging vehicles have diminished fuel economy and generate excess greenhouse gases.

The Lottery requests sufficient funding to allow for adherence to its vehicle replacement criteria in order to reduce repair costs, reliability and potential safety issues as well as achieve more economical fuel costs. The Lottery was included in the previously mentioned Mercury Associates assessment which confirmed the Lottery's assessment that a significant portion of its fleet needs to be replaced. In order to correct the paralyzing backlog of vehicles needing replacement, the Lottery has made the following policy and practice changes:

Procurement decisions for new vehicle models will be based on a life cycle cost analysis and not just a low purchase price; and

The replacement criteria of vehicles will include utilization, reliability assessment and operation costs in an effort to find a threshold for replacement before high cost, unreliability, and safety concerns appear.

It is estimated the Lottery could save approximately \$38,500 in fuel costs alone the first year based on the following calculations:

Current fuel economy
 13,350 miles @ 16.46 mpg = 811 gallons X \$3.50 per gallon = \$2,838.50

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
<u>PGM: LOTTERY OPERATIONS</u>				36010000
GOV OPERATIONS/SUPPORT				16
<u>EXEC LEADERSHIP/SUPPRT SVC</u>				<u>1602.00.00.00</u>
EQUIPMENT NEEDS				2400000
REPLACEMENT OF MOTOR VEHICLES				2401500

New Vehicle fuel economy
 13,350 miles @ 19.00 mpg = 702 gallons X \$3.50 per gallon = \$2,457.00

Savings
 \$381.50 X 101 vehicles = \$38,531

Lower green house gas emissions and better fuel economy will result from this initiative. With new vehicles, additional fleet right-sizing can occur with reduced pool vehicles being maintained.

This needs assessment is based on the Lottery being able to utilize 96% of the Fiscal Year 2008-09 appropriation of \$250,000 to replace approximately 15 vehicles.

If spending authority is not received for this request there is a potential for, reduced sales due to delayed delivery of new game launch information and POS materials; possible reduction of vehicles being utilized, sales representatives either doubling up or alternately using personal vehicles for field work; a reduction in customer service; and a possible reduction in the Lottery's net proceeds available for the Educational Enhancement Trust Fund.

OTHER OPTIONS CONSIDERED

Lease Option

Leasing vehicles spreads the cost of a vehicle over the useful life of the vehicle, however the vehicles remain the property of the fleet leasing company. Below are figures comparing the outright purchase versus the average leasing costs (life cycle cost comparisons):

Purchase: \$44,492
 Lease: \$55,351

A non-typical option is to leverage the Florida Lottery brand in cooperative marketing strategies with regional programs of vehicle manufactures in an effort to reduce the outlay of fleet leasing costs. Preliminary discussions with Ford, Daimler Chrysler, and General Motors have resulted in a favorable response. Financing requires a long term funding commitment and would present difficulties if it was determined to return to a cash procurement method. Additionally, lease financing would necessitate the Lottery purchasing insurance in the event of loss of asset.

Downsize Option

The Florida Lottery has right-sized its fleet to within what we feel is an acceptable sized fleet in order to meet the business operation requirements of the Florida Lottery. Over the past two years, the overall fleet size has been reduced

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
<u>PGM: LOTTERY OPERATIONS</u>				36010000
GOV OPERATIONS/SUPPORT				16
<u>EXEC LEADERSHIP/SUPPRT SVC</u>				<u>1602.00.00.00</u>
EQUIPMENT NEEDS				2400000
REPLACEMENT OF MOTOR VEHICLES				2401500
<p>from 192 to 182. To reduce the size any further may prove detrimental to effective and efficient operations due to the aging fleet and an inability to secure sufficient funding to acquire new vehicles.</p> <p>*****</p>				
ANNUALIZATION OF ADMINISTERED FUNDS APPROPRIATIONS				26A0000
STATE HEALTH INSURANCE PREMIUM CONTRIBUTION - 10 MONTHS ANNUALIZATION				26A1800
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE		57,830		2510 1
=====				
LIFE AND DISABILITY INSURANCE REDUCTION - 6 MONTHS ANNUALIZATION				26A2000
SALARIES AND BENEFITS				010000
OPERATING TRUST FUND -STATE		2,396-		2510 1
=====				
AGENCY-WIDE INFORMATION TECHNOLOGY FLORIDA LOTTERY BUSINESS ACCOUNTING SYSTEM EXPENSES				3620000
OPERATING TRUST FUND -STATE		186,150	186,150	36224C0
=====				
SPECIAL CATEGORIES CONTRACTED SERVICES				100000
OPERATING TRUST FUND -STATE		394,437	375,000	100777
=====				
TOTAL: FLORIDA LOTTERY BUSINESS ACCOUNTING SYSTEM				36224C0
TOTAL ISSUE.....		580,587	561,150	
=====				

