

# CMS Procurement Management Team

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Central Management System (CMS)-  
a digital regulatory operating model

# CENTRAL MANAGEMENT / MONITORING SYSTEM CHRONOLOGY

- **January – September 2014** - Procurement Management Team (PMT) representing Finance and Accounting, Licensing, and Information Technology conducts due diligence into the options for a technology based regulatory model for MGC.
- **October – December 2014** – PMT (with added resources from finance) conducts a formal procurement process, issuing a request for response on October 24. 5 vendors responded with proposals by the November 17<sup>th</sup> deadline.
- **December 3<sup>rd</sup>** – Top 2 vendors presented to the procurement team and provided best and final offers (BAFO).
- **December 5<sup>th</sup>** - PMT deliberates and selects GTECH to partner with presenting to the Commission
  - 50% Cost
  - 15% Past Similar Experience
  - 20% Return on Investment
  - 10% Project Management Methodology
  - 5% Proposed approach

# CENTRAL MONITORING SYSTEM



**GTECH**



**INTELLIGEN™**



## Who We Are

**GTECH is a leading commercial operator and provider of technology in regulated worldwide gaming markets. We deliver best-in-class products and services with a commitment to the highest levels of integrity, responsibility, and shareholder value creation.**



# GTECH

**€3 billion** in revenues

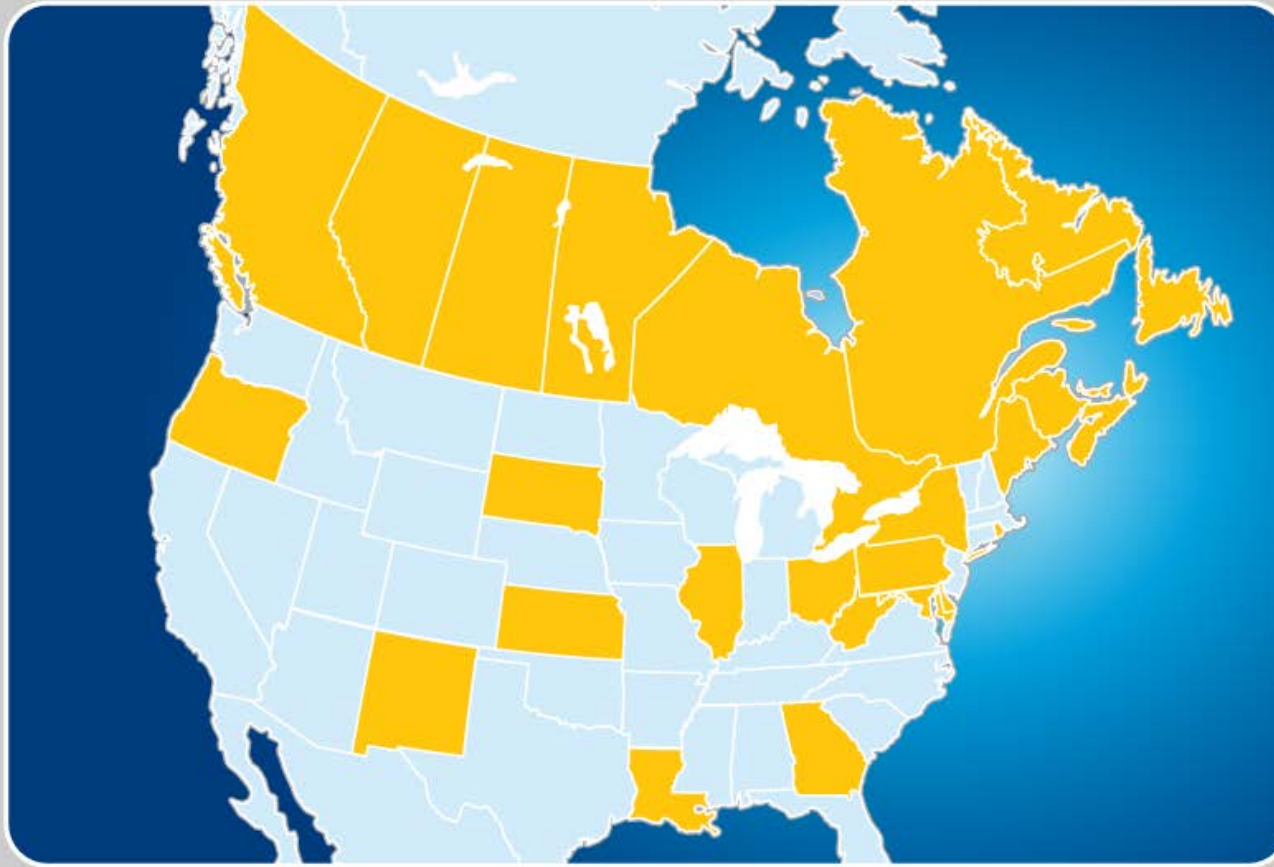
and **8,600** employees

offering **products and services**

in approximately **100** countries

in **2013**

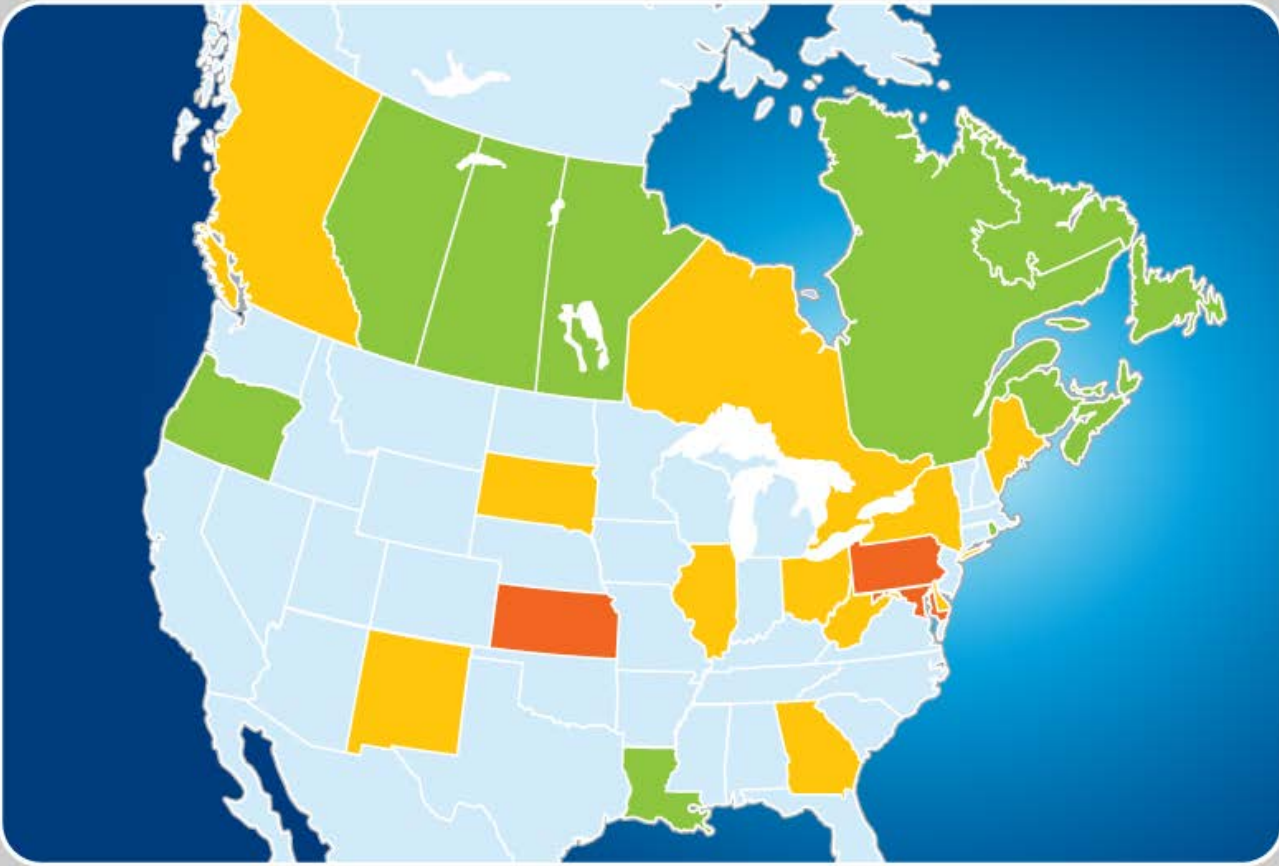
# JURISDICTIONS REQUIRING CMS CONNECTION



