

NEW CENTRAL SYSTEM AND RELATED SERVICES

CONTRACTS SUMMARY

1. INTRODUCTION

OPAP has conducted an RFI process with the participation of Scientific Games, GTECH and Intralot in order to procure its central systems for use in Greece and Cyprus. The process was executed via an extensive RFP that included the detailed requirements of OPAP. The process has resulted in two proposed agreements to be entered into with Intralot:

- A contract for the implementation of the new central system (implementation contract) with a seven (7) month implementation timeframe, and
- A contract for the support/maintenance/evolution of the new central system (service agreement) with a total duration of five (5) years.

The following paragraphs set out key points and the price for each contract.

2. IMPLEMENTATION CONTRACT

2.1 CONTRACT SCOPE

The scope of the contract includes:

- Commissioning and installation of the infrastructure, software implementation/installation and all the necessary implementation services, so the new central systems commence live operations.
- User licenses for Greece and Cyprus.

2.2 CONTRACT START AND EXPIRATION

Implementation of the project will start the day following the execution of the agreement and will end upon final acceptance of the project.

2.3 IMPLEMENTATION PLAN

Project implementation timeframe is agreed at seven (7) months. The detailed implementation plan will be agreed among OPAP and the vendor and will become a part of the contract.

2.4 CONTRACT PRICE

The contract price, excluding VAT, is 29.537.255,38 euro, and it is not subject to any adjustment or revision. Partial payments are tied to implementation milestones.

2.5 LETTERS OF GUARANTEE

The agreement provides for two types of letters of guarantee:

- **Advance Payment Letter of Guarantee**, equal to 15% of the contract price.
- **Good Performance Letter of Guarantee**, equal to 10% of the contract price.

2.6 PENALTIES

The following kinds of penalties are provided for in the agreement:

- Penalties providing for escalating amounts per day of delay against the implementation plan milestones, intended to secure compliance with the agreed schedule.
- Penalties triggered by integration denial or failure between the new technological system and terminals supplied by third parties.

The overall liability of the contractor is capped.

2.7 LICENSES FOR USERS

The contractor will provide all necessary licenses for the use of application software as may be required for the new deliverables for an unlimited number of users in Greece and Cyprus.

The source code of the application software will be placed in escrow.

3. SERVICES AGREEMENT

3.1 OBJECT OF THE AGREEMENT

The Services Agreement covers the provision of the following services for the new information system delivered to OPAP in accordance with the Implementation Contract.

- **Support and Maintenance of Hardware and System Software**, concerning both the data center and the peripheral devices to be provided by the vendor.
- **Operational Support**, concerning the support center/help desk, data center operations and design, creation and arrangement of content displayed.
- **Business Enhancement**, related to the continuous improvement/evolution of the system.

3.2 START AND END OF CONTRACT DURATION

The Contract has total duration of five (5) years, which is subdivided as follows: (i) 3 year initial period starting from the date the new central system goes into live operation; (ii) six months negotiations, and (iii) 18 months knowhow transfer or transition to a new system. In any case, the contract expires on 31/7/2018.

3.3 TRANSFER OF SERVICES TO OPAP

OPAP has the right to gradually take over support services which do not relate to application software after the period of four years from the Final Acceptance of the system with the exception of Operational Support, which OPAP may take over after live operations commence.

3.4 PRICE – PAYMENT TERMS

The total value of the services excluding VAT for the period of the contract is **Euro 79,248,621**, not subject to revision or adjustment. It is payable in monthly installments.

3.5 LETTERS OF GUARANTEE

A **Good Performance Letter of Guarantee** is provided for in the amount of 20% of the annual contract payments.

3.6 PENALTIES

The following kinds of penalties are provided for in respect of compliance with service requirements:

- Penalties with escalating amounts depending on the length of interruption or problem free operation of the new system, as to the whole or part thereof.
- Penalty related to delay in transferring part of the project or service to OPAP or a third party supplier
- Penalty related to denial or failure to integrate the new system with a third party system. Penalties with escalating amounts relating to denial or delay in developing the new system as per OPAP requirements.

The overall liability of the service provider is capped.

4. CONCLUDING OBSERVATIONS

In summary, the economic terms of the proposed arrangement are as follows:

- a) A one-off capital expenditure of Euro 29.5 million for licenses and project implementation.
- b) A total fee for services of Euro 79.2 million payable throughout the 5 year contract duration in monthly installments.
- c) The above constitute a total value of the new deal of Euro 108.8 million.

In addition, at the time of the system going live, the Memorandum of Understanding signed on 30/11/2011 to ensure the support of the network of terminals at the agencies is put in effect. The value of such MoU for the obligatory 2 year period (from commencement) is Euro 46 million. Moreover, an extension of the 2010 agreement contract will be executed to cover the period until new system goes live (estimated at approximately 3 months).

Accordingly, while the average monthly payment based on the expiring contract was Euro 5.3 million (inclusive of main system support fees plus betting commission), the expected monthly payment after the new agreements come into effect (during the pendency of the MoU) will be Euro 3.4 million, a reduction of approximately 36%.