



STATE OF MICHIGAN PROCUREMENT
Department of Technology, Management & Budget
525 W Allegan St., Lansing, Michigan 48909
PO Box 30026, Lansing, Michigan 48933

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **210000000487**
between
THE STATE OF MICHIGAN
and

CONTRACTOR	Ovative Group, LLC
	729 N Washington Ave Suite 1000
	Minneapolis, MN 55401
	Sean Irwin
	763-639-6051
	Sean.irwin@ovative.com
	CV0011294

STATE	Program Manager	Jessica Fritz	MSL
		517-507-3233	
		Jessica.fritz@michiganlottery.com	
	Contract Administrator	Courtney Powell	DTMB
		517-249-0452	
		Powellc11@michigan.gov	

CONTRACT SUMMARY			
DESCRIPTION: Digital Media Marketing and Advertising Services – Michigan Lottery			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
April 1, 2021	March 31, 2023	3 – 1 Year	March 31, 2023
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
THIS IS NOT AN ORDER: This Contract Agreement is awarded on the bases of our inquiry bearing the Solicitation #200000002453. Orders for delivery will be issued through a Delivery Order.			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			\$16,000,000.00

FOR THE CONTRACTOR:

Ovative Group, LLC

Company Name

Authorized Agent Signature

Authorized Agent (Print or Type)

Date

FOR THE STATE:

Signature

Pamela Platte, Division Director

Name & Title

DTMB Central Procurement Services

Agency

Date



STATE OF MICHIGAN

STANDARD CONTRACT TERMS

This STANDARD CONTRACT ("**Contract**") is agreed to between the State of Michigan (the "**State**") and Ovative Group LLC ("**Contractor**"), a Minnesota limited liability company. This Contract is effective on April 1, 2021 ("**Effective Date**"), and unless terminated, expires on March 31, 2023.

This Contract may be renewed for up to three additional one-year period(s). Renewal is at the sole discretion of the State and will automatically extend the Term of this Contract. The State will document its exercise of renewal options via Contract Change Notice.

The parties agree as follows:

- 1. Duties of Contractor.** Contractor must perform the services and provide the deliverables described in **Schedule A – Statement of Work** (the "**Contract Activities**"). An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities, and meet operational standards, unless otherwise specified in Schedule A.

Contractor must: (a) perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with the State's operations; (e) obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of the Contract; (f) cooperate with the State, including the State's quality assurance personnel, and any third party to achieve the objectives of the Contract; (g) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (h) not make any media releases without prior written authorization from the State; (i) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; (j) comply with all State physical and IT security policies and standards which will be made available upon request; and (k) provide the State priority in performance of the Contract except as mandated by federal disaster response requirements. Any breach under this paragraph is considered a material breach.

Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

- 2. Notices.** All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.

If to State:	If to Contractor:
Courtney Powell 525 W. Allegan Lansing, MI 48909 powellc11@michigan.gov	Heather Gray 729 N Washington Ave Suite 1000 Minneapolis, MN 55401 heather.gray@ovative.com

517-249-0452	952-594-4923
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3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a **"Contract Administrator"**):

State:	Contractor:
Courtney Powell 525 W. Allegan Lansing, MI 48909 powellc11@michigan.gov 517-249-0452	Sean Irwin 729 N Washington Ave Suite 1000 Minneapolis, MN 55401 Sean.irwin@ovative.com 763-639-6051

4. **Program Manager.** The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a **"Program Manager"**):

State:	Contractor:
Jessica Fritz 101 E. Hillsdale Lansing, MI 48909 Jessica.fritz@michiganlottery.com 517-507-3233	Emily Voigtlander 729 N Washington Ave Suite 1000 Minneapolis, MN 55401 emily.voigtlander@ovative.com 651-342-3506

5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in Schedule A) if, in the opinion of the State, it will ensure performance of the Contract.
6. **Insurance Requirements.** Contractor, at its sole expense, must maintain the insurance coverage identified below. All required insurance must: (i) protect the State from claims that arise out of, are alleged to arise out of, or otherwise result from Contractor's or subcontractor's performance; (ii) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (iii) be provided by a company with an A.M. Best rating of "A-" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
Commercial General Liability Insurance	
<u>Minimum Limits:</u> \$1,000,000 Each Occurrence \$1,000,000 Personal & Advertising Injury \$2,000,000 Products/Completed Operations \$2,000,000 General Aggregate	Contractor must have their policy endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 04.
Automobile Liability Insurance	
If a motor vehicle is used in the performance of the Contract, Contractor must maintain motor vehicle liability coverage for bodily injury and property damage, as required by law.	
Workers' Compensation Insurance	

<u>Minimum Limits:</u> Coverage according to applicable laws governing work activities	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
<u>Minimum Limits:</u> \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease	
Privacy and Security Liability (Cyber Liability) Insurance	
<u>Minimum Limits:</u> \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate	Contractor must have their policy cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.

If any required policies provide claims-made coverage, the Contractor must: (i) provide coverage with a retroactive date before the Effective Date of the Contract or the beginning of Contract Activities; (ii) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the Contract Activities; and (iii) if coverage is cancelled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Effective Date of this Contract, Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work.

Contractor must: (i) provide insurance certificates to the Contract Administrator, containing the agreement or delivery order number, at Contract formation and within twenty (20) calendar days of the expiration date of the applicable policies; (ii) require that subcontractors maintain the required insurances contained in this Section; (iii) notify the Contract Administrator within five (5) business days if any policy is cancelled; and (iv) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

This Section is not intended to and is not to be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

7. **Reserved.**

8. **Reserved.**

9. **Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor. Contractor hereby acknowledges that the State is and will be the sole and exclusive owner of all right, title, and interest in the Contract Activities and all associated intellectual property rights, if any. Such Contract Activities are works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Contract Activities and related intellectual property do not qualify as works made for hire under the Copyright Act, Contractor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to the State, irrevocably and in perpetuity,

throughout the universe, all right, title and interest in and to the Contract Activities, including all intellectual property rights therein.

10. **Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.
11. **Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.
12. **Background Checks.** Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and Subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or Subcontractors with the result of such background check. For more information, please see Michigan Public Act 427 of 2018. Upon request, or as may be specified in Schedule A, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.
13. **Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.
14. **Change of Control.** Contractor will notify within 30 days of any public announcement or otherwise once legally permitted to do so, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.

15. **Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in Schedule A.
16. **Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in Schedule A. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with Section 23, Termination for Cause.

Within 10 business days from the date of Contractor's receipt of notification of acceptance with deficiencies or rejection of any Contract Activities, Contractor must cure, at no additional cost, the deficiency and deliver unequivocally acceptable Contract Activities to the State. If acceptance with deficiencies or rejection of the Contract Activities impacts the content or delivery of other non-completed Contract Activities, the parties' respective Program Managers must determine an agreed to number of days for re-submission that minimizes the overall

impact to the Contract. However, nothing herein affects, alters, or relieves Contractor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.

If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State, or a third party identified by the State, may perform the Contract Activities and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

17. Reserved.

18. Reserved.

19. Reserved.

20. Terms of Payment. Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in Schedule A. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. All prices are exclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still disputed.

The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at <http://www.michigan.gov/SIGMAVSS> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

21. Liquidated Damages. Liquidated damages, if applicable, will be assessed as described in Schedule A.

22. Stop Work Order. The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or delivery order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.

23. Termination for Cause. The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; (d) breaches any of its material duties or obligations; or (e) fails to cure a breach within the time stated in a notice of breach. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in Section 24, Termination for Convenience.

The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. The Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

- 24. Termination for Convenience.** The State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 25, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State for State approved Transition Responsibilities.
- 25. Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 90 calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.
- 26. General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).

The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations.

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense if the State deems necessary. Contractor will not, without the State's written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. To the extent that any State employee, official, or law may be involved or challenged, the State may, at its own expense, control the defense of that portion of the claim.

Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

27. **Infringement Remedies.** If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.
28. **Limitation of Liability and Disclaimer of Damages. IN NO EVENT WILL EITHER PARTY'S AGGREGATE LIABILITY TO THE OTHER PARTY UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT OF FEES PAYABLE UNDER THE INITIAL TWO YEAR TERM OF THIS CONTRACT.** In no event shall either Party be liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.

IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT THE LIMITATIONS OF LIABILITY SET FORTH IN THIS SECTION DO NOT APPLY TO CONTRACTOR'S CONTRACTUAL OBLIGATIONS RELATED TO STATE DATA OR ANY INDEMNIFICATION OBLIGATION OF CONTRACTOR; NOR WILL ANY SUCH LIMITATION OF LIABILITY APPLY TO ANY ACTS OF GROSS NEGLIGENCE, AND/OR WILLFUL MISCONDUCT OF CONTRACTOR (TO INCLUDE ANY EMPLOYEE, SUBCONTRACTOR OR AGENT THEREOF).

29. **Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.
30. **State Data.** All data and information provided to Contractor by or on behalf of the State, and all data and information derived therefrom, is the exclusive property of the State ("**State Data**"); this definition is to be construed as broadly as possible. Upon request, Contractor must provide to the State, or a third party designated by the State, all State Data within 10 calendar days of the request and in the format requested by the State. Contractor will assume all costs incurred in compiling and supplying State Data. No State Data may be used for any marketing purposes.
31. **Reserved.**
32. **Non-Disclosure of Confidential Information.** The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of this Contract.
- a. **Meaning of Confidential Information.** For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.

- b. Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.
- c. Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.
- d. Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.
- e. Surrender of Confidential Information upon Termination. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires.

33. **Reserved.**

34. **Reserved.**

35. **Reserved.**

36. **Records Maintenance, Inspection, Examination, and Audit.** The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If any financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

- 37. Warranties and Representations.** Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; (h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading; and that (i) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section 23, Termination for Cause.
- 38. Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.
- 39. Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
- 40. Reserved.**
- 41. Reserved.**
- 42. Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, and [Executive Directive 2019-09](#). Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Contract.
- 43. Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.
- 44. Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.
- 45. Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.
- 46. Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially

reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.

- 47. Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.

Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.

- 48. Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.
- 49. Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.
- 50. Schedules.** All Schedules and Exhibits that are referenced herein and attached hereto are hereby incorporated by reference. The following Schedules are attached hereto and incorporated herein:

Schedule A

Statement of Work

Schedule B

Pricing

- 51. Entire Agreement and Order of Precedence.** This Contract, which includes Schedule A – Statement of Work, and schedules and exhibits which are hereby expressly incorporated, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Schedule A – Statement of Work; (b) second, Schedule A – Statement of Work as of the Effective Date; and (c) third, schedules expressly incorporated into this Contract as of the Effective Date. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.
- 52. Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
- 53. Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
- 54. Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.

- 55. Contract Modification.** This Contract may not be amended except by signed agreement between the parties (a “**Contract Change Notice**”). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the section or sections amended.

STATE OF MICHIGAN

Contract No. 210000000487

Digital Media Marketing and Advertising Services – Michigan Lottery

SCHEDULE A STATEMENT OF WORK CONTRACT ACTIVITIES

Project Request

This is a Contract for Digital Media Marketing and Advertising Services for the Michigan Lottery (Lottery), other State Departments and MiDEAL members (authorized local units of government). The Contractor must primarily provide Lottery Digital Media and Optional Use Professional Services.

Scope

The Contractor must create, manage and launch integrated digital marketing campaigns designed to support lottery games that are sold in-store (Retail) or online (iLottery) to meet the objectives set forth in this Contract, in tandem with Michigan Lottery digital marketing staff and agency partners (e.g. iLottery Gaming provider, website developer, etc.) The support will include account acquisitions and player retention efforts for in-store and online products and will include both targeted acquisition campaigns that will run year round, as well as quarterly major campaigns that will concentrate on a broader media mix. Targeted and major campaigns will be evaluated and analyzed carefully so that proper actions can be taken to optimize for results.

Lottery's fiscal year runs from October 1, 2020 through September 30, 2021. The Lottery's anticipated remaining budget for March 15, 2020 to September 30, 2020 is approximately \$4 million. Beginning October 1, 2020, the budget will reset for fiscal year 2021 at \$8 million. This amount is subject to annual appropriation by the State Legislature. The determination of how and when digital advertising and promotion funds are spent rests with the Lottery.