COL A03		COL A04		COL A05		CODES
AGY REQUEST	AGY REQ N/R	AGY REQ N/R	AGY REQ N/R	AG REQ ANZ	AG REQ ANZ	
FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	
POS	AMOUNT	POS	AMOUNT	POS	AMOUNT	
LOTTERY, DEPARTMENT OF THE						36000000
<u>PGM: LOTTERY OPERATIONS</u>						36010000
GOV OPERATIONS/SUPPORT						16
<u>EXEC LEADERSHIP/SUPPRT SVC</u>						<u>1602.00.00.00</u>
AGENCY-WIDE INFORMATION TECHNOLOGY						3620000
FLORIDA LOTTERY BUSINESS						
ACCOUNTING SYSTEM						36224C0

AGENCY ISSUE NARRATIVE:

2009-2010 BUDGET YEAR NARRATIVE:

IT COMPONENT? YES

This issue requests \$580,587 to replace a labor-intensive and increasingly unreliable accounting system by purchasing an industry-proven out of the box Business Accounting System that will reduce operational cost while at the same time restore confidence in the accounting system as a reliable proactive tool for daily operations, strategic planning and financial reporting.

Our analysis has determined that the new Business Accounting System will pay for itself within three years through savings from improved operational efficiency, cash account management, cost avoidance due to better cost management, and increased sales realized from more accurate forecasting for new promotions and games. The new system will be an ally to growth and innovation by enabling resources to focus on important work and by improving the Lottery's ability to leverage accurate and timely financial data for maximum benefit to increase funding for the state's education initiatives.

Continuing with the ongoing reliance on the legacy system during this period of heightened expectations for increased revenue via more aggressive and innovative marketing will most certainly result in operational quagmire and potentially embarrassing financial mis-statements. The inflexible design and confusing integration points in the legacy accounting subsystems already force delays while custom software changes are considered and implemented to achieve financial controls and reporting for new marketing initiatives. Delays of this nature will eventually hamper the Lottery's ability to timely develop and implement promotions and games that are needed to increase revenues.

The new Lottery Business Accounting System will be characterized by aggressive automation, decreased reliance on manual procedures, powerful financial reporting, improved data integrity, centralized general ledger repository, seamless integration with external systems and adherence to best commercial accounting practices. The new package will provide solutions for General Ledger, Accounts Receivable, Accounts Payable, Cash Management, Budget Management, Financial Reporting and Cost Management.

Lottery Needs:

- Daily Trial Balance with up-to date cash balances, prize payment commitments, receivable income
- Daily Profit & Loss Statements for high profile Lottery Products, such as, POWERBALL, LOTTO, FANTASY5, MEGA MONEY, CASH3, PLAY4
- Up-to-date Daily Balance Sheets
- Up-to-date Statement of Net Assets
- Daily Budget accounts balances

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
<u>PGM: LOTTERY OPERATIONS</u>				36010000
GOV OPERATIONS/SUPPORT				16
EXEC LEADERSHIP/SUPPRT SVC				<u>1602.00.00.00</u>
AGENCY-WIDE INFORMATION TECHNOLOGY				3620000
FLORIDA LOTTERY BUSINESS				
ACCOUNTING SYSTEM				36224C0