## Gaming Systems

 CMS CONNECTION REQUIRED

# GTECH SYSTEM EXPERIENCE



## Gaming Systems

- FULL GAMING SYSTEM
- MONITORING GAMING SYSTEM
- CMS CONNECTION REQUIRED





GTECH

INTELLIGEN™

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ARISTOCRAT

KONAMI

Bally  
TECHNOLOGIES

MULTIMEDIA GAMES™

WMS®  
A SCIENTIFIC GAMES COMPANY



# ECONOMIC BENEFIT AND RETURN ON INVESTMENT

**MGC's reputation and integrity is the very backbone of the gaming program in Massachusetts**

## **INTELLIGEN CMS provides the capabilities to:**

- Regulate, manage and report on EGD data received in near real time.
- Detect illegal activity, such as **money laundering** at the EGDs, as it occurs, and intervene immediately.
- Invoice casinos for tax revenue on daily intervals.
- Immediately detect any tampering with an EGD and automatically shut down.
- Immediately revoke and disable EGD software before experiencing any negative impact.

# BENEFITS OF CENTRAL SYSTEM MONEY LAUNDERING DETECTION

## Constant monitoring of financial and security activity of every EGD

Algorithms are defined on the CMS which will identify specific activity related to:

- Monetary activity at the EGD

- Game play activity at the EGD

- Additional data collected from the EGD

At the moment the money laundering activities are identified:

- Alerts are produced on the CMS

- Notifications are sent to MGC personnel

“Facility X, Location X, EGD XXX – Money Laundering Condition Detected”

MGC Investigators would then work with Facility staff to investigate the activity

# BENEFITS OF CENTRAL SYSTEM (CONTINUED)

## **Managed Startup / Shutdown of EGD's**

- Manage one or more EGDs across the jurisdiction
- Actively monitor all EGDs on-line, real-time

## **System Wide Reporting**

- Available by venue, user, vendor, etc...
- Support of daily invoicing
- Meter Reports
- EGD Event Reports
- Audit Reports

## **Provide Auditing/Accountability for all user access**

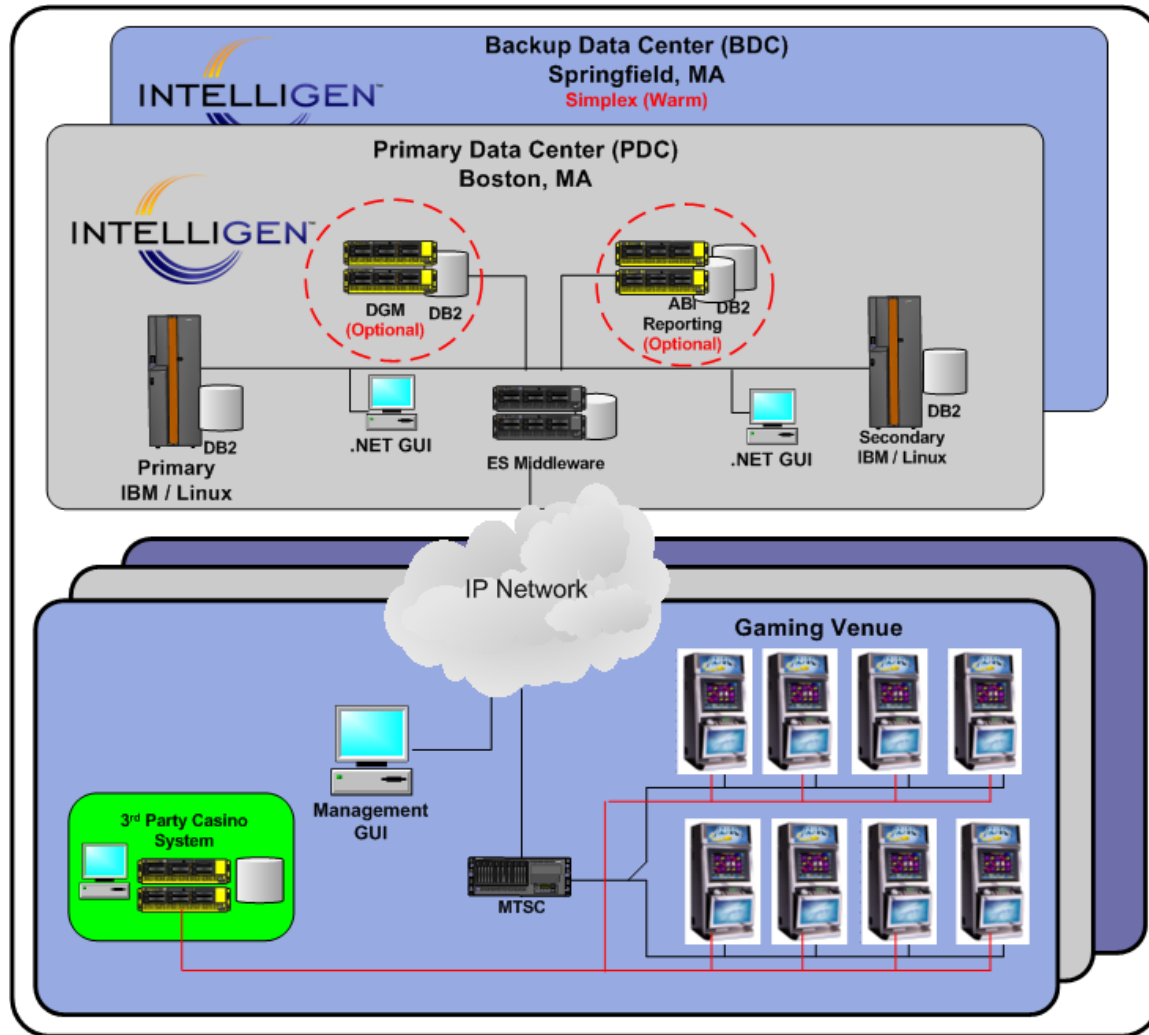
- Validate EGD Meters (Cash in , cash played, cash won)
- Up to the minute meter collection
- Event monitoring and collection centrally

