Commission Work Session | May 31, 2024

WORK SESSION AGENDA:

10:00 - 12:30   FY25 OSL Strategy and budget
- DEIB Strategic plan
- IT Strategic plan
- Lottery action plan

12:30 - 12:45   Break & Lunch

12:45 - 1:15   Brand Promise & Tracking Study insights

1:15 - 1:45   Responsible Gambling: Reaching More Players

1:45 - 2:15   Marketing update

2:15 – 2:30   Video Lottery Ecosystem update

2:30 - 2:45   Break

2:45 - 3:15   Retail Partner Management update

3:15 - 3:25   Governor's Expectations update

3:25 - 4:00   Questions & Discussion

Draft
FY25-31 Strategic Plan
Executive Team

Tai Calandriello

May 2024

CONTENTS

1 Our Approach

2 Strategy, Goals, Resources + Roadmap

3 Measuring Plan Performance

Our Approach

VISION

ALIGN THE LOTTERY PUBLIC SERVICE NEXUS

NEW CHAPTER

- Governor + Expectations
- Policy Assumptions
- Lottery Director
- Executive Team Members
- VLT Ecosystem Management

WHO WE SERVE

- Governor
- Commission
- Oregon Voters
- Legislators

GOVERNANCE

- Federal Law
- Oregon Constitution
- State Statutes + Administrative Rules
- Department of Justice
- Governor's Policy Direction
- Commission

THE JOB IS THE MISSION

> "Operate a lottery with the highest standards of security and integrity to earn maximum profits for the people of Oregon commensurate with the public good."

VALUES IN STATUTE

- **F**airness
- **I**ntegrity
- **S**ecurity
- **H**onesty

COMMITMENT TO EQUITY

We strive to create a workplace that reflects the beautiful diversity of Oregon, embodying the spirit of unity and understanding that defines our great state.

Our multi-focused approach addresses Lottery as an employer, business and community partner.

OREGON LOTTERY

PESTLE ANALYSIS

LIKELY AND IMPACTFUL EVENTS OUTSIDE OF LOTTERY'S CONTROL

POLITICAL	• Direction to not expand gaming in Oregon provides strategy guardrails for Lottery management.[1] • Any non-Lottery gaming expansion will further dilute Oregon gaming market, resulting in less Lottery play.[2]	• Competition for discretionary consumer spending decreases gambling share of personal consumption expenditures.[3] • Macroeconomic pressures on operating costs for beneficiaries and Lottery[12] decrease margin available for improving Lottery operations and increase importance of transfers.	**ECONOMIC**
SOCIAL	• Demographic and social attitude shifts and evolving consumer preferences towards digital gambling platforms[4] necessitate adaptive engagement strategies balancing innovation with responsible gaming. • Oregon population growth rate (2022-23) is flat.[5] • Gen X as a share of our player base in their prime earning years is smaller than previous generation.[6]	• Cyber threats exponentially increasing in targeting organizations[7]. Attacks immobilizing operations with a long path to recovery drive a need to invest in security infrastructure. • Innovation rate in gaming industry is incremental and lagging trends in SAAS and fourth wave technology. • Outdated gaming industry technologies force a bi-modal support structure in Lottery operations. • These events increase technology management costs.	**TECHNOLOGICAL**
LEGAL	• Adherence to changes in statutes and administrative rule—such as defining casino or an increase in regulation of couriers—will require us to act quickly and may impact revenue.	• Threat of natural disasters or emergencies requires us to prioritize contingency planning and crisis management to defend transfers and continuity of operations, where appropriate.	**ENVIRON-MENTAL**

SWOT ANALYSIS

STRENGTHS

- Well established and recognized brand garnering customer trust and loyalty[8]. Diverse gaming portfolio catering to a wide audience.[9]

- Ongoing emphasis on strategic technology investments positions us to enhance efficiency.

- Prioritizing security measures maintains player trust and confidence in operations integrity.

- Multichannel retail and online access enhances accessibility[10]. Strong retailer network and established market bolsters state program funding.

- Transfers fund public programs and initiatives, creating a positive social impact[11]. We are highly committed to responsible gaming balanced with revenue expectations.[9]

OPPORTUNITIES

- Regional collaborations for technology sharing, portfolio enhancement and market management.

- Consumer demand for corporate social responsibility and digital services to enhance customer experience, increase efficiency and brand loyalty.

- Realize administrative savings through navigating market constraints and increasing operating model efficiency.

- Optimize existing product portfolio to improve margins while appealing to and maintaining a broad audience.

