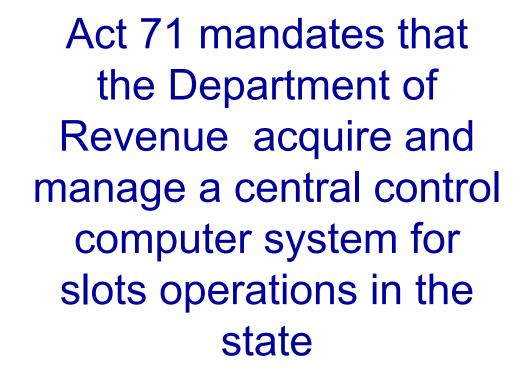
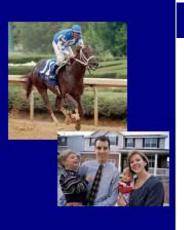


Curt Haines

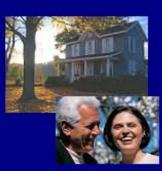
Deputy Secretary for Information
Technology
Department of Revenue













The system selected must:

- Have the capability of supporting up to the maximum number of slot machines as permitted under the Act (up to 61,000 slot machines);
- Assure that all transactional data from all operational slot machines is captured and secured;
- Utilize a widely accepted gaming industry protocol to facilitate the ability of slot machine manufacturers to communicate with the statewide system;



The system selected must:

- Have the capability to support in-house and wide area progressive slot machines as approved by the Board;
- Permit slot machine licensees to install independent player tracking systems and cashless technology as approved by the Board;
- Not alter the statistical awards of slot machine games, as designed by slot machine manufacturers and as approved by the Board;



The system selected must:

- Provide redundancy so that each component of the network will be capable of operating independently if any component of the network, including the central computer, fails or cannot be operated for any reason.
- Have the ability to meet all reporting and control requirements as required by the Department and Board.
- Address other requirements as determined by the Department in consultation with the Board.



- Act 71 exempts the Department of Revenue from the regular Commonwealth procurement process for the system
- However, because there are numerous systems/companies that could provide such a system, Revenue elected to competitively acquire the system, using a streamlined internal process



- In August, 2004, Revenue issued a "Request for Information" seeking information on such a system.
- Numerous vendors responded; those responses have been evaluated by a team of Revenue managers; and have led to a formal second round of questions and information gathering.
- The second responses were received yesterday, December 13th. They will be evaluated during the next several weeks.



Future timeline:

- Revenue's plan is to announce a selected system/vendor by the end of January.
- Contract negotiations would then commence.
- Objective is to make certain a central control system is in place well in advance of the initial slots operations approved by the Board.



Major issues:

- Working with Board/staff to make certain deployment of the system is in sync with Board's regulatory philosophy (cashless? Audit regulations?, enforcement of operating hours, etc.).
- Selection of the communication "protocol".



Protocol background/issues:

- A communication protocol is the "electronic language" used to communicate transaction and event history from individual slot machines to a central computer
- Historically, most slot manufacturers developed their own proprietary protocol...which has lead to many technical challenges in linking multiple vendor machines to a central system
- The gaming industry has been working on trying to agree on and develop an industry standard protocol. This has been a rather competitive and contentious undertaking!



Relative to protocol selection, Revenue will:

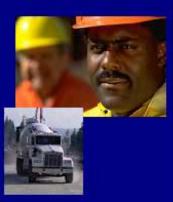
- Initially deploy a protocol that will permit the Board to certify a very wide selection of slot manufacturers;
- Will seek to migrate to whatever industry standard ultimately materializes; and
- Per Act 71, provide for a protocol comment period by interested parties after the selection is made.



Testing and Certification of Slot Machines

Act 71 mandates that the Board establish a process and/or facility to test and certify slot machines prior to deployment









Testing and Certification

Testing and Certification:

- Is a crucial element in maintaining the integrity of slots operations. Payout schedules, randomness, etc., are tested and proven prior to machines being placed in operations;
- Is performed in some capacity by all gaming jurisdictions; and
- The vast majority of jurisdictions engage third parties to conduct the actual testing/certification as it requires detailed and very specific technical skills



Testing and Certification

- Act 71 empowers the Board to accept the testing and certification standards of other gaming jurisdictions prior to establishing its own testing standards/processes.
- The Board must establish and maintain an independent slot machine testing and certification facility by July 2007