-Daily Retailer Income and Expense reports

For many years the Lottery's accounting areas have been able to function effectively while "making do" with the "patchwork" accounting system by relying on a large staff that leveraged manual internal controls to manage and mitigate risk. In 2000, the Lottery decreased the size of the accounting staff by half from 73 to 36 full time equivalents (FTEs) which substantially curbed the Lottery's ability to apply internal manual controls for quality assurance of the legacy accounting system data. Since then, the accounting staff has had to resort to creating islands of accounting data that are maintained in independent spreadsheets and databases in each of the accounting functional areas. Many of the spreadsheets have several years of transactions that must be continually archived and protected from incidental updates.

Since the reduction in force, the variety and complexity of the Lottery gaming activities have grown significantly. Ticket sales have increased from \$2.2 billion in Fiscal Year end 2001 to \$4.12 billion in fiscal year end 2006. In Fiscal Year 2000 the Lottery had an average of 59 instant games live at any one time. In Fiscal Year 2007, the Lottery will have increased to over 120 active instant games. The Lottery utilizes various play styles and promotions to increase sales, all of which require unique accounting procedures in order to provide management with decision data.

In 2004, the Lottery presented its business case for a new business accounting solution for consideration to both the State Technology Office and the Technology Review Workgroup. The Lottery was instructed to work with the Department of Financial Services to incorporate the Lottery's accounting needs into the system that was being implemented at that time. The Legislature recognizes that the operation of a lottery is a unique activity for state government and that structure and procedures appropriate to the performance of other governmental functions are not necessarily appropriate to the operation of a state lottery. The Lottery met with DFS and it was decided that after DFS completed the implementation project, they would explore implementing a separate, private sector, version of the same software for the Lottery to utilize for its unique accounting requirements. Since that time, DFS has discontinued the implementation project and is uncertain of the financial commitment that will be needed to complete the implementation project.

Upon learning of this decision, the Lottery initiated a mitigation effort to achieve an alternative solution to the discontinued DFS solution. A detailed requirements study for a new accounting solution was completed that identified twenty-eight major problem areas that are hindering Lottery accounting operations and eighty-eight major needs that should be met by a new solution.

To improve upon this situation, Lottery stakeholders are seeking support through this LBR request to purchase and implement a new comprehensive integrated Business Accounting System.

As the lottery approaches its 22nd year of operations, the volume and complexity of activities continues to increase. In order for the Lottery to continue to grow and increase revenues for the State of Florida's Education System, innovative products and programs are continuously evaluated and implemented. The Lottery needs to have timely information regarding its revenues and expenses as well as client base.

The current solution requires extensive inefficient manual intervention and re-formatting using numerous spreadsheets and

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
<u>PGM: LOTTERY OPERATIONS</u>				36010000
GOV OPERATIONS/SUPPORT				16
EXEC LEADERSHIP/SUPPRT SVC				<u>1602.00.00.00</u>
AGENCY-WIDE INFORMATION TECHNOLOGY				3620000
FLORIDA LOTTERY BUSINESS				
ACCOUNTING SYSTEM				36224C0

interim data files to move data to and from external systems, such as, the state accounting system (FLAIR) and even among internal financial sub-systems. Data integrity is difficult to ensure because data is repeatedly re-entered into independent systems that do not consistently enforce a common set of data validation rules. It has become increasingly difficult to utilize Lottery financial information for proactive marketing, strategic budgeting and managing daily operations due to the effort that is required to extract, verify and consolidate information from the fragmented subsystems.

PROPOSED SOLUTION:

The new Business Accounting Solution will provide Lottery executives and stakeholders with never-before-available opportunities to leverage financial data to improve operations and make sound business development decisions that will result in more dollars for Florida public education. Some of the many benefits are listed below.

Reduced risk of financial reporting mis-statements that could affect bond ratings that drive interest rates for major education construction projects by relying on data produced by an accounting product that was developed from the ground up to ensure integrity of financial data.