WEAKNESSES

- Thin margins fund future investments[12]. Need to optimize product margins and operating model. Overly dependent on Video Lottery revenue. Our share of available market relatively stagnant (drinking establishments, full-service restaurants, etc.)

- Technological limitations and some dependency on outdated systems (gaming and internal).

- Regulatory constraints limit product and service innovations.

- Loss of institutional knowledge and business continuity due to 25% of workforce eligible for retirement in next 5 years.

- Lack steady source of investment funds to address ongoing operational needs, skills needed to deliver, and a clear process and governance structure to support. This slows us down.

THREATS

- Gaming industry highly consolidated[13], and there are limited options for gaming platforms and equipment. Unfavorable pricing structures with gaming system providers and limited negotiation power due to limited population size of our market.[14]

- Brick-and-mortar model changing. Market stagnation[15], rise in online orders over retail visits[16], growth in unregulated gambling channels[17], and increased competition for new entertainment options limits growth.

Please see PESTLE for additional details.

STRATEGY GUARDRAILS

HIGH-LEVEL SCENARIOS CONSIDERED

1. LIFE SUPPORT	2. EVOLVE PORTFOLIO	3. GROW PORTFOLIO

EXPECTED OUTCOMES

1. LIFE SUPPORT
- Less FTE and retailers
- Limited OAR amendments
- Revenue slightly below current forecast
- Slow degradation of transfers
- Lower rated bonds
- Prohibit couriers

OUR TARGET

2. EVOLVE PORTFOLIO
- Same or less FTE and less retailers but maintain market share
- Potential OAR amendments
- Revenue at or slightly above current forecast
- Flat to slight increase of transfers
- Maintain current bond ratings

3. GROW PORTFOLIO
- Same or more FTE and maintain retailer footprint, grow market share
- New and amended OARs, potential ORS changes
- Revenue slightly above to above current forecast
- Slight increase of transfers
- Maintain or improve bond ratings

POLICY CHOICES

1. LIFE SUPPORT
- No new games or features and minimal optimization
- Upgrade technology for obsolescence and security only
- Aggressive minimum sales floors

2. EVOLVE PORTFOLIO
- Limit international couriers but explore domestic partnerships and licensing
- Manage portfolio, improve features such as progressive jackpots and in lane
- Improve existing portfolio to maintain market share, focus on safety and customer experience such as cashless, digital claims + payments, TITO

3. GROW PORTFOLIO
- Add new lottery games
- App-based, non-VLT digital sales of current lottery products
- Via Draft Kings - Sports betting enhancement with fantasy + college sports and sports betting kiosks in select retail locations
- Sports betting as traditional lottery game (Sports Action revived)

OREGON LOTTERY.

Strategy, Goals, Resources + Roadmap

OUR STRATEGY HOUSE

WHY

VISION
Align the lottery public service nexus

MISSION
Operate a lottery with the highest standards of security and integrity to earn maximum profits for the people of Oregon commensurate with the public good

VALUES
Fairness I **I**ntegrity I **S**ecurity I **H**onesty

EQUITY
We strive to create a workplace that reflects the beautiful diversity of Oregon, embodying the spirit of unity and understanding that defines our great state

WHAT

FY25-31 STRATEGY: MISSION EXCELLENCE
Master the Fundamentals I Address Deferred Maintenance I Continuous Improvement

HOW

FY25 AGENCY GOALS + OBJECTIVES
Financial Sustainability I Security + Technology I Team I Lottery Community

FINANCIAL SUSTAINABILITY

Department Budget +/- 10% Accuracy

Lottery Product Profitability Action Plan

SECURITY + TECHNOLOGY

Deliver Y2 of IT Strategic Plan

TEAM

Align Organization to Leadership Pipeline

Procedure Documentation

Deliver Y1 of DEIB Strategic Plan

LOTTERY COMMUNITY

Create Lottery Community Sentiment Action Plan

WHY MISSION EXCELLENCE?

MASTER THE
FUNDAMENTALS

ADDRESS DEFERRED
MAINTENANCE

CONTINUOUS
IMPROVEMENT

- Mission excellence enables us to meet state forecast expectations and prepare for the future
- Our business and operating models require a secure, technology-driven organization
- We need to address deferred maintenance costs now and plan for operating cost increases
- Business demand will continue to evolve; our strategy and financial planning approach must follow

WHAT MISSION EXCELLENCE LOOKS LIKE

TEAMS WORKING TOGETHER TO GET TO A RESOUNDING "YES"

MASTER THE FUNDAMENTALS

Has your team built and maintained a healthy foundation (people, process, tools) for your department's business purpose and activities?