The initial contract value will be as follows:

Initial Contract - approximately \$16,000,000

Optional one-year renewals - approximately \$8,000,000/year

It is incumbent upon the Contractor to develop programs and promotions that, in the view of the Lottery, warrant the expenditure of funds. The distribution of digital marketing/advertising expenditures is subject to change depending on the Lottery's marketing strategies, requirements and needs during any given fiscal year. The Lottery reserves the option to modify strategy or budget allocations as the market warrants and in response to changes to legislative appropriations. The Lottery shall always retain final authority for determining allocations of funds, strategies, plans, campaigns, etc.

Primary Objectives:

- Achieve maximum effectiveness and efficiency in expenditures for digital marketing services and deliverables;
- Maximize traffic (new and return visitors) to Michigan Lottery digital portals;
- Acquire new Michigan Lottery account registrations;
- Acquire new Michigan Lottery account depositors;
- Increase public awareness of iLottery while incorporating responsible gaming practices;
- Increase public awareness of in-store products while incorporating responsible gaming practices;
- Increase public awareness of Lottery beneficiaries;

- Plan, develop and execute in a timely manner with respect to marketing, promotion and advertising programs;
- Effectively create strategies and projects to stimulate interest, excitement, and participation in iLottery and in-store play;
- Assist the Lottery in identifying opportunities to add new marketing tactics in a proactive manner;
- Maintain the public trust and confidence in the Lottery and its operations.
- Report out on effectiveness of digital ad spend via multi-touch attribution methodology or other industry recognized methods as approved by lottery.

Lottery intends for digital marketing services to be launched broadly into various digital channels (e.g. web, mobile app, mobile web, tablet, social, etc.) in order to maximize consumer participation. Additionally, Lottery must ensure that its advertising and promotional efforts are in good taste and serve to confirm the credibility and integrity of the Lottery.

Background

The Lottery is a major revenue producer for the State of Michigan with headquarters located in Lansing, Michigan. Lottery's statutory mandate is to maximize net revenues for the State consistent with the general welfare of the people. The Lottery provides quality entertainment to the public consistent with statutory mandates and maintains Lottery's integrity by projecting a positive image. The Lottery is self-funded and operates as a business enterprise with the goal of maximizing contributions to its good cause, which is the School Aid Fund.

Each year presents unique challenges that threaten this goal. For example, the unpredictable nature of high multi-state jackpots - a key factor in record-setting FY19 sales - and the effect of impending iGaming and sports betting legislation are both potential obstacles to achieving year-over-year growth.

Michigan Lottery relies heavily on providing an array of products to maximize revenue. High quality products on multiple distribution channels allows Lottery to reach various demographics throughout the state, and advertising efforts on those distribution channels maximizes the sales potential.

Michigan Lottery retail Instant Games are the largest contributor to overall sales and have the broadest appeal of all lottery products. Instant Games are played by scratching-off the latex covering on a paper ticket to reveal play and prize symbols. A variety of games with different themes, play styles, price points, and prize structures are available with an average of 40 games released each year.

Club Keno is a draw game predominantly played in bars and restaurants, but also available at all Michigan Lottery retailers. Club Keno and Extra drawings are conducted every 3.5 minutes, and while tickets can only be purchased at retail, the results are displayed both in-store and online.

Like Club Keno, Pull Tabs games are available predominantly in bars and restaurants. They are similar to instant tickets, but players pull a perforated tab instead of scratching off a latex covering to reveal winning symbol combinations.

The Daily 3 and Daily 4 are the Lottery's longest running and most consistently popular draw games. Drawings are held twice daily, every day of the week.

Fast Cash games are instant-win draw games that print from the in-store Lottery terminal. Each game contributes 10% of sales to the progressive jackpot and players can win either a share or the entire jackpot, depending on the price of their ticket.

Progressive jackpot games allow players to select their numbers for a chance to win large prizes and are available both online and in retail.

In August 2014, Lottery began selling digital games online giving Michigan residents age 18 and older, located in Michigan, the opportunity to buy, play and win from computers, tablets and mobile phones. It is

recognized as the most successful North American online gaming platform in history and has repositioned the Michigan Lottery's website and mobile website as ecommerce sites.

In fiscal year 2019, the Lottery contributed a record breaking \$1 billion to the School Aid Fund and is on pace to reach this figure again in fiscal year 2020 even with the significant business impacts of the 2020 COVID Crisis.

1. Requirements

The Contractor must support the growing demands of the Lottery's online business while also supporting the continued growth of Lottery's retail business. In addition, the Contractor must ensure that marketing funds are utilized in the most efficient and effective manner.

The Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work that will include but is not limited to items set forth below:

A. Digital Media Services

The Contractor must provide services to plan, create, procure, deploy, monitor and measure digital media campaigns for each project assigned by Lottery during the term of the contract. The typical lifecycle of each campaign is as follows:

1. *Strategic Consultation* – The Contractor must provide advertising objective consultation to develop strategies for conducting the digital advertising campaign to provide the best method for meeting Lottery's specified target audience and goals. Tools to provide this service could include;
 - a. Use of third party research tools
 - b. Use of Lottery's marketing ROI and MTA models. Michigan Lottery will provide the Contractor the data as needed for both models.
 - c. Define and articulate the specific target audience segments that Michigan Lottery wants to reach and acquire.
 - d. Developing top media candidates for consideration
 - e. Develop a strategy for media mix, planning and execution
 - f. Create a testing plan to continuously vet out new opportunities with both technology and media partner

Contractor's Plan:

Success definition: The Contractor will build a collaborative campaign brief, a tool that allows teams to align on goals and KPIs that will be measured. Discussion includes:

- Business modeling: The Contractor will ensure that they fully understand Lottery's business model so that they can operate services with an understanding of both topline and profitability metrics across digital and retail businesses.
- Defining behaviors, KPI's, and metrics (e.g. EMR, FTDs, CPA, ROAS) the Contractor will track against the campaign goals and objectives.
- Determining data source or analytics system that will be the source of truth for these metrics and applying the use of the Michigan Lottery's marketing ROI and MTA models.

Audience definition: Contractor must define and articulate the specific target audience segments that Michigan Lottery wants to reach and acquire. The Contractor's process includes:

- Michigan Lottery input and direction: The Contractor will leverage both discussion with client experts across many teams and functions (marketing, research, CRM, site, and retail teams) to gain a deep understanding of who the current customer is and define key high value segments that will drive targeting of our digital media plans.
- 3rd party tools: In addition, the Contractor will utilize 3rd party tools such as Nielsen, Forrester, comScore, Moat Pro, Google Market Explorer, eMarketer, SEMRush, The Search Monitor, etc., to understand the audience make up of current visitors to Michigan Lottery site which can lead to

insights to media venues to reach these customers and their look-a-likes. In addition, we utilize pixel based and CRM based platform solutions that help define online target audiences.

Media partner consideration set: During the Contractor's media planning process, the Contractor will conduct an RFP or programmatic platform research to identify partner considerations that fit with overall campaign objectives, audience requirements and performance goals.

During this process, detailed in Section 5.A., the Contractor will share a detailed media recommendation with Michigan Lottery which includes the following:

- Partners or platforms along with budget allocations and rationale
- Placements, audience targeting, and ad unit examples
- Added value opportunities (e.g measurement studies, creative resources, etc.)
- Pricing
- Measurement plan based on the defined goals

Media mix: Contractor will leverage both historical Michigan Lottery media reporting and insights along with their prior experience, specifically within the online gaming space, to create an initial media mix across digital channels. This exercise includes forecasting and projections of performance to ensure a mix that will yield the greatest return on investment for Michigan Lottery.

- For the Contractor's evergreen acquisition and retention/growth campaigns, media mix analysis occurs monthly as part of the spend estimate process. The Contractor will use the monthly reports provided to the team by the 5th business day of each month to inform strategic shifts in the current month and evaluate the impact of those reallocations weekly.
- For Ad hoc and branding campaigns, this media mix and forecasting process will happen in the 4-6 weeks leading up to campaign launch.

Media plan approach: The Contractor will present a high-level media plan approach based on Michigan Lottery's campaign goals. The media plan approach highlights recommended break-outs for media mix by channel, potential partner consideration sets, third party research insights, tactic & targeting considerations and total plan performance forecasts by KPI. Depending on campaign objectives and mix considerations, the plan will also include an initial measurement approach. The purpose of the media plan approach is to accomplish the following:

- Engage early in the planning process to gain client feedback or direction
- To help focus or revise the campaign strategy
- To help set expectations for how the plan may look
- Align on key discussion points for media or measurement considerations

Test plan development: The Contractor will integrate testing recommendations, performance recaps, and learnings into regular weekly/monthly/quarterly meeting agendas. In addition, the Contractor will maintain a testing roadmap as a key component of our overall roadmap, which also includes strategic, efficiency, and measurement initiatives.

The Contractor will align with the Michigan Lottery on the right investment approach, role of testing, and types of testing. These can include:

- Incrementality testing to understand the true value of new or existing media tactics
- Ad targeting, creative, messaging, landing page, flighting, etc.
- Campaign integration across media channels
- New media partners and platforms
- New and emerging ad types and creative treatments
- New technologies and targeting capabilities

- New measurement solutions

2. *Project Tracking* - In order to track project status, the Contractor will be expected to utilize the Lottery's current tracker tool, Airtable. This tool is used to input various creative projects which include details such as: ad copy, creative direction, media channels, targeting, and media handoff dates. The Lottery will acquire the Airtable user accounts on the Contractor's behalf and will invoice the Contractor annually for any expense associated for these costs. In the event that the Lottery no longer uses Airtable as its primary tracking tool, the Contractor will be expected to shift to the new tracking tool and processes the Lottery chooses.

3. *Message Development* – The Contractor must develop advertising message/copy points and collateral to support defined objectives and present to Lottery Program Manager for approval.

- The Contractor must present a minimum of four message alternatives for consideration each campaign unless otherwise directed by the Lottery Program Manager.
- The Contractor must fully develop two concepts when A/B campaign testing is requested by the Lottery Program Manager.
- The Contractor must create a creative brief to ensure alignment for all parties on the primary objective, target audience, success metrics, must-have features, details of look, tone, delivery, and timing.

Contractor's Plan:

Initiate: The Contractor's approach is grounded by a creative brief that aligns all parties on the defined primary objective, all target audiences (considering segmentation and personalization opportunities), must-have features, details of look, tone, delivery timing and success metrics. The creative brief is built by the Contractor in partnership with key inputs provided by the Lottery Program Manager and data-driven insight from the Contractor – leveraging results from previous campaigns. The brief will be reviewed and approved by the Lottery Program Manager to ensure alignment on all key aspects of the campaign before any work begins.

Ideate: The Contractor will then have a creative kickoff to get the team up to speed on the goals of the campaign and all specific requirements. Creative will concurrently develop messaging and design concepts. When extending an existing campaign, the Contractor will ensure cohesive messaging is used throughout the customer experience. In the case of a new campaign kick-off, the Contractor will begin by developing conceptual messaging and design. These concepts will be built to support any A/B testing considerations and support messaging that extends to all necessary marketing vehicles. Specific tactics may be selected to help illustrate a comprehensive campaign. Michigan State Lottery will review concepts and select a direction from the four provided concepts.

4. *Creative Development* – The Contractor must develop art including but not limited to graphic design, animation, HTML5 assets that support paid media activities for online advertising to promote Retail and iLottery. Online advertising creative, such as Facebook and Display ads, are typically refreshed monthly, however, this will fluctuate based on performance of current creative assets. Creative assets are not always required to be provided by the agency. Lottery will occasionally reuse assets or the internal design team will refresh assets. All working files and final assets must be made available to the Lottery upon request, this includes access to any stock photos, video, audio, or music purchased for a project. Contractor tasks include but are not limited to:

- Developing conceptual design and layouts
 - The Contractor must present a minimum of four creative alternatives for consideration with each campaign unless otherwise directed by the Lottery Program Manager.
 - All concepts should be built with a mobile first strategy

- 3) The Contractor must fully develop two concepts when A/B campaign testing is requested by the Lottery Program Manager.

Contractor's Plan:

Iterate: The Contractor will present at least four diverse graphic executions of the approved idea. The Contractor's goal is to challenge and inspire Michigan Lottery. The Contractor will provide a range of directions from ones very traditional to existing works as well as disruptive, compelling, and creative solutions. Whether polishing up a single concept or creating a hybrid of several ideas, the Contractor will take Michigan Lottery input and apply it to the creative product. The iterative process is inclusive of all Michigan State Lottery stakeholders and the Contractor will work together to collectively drive success.

