Az Lottery CRM - Digital Transformation
Arizona Lottery

PIJ ID:	LO16001	Project Start Date:	05/01/17	Project End Date:	06/30/18
Agency Contact:	Gregg Edgar	Phone:	(480) 921-4505	Email:	gedgar@azlottery.gov

Project Status Report

Report Period:	Resume	Reporting Frequency:	Quarterly	Overall Project Status:	**YELLOW**

(Required) Project Update for recent status period. Please include any issues in addition to the status report if applicable:

The decision to change from Salesforce CRM solution to Scientific Games CRM solution is based off of industry change that took place just before the previous ITAC approval as well as after. Since receiving ITAC approval, in September of 2016, we have contracted consluting services from MSS and revisited vendor solutions offered by Salesforce; as well as Lottery Industry Gaming Vendors. After conducting extensive competitive review of solutions both inside and outside of the industry; which included: site visits of existing solutions at other lotteries, in-depth business requirements gathering discovery sessions with each of the prospective vendors as well as thorough review and assessment of vendor proposals, our research led us to the choice of a vendor, Scientific Games, which provides industry specific expertise and knowledge to a business enviornment that generates over $850 Million in annual sales. This solution also provides us with the biggest library of lottery CRM/back-office features and modules leveraging the cummulative experience of over 100 other lotteries across 6 continents. This choice provides us with industry specific expertise and knowledge to a business environment by providing the biggest library of lottery CRM/back-office features and modules. This solution will reside on a vendor hosted platform and will have all the security processes and procedures included as addressed in the Arizona Baseline Security Controls. This solution requires that all data is to be stored in the US and supported by US Citizens only. As a result of the change in vendor, the budget request is being reduced from the original approved amount of $6,798,517 to $6,060,000.

Add New Financials for additional Fund Type	Reset for Current Period Spend Updates

Project Financials (Non APF)

Funding Category	Current Approved Development Budget	Previously Reported Total Development Spend	Current Period Spend (enter amounts as WHOLE NUMBERS)	Total Dev Project Spent to Date (calculated field)	Remaining Budget (calculated field)	% Spent to Date (calculated field)	Brief Description about what completed period costs were for
Professional & Outside Services	$ 1,625,000	$ -	$ -	$ -	$ 1,625,000	0%	
Hardware	$ -	$ -	$ -	$ -	$ -	0%	
Software	$ 5,173,517	$ -	$ -	$ -	$ 5,173,517	0%	
Communications	$ -	$ -	$ -	$ -	$ -	0%	
Facilities	$ -	$ -	$ -	$ -	$ -	0%	
License & Maintenance Fees	$ -	$ -	$ -	$ -	$ -	0%	
Other	$ -	$ -	$ -	$ -	$ -	0%	
TOTAL	$ 6,798,517	$ -	$ -	$ -	$ 6,798,517	0%	

Total Costs

GRAND TOTAL COSTS	$ 6,798,517	$ -	$ -	$ -	$ 6,798,517	0%	

Full Time Employee Hours

FTE Hour Utilization	Total Estimated FTE Project Hours	Previously Reported ACTUAL FTE Hours Used	Current Period ACTUAL FTE Hours Used (enter as WHOLE NUMBER)	TOTAL ACTUAL FTE Hours Used	Remaining FTE Hours Available	% Spent to Date	Comments
Full Time Employee (FTE) Hours	6,240	0	0	0	6,240	0%	

Project Schedule - Major Milestones

Task ID	Task Description	Estimated Start	Actual Start	Estimated Finish	Actual Finish	% Complete	Status	Comments
Task Example	Add description of the task.	12/12/09	01/15/10	12/12/12	12/31/12	Manual entry of % completed.	Select from Dropdown	Add Comments to explain yellow or red status.
T001	Back-Office Digital Transformation - Phase 1	10/02/17		07/02/18			Not Started	Billings, Claims, Licensing, Investigations, and Document Management Modules.
T002	Decommissioning of AS/400 System	04/02/18		08/31/18			Not Started	Includes data migration, temporary integration development, and dual maintenance during transition