Are employees assigned to the task appropriately trained, skilled and exhibit the behaviors necessary to complete core duties independently and with teammates, while maintaining high levels of productivity, efficiency and quality?

Do you have clear KPIs (Key Performance Indicators) and OKRs (Objectives and Key Results) your team uses to hold themselves accountable and to know they are delivering value?

ADDRESS DEFERRED MAINTENANCE

Does your team have an organized, regularly reviewed, and tracked list of departmental feedback and projects in various stages (draft, under review, approved, in implementation) that represent outstanding operational debt?

Has your team built a process for reviewing this list inclusively at all levels, and worked together to ensure project success across the agency?

Do you have SMART goals on how much deferred maintenance you want to address over multiple fiscal years? Who is leading efforts, and what are your metrics for success in reducing debt?

CONTINUOUS IMPROVEMENT

Does your team have an organized process for identifying hot spots and addressing areas of improvement in an efficient and effective manner? If so, are these efforts tracked, communicated widely and measured for the value they created for the agency's mission?

Does your team have access to and/or regularly review key internal reports that enable employees to factually identify areas of improvement and act?

Does your team train employees and/or engage internal or hire external partners to consult on process improvement strategies, models and practices?

ALIGNED GOALS + OBJECTIVES

FY25 AGENCY-WIDE TEAM EXPECTATIONS (JULY 2024-JUNE 2025)

Master the Fundamentals

Address Deferred Maintenance

Continuous Improvement

FOUR CATEGORIES, SEVEN SMART GOALS

Financial Sustainability: **Department Budget +/-10% Accuracy**

Monitor quarterly with accuracy realized by EOQ4.

Team: **Align Organization to Leadership Pipeline**

Start delivery of Leader of Leaders by 10/31/24 and Leader of Others by 1/31/24.

Lottery Community: **Create Lottery Community Sentiment Action Plan**

Deliver action plan to maintain sentiment performance, approved by ET by EOQ2.

Financial Sustainability: **Lottery Product Profitability Action Plan**

Deliver action plan to increase lottery product profitability, approved by ET by EOQ3.

Team: **Procedure Documentation**

Integrate documented procedures, maintain currency and continue enhancements by EOQ2. Assess, enhance, format and store by EOQ4.

Security + Technology: **Deliver Y2 of IT Strategic Plan**

Deliver detailed year two projects of four-year plan approved by DAS, by EOQ4.

Team: **Deliver Y1 of DEIB Strategic Plan**

Deliver detailed year one of three-year plan approved by DAS, by EOQ4.