Illuminate: What the Contractor presents in the second round must be close-to-perfect in its strategic approach and executional tact. This is when graphic treatments are approved and extended across their varied mediums, A/B (or other) versioning is completed, and Contractor prepare to execute. Progress throughout creative reviews is documented in Michigan Lottery's tools: Airtable, Google Slides, and Basecamp. The creative development process is completed when the Michigan Lottery Program Manager changes AirTable's creative Status to "Approved."

- b. Providing creative copywriting services for paid media materials.
 1. Use target keyword or phrase in ad copy, to be as relevant as possible to the searcher.
 2. Demonstrate value. Explain exactly what the product does, and how it's beneficial to the customer. Explaining the value and benefits efficiently will increase click-thru-rates and decrease average cost-per-click.
 3. Create a compelling call-to-action, that will drive the searcher to the conversion. In order for a user to actually click on an ad they need to be compelled with an offer, or a strong call to action.
 4. Know the needs of the audience. By understanding the industry, and the competitors, pain points that the audience has can be called out, then effectively promoted against them.
- c. Stand out. Understand what the competitor's ad copy looks like, and how it's working or not working, and use that data to fuel inspiration for developing and testing new ideas that will draw more clicks than they competitors.
- d. Creative design of display ads, digital materials and landing pages for desktop, mobile and tablets.
- e. Talent will specialize in design for time-based/animated media in advertising
- f. Purchasing custom or stock digital artwork to support creative development. Photos/stock artwork must be available for infinite use throughout the Contract term and any exercised option years, meaning there is no expiration or end date on Michigan Lottery's rights to use the content. All stock asset pricing will be included in project estimates.

Contractor's Plan:

The Contractor's Creative Lab will manage, negotiate, and purchase stock creative assets or commissioned original artwork in support of approved concepts, as necessary. Any commissioned art will be estimated to include buyout for complete ownership for the Michigan Lottery. Stock assets are not purchased until a concept is approved and the project is in execution stage. All stock asset pricing will be included in project estimates. The Contractor will provide image selections with licensing rights that extend in perpetuity to meet the requirements of the Michigan State Lottery. For rights-managed photos, Michigan State Lottery will own the usage rights for the required length of time.

5. *Media Selection* – The Contractor must determine the best method for and conduct market research to identify the appropriate digital media vehicle in promoting Lottery's message. Contractor tasks include, but are not limited to:

- a. Develop individual media plans for all individual digital media campaigns. Detailed rationale, measurable goals, time frames, and budgets should be included to support all elements in each plan.
 - 1) No later than two weeks prior to a media buy, the Contractor shall provide copies of the negotiated costs (including any value-added opportunities provided by media companies free of charge) to the Lottery for approval consideration. Once these media plans are reviewed and approved by Lottery, the Contractor will proceed with developing and implementing individual media buys based on the media plans. The Contractor is required to submit these media buys to Lottery for review and approval.
 - 2) The media plan approach will help highlight potential break-outs for media mix by channel, potential partner consideration sets, third party research insights, tactic & targeting considerations and may include total plan estimates for impressions, views, traffic, reach, and frequency.

Contractor's Plan:

Digital Strategy Development and Planning

The Contractor will develop strategy in alignment with supporting long-term business health. This includes considerations for: brand positioning and target audience, pricing and promotion, merchandise, competitive landscape, media landscape and trends, ad tech, and innovation.

The Marketing team at Michigan Lottery will provide inputs to planning activities, stay informed of the Contractor's insights or recommendations, and approve both strategic and tactical plans. The key phases for strategy development process are detailed below:

Client immersion

Client immersion happens both during the onboarding process and on an ongoing cadence dictated by the cycle of campaigns. The goal is to fully understand Michigan Lottery's business, brand voice, customer profiles, and products to ensure the Contractor develops a digital media strategy and execution plan that aligns with Michigan Lottery's overall business objectives and fulfills our promise of acting as an expert extension of your team.

Business planning

The Contractor will align on and develop overall objectives and goals to deliver a media plan that includes the following components:

- **Budgets and forecasts:** Budgets and forecasts by channel that roll-up to an overall media plan that delivers on Michigan Lottery's goal contribution to the School Aid Fund and brand metrics, driving decisions around allocation, opportunity investment, customer acquisition, etc. Inefficiencies will be called out and spend reallocated within and across channels and partners to lean into best performing tactics real time
- **KPIs and measurement:** Definition of what success looks like and the prioritization of key business metrics such as Contribution to the School Aid Fund (as measured by the Contractor's proprietary Analytics product called MAP, detailed in Section 1.A.6.a), new depositors, and/or

brand metric impact (e.g., Consideration Lift), and the role each media tactic is intended to play in the broader customer journey

- **Target audience:** Segmentation and prioritization of key audiences based on new/existing/churned/lapsed customer-types, as well as custom audience segment definitions enabled through partnership with both the CRM and Analytics and Research teams
- **Key Macro Trends:** the Contractor will work to identify broad factors that impact the Lottery's player behavior and media performance, including:
 - Economic trends:
 - National Jackpot Games
- **Creative recommendations:** Creative, messaging, and content recommendations are key drivers of media performance and are provided in collaboration with Michigan Lottery's creative team, the Contractor's Creative Lab and the media vendors' best practices

Roadmap Development and On-Going Management

Following onboarding, and revisited on a quarterly basis, an independent team of the Contractor will complete a full audit of the paid media channels under the Lottery's management and develop a tactical roadmap that aligns to the goals and overall business priorities developed in partnership with the Contractor's team. The Contractor will organize tactical roadmaps at the 30-60-90-365-day level to address current gaps and action items from the channel audits, inclusive of the following themes

- **Cross-channel:** Plan for developing channel capabilities, priorities, and shifts in media mix required to support Michigan Lottery's total business, customer journey, seasonal initiatives, National Jackpot support, and strategic priorities
- **Intra-channel:** Channels produce prioritized areas of growth determined during quarterly audits and monthly reporting, while also adjusting the shared roadmap based on learnings from weekly reporting
- **Testing:** Discuss and map out tests in the roadmap including, but not limited to: incrementality testing, new media partners, channels, audience targets, creative variables, and technologies
- **Measurement:** Create plans that enable new enterprise measurement reporting capabilities, which in turn enable increased efficiencies of Michigan Lottery's media mix and channel optimizations

Execution, Activation and Measurement

Bring plans to market through high-quality execution combined with program analysis and insights fuels future strategy and roadmap iterations:

- **Channel execution:** The Contractor will perform daily channel optimizations within every channel to ensure each channel is performing efficiently
- **Reporting and measurement:** The Contractor will provide digital media attribution, reporting and analysis tools;
- **Media mix:** The Contractor will look for opportunities to shift budgets across channels, customer segments, time, and geographies to maximize enterprise return and brand lift of the entire media portfolio
- **Conversion optimization:** The Contractor's media and value enablement teams work together to ensure our campaigns are delivering on Michigan Lottery's business goals
- **Data activation:** The Contractor will incorporate strategies that activate Michigan Lottery's first-party data in the digital space to increase enterprise revenue and retention from existing customers, reactivate lapsed customers, and acquire new customers

Planning Cadence and Timing

- **Yearly Media Plan:** Prior to the start of each Fiscal Year, the Contractor will send out a general RFP to a large consideration set of vendors to identify possible new media vendors/platforms,

evaluate new opportunities with existing vendors/platforms and secure a media plan cohesive with Michigan Lottery's goals

- **Quarterly Reviews:** At the start of each quarter, the Contractor will revisit the full consideration set from the annual plan, add in new opportunities, and prioritize any new partners or strategic shifts for the upcoming quarter
- **Monthly Estimates:** During our standard monthly reporting process, outlined in Section 1.A.5.b Media Selection. The Contractor will evaluate the overall partner mix for each campaign and recommend strategic shifts for the upcoming month
- **Weekly Check-Ins:** As detailed in Section 1.A.5.b.1, the Contractor will actively evaluate and optimize our media vendors, targeting tactics and creative assets running each week. The changes can be as small as tweaks to creative messaging or as large as reallocating spend to top performers within the constraints of Michigan Lottery's monthly budget
- **Branding Initiatives:** Michigan Lottery typically runs four to six branding campaigns each year supporting new iLottery products, features and other product benefits. The Contractor will go through the full Media Planning process outlined in this Section for each branding campaign from Client Immersion specific to the feature being supported through measurement of the specific KPIs identified in the planning process
- **Ad Hoc Testing:** The Contractor will integrate testing recommendations, performance recaps, and learnings into our regular weekly/monthly/quarterly meeting agendas. In addition, maintain a testing roadmap as a key component of the overall roadmap, which also includes strategic, efficiency, and measurement initiatives and is captured in Airtable for all teams to access at any time

As a part of weekly client calls and regular reporting cadence, the Contractor will align with Michigan Lottery on the right investment approach, role of testing, and types of testing. These can include the following:

- Incrementality testing to understand the true value of new or existing media tactics
- Ad targeting, creative, messaging, landing page, flighting, etc.
- Campaign integration across media channels
- Optimal cross-channel frequency
- New media partners and platforms
- New and emerging ad types and creative treatments
- New technologies and targeting capabilities
- New measurement solutions

The Contractor's testing process comprises **four key components:**

Strategize & plan

During strategy and planning sessions the Contractor will:

- Align on goals and KPIs
- Create and define a learning objective that ladders up to key Lottery initiatives
- Hold testing ideation sessions utilizing a hypothesis-driven mindset

Assess & prioritize

During this phase the Contractor will prioritize tests on a testing roadmap. The Contractor's prioritization process is based on key inputs including, but not limited to:

- Potential for scale and impact
- Cost associated to both run and full-scale the test
- Resources and technology required
- Time and costs needed to reach statistical significance

Test

The Contractor's test process includes:

- Test design supported by our media analytics and data science teams

- Test campaign set up and QA
- Launch and QA monitoring

Report & measure

The Contractor will proactively keep Michigan Lottery up to date on key testing and results. The Contractor's reporting on testing includes:

- In-flight performance updates and postmortem results
- Full recap of primary and secondary metrics
- Key learnings, next steps, and recommendations

During regular meetings with key media partners (such as Facebook, Trade Desk, and technology platforms) the Contractor will discuss new alpha and beta opportunities. The Contractor will bring these opportunities back to Michigan Lottery with a point of view on where they fit within the overall testing roadmap.

- b. Provide in-depth evaluation of all digital media vehicles (paid search, display, etc.) and platforms (desktop, tablet and mobile) available to the Lottery throughout the State as requested by the Lottery. The Contractor's planning process will include using historical performance, proactive on-going industry exploration, cross-client evaluation, and competitor analysis. Ad hoc evaluations as needed.
 - 1) Using historical performance, pricing and site economics to help evaluate both new and existing tactics for the desired campaign goals. Evaluation will combine thoughtful partner and platform expertise with the Michigan Lottery's business model and goals.
 - 2) Proactive, on-going industry exploration. Talking to prospective media partners and platform technologies and vetting new ad tech capabilities with existing channels. Seeking out betas with search engines and social media platforms and assessing them for partners and proactively evaluating opportunities. Then, if relevant, bringing them forward to Michigan Lottery outside of standard planning requests.
 - 3) Cross-client evaluation. Evaluating partner or platform performance across Contractor clients and identifying opportunities where another media approach or partner is driving success. Harnessing the collective agency performance knowledge.
 - 4) Competitor analysis. Researching and evaluating competitor strengths and weaknesses, and platform usage to ensure effective placement and spend.
 - 5) Ad hoc evaluations. Sharing POV on any opportunities Michigan Lottery identifies ad hoc.
- c. Inform the Lottery of and evaluate as requested any special or unique digital media placements or opportunities.
- d. Buy and negotiate digital advertising inventory used for digital advertising and promotions. Advertising inventory is the number of advertisements, or amount of ad space, a publisher has available to sell to an advertiser.
- e. Buy and negotiate all digital media in accordance with the specific guidelines established by the Lottery for each medium. Guidelines include, but are not limited to: demographic parameters, programming restrictions, daypart goals, audience-delivery goals, and make-good procedures.

Contractor's Plan:

The Contractor will handle all negotiation and buying of ad inventory for the Lottery in accordance with specific guidelines and is well-versed in every buying approach.

Contractor's Approach to Display

The Contractor will buy media against these areas for Michigan Lottery across both performance and brand-oriented efforts. The Contractor will develop an audience-based approach to identify and reach high-value audiences throughout the purchase funnel that delivers on customer acquisition, retention, and branding goals.