T003	Back-Office Digital Transformation - Phase 2	07/02/17		12/28/18			Not Started	Business Intelligence, Retailer Portal, CRM, and Complaints Modules.
T004	Post Go-Live Support	12/28/18		06/28/19			Not Started	Ongoing support, maintenance, and ad hoc testing and training following the go-live of both phases (full back office)
							[--Select--]	
							[--Select--]	
							[--Select--]	
							[--Select--]	
							[--Select--]	
							[--Select--]	

Top 5 Project Risks								
Risk #	Status	Description	Probability	Impact	Mitigation Plan	Date Opened	Date Mitigated
Risk	[--Select--]	There is a risk to this project	[--Select--]	[--Select--]	The mitigation plan is	07/01/16	12/31/16
R001	Open	Significant change/user adoption risk across all back-office resources. This would result in significant impacts to performance, and limited ROI for digital transformation.	Medium	High	The mitigation plan is to implement significant communication and change management activities throughout the duration of the project.	10/01/17	
R002	Open	Additional systems/solutions needed to fully meet business requirements following a deeper dive of future state needs.	Low	Medium	The mitigation plan is to require the vendor to fund additional solutions, if it is determined that they cannot meet all of the necessary requirements.	10/01/17	
R003	Open	Data Quality and Integrity Issues.	Low	High	As we move to a new solution we will have to increase testing efforts to ensure both integrity of our games and vendor accountability to our standards.	10/01/17	
	[--Select--]		[--Select--]	[--Select--]			
	[--Select--]		[--Select--]	[--Select--]			

Project Milestones/Deliverables

Major Milestones/Deliverables	Estimated Start Date	Estimated Finish Date
Back-Office Digital Transformation - Phase 1	10/02/17	07/02/18
Decommissioning of AS/400 System	04/02/18	08/31/18
Back-Office Digital Transformation - Phase 2	07/02/17	12/28/18
Post Go-Live Support	12/28/18	06/28/19

Project Change Request (Amendment)							
Date Submitted:		9/5/2017		Prepared by:		Biju Kamaleswaran	
Affected Areas: (Check all that apply)		Project End Date:	✓	Development Costs:	✓	Project Scope:	✓
Currently Recorded Dates/Costs				Requested Revisions To Dates/Costs			
Start Date	End Date	Development Cost	Total Cost	Start Date	End Date	Development Cost	Total Cost
05/01/17	06/30/18	$ 1,625,000	$ 6,798,517	10/01/17	06/30/19	$ 2,110,000	$ 6,060,000

Change Description (Please include justification, risk, dependencies/constraints relevant to the changes)

The decision to change from Salesforce CRM solution to Scientific Games CRM solution is based off of industry change that took place just before the previous ITAC approval as well as after. Since receiving ITAC approval, in September of 2016, we have contracted consluting services from MSS and revisited vendor solutions offered by Salesforce; as well as Lottery Industry Gaming Vendors. After conducting extensive competitive review of solutions both inside and outside of the industry; which included: site visits of existing solutions at other lotteries, in-depth business requirements gathering discovery sessions with each of the prospective vendors as well as thorough review and assessment of vendor proposals, our research led us to the choice of a vendor, Scientific Games, which provides industry specific expertise and knowledge to a business enviornment that generates over $850 Million in annual sales. This solution also provides us with the biggest library of lottery CRM/back-office features and modules leveraging the cummulative experience of over 100 other lotteries across 6 continents. This choice provides us with industry specific expertise and knowledge to a business environment by providing the biggest library of lottery CRM/back-office features and modules. This solution will reside on a vendor hosted platform and will have all the security processes and procedures included as addressed in the Arizona Baseline Security Controls. This solution requires that all data is to be stored in the US and supported by US Citizens only. As a result of the change in vendor, the budget request is being reduced from the original approved amount of $6,798,517 to $6,060,000.