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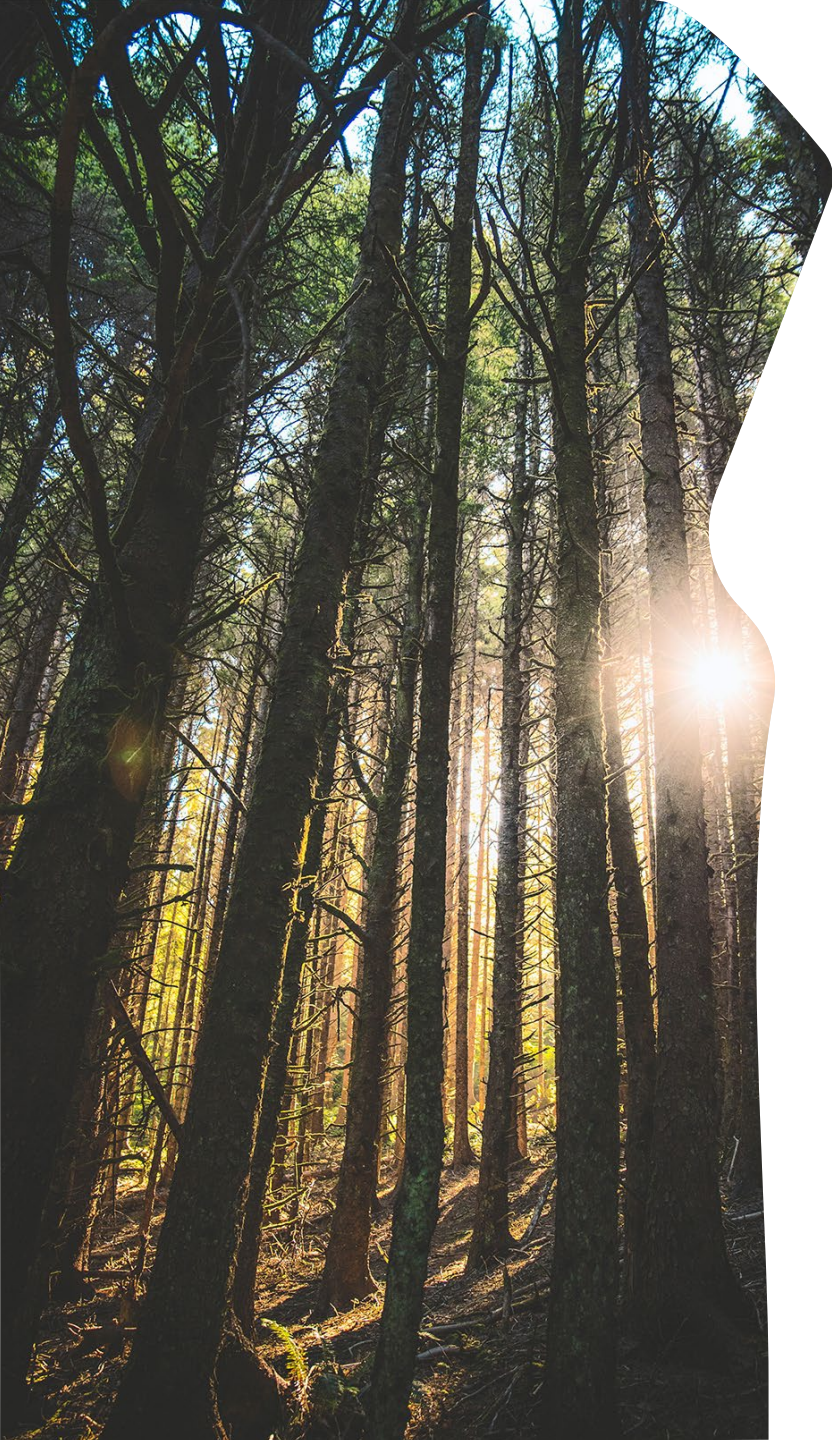
ALLOCATION OF RESOURCES

Agency efforts aligned to the strategic plan are self-funded by net profit and administrative savings from a previous fiscal year—that is set aside in an investment fund to ensure we meet future transfer demand and bond obligations—or within a FY through re-prioritization and cost savings achieved by mission excellence efforts.

These efforts seek to decrease operating expense baseline costs. Current and planned FTE, key strategic partners, contracts, capabilities and tools are leveraged to deliver this plan.

FINANCIAL SUSTAINABILITY

EXECUTIVE SPONSORS: DIRECTOR, DEPUTY DIRECTOR AND STRATEGY OFFICER, AD OF OPS, AD OF BUSINESS SERVICES
BUSINESS LEADERS: SENIOR MANAGERS OR MANAGERS IN F&A, PRODUCT, FLEET, DISTRIBUTION + FACILITIES, RETAIL CHANNEL, PLAYER SERVICES, CALL CENTER

	FINANCIAL	HUMAN	TECHNOLOGICAL
Department Budget +/-10% Accuracy Monitor quarterly with accuracy realized by EOQ4.	Optimize an estimated $92M departmental operating budget to minimize unintended administrative savings.	28 budget managers accountable within departments through performance expectations.	Through M&I*, enhance D365 financial reporting system and develop better complementary tools using existing assets.
Lottery Product Profitability Action Plan Deliver action plan to increase lottery product profitability, approved by ET by EOQ3.	Deliver through existing FTE with capacity to scale changes.	12 in place employees and vendor partners directly assigned to this work as part of their current capacity/contractual obligations.	Existing assets leveraged to enable teams to deliver an action plan developed well enough to be approved by ET.

ALLOCATED RESOURCES

*Maintenance and innovation manages the ongoing improvements to a system's configurations after it launches a significant program phase.

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SECURITY + TECHNOLOGY

EXECUTIVE SPONSORS: DIRECTOR, AD OF SECURITY, AD OF BUSINESS SERVICES

BUSINESS LEADERS: SENIOR MANAGERS OR MANAGERS IN IT, SECURITY, LOTTERY PRODUCT, GAMING OPERATIONS

	FINANCIAL	HUMAN	TECHNOLOGICAL
Deliver Y2 of IT Strategic Plan Deliver detailed year two projects of four-year plan approved by DAS, by EOQ4.	Deliver 20 defined projects aligned with IT strategy, leveraging a departmental budget of $32M.	98 IT and Security team members accountable within departments through performance expectations.	3 projects require new software. The remaining projects are improvements on existing assets with maintenance budgets.