More precise financial decision-making will be possible by leveraging up-to-date and exact accounting data of the daily cash position, outstanding prize checks, total prize liability, tax liabilities, tax payments, and merchandise prize awards.

- Improved daily operational efficiency will be realized by replacing many manual procedures with automated solutions.
- Improved financial data integrity will be achieved by reducing reliance on manually updated spreadsheets and transitioning to the usage of automated posting, systematically enforced data validation and automated financial reporting tools.
- Improved ability to roll-out client oriented programs on a state-wide basis will be enabled by utilizing consolidated and comprehensive client information that includes sales, invoicing, payment, and collections information.
- Better merchandise inventory management will be realized by directly linking accounting data to merchandise inventory movement.
- Up-to-date inventory of securities being held for future annuity payments will be available by maintaining investment information in the internal system.
- Daily results of District Office ticket sales and prize payment activities and cash auditing will be available by posting ticket sales and prize payment activities on a daily basis in the new system.

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
	POS	AMOUNT	POS	AMOUNT
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
EXEC LEADERSHIP/SUPPRT SVC				1602.00.00.00
AGENCY-WIDE INFORMATION TECHNOLOGY				3620000
FLORIDA LOTTERY BUSINESS				
ACCOUNTING SYSTEM				36224C0

- Improved financial record keeping and reconciliation of detail daily cash activities conducted at commercial banks will be accomplished by posting transactions daily in the internal Lottery system.
- Improved monitoring of retailer accounts receivable activity will be possible by posting daily invoicing, adjustment transactions, and collection efforts to the Accounts Receivable System and balancing the account as transactions post.
- Improved integrity and auditing of financial transactions will be possible by automatically accounting for rounding differences in appropriate accounts at the time of posting.
- Better management of vendor and retailer performance bonds will be accomplished by recording bonds as they are received.

Acquisition and implementation of the new Business Accounting Solution will be achieved through four procurement tasks:

- 1) The accounting software will be purchased from a competitive supplier.
- 2) A product maintenance agreement will be purchased from the supplier to ensure that product is updated with new releases as they become available.
- 3) Existing Lottery staff will be augmented with contracted product specialists that will assist with the personalization and rollout of the new Business Accounting Solution, as well as, mentor Lottery staff as they learn to utilize the new system.
- 4) Appropriate training will be procured to ensure that Lottery employees are properly prepared to use the new system in an efficient and beneficial manner.

It is not anticipated that any additional hardware will be required for the Lottery to implement this application.

ITEM DESCRIPTION	EXPENSE	CONTRACTED SERVICES
Software Package	\$111,650	
Software Maintenance		\$ 19,437
Staff Augmentation		\$375,000
Training	\$ 74,500	
Total	\$186,150	\$394,437

The only recurring funds requested are \$19,437 of Contracted Services for the software maintenance cost.

COL A03		COL A04		COL A05		CODES
AGY REQUEST	AGY REQ N/R	AGY REQ N/R	AGY REQ N/R	AG REQ ANZ	AG REQ ANZ	
FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	
POS	AMOUNT	POS	AMOUNT	POS	AMOUNT	
LOTTERY, DEPARTMENT OF THE						36000000
<u>PGM: LOTTERY OPERATIONS</u>						36010000
GOV OPERATIONS/SUPPORT						16
<u>EXEC LEADERSHIP/SUPPRT SVC</u>						<u>1602.00.00.00</u>
AGENCY-WIDE INFORMATION TECHNOLOGY						3620000
FLORIDA LOTTERY BUSINESS						
ACCOUNTING SYSTEM						36224C0

IMPLEMENTATION STRATEGY

The Lottery has completed a requirements study and determined through preliminary market research, consultation with the Gartner Group, and the benefit of counsel with other Lottery agencies that a suitable pool of candidate Commercial Off the Shelf (COTS) business accounting products are available to meet the Lottery's needs.

A procurement vehicle will be used to solicit competitive cost quotes from product suppliers. Quotes will be evaluated to accomplish a final analysis of a vendor's products' features list, capabilities, limitations and licensing options that will result in the selection the most suitable Business Accounting Solution for the Lottery.