Channel Strategy Development

The Contractor will develop a display strategy that ladders up to the overall digital media and marketing strategy. Activities will include:

- Define the role of the channel and tactic throughout the engagement funnel and identify effectiveness for retention, acquisition, or brand initiatives
- Identify channels, partners and environments that align with the target audience and campaign objectives
- Understand CRM capabilities and make recommendations to enhance current audience programs
- Develop channel appropriate plans based on consumption patterns for desktop and mobile
- Understand and maintain brand standards as it relates to inventory placement, content alignment, frequency, and site adjacencies
- Keep media accountable to high standards of performance through on-going checks and balances of quality (viewability, measurement, performance, etc.)

Planning, Executing and Optimizing

The Contractor will plan, execute and optimize of all facets of digital media tactics across Michigan Lottery base, including but not limited to:

- **Display prospecting:** Align with key endemic publishers or programmatic buying to drive brand association and direct response performance
- **Programmatic media:** Utilize a variety of programmatic technologies primarily as in-house self-serve; The Contractor is solution-agnostic and match the programmatic practice to the best offering to meet the clients' needs (Ex. DoubleClick Bid Manager, The Trade Desk, MediaMath)
- **Static and dynamic retargeting:** Retarget users with relevant products or services that they have viewed within a specified recent duration (Ex. DSPs, Criteo, Facebook, GDN)
- **Podcasts & streaming audio:** Leverage emerging streaming audio partners to reach target audience (ex. Spotify, Pandora, Megaphone)
- **Digital video & connected TV:** Promote sight, sound and motion within video environments and endemic partnerships to increase awareness and consideration (Ex. YouTube, Hulu, Roku)
- **Native ads:** Contribute to increased web traffic volume through in-feed content discovery platforms (Ex. Zemanta, Triple Lift)
- **Sponsored content:** Utilize endemic publisher sites to develop articles that organically feature clients as sponsor
- **In-app ads:** Prioritize premium app to run rich mobile ads with high share of voice on mobile devices (Ex. Flipboard)
- **Mobile Rich Media:** Leverage mobile-specific partnerships to take drive strong engagement with mobile-first creative

Contractor's Approach to Paid Social

The Contractor will evaluate paid and organic elements to develop sophisticated, thorough, best-in-class programs. As a Premium Tier Facebook Marketing Partner the Contractor will be granted exclusive and immediate access to new tools, resources and education that allow to measure and optimize paid social programs.

Channel Strategy Development

The Contractor will work with Michigan Lottery to understand the role of paid social media within their broader digital marketing efforts and develop channel-specific strategies to appropriately align with the channel goals. Activities will include:

- Define the channel priority role of Facebook and Instagram throughout the brand engagement funnel and secondary platform roles of Snapchat and others
- Leverage customer segment insights to drive targeting and messaging strategies
- Identify creative promotion and messaging roadmap and develop channel-specific strategies for awareness, consideration, acquisition, reactivation, and retention objectives
- Identify channel-specific measurement concepts to appropriately value cross-device, view through conversion activities, and media delivery for various objectives
- Partner with community managers and content marketing partners to ensure paid and organic complement each other, amplifying the impact of both efforts
- Identify technology capabilities or gaps to elevate buying, optimization or measurement capabilities

Channel Execution & Optimization

Channel Execution & Optimization activities include:

Target audience and segmentation development

- Leverage site or CRM audiences to conduct audience segment discovery for behavioral or interest segment opportunities
- Leverage site or CRM audiences within look-alike targeting approaches
- Create granular segmentation to isolate performance, test and manage bidding appropriately
- Retargeting analysis and testing designed to elevate incremental impact

Bid optimization

- Leverage account segmentation and structure to isolate bidding in a thoughtfully designed approach across platforms
- Test bid optimization settings to ensure algorithm is optimizing to largest incremental opportunity, testing may include head to head conversion lifts against conversion event settings, delivery optimization settings, conversion window, bid type and bid strategy
- Test betas / new concepts made available via Facebook that optimize towards additional data or new pricing concepts
- Leverage technology tools via PMDs for bidding portfolio testing and optimization

Creative optimization

- Work closely with the Contractor's Creative Lab teams and Michigan Lottery creative team to drive creative roadmap and testing strategies with the goal of improving relevant KPIs based on objective
- Test various ad formats to identify appropriate mix of assets and creative best practices
- Continually test creative treatments to optimize performance through dedicated creative test structures, refreshes or folding new creative into existing assets
- Partner closely with Facebook to identify betas for upcoming creative units

Inventory

- Test audiences, messaging, creative, bidding approaches, etc. across various inventory environments including Facebook, Instagram, Facebook's audience network, Pinterest, etc.
- Conduct on-going research to identify where audiences live / index across each platform and how messaging should augment within each environment

- Develop specific inventory strategies as needed to optimize the brand voice and performance

Contractor's Approach to Paid Search

- The major considerations and factors The Contractor will address specific to paid search will include: Account and feed structure
- Bid and feed optimization
- Amazon, Pinterest, and other marketplace optimizations
- Promotional and seasonal planning
- Ad copy and landing page optimization
- Keyword expansion
- SEM-specific testing opportunities
- Holistic planning of SEM and SEO
- Wholesale and co-op bidding opportunities

The Contractor has experience in buying and negotiating complex digital advertising and media plans. The Contractor will craft custom programs for Michigan Lottery rather than funneling client media into a one-size fits all media buying stack. The Contractor will evaluate the Lottery's business goals, in-market media schedule and channel/partner performance to determine the optimal technology platform above fit into the ad tech stack in a way that is very specific to Michigan Lottery's model, and continue to actively evaluate the technology stack as part of ongoing program management.

- f. Produce and manage marketing materials including, but not limited to display ads, paid social ads, paid search copy, audio ads, and landing pages.
 - g. Monitor performance and make real-time adjustments to live campaigns as needed. Monitor all reporting systems to ensure campaigns are running correctly and impressions bought are delivered. Evaluation will include performance optimization within and across channels and pacing.
 - h. The Contractor will provide weekly, monthly, and ad hoc recaps as needed to Michigan Lottery highlighting key metrics along with insights.
 - i. The Contractor will implement a number of ad verification practices to ensure compliance with guidelines.
6. Digital Media attribution reporting and analysis tools - Develop and maintain reporting and analytics tools consistent with digital media best practices.
 - a. Methodology must follow Multi Touch Attribution (MTA) or similar approach consistent with Lottery practices.
 - b. Ad tracking must include well documented strategy which utilizes industry best practices and can be adapted to function within the Lottery current tagging framework (ie. Google Tag Manager).
 - c. Reporting tools and output expected to be user friendly and easy to translate into business action.
 - d. Reporting capabilities must include but are not limited to:
 - i. Cost Per Acquisition
 - ii. Return on Ad Spend
 - iii. User Pathing
 - e. Reporting capabilities must provide drill down functionality including but not limited to:
 - i. Channel/Owner
 - ii. Objective
 - iii. Time Frame
 - f. It is preferred that the reporting is built within a Business Intelligence tool framework such as Tableau or Microsoft PowerBI to allow for user friendly analysis.

- g. User level support and dedicated staff to aid in maintenance and analysis is recommended.

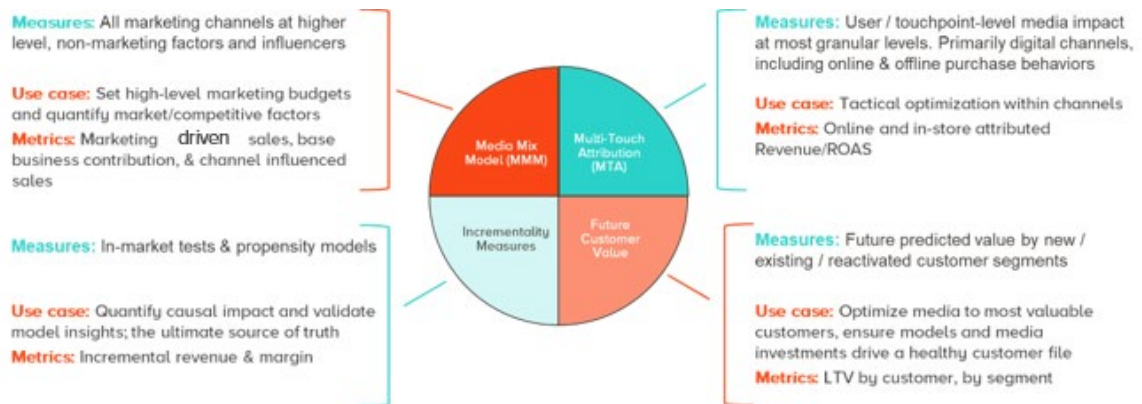
Contractor's Plan:

The Contractor's Marketing Analytics Platform (MAP) leverages proprietary measurement methodology via its Unified Model, inclusive of Multi-Touch Attribution (see Methodology below), to quantify marketing's contribution to the School Aid Fund via the Enterprise Marketing Return framework and KPI.

MAP Methodology: Unified Model Overview

MAP unifies four critical measurement capabilities required to enable a world-class marketing program: Media Mix Modeling (MMM), Multi-Touch Attribution (MTA), Future Customer Value Modeling, and Incrementality Measurement. By stitching these capabilities together, the Contractor is able to both capitalize on the advantages of and mitigate the risks of these traditionally stand-alone measurement solutions. Unlocking a strategic approach to program management, Media Mix Modeling enables the Contractor to understand the incremental impact of various marketing tactics on sales/deposits and set high level budgets across channels and tactics. Once channel budgets are set, Multi-Touch Attribution is then used, for addressable channels, alongside Future Customer Value modeling to understand the impact of more granular tactics on sales/deposits to inform tactical optimizations within channels. Model inputs are refined using in-market incrementality testing. The Contractor will leverage capabilities and tools to provide visibility into historical marketing performance, simulate future marketing scenarios, and optimize budgets.

In the illustration below outlines the core components (outlined above) of the MAP unified model and the actions they drive:



In addition to the advanced measurement capabilities of the MAP Unified Model, the Contractor will have a dedicated team of marketing measurement strategists staffed on the account that are highly skilled and experienced in transforming data to insights and actionable opportunities via prioritized recommendations. Paired with Michigan Lottery specific measurement experts to power ongoing activations, the MAP product is supported by industry leading data scientists, data engineers, and solution architects that are focused on enabling Michigan Lottery (and the Contractor's media teams) to extract the most value out of available data assets and measurement tools.

MAP is purpose-built to measure the most comprehensive view of Michigan Lottery marketing program and enable smarter actions that impact performance of the state lottery at large. Given that the Michigan Lottery marketing and sales mix both skew heavily to both online and retail channels, it is critical to select a measurement tool like MAP that quantifies performance of all marketing channels, accounts for the impact of both online deposits and in-store ticket sales, and can scale with the needs of Michigan Lottery in the transformative time that is ahead.

MAP Tracking Requirements and Documentation:

The Contractor's Omni-Channel Pixel enables collection of user-level customer paths and touch points for all downstream analytics and optimizations. The following pixels are required to enable the MAP solution:

Pixel Type	Data Collected	Notes
Page View Pixel	Click-Based Site Traffic	Site team to deploy pixel on all pages of the site and across all domains.
Conversion Pixel	eCommerce Transactions	Site team to deploy pixel within event tag for every completed transaction.
Display Media Pixel	View-Through Interactions	Display team to deploy pixel in ad servers for impression-based media.
Email Pixel	Email Opens	Email partner to deploy pixel in all promotional and transactional email templates.

Note: Site, Display, and Email URLs must include "ogmap" parameters to enable accurate data collection with the Ovative Group Omni-Channel Pixel.

How MAP Addresses Customer Privacy:

In response to the growing trend of customer privacy and limited data tracking, the MAP platform also incorporates a Media Mix Model (MMM) to measure marketing channel impact that is not dependent on individual customer paths to measure media efficacy. As customer level data becomes more limited, the MAP Unified Model integrates the strengths and weaknesses of MMM and MTA tools to ensure Michigan Lottery are not overly dependent on any one capability.

MAP Interactive Reporting Suite:

MAP's data environment powers weekly reporting and in-depth analytics, allowing Michigan Lottery to action on insightful marketing performance data on a weekly (and sometimes even daily) basis. In addition to having active, web-based reporting dashboards, the Contractor's media teams and designated measurement strategists are MAP Certified product experts to support in usage, adoption, and ultimately value realization of the product.