ALLOCATED RESOURCES

TEAM

EXECUTIVE SPONSORS: DEPUTY DIRECTOR AND STRATEGY OFFICER, AD OF BUSINESS SERVICES
BUSINESS LEADERS: SENIOR MANAGERS OR MANAGERS IN EVERY DEPARTMENT

	FINANCIAL	**HUMAN**	**TECHNOLOGICAL**
Align Organization to Leadership Pipeline Start delivery of Leader of Leaders by 10/31/24 and Leader of Others by 1/31/24.	Deliver leveraging a budget of $142K.	Deliver through contracted partners and 2 existing FTE with capacity to scale changes.	Use existing employee productivity tools and those provided by the strategic partner to deliver value.
Procedure Documentation Integrate documented procedures, maintain currency and continue enhancements by EOQ2. Assess, enhance, format and store by EOQ4.	Deliver through existing FTE with capacity to scale changes.	450 employees each accountable within departments through performance expectations.	Leverage existing M365 platform to facilitate management of resources used for daily work across agency.
Deliver Y1 of DEIB Strategic Plan Deliver detailed year one of three-year plan approved by DAS, by EOQ4.	Deliver through existing FTE with capacity to scale changes.	4 in place HR and committee team members directly assigned to this work as part of their current capacity.	Leverage existing M365 platform to engage, educate and evolve. Use existing assets for project delivery.

ALLOCATED RESOURCES

LOTTERY COMMUNITY

EXECUTIVE SPONSOR: DIRECTOR

BUSINESS LEADERS: SENIOR MANAGERS IN HR, CORPORATE AND COMMUNITY ENGAGEMENT, A&I

	FINANCIAL	HUMAN	TECHNOLOGICAL

Create Lottery Community Sentiment Action Plan

Deliver action plan to maintain sentiment performance, approved by ET by EOQ2.

Deliver through existing FTE with capacity to scale changes.

5 in place employees directly assigned to this work as part of their current capacity.

Leverage existing data analytics tools to provide insights informing plan using M365 platform.

ALLOCATED RESOURCES

LONG-TERM ROADMAP

FY25-31 MAJOR MILESTONES IMPACTING MISSION EXCELLENCE

FY25   **FY26**   **FY27**   **FY28**   **FY29**   **FY30**   **FY31**

FY25
- Video Lottery system (Intelligen) contract expires 10/24
- Retailer contract extension complete 10/24
- Salesforce fully implemented 6/25
- Manage games for incremental revenue growth

FY26
- Lumen gaming network project complete 6/26
- iLink retailer hardware upgrade complete 6/26
- Biennial security review complete Q4 2026
- Lottery product support system (Aurora) contract expires 5/26

FY27
- Oregon Governor election 11/26
- iMarcs contract expires 2/27
- Retailer contract renewal complete 6/27

FY28
- Draft Kings contract expires 1/28
- Biennial security review complete Q4 2028
- Possible new Video Lottery system (EVO) contract Q4 2028

FY29
- Aristocrat Helix VLT contract expires 5/29

FY30
- Begin planning for FY32 retailer contract renewal
- Lumen gaming network contract expires 11/29
- Biennial security review complete Q4 2030
- IGT CrystalDual VLT contract expires 6/30

FY31
- Light & Wonder Kascada VLT contract expires 9/30

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Measuring plan performance

ACCOUNTABILITY + COMMUNICATIONS

COMMISSION INFORMATION, PUBLIC FACING REPORT + EOY ANNUAL REPORT

There will be three ways the public can view our strategic plan and two ways they can receive quarterly updates. Oregon Lottery holds itself **accountable to achieving the SMART goals** approved by our commission every year. Updates will start at the EOQ1 FY25.