# BENEFITS OF CENTRAL SYSTEM (CONTINUED)

## License / Operator Capabilities

- Assigned by Venue, Manufacturer, EGD, User
- EGD license configured with start/end times
- Can be configured to automatically disable EGD when license expires

# INTELLIGEN SYSTEM TOPOLOGY



# RETURN ON INVESTMENT

## Estimated Annual Savings

Eliminate unnecessary EGD down time and recapture lost revenue opportunity

- Average Net Profit of \$325 could lead to \$360k in new revenue each year

Staffing burden shifted from MGC to CMS vendor

## Additional Saving Opportunities

In a Manual Auditing environment, the following items are heavily influenced by factors such as employee availability, employee experience, availability of information

- EGD Investigation and Analysis
- EGD Moves
- Reconciliation Cost
- Hours Gained by Gaming Agent

## Transparency of Revenue and Tax Information

# CENTRAL MONITORING SYSTEM

## Savings Analysis of a Manual Process Verse Central Monitoring System

Category	#/yr	Description/Calculation	Hrs Manually	Hrs CMS	Variance	Hrly Rate	Total HRLY Savings	Annual Savings	10 year HRLY Savings	10 Year Contract Savings
Jackpots	80.00	20/facility	0.50	0.08	0.42	42.67	33.33	1,422.33	333.33	14,223.33
New Installations	1,000.00	10% of total EGDs annually	0.75	-	0.75	42.67	750.00	32,002.50	7,500.00	320,025.00
Moves/Changes of Games	3,000.00	30% of total EGDs annually	0.50	-	0.50	42.67	1,500.00	64,005.00	15,000.00	640,050.00
Audit of Physical Location	10,000.00	100% of floor throughout Year	0.17	-	0.17	42.67	1,666.67	71,116.67	16,666.67	711,166.67
Revocation	200.00	2% of total EGDs	0.75	-	0.75	42.67	150.00	6,400.50	1,500.00	64,005.00
Audit of CPU Unit	3,333.33	1/3 of gaming floor	0.67	-	0.67	42.67	2,222.22	94,822.13	22,222.20	948,221.27
Meter Reads vs. Actual Counts	1,000.00	10% check by Gaming Agents	1.00	0.17	0.83	42.67	833.33	35,558.33	8,333.33	355,583.33
Formal Complaint of Hold %	400.00	100/ facility /year	1.00	0.50	0.50	42.67	200.00	8,534.00	2,000.00	85,340.00
Financial Investigator on Site QA annually	4.00	5 days per facility /year	37.50	7.50	30.00	42.67	120.00	5,120.40	1,200.00	51,204.00
Inter-facility Balances for Wide Aare Jackpots			40.00	8.00	32.00	42.67	-	-	-	-
<b>TOTALS</b>	<b>19,017.33</b>		<b>82.83</b>	<b>16.25</b>	<b>66.58</b>	<b>384.03</b>	<b>7,475.55</b>	<b>318,981.86</b>	<b>74,755.53</b>	<b>3,189,818.61</b>

Based on these calculations, we predict an additional Gross Gaming Revenue of \$101,231 per year.