Each of MAP's reporting dashboards was purpose-built for the right audience to fulfill use cases and drive action. Standard reporting dashboards include six views:

Executive Summary

- **Audience:** Commissioner, BU Leadership, Marketing Manager
- **Purpose:** This report consolidates all important information about the business into one, easy to view report. This is a starting place to see what marketing's impact has been across both iLottery and Retail
- **Example Action:** Aligning marketing program to overall Michigan Lottery business trends

Enterprise Marketing Performance Summary

- **Audience:** Leadership, Marketing Manager, Analytics Manager
- **Purpose:** This report shows what each marketing channel did to drive online deposits, in-store sales, and new customer acquisition. It also reports on the incrementality and School Aid Fund return of each marketing channel. This view is designed to be both shareable in PowerPoint and interactive in the web UI
- **Example Action:** Media Mix optimization to customer strategy and contribution to School Aid Fund

Cross-Channel Performance

- **Audience:** Marketing Manager, Marketing Analysts, Analytics Manager

- **Purpose:** This report visualizes how marketing channels are performing relative to each other across the following dimensions: Online Deposits, In-Store Sales, New Customer Acquisition, Incrementality, and School Aid Fund contribution. This reporting supports fluid cross-channel budget shifts based on relative channel performance
- **Example Action:** Media Mix and channel optimization to customer strategy and contribution to School Aid Fund

Channel Performance

- **Audience:** Marketing Manager, Marketing Analysts
- **Purpose:** This report drills down into channel-specific metrics to provide insight into how tactics and subchannels within a given channel are performing. It is designed to help channel operators make tactical optimization decisions on a day-to-day basis
- **Example Action:** Channel optimization to customer strategy and contribution to School Aid Fund

Customer Pathing

- **Audience:** Marketing Director/Client Channel Owners/Client Analytics Team
- **Purpose:** This report provides visibility into how channels appeared within a path to deposit, and is used to inform cross-channel strategies designed to maximize conversion (e.g., how should paid search text and display acquisition work in concert with one another)
- **Example Action:** Media mix and channel optimization to full customer funnel and experience

Granular Data Access

- **Audience:** Marketing analyst, analytics team
- **Purpose:** This report is purpose built to power ad hoc analyses and reporting at the most granular levels. This view drills down into the most detailed level of media performance across addressable channels including partner, campaign, keyword, etc. level
- **Example Action:** Granular campaign and partner optimization to customer strategy and contribution to School Aid Fund

MAP Reporting dashboards and back-end database provide comprehensive and holistic KPIs to measure performance against. Metrics available include but are not limited to:

- Enterprise Marketing Return (online, in-store)
- % of Business Value driven by Marketing (owned and paid channels)
- % of Business as "Base" (non-marketing influenced)
- Incremental Deposit Value/Sales
- Incremental Return on Ad Spend (online, in-store)
- Incremental New Customers
- Cost per Incremental New Customer (Incremental CPA)
- Incremental Registrations
- Incremental Cost per Lead (registration)
- Customer pathing data (first, middle, last, first & last touch, etc.)
- Future Player Value / Lifetime Value

MAP Reporting dashboards and back-end database enable both high-level mix and granular keyword level dimensions of performance data. Performance dimensions available include but are not limited to:

- Channel / Subchannel
- Objective
- Timeframe (Day / Week / Month / Quarter / Annual)
- Device
- Partner
- Tactic
- Initiative

- Category
- Campaign
- Ad set / Ad group
- Keyword
- Geographic region
- Sales channel (online / retail)

MAP dashboards are housed in an active, web-based portal that can be used to impact real-time decisions by multiple users simultaneously on a self-service basis and with the support of dedicated Michigan Lottery product experts. To enable rapid reporting adoption and use, the MAP product is built with the end-user in mind and has views built to answer key business questions. Reports contain both user-friendly visualizations and data pivoting features to power ad hoc analyses. Capabilities include but are not limited to:

- Dynamic date filters
- Save frequently used views as custom
- Channel/dimension filters and toggles
- Data download in various formats (.xlsx, .txt, etc.) for ad hoc analyses
- Scheduled automatically generated reports

MAP Product Services & Ongoing Support:

Michigan Lottery will partner with dedicated Contractor MAP measurement experts (MAP Measurement Lead and Analyst) to support ongoing product maintenance (see below), media activation, analytics, and in-market testing to maximize value of the product for the business. With deep expertise in the Michigan Lottery business and lottery vertical derived from over four years of partnership, the Contractor's media teams and MAP product experts will partner with Michigan Lottery stakeholders to craft an industry leading measurement and activation roadmap, which will include top priority product advancements, in-marketing incrementality tests, and ad-hoc analysis in the upcoming 12 months that latter up to broader Michigan Lottery strategic objectives.

In addition to analytics and testing support on the MAP product, the Michigan Lottery team can expect the following examples of product maintenance support: *(not exhaustive list)*

- Ongoing weekly reporting suite refresh and QA
- Ongoing product input data QA (Ovative pixel, ML transaction data, etc.)
- Working directly with 3rd parties (i.e. CRM) to ensure alignment on MAP requirements and product compatibility
- Tagging support to ensure successful deployment of Ovative pixel & data capture
- Modeling pipeline/process monitoring
- New product capability trainings & support
- Ongoing support of other maintenance questions

The Michigan Lottery team will have ongoing support dedicated to MAP product maintenance and analysis. The MAP Measurement Lead and Analyst will serve as the key points of contact for all areas of support.

B. Optional Use Professional Services

Optional Use Professional Services may be requested, as needed during the Contract period. Optional Use Professional Services will be priced per project.

Optional Use Professional Services are identified as being of interest to the Lottery and the Lottery anticipates acquiring such from the Contractor. However, the Lottery may choose not to exercise such an option, and makes no commitment in this RFP to the quantity or timing for acquisition.

The Contractor must provide the following optional use services when requested by the Lottery Program Manager:

1. *Email Design Services* – The Contractor must design email templates and emails to support major campaigns as needed. The Contractor must develop and build emails and templates as needed. Michigan Lottery will be responsible for email deployment and tracking.

- a. Design strategy
- b. A/B variation testing
- c. Link validation and testing

Contractor's Plan:

Email Design strategy:

- The Contractor will first build the templates for both mobile and desktop applications the Contractor needs to support the defined email program. Proper templates ensure best practices and support the variety of email platforms ensuring consistency and streamlining the development process.
- With templates in place, the Contractor will design emails to convey a consistent message and design to seamlessly bridge the site experience. The design needs to quickly convey the primary purpose of the email through engaging messaging – including subject line and preview copy, design, and simple, yet powerful, call-to-actions. Additionally, secondary messages must be built to expand your potential engagement with the email.

A/B variation testing:

- Testing will provide insights for future design and will be leveraged before the bulk of emails are deployed, ensuring stronger open and click-through rates. Testing is not limited to subject lines. The Contractor will pay close attention to template design, creative design, headlines, and call to actions and work to prioritize the tests that will drive the largest impact.
 - Example A/B test: Subject line testing. The Contractor will test subject lines initial deployment; the winning version would be sent to remaining ~90% of the population

Link validation testing:

- The Contractor will QA every email sent, not only testing that all links are working correctly but also that the email will display correctly across email clients and devices

2. *Customer Relationship Management (CRM) Banners* – “CRM Banners” are creative assets that are designed to target a specific audience/segment based on where a customer is in their life cycle. The CRM banner message, creative and CTA may differ based on where the customer is in their life cycle. The Contractor must design CRM banners that align with overall strategy for major campaigns and other site banners as needed. The Contractor must work with the Lottery's internal design team and will be provided style and brand guidelines to work and design against.

3. *Search Engine Optimization (SEO) Services* – The Contractor must provide SEO consultation, services and support to ensure that the Lottery websites are accessible to search engines and well ranked as needed. Consultation and services are expected to cover a range of items including:

- Website Audit
- Presentation of findings and recommendations
- Implementation Plan
- Routine follow-up. Lottery and the Contractor will work together to determine link building restrictions to secure the integrity of the brand.

Contractor's Plan:

Project onboarding

- Conduct a kickoff meeting and hold stakeholder interviews with key teams throughout Michigan Lottery organization to understand objectives, roles, goals, and capabilities

- Ensure full access to all necessary technologies, including analytics, Google Search Console, Bing Webmaster Tools, and more
- Align with stakeholders on focus areas, project timing, deliverable formats, and milestones

SEO audit and strategy development

- Review existing web presence for adherence to SEO best practices across the following areas:
 - Technical health (crawling, rendering, indexing, and other technical factors)
 - On-page optimization (keyword use, metadata health, internal linking, and more)
 - Off-page optimization (backlink profiles, link reclamation, competitive comparison, and more)
 - Content optimization (content gaps, editorial strategy recommendations, and more)
 - Visibility analysis (ranking strengths/weaknesses/opportunities across relevant categorical/local/global search terms, benchmark vs competition, and more)
- Develop prioritized optimization recommendations, and prioritize based on amount of effort and impact
- Connect with project stakeholder on a weekly basis to provide status updates, initial findings, and address questions

Findings read-out and implementation planning

- Review audit findings with internal stakeholders to share recommendations, address questions, and present an implementation roadmap
- Partner with stakeholder team to translate audit findings into strategic documentation and workplans
- Ongoing services requirements, support scope, and retainer will be proposed to support ongoing optimization and implementation

Additional services and support

Beyond the above items, the Contractor will provide project-based consulting work to assist with more succinct projects such as website redesigns, competitive reports, site architecture updates, new feature launches, and more. Our involvement helps to ensure that SEO best practices are built into new web releases, as well as ensuring search engines are considered as other website changes are made.

4. *Online Marketing Video Creation* – The Contractor must develop and produce online marketing videos as needed. Production will include, but is not limited to: script writing, pre-production, post-production, and editing and final hand off. Contractor will source and manage video production professionals (videography, animation, talent, editing, file formatting etc.) as needed and include any potential costs with initial project estimates.

Contractor's Plan:

As part of the creative development process the Contractor's Creative Lab will provide initial concepting and script writing in alignment with the larger campaign approach. The Contractor will offer editing, animation, and production services with the Contractor's internal team, and also partner with several production houses that can support production for a variety of needs and approaches. The Contractor will source and manage video production professionals (videography, animation, talent, editing, file formatting etc.) as needed and include any potential costs with initial project estimates.

5. The Contractor is responsible for producing and duplicating media materials as needed in a variety of formats, including Beta, Digital Beta, wmv files, mov files, mp3 files, HTML5 etc.
6. Social Media Marketing Services – The Contractor must provide social strategy, promotion development, page creations, advertising support, and content development as needed. Work includes content/promotions for both paid and organic social for the Michigan Lottery.

- a. Paid Advertising Support:

The Contractor is expected to develop an approach for paid social support that not only drives engagement with fans/followers but compliments other marketing efforts on social.

- b. **Non-paid Social Media Strategy and Content Development:**
The Contractor is expected to coordinate with both the community and brand building side of social media. The Contractor must develop an approach that leverages the Michigan Lottery's social platforms to drive both branding and engagement metrics along with revenue and acquisition goals.
- c. **Social Media Community Management and Customer Support:**
The Contractor is expected to develop a strategy for content delivery, social posts, and player inquiry responses to maximize player convenience and satisfaction. The Contractor will work with Lottery personnel to develop a cadence for social posts and content on a monthly basis. In addition, the Contractor will be expected to monitor all social media platforms twenty-four hours a day, seven days a week and will respond to inquiries.
- d. **The Contractor will work with the Michigan Lottery to define KPI's and present scheduling suggestions and a response approach that support the objectives and actions desired from identified target audience segments.**

Contractor's Plan:

The Contractor's approach to social marketing will be to identify a paid approach specific to driving engagement with fans/followers and complement it with other paid media on social. The Contractor will collaborate with the marketing teams to develop the appropriate ad support for fan-focused efforts.

For non-paid social media and community management, the Contractor will leverage the services of a partner through our relationship with Nostos. Nostos (www.nostos.network) is a community of best-in-class agencies with complementary skill sets and diverse industry expertise. Through this network, the Contractor will have access to partners such as Social Lights that has extensive experience in Social Strategy, Listening, content development, engagement, and measurement. The Contractor will manage all aspects of this relationship on behalf of Michigan Lottery.

In all cases, the Contractor will work with the Michigan Lottery to develop strategic approaches, define audience, KPIs, cadence for posts, approach to community communications, and all other defined objectives.

- 7. **Research** – The Contractor must perform qualitative and quantitative research studies of market segments, models and consumer decisions and choices, to increase marketing opportunities and effectiveness. This market research may include the use of surveys, focus groups, observational research, and other tools as approved to help determine market segments, models, and factors that drive consumer decisions.