UPCOMING COMMISSION MEETINGS   PAST COMMISSION MEETINGS
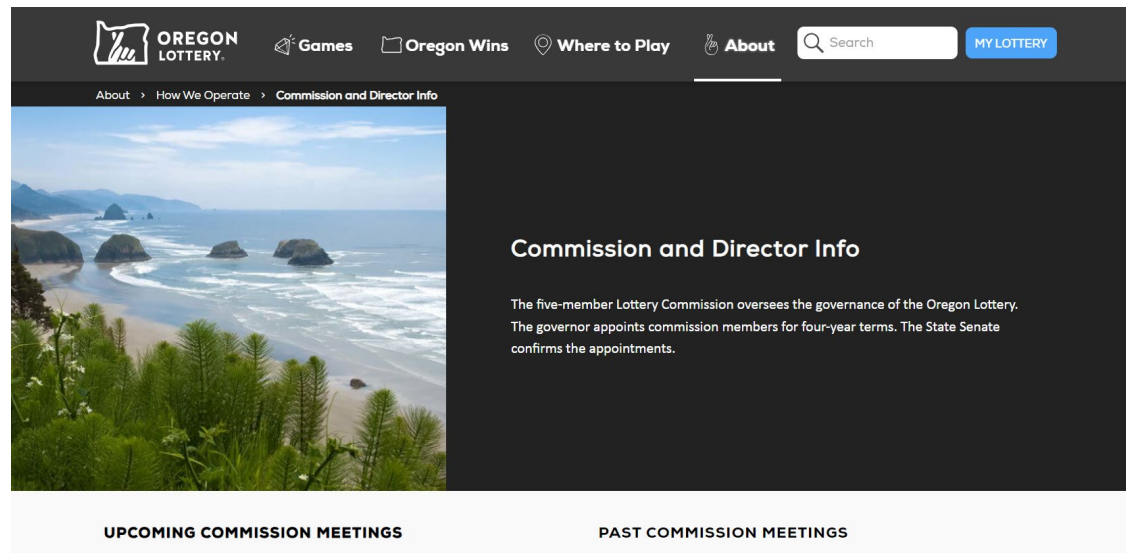
View Strategic Plan

An explanation of the plan will be recorded in two, work session and approval meetings occurring in May and June 2024. The meetings will be posted on YouTube on our commission site.

The plan will also be posted on the commission site, and a separate page dedicated to accountability.

Receive Quarterly Updates

At the commission site and oregonlottery.org/strategy, the public may access a PDF of progress-to-date for goals and objectives in the current fiscal year. Further, updates will be provided quarterly at commission meetings and in our EOY Annual Report. The report will be posted within four weeks of the previous quarter's end.

Thank You

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DEIB Strategic Plan

Thais Rodick

May 2024

Diversity, Equity, Inclusion and Belonging Strategic Plan

Mission

At Oregon State Lottery, we are committed to fostering an inclusive and anti-racist environment for our employees, retailers, players, and community. We believe in the inherent value and dignity of every individual, including all existing diverse dimensions one may possess.

Vision

At the Oregon State Lottery, we will create a workplace and community where every employee, retailer, player, and community member feels valued, respected, and empowered, to help us maximize profits for the state of Oregon, commensurate with the public good.

Objectives

1) Establish a framework for Triple-Lenses Organizational Self-Assessment to foster comprehensive growth and adaptability.

2) Instill a feeling of workplace unity to nurture a diverse and connected team environment.

3) Develop and amplify accessible educational initiatives to empower OSL employees.