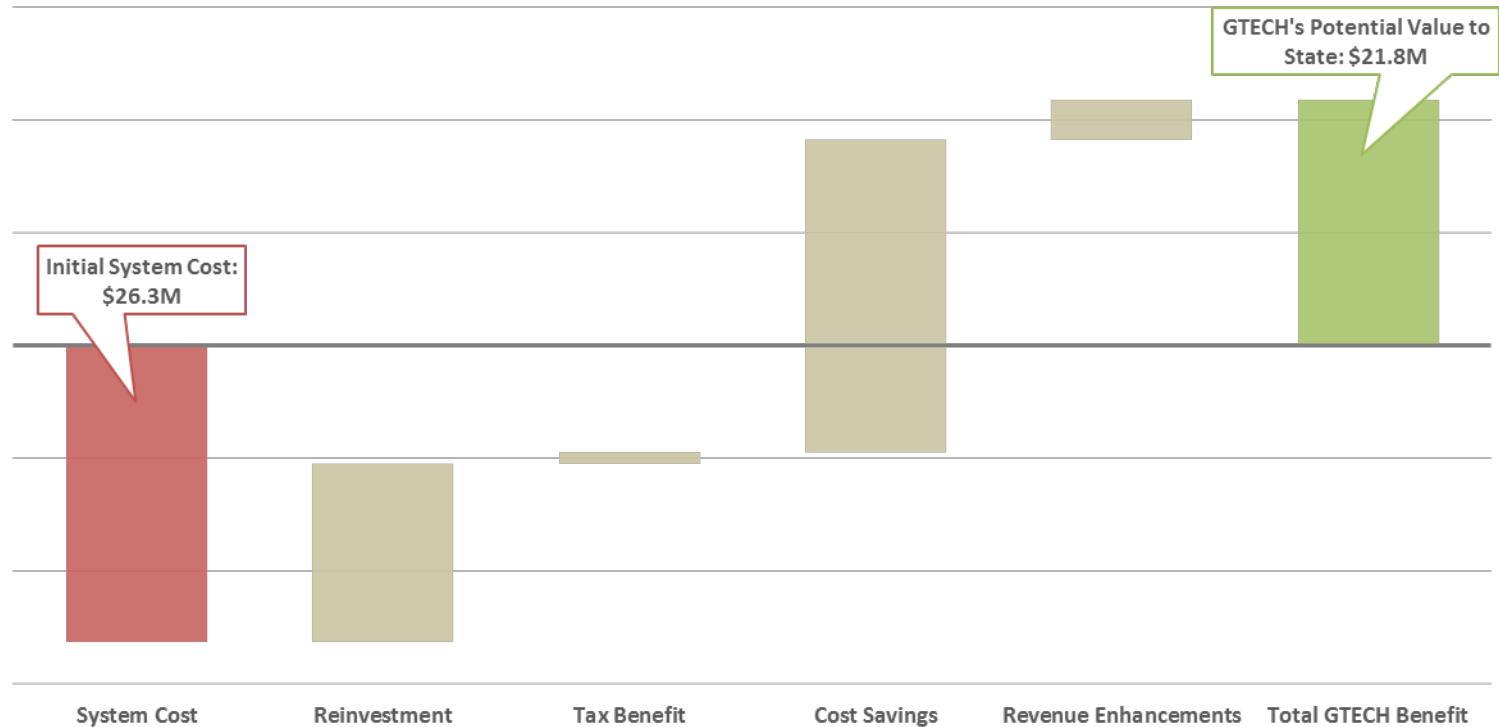


# CMS STAFFING MODEL COMPARISON

FTE	Non Central Monitoring Staff	Salary Per Year	Cost Per Year	Fringe @ 28.86	Total Cost
8	Auditors	65,000	520,000	150,072	670,072
4	IT Technical Staff	70,000	280,000	80,808	360,808
64	Gaming Agents	65,000	4,160,000	1,200,576	5,360,576
<b>76</b>	<b>Total Salaries without CMS</b>	<b>200,000</b>	<b>4,960,000</b>	<b>1,431,456</b>	<b>6,391,456</b>
FTE	Central Monitoring Staff	Salary Per Year	Cost Per Year	Fringe @ 28.86	Total Cost
1	Auditors	65,000	65,000	18,759	83,759