Contractor's Plan:

The Contractor will leverage a variety of third-party sources for assessing market trends, understanding the competitive landscape, and "dimensionalizing" the digital environment for Michigan Lottery. These tools include Statista, eMarketer, comScore, and others. Often, the Contractor will work with Michigan Lottery's own research team and tools, providing much needed leverage for synthesizing trends and drawing out market and consumer insights.

- 8. **Landing Pages Development and Maintenance Services** – The Contractor must develop landing pages using content that correlates with external ads and deliver to Lottery for final approval. The Contractor is responsible for design, development, and management of the full landing page program through a dedicated technology as well as hosting and technology fees.

- a. Landing page design and maintenance will include content, copy points, CTA's and etc.
 - 1) A minimum of four creative alternatives shall be presented for consideration unless otherwise directed by Lottery. These concepts should be designed for a mobile first approach.
 - 2) Lottery will require two concepts to be fully developed when A/B campaign testing is requested.
 - 3) Lottery will require that at a minimum, landing pages will be designed in a responsive manner for desktop, mobile, tablet.
 - 4) Landing pages are required to follow best practices; ensuring users will have a great experience regardless of the device, operating system, or browser.

Contractor's Plan:

- For landing pages, and all other marketing vehicles, the Contractor will leverage the process described in Message Development and Creative Development questions (Section 1.A.3-4).
 - The creative team will work very closely with Media & Site Optimization teams to ensure the consistent messaging and customer experiences is carried out end-to-end. The design and messaging would harness learnings from previous campaigns and A/B tests results.
 - Testing is vital to maximize results. When developing the testing program, the Contractor will consider both large-scale design testing as well as numerous smaller tweaks to make sure the page is fine-tuned for the audience.
- From a technical standpoint, landing pages will be built aligning to design best practices; ensuing users will have a great experience regardless of the device, operating system, or browser.

- b. Install tracking mechanisms as required to measure effectiveness.
 - 1) Tracking mechanisms could include, but are not limited to: Player alternate reference, Google Analytics, and Google Tag Manager.
 - 2) At the beginning of any engagement, the Contractor is responsible for conducting an audit of existing tracking mechanisms to ensure data is clean, and gaps are identified.

Contractor's Plan:

The Contractor will have a team of web analytics and tag management experts to ensure accurate and robust data collection across your media, landing pages, and owned platforms.

The Contractor will commit dedicated resources to ensure that the accuracy of tracking is held to an extremely high standard. At the outset of any engagement the Contractor will do extensive audit of existing tracking mechanisms to ensure that the data is clean, free of personally identifiable information (PII), and tracking gaps are identified. Based on our audit findings, we will build a plan and communicate requirements to resolve issues and ensure data integrity is maintained.

- c. Landing pages will be designed to be supported on the most current and widely used platforms, browsers or operating systems as agreed upon by Lottery. The Contractor must ensure that the State's required security patching and version upgrades are undertaken.
 - 1) Supported platforms, browsers and operating systems will be evaluated and agreed upon no less than quarterly.
- d. Manage and deliver data and performance results with link testing, data validation, and ongoing monitoring.
 - 1) Monitor page results daily to ensure all links are working correctly and results tracked accordingly.
 - 2) Leverage Google Analytics to set up alerts that monitor conversions as additional backups.
 - 3) Provide quarterly analysis on landing page performance or on an ad hoc basis to aid in optimization opportunities.

Contractor's Plan:

Monitoring:

The Contractor will perform daily monitoring of page results to ensure all links are working correctly and results are being tracked accordingly. If any issues are found the Contractor will put dedicated resources against identifying root cause, resolving the issue, and helping to manage the resolution if an issue was caused by system outside of scope.

The Contractor will setup alerts wherever possible for proactive monitoring. The Contractor will also configure alerts for landing pages and Michigan Lottery sites using a platform called Pingdom to detect site outages and downtime. This will allow the Contractor to detect issues and alert Michigan Lottery so that impact to their customers and business performance can be mitigated.

Results:

The Contractor will share results, performance insights, and actionable recommendations on a weekly basis to ensure that Michigan Lottery is constantly in-tune with progress and performance. The Contractor will also work with you to determine the right cadence of reporting. On a quarterly basis the Contractor will summarize all findings, explore insights spanning multiple campaigns and perform deep user-behavior analysis to continuously identify optimization opportunities. Insights and recommendations focus on customer behavior across media, landing page, and owned platforms, resulting in media, landing page, and site optimization opportunities.

9. This Contract may be modified to implement other advertising related services.

1.1. Transition

As a one-time project upon award, the Contractor must review existing campaigns and performance reports in order to provide recommendations to maximize value from the existing media mix.

- A. The Contractor will be expected to perform a program audit to familiarize with the existing program structure, performance, and reporting. Once the audit is completed, the Contractor will schedule a review session with the Michigan Lottery to review findings, provide insights, and strategize next steps on optimizing the program over time.

1.2. Advertising with IT Components

If/when advertising projects require an IT component the Contractor must follow the State of Michigan IT Standards set forth below:

- A. **IT Policies, Standards and Procedures (PSP)** – All proposals must conform with State IT policies and standards – all services and products provided as a result of this RFP must comply with all applicable State IT Policies and Standards. Please refer to Public IT Policies, Standards and Procedures (PSP): http://www.michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html

Please Note: Not all applicable PSP's are available publicly. Controlled PSP's applicable to the RFP are available after signing and returning to the State the required Nondisclosure Agreement (NDA). Failure to return a signed NDA may be grounds for disqualification.

- B. **State of Michigan (SOM) Digital Standard** – All software items provided by the Contractor must adhere to the State of Michigan/Site Standards which can be found at: www.michigan.gov/standards.
- C. **Mobile Responsiveness** – The Contractor's Solution must utilize responsive design practices to ensure the application is accessible via a mobile device. The Contractor must provide a list of all mobile devices that are compatible with the Solution. Additionally, The Contractor must provide list of features that can be performed via a mobile device.

Contractor's Plan:

The Contractor will approach designs with a mobile-first approach paired with responsive elements in page designs that allows them to be viewed by users across all device types and screen sizes with the appropriate functionality requirements. In cases where responsive elements do not display content as

desired, the Contractor will then create separate landing page versions to allow for device size specific adjustments to the creative so that the user experience isn't compromised. The Contractor's landing pages are compatible with all current mobile devices (apple, android, etc.). All landing pages are also designed in lon, which in most cases is fully compliant with WCAG 2.0. In cases where this is not the case or in question, to the Contractor will ensure compliance through additional methods as necessarily to be in full communication with the Michigan Lottery team throughout the process.

- D. ADA Compliant** – The State is required to comply with the Americans with Disabilities Act of 1990 (ADA), and has adopted a formal policy regarding accessibility requirements for websites and software applications. The State is requiring that Bidder's proposed Solution, where relevant, to level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0. Bidder may consider, where relevant, the W3C's Guidance on Applying WCAG 2.0 to Non-Web Information and Communications Technologies (WCAG2ICT) for non-web software and content. The State may require that Bidder complete a Voluntary Product Accessibility Template for WCAG 2.0 (WCAG 2.0 VPAT) or other comparable document for the proposed Solution. http://www.michigan.gov/documents/dmb/1650.00_209567_7.pdf?20151026134621

Contractor's Plan:

2. Acceptance

2.1. Acceptance, Inspection and Testing

The following criteria will be used by Lottery to determine Acceptance of the Contract Activities:

Before approving invoices for payment, the Program Manager will review deliverables, review project hours and team members' involvement in the project, and review invoices for pass through expenses to verify costs are accurate and do not reflect markups. The Program Manager will also ensure Contractor's invoices include detailed information for the project.

3. Staffing

3.1. Contractor Representative

The Contractor must appoint one individual, specifically assigned to State of Michigan accounts, that will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc. (the "Contractor Representative").

The Contractor must notify the Contract Administrator at least 14 calendar days before removing or assigning a new Contractor Representative.

Contractor Representative:

Heather Gray
612.384.1877
heather.gray@ovative.com

3.2. Work Hours

The Contractor must provide Contract Activities during the State's normal working hours Monday – Friday, 8:00 a.m. to 5:00 p.m. ET, and possible night and weekend hours depending on the requirements of the project.

3.3. Key Personnel

- A)** Key Personnel will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 24 hours.
- B)** The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, the Contractor will notify the State of the proposed assignment, introduce the individual to the State's Project Manager, and provide the State with a resume and

any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.

C) The Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of the Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under **Termination for Cause** in the Standard Terms. It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under Termination for Cause, Contractor will issue to the State the corresponding credits set forth below (each, an "Unauthorized Removal Credit"):

1. *For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be \$25,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30 calendar days before the Key Personnel's removal.*

2. *If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 calendar days, in addition to the \$25,000.00 credit specified above, Contractor will credit the State \$833.33 per calendar day for each day of the 30 calendar-day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$25,000.00 maximum per individual. The total Unauthorized Removal Credits that may be assessed per Unauthorized Removal and failure to provide 30 calendar days of shadowing will not exceed \$50,000.00 per individual.*

D) Contractor acknowledges and agrees that each of the Unauthorized Removal Credits assessed above: (i) is a reasonable estimate of and compensation for the anticipated or actual harm to the State that may arise from the Unauthorized Removal, which would be impossible or very difficult to accurately estimate; and (ii) may, at the State's option, be credited or set off against any fees or other charges payable to Contractor under this Contract.

Key Personnel Table:

Name	Title	Position	Role(s) / Responsibilities
Steve Baxter	Executive Vice President	Media Activation	<p>-Lead media teams, including digital media, traditional media, creative, SEO and site optimization</p> <p>-Serve as Executive Sponsor for key accounts, ensuring business impact and positive client experience</p> <p>-Part of Ovative Group leadership team, shaping company strategy and culture</p>

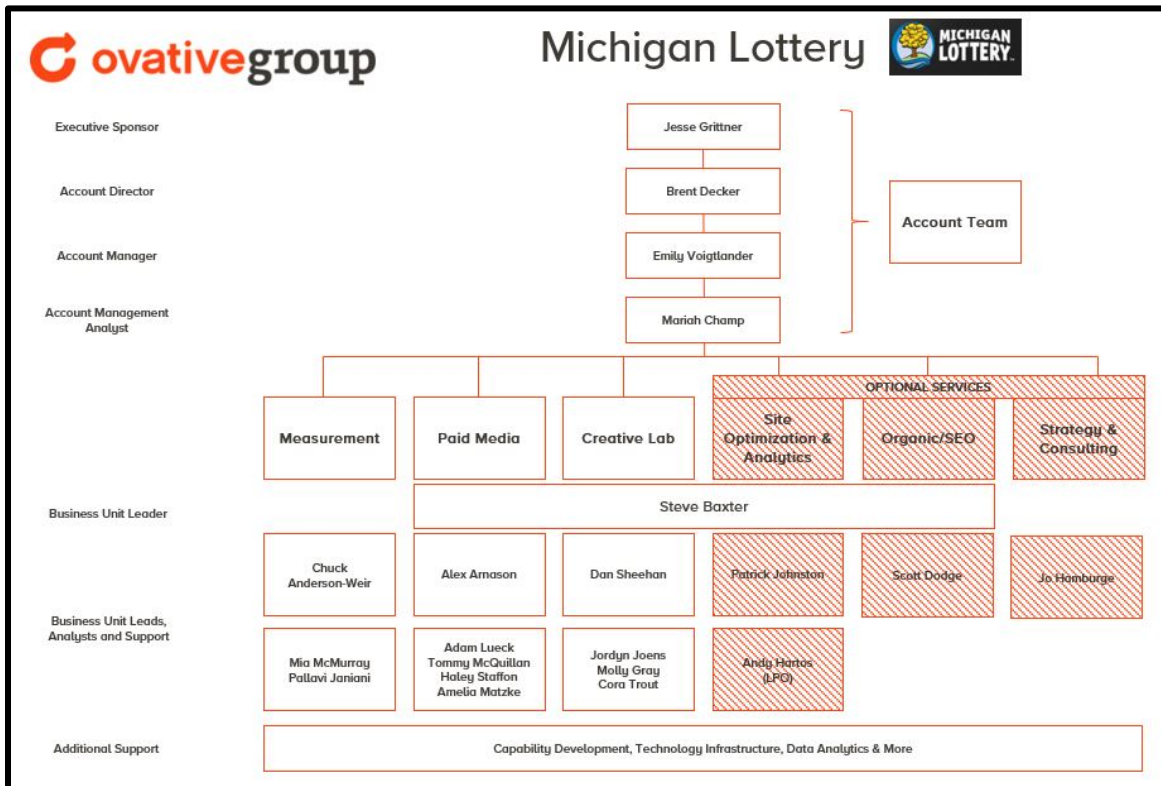
Jesse Grittner	Senior Vice President	Growth: Marketing and Business Development	<ul style="list-style-type: none"> -Lead Growth team, including Client Services, Business Development, and Marketing teams -Serve as Executive Sponsor for key accounts (including Michigan Lottery in 2021+), ensuring business impact and positive client experience -Part of Ovative Group Leadership Team, shaping company strategy and culture
Heather Gray	Director	Client Services	<ul style="list-style-type: none"> -Account lead for Michigan Lottery -Responsible for account-wide strategy and long-term priority setting -Oversee all staffing and team alignment to Michigan Lottery
Emily Voigtlander	Manager	Client Services	<ul style="list-style-type: none"> -Accountable to own, drive, and monitor performance progress and results of what Ovative Group is contracted to deliver -Manage cross team projects; coordinating with all parties to hit milestones and expectations -Serve as the primary client contact
Dan Sheehan	Senior Director	Creative Lab	<ul style="list-style-type: none"> -Driving creative excellence through strategy -Creative production and process efficiency
Tommy McQuillan	Manager	Media Activation	<ul style="list-style-type: none"> -Primary contact for the Michigan Lottery digital media program -Responsible for ensuring an integrated approach across all aspects of the digital media program that Ovative Group manages
Haley Staffon	Analyst	Media Activation	<ul style="list-style-type: none"> -Manage digital media programs, driving performance through channel and platform expertise. -Develop and implement digital media strategies and channel roadmaps to align the program with the clients' business objectives. -Communicate media recommendations, testing opportunities, and data-driven insights to client teams
Amelia Matzke	Analyst	Media Activation	<ul style="list-style-type: none"> -Responsible for monitoring performance across display and paid social platforms making strategic optimizations to drive performance