It is the Lottery's intent to select a product that provides the best fit "out of the box" with some personalization.

The Lottery is adapting a "conform our processes to the product process" strategy in an effort to eliminate customization of the software code.

Maintenance agreement will be procured to ensure long-term health of the product (provide for upgrades and maintenance patches).

Subsequent to the selection of a product, the Lottery will solicit assistance and expertise with the personalization and implementation of the chosen product through a second procurement effort for staff augmentation. In reviewing other successful application implementation projects, it has been noted that the more successful projects have utilized technology staff that have repeated experience in implementing the specifically desired application solution. This experience should not be limited to just the user application but also the underlying middle-ware, architecture and interface requirements. Given the skill sets of the Lottery's technology staff, it has been determined that the most cost efficient approach is to utilize outsourced staff as the primary implementers with current staff supporting that team while building the required skill sets to continue to support the application through active participation during the implementation phase of the project.

Comprehensive training will be provided to Lottery employees to ensure that the new system will be used efficiently to maximum benefit. The Lottery's training expenses have been cutback to minimal levels to operate within the current expense appropriation. This new application will require start up training of both end users and IT staff and isn't anticipated to be recurring.

The following assumptions and constraints apply:

- Software must operate on Oracle 10G database systems running on AIX 5.3 operating system. Websphere Version 6 and Oracle 10G application servers are available to host the software.
- Anticipate up to 36 potential users of the software with up to 15 users accessing the system concurrently. Web-based applications must to be compatible with Internet Explorer 6.x and above.

	COL A03	COL A04	COL A05	
	AGY REQUEST	AGY REQ N/R	AG REQ ANZ	
	FY 2009-10	FY 2009-10	FY 2009-10	
POS	AMOUNT	POS	AMOUNT	POS
				AMOUNT
				CODES
LOTTERY, DEPARTMENT OF THE				36000000
PGM: LOTTERY OPERATIONS				36010000
GOV OPERATIONS/SUPPORT				16
EXEC LEADERSHIP/SUPPRT SVC				1602.00.00.00
AGENCY-WIDE INFORMATION TECHNOLOGY				3620000
FLORIDA LOTTERY BUSINESS				
ACCOUNTING SYSTEM				36224C0

- Existing hardware infrastructure, storage and software licensing have sufficient potential capacity to accommodate the new software for the first two years.

IMPACT OF NOT FUNDING THE ISSUE

If the acquisition of a new Business Accounting System is not funded, the current accounting solution will continue to be utilized. As the Lottery continues to expand its product offerings to customers, additional staff will need to be added to provide adequate levels of control. In addition, it is anticipated that software maintenance costs will continue to escalate as they have in recent years as the need for repairing subsystems and external system interfaces increase. Lottery executives and staff will continue to have a substantial reliance on manual processes that use spreadsheets to maintain important Lottery financial information. Most significantly, improvements in operating efficiency, marketing programs, and strategic planning that require accurate and up-to-date financial information will continue to be hampered by the burdens imposed by the current problem plagued solution. It will be increasingly difficult to make financial decisions with confidence that data produced from the current system is timely and reliable.

COST IMPACT TO OVERALL OPERATIONS

The implementation process of the new Business Accounting Solution will not significantly affect current operations. The implementation is being planned for a convenient time during the fiscal year to minimize the impact on financial operation resources. Some time commitments will be required of current staff to assist with configuration and testing of the new software. Also, staff will be attending training on the new software periodically as it is staged for release.

TOTAL: EXEC LEADERSHIP/SUPPRT SVC				1602.00.00.00
BY FUND TYPE				
	71.00			
TRUST FUNDS.....	13,516,091	2,154,214		2000
SALARY RATE.....	3,459,487			
	=====	=====	=====	
TOTAL: PGM: LOTTERY OPERATIONS				36010000
BY FUND TYPE				
	440.00			
TRUST FUNDS.....	166,027,597	2,877,030		2000
SALARY RATE.....	18,416,250			
	=====	=====	=====	