Submitted by	Chief Information Officer (or delegated approver)
Biju Kamaleswaran	Biju Kamaleswaran

(For ASET Use Only)			
Recommended by:	Brandon Kent	Recommended Date:	9/7/2017

Comments:

After previous ITAC approval on 9/14/2016 there were some industry changes from two of the original vendors. Lapis and Hudson Alley were both purchased by Scientific Games (Lapis) and IGT (Hudson Alley). These acquisitions contributed to the rationale used to change the scope of the product being delivered as well as the quotes initially given by Lapis and Hudson Alley. Because of this, AZ Lottery continued to review the two vendors as well as an additional review of Salesforce and the scope of the product they were going to deliver. This caused all 3 vendors to provide updated quotes. Further analysis by MSS and AZ Lottery found that the risk of cost overruns and continued development with Salesforce was greater than initially estimated. The out-of-the-box solution by Scientific Games is industry specific to Lottery and requires minimal custom development compared to Salesforce and at a lower price. Because of this, AZ Lottery proposes to use Scientific Games as the vendor for the CRM Transformation Project.

Summary of Amended PIJ Financials

Total of Amended Development Cost:	$ 2,900,000
Total of Amended Operational Cost:	$ 3,160,000
Total Amended Costs:	$ 6,060,000

Project Cost - Itemized

Item	Description	Category	Development (Implementation) or Operational (Ongoing)	Fiscal Year Spend	Qty or Hours	Unit Cost	Extended Cost	Enter Tax Rate if Applicable (Generally 8.6% for PHX)	Tax	Total Cost
1	Lottery Application Development	Prof & Outside Services	Development	1	1	$1,710,000	$1,710,000		$0	$1,710,000
2	Execution and Change Management	Prof & Outside Services	Development	1	1	$400,000	$400,000		$0	$400,000
3	Ongoing Maintenance Cost	Software	Development	1	1	$790,000	$790,000		$0	$790,000
4	Ongoing Maintenance Cost	Software	Operational	FY2-5	1	$790,000	$790,000		$0	$3,160,000
5		[--Select--]	[--Select--]	[--Select--]						
6		[--Select--]	[--Select--]	[--Select--]						
7		[--Select--]	[--Select--]	[--Select--]						
8		[--Select--]	[--Select--]	[--Select--]						
9		[--Select--]	[--Select--]	[--Select--]						
10		[--Select--]	[--Select--]	[--Select--]						
11		[--Select--]	[--Select--]	[--Select--]						
12		[--Select--]	[--Select--]	[--Select--]						
13		[--Select--]	[--Select--]	[--Select--]						
14		[--Select--]	[--Select--]	[--Select--]						
15		[--Select--]	[--Select--]	[--Select--]						
16		[--Select--]	[--Select--]	[--Select--]						
17		[--Select--]	[--Select--]	[--Select--]						

Total Development Cost	$2,900,000
Total Operational Cost	$3,160,000
Total Itemization of Costs:	$6,060,000

Summary of Funding Sources

Fund Type	% of Project	$ of Project (Available)	$ of Project (To Be Requested)
Base Budget			
APF	47.85%	$2,900,000.00	
Other Appropriated	52.15%		$3,160,000.00
Federal			
Other Non-Appropriated			

Total costs available to distribute between funding sources
$0.00

PIJ Development & Operational Cost Summary

Description	Type	Year 1	Year 2	Year 3	Year 4	Year 5	Extended Cost
Professional & Outside Services	Development	$2,110,000	$0	$0	$0	$0	$2,110,000
	Operational	$0	$0	$0	$0	$0	$0
Hardware	Development	$0	$0	$0	$0	$0	$0
	Operational	$0	$0	$0	$0	$0	$0
Software	Development	$790,000	$0	$0	$0	$0	$790,000
	Operational	$0	$790,000	$790,000	$790,000	$790,000	$3,160,000
Communications	Development	$0	$0	$0	$0	$0	$0
	Operational	$0	$0	$0	$0	$0	$0
Facilities	Development	$0	$0	$0	$0	$0	$0
	Operational	$0	$0	$0	$0	$0	$0
Licensing & Maintenance Fees	Development	$0	$0	$0	$0	$0	$0
	Operational	$0	$0	$0	$0	$0	$0
Other	Development	$0	$0	$0	$0	$0	$0
	Operational	$0	$0	$0	$0	$0	$0
	Development Cost:	$2,900,000	$0	$0	$0	$0	$2,900,000
	Operational Cost:	$0	$790,000	$790,000	$790,000	$790,000	$3,160,000
	Total Cost:						$6,060,000