			-Create daily, weekly and monthly client reporting deliverables
Mia McMurray	Senior Analyst	Measurement – Map Lead	-Responsible for driving overall measurement (testing and analyses) strategy with the MAP product
Pallavi Janiani	Analyst	Measurement	-Data analysis and incrementality testing -MAP product upgrades and learning with client -QA of data to ensure quality -Cross-team collaboration on activation roadmap, model upgrades
Cora Trout	Designer	Creative Lab	-Concept, design, and animate creative assets -Provide creative strategy and ideas
Mariah Champ	Senior Analyst	Client Services	-Monitor client performance and assist with budgeting, forecasting, reporting and insights -Partner with account and media teams to document and drive initiatives forward to meet client and internal deliverable dates
Molly Gray	Producer	Creative Lab	-Partner with Client Services, Display and Paid Social and Creative teams to develop creative works that delivers on client expectations and overall business strategy

3.4. Organizational Chart

The Contractor must provide an overall organizational chart that details staff members, by name and title, and subcontractors.

Organizational Chart:



3.5. Disclosure of Subcontractors

A. Situations may arise where the Contractor may not possess the expertise necessary to effectively execute a project. The Lottery expects that in those instances the Contractor will propose, or the Contractor and the Lottery will jointly identify, subcontractors as needed to creatively develop and oversee production of certain special programs or projects.

The Contractor must select Subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the Contract. Any subcontractor must be agreed to by the State and an amendment to the Contract is required via Contract Change Notice. See Standard Contract Terms Section 10 Subcontracting. Depending on the Contract value, Michigan Lottery may occasionally require a more intensive RFP process.

B. If the Contractor intends to utilize subcontractors, the Contractor must disclose the following:

1. The legal business name; address; telephone number; a description of sub-contractor's organization and the services it will provide; and information concerning sub-contractor's ability to provide the Contract Activities.
2. The relationship of the sub-contractor to the Contractor.
3. Whether the Contractor has a previous working experience with the sub-contractor. If yes, provide the details of that previous relationship.
4. A complete description of the Contract Activities that will be performed or provided by the sub-contractor.
5. Of the total bid, the price of the sub-contractor's work.

3.6. Security

The Contractor will be subject the following security procedures:

A. On a case-by-case basis, the Lottery may investigate the Contractor's personnel before they may have access to State facilities and systems. The scope of the background check is at the discretion of the State and the results will be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations will include Michigan State Police Background checks (ICHAT) and may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Finger Print Check. Any request for background checks will be initiated by the State and will be reasonably related to the type of work requested

B. All Contractor personnel must comply with the State's security and acceptable use policies for State IT equipment and resources. See:

https://www.michigan.gov/documents/dtmb/1340.00.130.02_Acceptable_Use_of_Information_Technology_Standard_685341_7.pdf. Furthermore, Contractor personnel will be accepted as a resource to perform work for the State. The Contractor must present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff must comply with all Physical Security procedures in place within the facilities where they are working.

C. The Contractor's staff may be required to make deliveries to or enter State facilities. The Contractor must: (a) ensure the security of State facilities, and (b) perform background checks. The State may require the Contractor's personnel to wear State issued identification badges.

3.7. Responsible Gaming

Prior to performing work for Lottery, Contractor will ensure that employees have reviewed the North American Association of State & Provincial Lotteries Advertising Guidelines or other guidelines as directed by Lottery. Responsible Gaming guidelines will be reviewed once per year and Contractor will be required to ensure employees participate in annual Responsible Gaming training as directed by Lottery.

4. Project Management

A. General

1. The Contractor must provide account management that is proactive and flexible to meet changing business conditions.
2. The Contractor must take all reasonable precautions to guard against any loss to Lottery through the failure of suppliers to execute commitments properly.
3. The Contractor shall not begin any work on any project before the Lottery Program Manager has given formal approval and a work/expense authorization/purchase order has been issued and signed.
4. Upon failure to meet a predetermined deadline, the Contractor must provide an explanation for such failure as soon as it is known and submit an updated project schedule to the Lottery Program Manager.

B. Administrative Services – The Contractor must provide administrative services including, but is not limited to:

1. Produce insertion orders, and invoices
2. In accordance to Section 3.5 Disclosure of Subcontractors, the Contractor must create RFP's to competitively obtain subcontractors, invite bidders and evaluate responses in conjunction with Lottery.

C. Traffic –

1. Utilize and maintain a secure Internet-based asset management solution to view and transfer asset files between the Contractor, the Lottery, and other Lottery vendors. The solution should also facilitate automation of the Contractor review process to route approvals, review and mark-up production materials, and ensure that Lottery sign-offs are properly obtained and audit trails are

logged to meet Contract compliance. Asset management services are the sole expense of the Contractor.

- a. The Lottery will require the Contractor to provide project management through the use of Google Slides and web based management software programs such as Airtable, Basecamp and others to:
 - i. Route materials to multiple parties
 - ii. House and provide continual access to project documents and files
 - iii. Track and archive client edits
 - iv. Assign and manage tactical responsibilities
2. Communicate and manage large scale and granular due dates

Contractor's Plan:

The Contractor will use Airtable and/or Basecamp for the communication and coordination of all file transfers, applicable communications, and routing of approvals.

3. Contractor will deliver all approved advertising materials, with appropriate instructions, to digital media vendors in time to meet program deadlines.

D. Marketing Plan – The Contractor must assist Lottery in developing the Annual Digital Marketing plan, including a digital strategy, goals, key activities, time frames, and estimated budgets.

4.1. Project Plan

A. The Contractor must meet with the Lottery for direction and to discuss the specifics of each project to be undertaken.

B. The Contractor must develop a critical path development schedule providing sufficient Lottery approval time frames from initial presentation of creative through the production and delivery of product. Sufficient Lottery approval time frames will be agreed upon between Lottery and the Contractor prior to project kick off and may vary based on each project.

C. Prior to beginning work on a specific task or deliverable as agreed upon by the Lottery Program Manager, the Contractor must provide the Lottery Program Manager with a Project Plan and narrative for review. The Project Plan must include a breakdown of the work to be performed in Section 1. Requirements and 4. Project Management, identifying tasks, subtasks, proposed timeline, staff assigned (including hours of effort and hourly rate), total anticipated costs, any associated assumptions. The Plan must encompass the entire life cycle of each campaign while providing sufficient Lottery approval timeframes from initial presentation through the production and delivery of material.

The Lottery Program Manager must approve the Project Plan before work may begin.

D. The Contractor must carry out this Contract under the direction and control of the Lottery Program Manager. Within 10 calendar days of the Kick-Off Meeting (see Section 4.2.A), the Contractor must submit a final Project Plan to the Lottery Program Manager for final approval. This Project Plan will be updated throughout the Contract period for new projects/campaigns, media plan and marketing plan changes. The plan must include:

1. The Contractor's organizational chart with names and titles of personnel assigned to the Contract, which must align with the staffing stated in accepted proposals.
2. A chart/table showing the breakdown of requirements in Section 1. Requirement and 4. Project Management including tasks, sub-tasks, proposed timeline and the resources/staff assigned, within the estimated budgets (yearly estimate indicated under Background Section) throughout the term of the Contract.

3. Detail of how they will manage any additional projects that come about throughout the Contract period.
4. Process for addressing issues/changes as they develop throughout the Contract term and individuals responsible for receiving/reacting to any issues/changes.

Contractor's Plan:

All issues/changes identified by the Contractor will be immediately communicated to the appropriate contact as identified by the Michigan Lottery.

Any issues/changes identified by Michigan Lottery should be immediately communicated to the Contractor's primary account contact. Severe issues should be immediately escalated to the Contractor's account director who will immediately work with the Contractor's Executive Sponsor and appropriate Michigan Lottery personnel on a suitable resolution.

In the case of a severe issue, the Contractor will issue no less than daily updates on the status of the issue until resolution.

4.2. Meetings

The Contractor must attend the following meetings:

- A. In-person Kick-Off Meeting within 14 calendar days of the Effective Contract Date.
- B. Although there will be continuous liaison with the Contractor team, the Contractor must confer weekly at a minimum, with the Lottery Program Manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems that arise.
- C. The Contractor must confer with Lottery upon request within 2 business days of contact to initiate services, requests, review materials, review progress, discuss problems, obtain advice and counsel, etc.
- D. The State may request other meetings, as it deems appropriate. The Contractor must meet in-person/on-site when deemed necessary by the Lottery Program Manager. The Contractor must conduct meetings with subcontractors independently as directed by the Lottery Program Manager.

4.3. Reporting

- A. The Contractor must assemble reports, highlight key findings and make clear recommendations to Lottery in correlation with all campaigns. Reports must examine campaigns holistically (campaign, channel, landing page, registration funnel, player value, etc.) in order to provide full visibility into the performance of each aspect of the campaign - including: player behaviors, values and retention in the customer database as tagged by acquisition activities. This may require data extraction and assembly from various disparate reporting systems. Reports must be customized as determined and approved by the Lottery Program Manager.
- B. The Contractor must submit, to the Lottery Program Manager, Digital Marketing Coordinator, Market Research Coordinator, the following custom reports that include content and layouts approved by Lottery.
 1. Weekly conference reports within three business days of all meetings and/or conference calls as requested by the Lottery.
 2. Custom weekly reports/presentations and written analysis for each paid media campaign including trending data as requested by the Lottery.

3. A final monthly summary showing the digital media buys and results per vendor and channel, no later than seven calendar days from the month's end. These summaries should be compiled by channel and showing a grand total of spend and achieved results.
4. Custom quarterly reports and written analysis for each paid media vehicle no later than 14 calendar days from the quarter's end.
5. A post campaign analysis report which compares campaign results against agreed upon campaign goals and estimates, no later than seven days from the month's end.
6. Any other related reports as requested by the Lottery Program Manager.

The Contractor will align all of their reporting type, content and cadence to maximize performance for the Michigan Lottery.

