

Appendix A – Scope of Work

The Agency (and its subcontractors, if any) will provide all services customarily performed by a full-service advertising agency. This scope of work shall be assessed quarterly by the agency and the Lottery. The Agency shall prepare for feedback sessions in which the scope of work is discussed and/or renegotiated to adjust for actual Lottery needs and actual Agency hours spent on the Lottery's account.

The Agency shall provide the following services for an annual fee, paid monthly. The Lottery will not pay commissions or a percentage of its ad buy for media buying, and all production and media out-of-pocket costs will be billed at net with no markup.

A.1 Account Management and Planning

Provide counsel, creative, and brand stewardship in development of a 12-month annual Marketing Communications Plan to support up to six (6) major promotional campaigns, quarterly (4) social content plans, and one (1) ongoing brand or beneficiary positioning campaign.

Plan should include, at minimum:

- Identification of marketing objectives and measurement of success (KPIs) for all channels;
- Definition of target audience and subsequent segmentation strategy;
- Overarching digital strategy including omni-channel asset requirements (desktop, mobile, social, in-store, etc.), paid digital media strategies, and macro-level messaging strategies for earned channels;
- Recommended budget allocation and proposed spending by media type;
- Research recommendations;
- Outline of key tactical initiatives;
- Production needs and timetables; and
- Other reasonable requirements by the Lottery within the allocated staff hours.

The Marketing Communications Plan for FY2022 (beginning July 1, 2021) will be due by June 15, 2020. Subsequently Marketing Communications Plans shall be due by June 15, 2022, and June 15, 2023.

Provide creative briefs for new advertising initiatives for up to six (6) major promotional campaigns, quarterly (4) social content plans, and one (1) brand or beneficiary positioning campaign in collaboration with the Lottery marketing team. Creative briefs should be based on research conducted by the Lottery.

Provide ongoing, proactive brand stewardship over all Lottery marketing communications efforts, including strategic advice and cost/value evaluation of up to 10 (ten) sponsorship opportunities per contract year.

Review, analyze and interpret client-conducted research.

Attend the following meetings and conferences:

- Weekly status meetings with the Lottery's marketing team;
- Monthly meetings with the Lottery's marketing division;
- Promotional meetings with media representatives;
- Additional reasonable meetings and conferences as directed by the Lottery within the allocated staff hours.

Visit Lottery retailers as reasonably required by the Lottery;

Attend national and/or regional Lottery conferences (two people, two times per year at Lottery expense).

Manage Lottery expectations, production, planning and execution of all agency projects including development of timetables and key functional area responsibilities.

Provide monthly budget tracking, billing and reporting and quarterly manpower reports. Manage the agency team's time to ensure Lottery expectations are met within the proposed fee and resources are reallocated as scope shifts may occur. All production estimates to be presented in a timely manner and approved by client prior to start of work. Client invoicing to be received within 30 days of project completion. Invoices must include necessary backup documentation to substantiate charges. All sub-agency invoices must be included. The Agency must also collect and pay Minnesota State sales tax on purchases, if applicable. The Lottery will make payment on an invoice only after completion of service or delivery of goods authorized in an approved estimate or media authorization. The Agency must maintain financial and accounting records and evidence pertaining to expenditures related to the Lottery account. Such records will be subject to audit. The Agency must have a cost accounting or similar system that will allow the Agency to track the hours worked on the Lottery account and to reconcile billings on a yearly basis. The Agency must provide experienced accounting staff support to implement timely and accurate records and billings to meet the Lottery expectations.

Recommend up to ten (10) new product concepts based on knowledge of market, brand, and target audiences per contract year.

Provide post-campaign recaps for all promotional and brand or beneficiary positioning campaigns, providing insights and learnings to impact future campaigns.

Provide ongoing industry-leading recommendations based on evolving technologies and platforms with semi-annual presentations of latest trends. This includes, but is not limited to, mobile and desktop web, video, mobile apps, influencer networks, and social media.

A.2 Content Development/Creative

Develop content and creative in support of the Lottery's traditional, digital, social, and OOH campaigns.

Content development and creative typically will include, for each contract year, support of the six (6) major promotional campaigns, quarterly (4) social content plans, and one (1) ongoing brand or beneficiary positioning campaign identified in the annual Marketing Communications Plan, and other various small creative or content projects identified by the Lottery. Content Development/Creative excludes production. As means of an example, this could include for the first contract year:

Traditional:

Concept, develop, manage production, and traffic creative for up to five (5) thirty second (:30) TV commercials, up to six (6) sixty-second (:60) radio commercials, and up to ten (10) OOH designs and reasonable mid-campaign modifications.