2	IT Technical Staff	70,000	140,000	40,404	180,404
40	Gaming Agents	65,000	2,600,000	750,360	3,350,360
<b>43</b>	<b>Total Salaries with CMS</b>	<b>200,000</b>	<b>2,805,000</b>	<b>809,523</b>	<b>3,614,523</b>
			<b>Annual Payroll Savings with system</b>		<b>2,776,933</b>

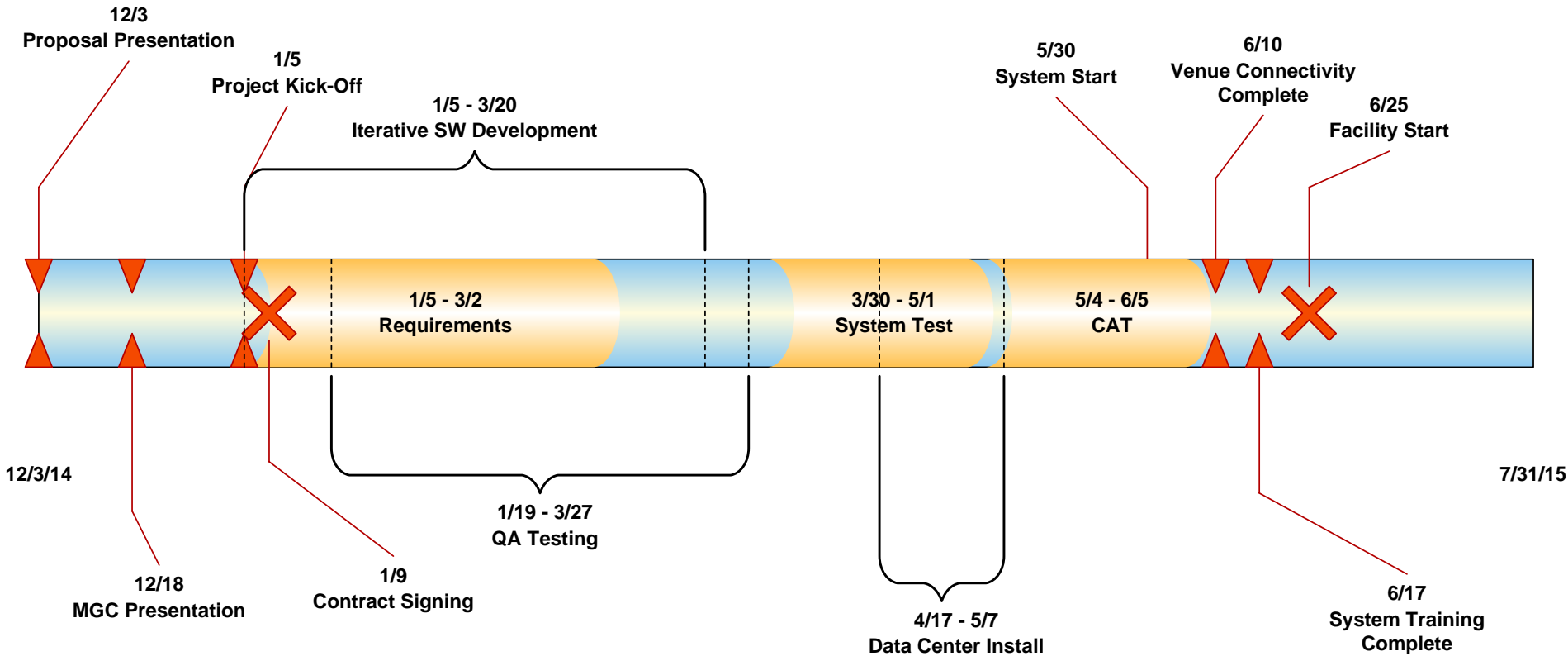


# CMS BENEFIT TO MASSACHUSETTS



**Utilizing the GTECH CMS could lead to a positive economic benefit to Massachusetts of \$21.8 Million over 10 years.**

# CMS SYSTEM TIMELINE DIAGRAM - PLAINRIDGE



## Conclusions and Closing Remarks