- a. **Standard Weekly Media Metrics**, including but not limited to:
 - 1) Impressions
 - 2) Unique reach
 - 3) Clicks
 - 4) CTR
 - 5) Spend
 - 6) CPC
 - 7) CPM
 - 8) # of Account Creations
 - 9) Account Conversion Rate
 - 10) CPA – Cost per account
 - 11) # of Accounts activated – add a deposits
 - 12) Account to Deposit conversion rate
 - 13) # of Total Deposit events
 - 14) Total Deposit \$'s
 - 15) ROAS: Ratio of Deposit \$'s to Ad spend
 - 16) ROI: Ration of
 - 17) Average Deposit Size
 - 18) Average Deposit per activated account
- b. **Views by:** device type, media channel (search, display, etc), media sub-channel (brand/non-brand, campaign, publisher/partner level)
- c. **Cadence:** Weekly
- d. **Dependency:**
 - 1) Ability to place tracking pixels in the sign up process and collect an account ID
 - 2) Ability to track deposits events and deposit \$'s through a pixel
- e. **CRM / Customer Type analysis:**
- f. **Description:**

The Contractor will be able to analyze the accounts that have been driven to better understand the quality of these accounts. The result of this analysis will identify where the most efficient sources of media and shape future investment strategies for future online campaigns.
- g. **Customer Segments:**
 - 1) New Michigan Lottery CRM database
 - 2) Reactivated
 - 3) Existing
- h. **Key questions answered:**

- 1) What type of customers were acquired?
 - 2) What did it cost to acquire a completely new MI Lottery customer versus convert an existing customer to a new online game such as VIP Black
- i. **Cadence:** Quarterly and Campaign Post Mortems
- 1) Customer acquisition analysis (2 – 4 weeks post campaign end)
 - a) What types of customers were acquired and where
 - 2) Existing customer impact analysis (3 – 6 months post campaign end)
 - b) Impact of converting existing customer base to new games such as VIP Black
 - i. Cannibalization of other games?
 - ii. Impact on casual gamers?
 - iii. Impact on retention
 1. Analysis by made to bonus round vs didn't
 2. Analysis by RFM on VIP Black
 - c) Note: may need more than 6 months to determine some of these questions

Note: All analysis described above will include insights by device type, media channel (search, display, etc), media sub-channel (brand/non brand, campaign, publisher/partner level)

Dependency: Ability to be able to get CRM Data back from MI Lottery team to tie post sign up information back to the media source. The Contractor will need not only customer type information but also play activity that includes each game type and deposit amount.

The Contractor will provide direct access to their media buying platforms if Michigan Lottery desires to have access to their detailed account information.

- C. The Contractor must utilize Lottery's existing reporting systems or integrate additional reporting systems as directed by Lottery. Integration by the Contractor will include but not be limited to DoubleClick For Advertisers, Google AdWords, and Facebook.
1. The Contractor is responsible for configuring and implementing (or coordinating implementation where impractical) all reporting mechanisms and validating proper functionality prior to campaign launch.
 2. All data related to activities procured through Contractor will be the intellectual property of Lottery.
 3. Designated partners as authorized by Lottery must have direct access to all reporting systems that house said data.

5. Ordering

5.1. Authorizing Document

The appropriate authorizing documents for the Contract will be a Delivery Order (DO) as well as a Project Plan.

6. Invoice and Payment

6.1 Invoice Requirements

- A. The Contractor must provide detailed invoices for services rendered which clearly outline the scope of billing. The Contractor must provide complete backup with Contractor invoices including signed estimates and all original copies of third-party invoices. The Contractor must also provide reconciliation of all projects approved for pre-billing within one day at their completion.
- B. All invoices submitted to the State must include: (a) date; (b) delivery order; (c) quantity; (d) itemized description of the Contract Activities; (e) unit price; (f) shipping cost (if any); and (g) total price.

- C. Invoices will be approved based upon completion of deliverables within a pre-approved Project Plan. Payments will be made upon approval of the Lottery Program Manager. All invoices must reflect actual work done.
- D. Lottery shall reimburse the Contractor only for services and/or materials authorized by Lottery approved by the Program Manager and purchase order. Payment shall not exceed the amount approved by authorized estimate without submission and approval of a revised estimate.
- E. The Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the expense at the State's current travel reimbursement rates. See www.michigan.gov/dtmb for current rates.
- F. The Contractor will not be reimbursed for personnel labor or other costs incurred in connection with client account services, meetings, commissionable advertising, or costs associated with membership in or attendance at industry conferences, seminars, etc. The Contractor will not be reimbursed for any overtime costs incurred by the Contractor or by any Subcontractor or supplier unless such costs have been specifically identified in an approved work estimate.
- G. Expenses for packaging, handling, shipping, postage and freight, travel, meals, lodging and per diem paid to or on behalf of outside talent, and services acquired through the Contractor's internal facilities or parent or subsidiary organizations shall be billed at cost. Additionally, the following items must also be billed at cost: talent renewals, licensing fees, television and radio dubs, and satellite and communications uplinks.
- H. The Contractor must pass on all reductions in cost, such as volume and early payment discounts, to Lottery, in the fiscal year in which the originating expenses occurred.
- I. The Contractor must make timely payments to all subcontractors without waiting for Lottery payment of corresponding invoices. The Contractor must maintain a line of credit for this purpose.
- J. The Contractor must allow 45 days from the date of receipt of accurate and complete invoices and backup for receipt of payment. In addition, the Contractor may provide details for invoice discounts for early payment of monthly billings.

6.2. Payment Methods

The State will make payment for Contract Activities by Electronic Fund Transfer (EFT).

7. Service Level Agreements (SLAs)

All Contract Activities must be delivered within the timeframes specified below in order to meet the needs of the State. The receipt of order date is pursuant to Section 2. Notices, of the Standard Contract Terms.

- A. As referenced in Requirements Section A.5. – No later than two weeks prior to a media buy, the Contractor shall provide copies of the negotiated costs (including any value-added opportunities provided by media companies free of charge) to the Lottery for approval consideration.

For any work not completed within the time period specified above the State is entitled to collect a \$50 invoice credit. Unless otherwise mutually agreed upon.

- B. As referenced in Section 3.3 Key Personnel – The Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be \$25,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30-calendar days before the Key Personnel's removal.
 - 2. If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30-calendar days, in addition to the \$25,000.00 credit specified above, Contractor will credit the State \$833.33 per calendar day for each day of the 30-calendar day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$25,000.00 maximum per individual. The total Unauthorized Removal Credits that may be assessed per Unauthorized

Removal and failure to provide 30-calendar days of shadowing will not exceed \$50,000.00 per individual.

Contractor acknowledges and agrees that each of the Unauthorized Removal Credits assessed above: (i) is a reasonable estimate of and compensation for the anticipated or actual harm to the State that may arise from the Unauthorized Removal, which would be impossible or very difficult to accurately estimate; and (ii) may, at the State's option, be credited or set off against any fees or other charges payable to Contractor under this Contract.

- C. As referenced in Section 4.1.D. Project Plan– The Contractor must carry out this Contract under the direction and control of the Lottery Program Manager. Within 10 calendar days of the Kick-Off Meeting, the Contractor must submit a final Project Plan to the Lottery Program Manager for final approval.

If a Project Plan is not submitted within 10 calendar days the State is entitled to collect a \$100 invoice credit. Unless otherwise mutually agreed upon.

- D. Section 4.3. Reporting – The Contractor must meet the following timeframes referenced below:
1. Weekly conference reports within three business days of all meetings and/or conference calls as requested by the Lottery.
 2. Custom weekly reports/presentations and written analysis for each paid media campaign including trending data as requested by the Lottery.
 3. A final monthly summary showing the digital media buys and results per vendor and channel, no later than seven calendar days from the month's end. These summaries should be compiled by channel and showing a grand total of spend and achieved results.
 4. Custom quarterly reports and written analysis for each paid media vehicle no later than 14 calendar days from the quarter's end.
 5. A post campaign analysis report which compares campaign results against agreed upon campaign goals and estimates, no later than seven days from the month's end.
 6. Any other related reports as requested by the Lottery Program Manager.

For any work not completed within the time periods specified above the State is entitled to collect \$100 and an additional \$100 per day for each day Contractor fails to remedy the late or improper completion of the Work. Unless otherwise mutually agreed upon.

STATE OF MICHIGAN

Contract No. 210000000487

Digital Media Marketing and Advertising Services – Michigan Lottery

SCHEDULE B PRICING

1. Pricing includes all costs, including but not limited to, any one-time or set-up charges, fees, like packaging, shipping & handling, postage & freight, and palletizing. That the Contractor may charge the State in relation to services to be provided.

Please Note: Travel, lodging and meal expenses, including holiday or overtime pay will not be paid by the State.

2. The State can only commit funds in the fiscal year they are available; commitment of funds for future fiscal years is contingent upon enactment of legislative appropriations.
3. Prices quoted are firm for the entire length of the Contract.

All subcontracted work must be passed through at “cost” and include no mark-up of any kind: The State will not accept fees or commissions from subcontractors and suppliers/media vendors, these Contractors shall be at a non-commissioned rate, no mark up. The Contractor must pass on all reductions in costs from subcontractors and suppliers/media vendors. For paid media where media fee is calculated within the rate that will be invoiced from the media vendor, the Contractor must provide gross and net figures, and enough information to validate that the percentage rate agreed to was used.

A. Contract pricing is part commission percentage (Digital Media Placement Services), variable (Optional Use Professional Services) and part fixed (Account Management,) based pricing as follows:

1. The estimated annual budget is a summary of all anticipated media funding for the fiscal year. The Contractor is paid per approved deliverable (see Schedule A, Section 4 Project Management and Section 6 Invoice and Payment), not as a flat percentage of the total annual budget estimate.
2. Account Management Fee
 - A fixed annual price will be used to compensate the Contractor for Account Management services. The price is expected to compensate the Contractor for all Account Management services as identified in;
 - Schedule A Section 4. Project Management
 - Services as identified in Exhibit A Section 1, A)1. *Strategic Consultation*
 - Maximum of 200 hours per month for services as identified in Schedule A Section 1A) 2. *Message Development*, and A) 3. *Creative Development*. *Any additional hours will be billed at the variable blended hourly rate identified for Optional Use Professional Services. Up to 50 unused hours per month will carry forward to the following month.*
 - All overhead and expenses of the Contractor must be included in the fixed annual price (prorated on monthly invoices).

3. Digital Media Attribution Reporting and Analysis Tool

- A fixed annual price will be used to compensate the Contractor for procuring and maintaining a Business Intelligence tool for Digital Media Attribution Reporting. The price is expected to compensate the Contractor for all Digital Media Attribution services as identified in Schedule A Section 1.A.6. Digital Media Attribution Reporting.
- All overhead expenses of the Contractor must be included in the fixed annual price (prorated quarterly).

4. Optional Use Professional Services

- Optional Use Professional Services as noted in this Contract in Schedule A, Section 1.B. are identified as being of interest to the Lottery and the Lottery anticipates acquiring such from the Contractor. However, the Lottery may choose not to exercise such an option, and makes no commitment in this Contract to the quantity or timing for acquisition.
- A variable price based on a blended hourly rate will be used to compensate the Contractor for Optional Use Professional Services.
- The blended hourly rate must include all optional use Deliverables specified in Schedule A, Section 1.B Optional Use Professional Services
- Blended hourly rate is defined as the Not-To-Exceed hourly amount that will be paid to the Contractor for Optional Use Professional Services deliverables based on approved Project Plan.
- All subcontracted work must be passed through at "cost" and include no mark-up of any kind.
- All overhead expenses of the Contractor must be included in the variable price.

5. Digital Media Placement Services

- A commission percentage will be used to compensate the Contractor for Digital Media Placement Services. The fee is expected to compensate the Contractor for all digital media placement and distribution services related to the project.
- The State will not accept fees or commissions from subcontractors and suppliers, these Contractors shall be at a non-commissioned rate, no mark up.
- The Contractor must pass on all reductions in cost, such as volume, media buying discounts, early payment discounts, and/or unplaced media, on each project.

6. Pricing Table

Deliverable	Price
1. Digital Media Placement Services – Commission Percentage (Value of Media Placed During Contract Period) (2)	
a. \$0 to \$6,000,000	7.5%
b. \$6,000,000.01 to \$9,000,000	7.0%
c. \$9,000,000.01 or Greater	7.0%
2. Optional Use Professional Services – Variable Blended Hourly Rate	\$165
3. Account Management Fee – Fixed Annual Price	\$420,000
4. Digital Media Attribution Reporting and Analysis Tool - Fixed Annual Price	\$324,000

Notes:

- (1) The State of Michigan does not guarantee a minimum or maximum volume of Media Placement or Optional Use Professional services
- (2) Digital Media Placement Services – Commission Percentage will be based on step-variable pricing (percentage will be based on cumulative Digital Media Placements totals from current and previous Contract years).