Digital:

Concept, develop, manage production, and traffic creative for digital advertising in support of up to six (6) promotional and one (1) brand awareness campaigns across all current and future digital devices.

Concept, develop, manage production, and traffic creative for up to six (6) custom online interactive experiences, including but not limited to, social and video content, per contract year.

Concept, develop, manage production, and traffic creative for up to six (6) social campaigns, as reasonably directed by the Lottery. Current plans include a mix of original content including photography, animated GIFs, short videos, and short written content.

Ticket Design:

Concept up to ten (10) new scratch ticket ideas each year.

The Agency will be expected to offer alternative campaigns rather than only one creative solution to support a particular game or promotion. The Agency must obtain written approval from the Lottery before producing any advertisement or related material. The Agency may be liable for any additional costs if the advertisement or collateral materials are executed in a manner inconsistent with the Lottery's approval.

A.3 Media Planning and Buying

Develop and execute a paid media strategy.

The paid media strategy should achieve the goals and KPIs outlined in the annual Marketing Communications Plan for six (6) major promotions, quarterly (4) social content plans, and one (1) brand support or beneficiary campaign within Lottery's paid media budget (approximately \$4 million). Plans should be developed to maximize reach, frequency and engagement of Lottery's target audience and minimize waste and fraud without sacrificing quality leads and audience profiles. As such, a vast majority of the media buy will likely be placed programmatically and should be optimized at least weekly.

For digital media (across all current and future channels), assess a wide variety of programmatic partners and recommend the best partner (s) (which could be different for each campaign) based on the Lottery's stated goals and objectives. Describe various programmatic partner(s) for Lottery consultation and approval. Submit timely invoices that thoroughly describe how, when and, where the media was placed and paid for (outlining costs for each channel and partner). Provide, at minimum, weekly reports outlining steps taken to optimize digital media buys and detailed reports of the investment and performance against KPIs as determined in the annual plan. This should include detailed engagement metrics, audience profiles, and mid- and post-campaign insights and recommendations.

For traditional media (television, radio, print, and OOH), negotiate placement, provide pre-buy estimates; monitor media placements and reconcile prior to payment; timely post-buy analysis and underperformance plans made. Notify Lottery before approving any out-of-the-ordinary make goods for media that did not run as scheduled. Negotiate added value from radio and TV media partners to enhance the overall media buy.

For all media, ensure all necessary creative materials are trafficked by each channel deadline. Make the Lottery aware of any savings that might be achieved through long-term commitments or other special programs. Evaluate incoming media proposals and provide strategic point of view.

A.4 Earned Media Planning/PR

Develop media outreach plans for up to six (6) promotional campaigns in accordance with the annual Marketing Communications Plan including development of media relations strategy, relevant news releases, and deployment.

Develop and distribute content to promote media coverage of product news, winner awareness, beneficiary awareness, research, etc. Manage follow up and assist marketing team in identifying the right respondent and provide media training.

Ideate event strategies to support up to seven (7) key initiatives each year including recommendations for venue, brand presence, core messaging, and associated audience engagement tactics.

A.5 Production Management

Manage production of all deliverables.

Production management shall include procurement of third-party production vendors via a three-bid process (for any expenditure exceeding \$5,000) and submission of timely production estimates for Lottery approval. Documentation of the proposal process, including a clarification of whether phone or written proposals were obtained, must accompany all appropriate invoices. Production estimates must clearly indicate any sub-agencies or other parties who will be involved in the production work and where those parties are located. Any production work to be conducted outside the State of Minnesota must be specified in advance and the Agency must justify to the Lottery's satisfaction that production staff, locations, talent or facilities within the State of Minnesota were not adequate for the production of the work required.

Production management shall include management of talent usage agreements and payments as needed and creation of a creative asset library to be transferred to Lottery at contract's end at no additional cost.

Gain production efficiencies by maximizing production development across seven (7) campaigns. When applicable, integrate with other production needs, such as TV, video, and event shoots.

A.6 Trademarks

The Agency shall coordinate responsible for trademark searches, registration of Lottery trademarks and other legal services necessary in the normal course of business. The Lottery will reimburse the Agency for costs incurred in connection with trademark registrations, including attorney fees.