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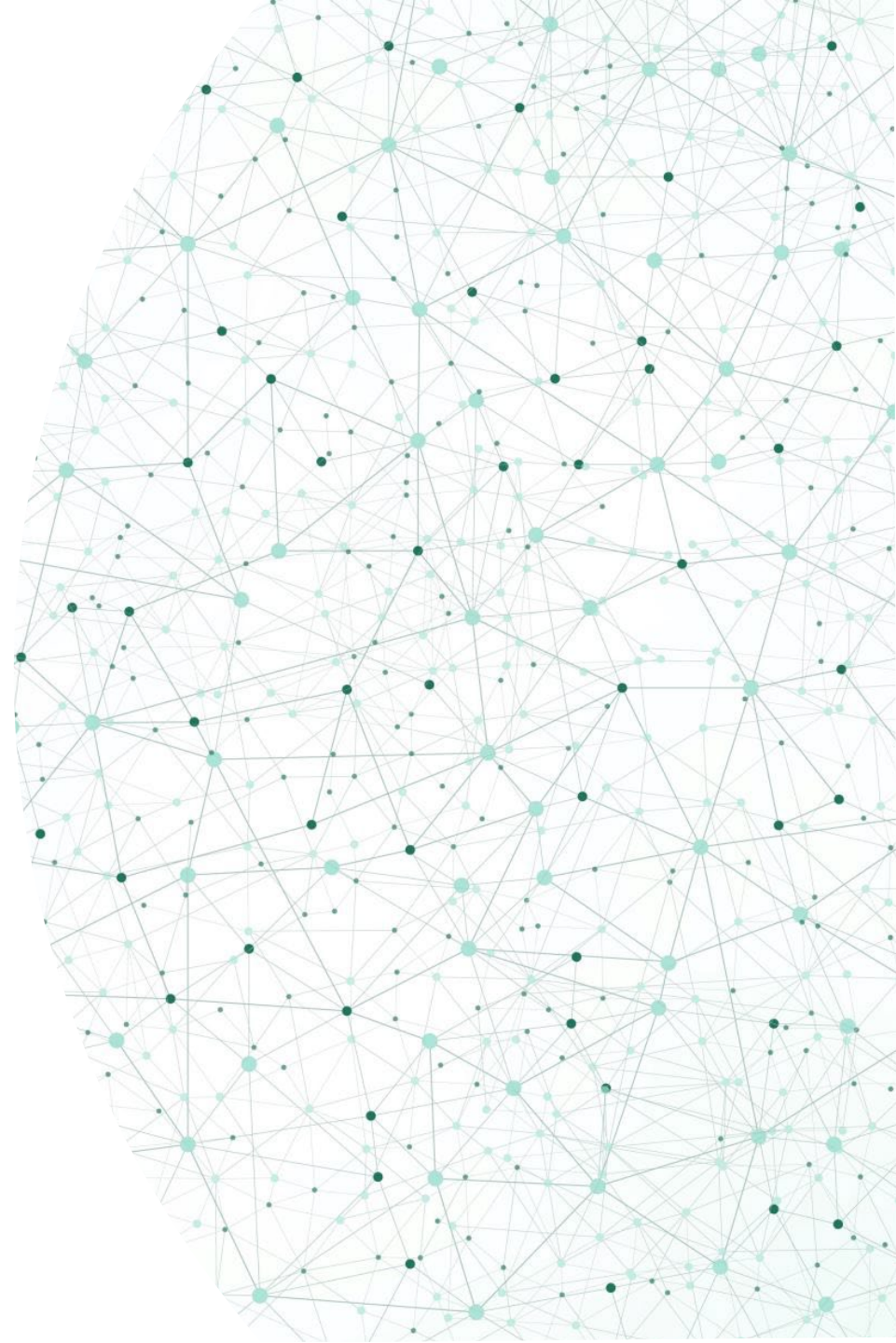
Finding the gaps

FY 25: Lottery as an employer

- **Focus:** Find areas/opportunities for improvement and research best practices to address them.

🗄	Data creation & analysis.
$	Run Pay Equity Data for the organization.
🧑‍🏫	Expanding learning programs.
🔄	Explore process improvements.

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FY25: YEAR ONE GOALS

Lottery as a/an	Goals
Employer	Expand learning programs (quarterly and monthly)
Employer	Disability awareness assessment and video
Employer	Analyze HR complaint reporting process
Employer	Improve exit interview assessment
Employer	Policy review through equity lenses
Employer	Review Gallup scores, address any potential discrepancies
Employer	DEI Impacts Survey in partnership with PSU
Business	Review findings from 2018 Procurement internal audit memo and make recommendations
Community Partner	Outline scope of work and start engagement with cultural community organizations

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Filling the gaps

FY 26: Lottery as a Business

- **Focus:** Find areas/opportunities for improvement and research best practices to address them.

Procurement

Pay equity.

Policy & Procedures

CX experience

Language
ID
Access

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FY26: YEAR TWO GOALS

Lottery as a/an	Goals
Employer	Pay equity assessment (vertical analysis)
Business	Increase by 5% overall dollars awarded to underrepresented and community owned businesses
Business	Collect Retail Partner demographic information with 2027 Retail Contract renewal process
Employer & Business	Launch Employee Resource Groups
Business	Review Customer Experience opportunities and make recommendations

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Expanding the reach

FY 27: Lottery as a Community Partner

- **Focus:** Understanding & improving Lottery's community impact and reach.

Procurement

Pay equity.

Policy & Procedures

CX experience

Language

ID

Access

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FY27: YEAR THREE GOALS

Lottery as a	Goals
Community Partner	Issue a report on Year 2 findings and recommend improvements/expansion for work in Year 3
Community Partner	Attend multicultural community meetings/events
Community Partner	Establish benchmarks for community sentiment
Community Partner	Establish benchmarks for community sentiment with our nine federally recognized tribes

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IT Strategic Plan

Kristina Damschen Spina

May 2024

"

Operate a lottery with the highest standards of security and integrity to earn maximum profits for the people of Oregon commensurate with the public good.

Oregon Lottery Mission

Lottery Enterprise Strategy
(2024-2027)

MISSION EXCELLENCE

- Master the Fundamentals

- Address Deferred Maintenance

- Continuous Improvement

✓ Mission excellence enables us to meet state forecast commitments and prepare for the future

✓ Our business and operating models require a secure, technology-driven organization

✓ We need to address deferred maintenance costs now and plan for operating cost increases

✓ Business demand will continue to evolve; our strategy and financial planning approach must follow

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Lottery Business Strategy
(2024-2027)

IT Strategy is <u>focused</u> on executing to business priorities

Business Unit	Key Technology Initiatives
Product Insights and Marketing	Continually enhance player experience with operational excellence improvements and modern systems
Gaming Operations	Efficient retailer service operations leveraging continual improvements with Salesforce platform
Security	Bolster security posture with improvements in physical building security, disaster recovery and business continuity capabilities
Human Resources	Enabling HR with data and insights from modern platforms to meet strategic goals
Community and Corp. Engagement	Efficiently service public records request with technology and support strategic initiatives through change management capability maturity

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IT 4 Year Strategy

IT Strategy is focused on executing to business priorities.

The below diagram depicts technical capabilities that are underlying and need to mature to meet upcoming enterprise and business strategy

- Focus on Continuous Improvement
- Agile/Waterfall/Hybrid Delivery Models
- Performance Management
- Risk Based IT Governance
- Enterprise Architecture Governance

STRONG EXECUTION WITH MODERN GOVERNANCE

OPERATIONAL EXCELLENCE (COST, RISK, EFFICIENCY)

- ITIL Service Management
- IT Financial Management
- Value Stream Mgmt.

- Zero Trust Security Infrastructure
- Security Policies and Guidelines
- Application-Level Security
- Privileged Access Management

STRENGHTEN SECURITY TO EVOLVING NEEDS

MODERNIZE FOUNDATIONAL CAPABILITIES

- Platform as a Service Development
- Data Analytics
- API First Design and Integrations
- Enterprise Architecture

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IT 4 Year Roadmap

In addition to serving business needs directly, IT will plan and mature below capabilities for projected future needs

Business Benefit	2023-24	2024-25	2025-26	2026-27

Operational Excellence and Cost Efficiency
- Technology Spend Optimization
- Mature Data Mgmt. Program
- Mature Integration Mgmt.
- Enterprise Cloud Migration

Employee Experience and Productivity
- Modern Digital Intranet (M365)
- Mature IT Service Management

Compliance, Security and Risk Management
- Strengthen Cyber Security
- Mature Enterprise Architecture

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FY25 Strategy Delivery Action Plan

Mike Wells, Kristy Komes,

Monique Fawver, Jami Egland

May 2024

CONTENTS

1 Delivering Mission Excellence

2 FY25 Budget Improvements + Highlights

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Delivering Mission Excellence

AGENCY + DEPARTMENT PRIORITIES ALIGNED

FY25-31 STRATEGY: MISSION EXCELLENCE

Master the Fundamentals   I   Address Deferred Maintenance   I   Continuous Improvement

FY25 AGENCY GOALS + OBJECTIVES

Financial Sustainability   I   Security + Technology   I   Team   I   Lottery Community

AGENCY

FINANCIAL SUSTAINABILITY

Department Budget +/- 10% Accuracy

Lottery Product Profitability Action Plan

SECURITY + TECHNOLOGY

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DEPARTMENT

MANAGE GAMING PORTFOLIO

Mega Millions Game Changes
Replace Lucky Lines w/Cash Pop
Enable Fort Knox on VLTs
Powerball Double Play Add-On

OPTIMIZE COST + REDUCE RISK

Application Rationalization
LeaseQuery
Discovery for IGT EVO
Biennial Security Remediation & Review
Back Office Security Upgrade
Building Security Updates
E-Fleet

Lumen Updates
iLinks Updates
EA Foundational Tool
ITSM Phase 4 Software Asset Management
Risk-Based IT Governance
Case IQ Phase 1

IMPROVE CX

Discovery for Digital Claims + Payments

Digital Couponing MVP

RPM Phase 4

PRIORITIZED ITEMS

Budgeted, prioritized and must meet designated FY25 timelines

Manage Gaming Portfolio

- Mega Millions Game Changes
- Replace Lucky Lines w/ Cash Pop
- Enable Fort Knox on VLTs
- Powerball Double Play Add-On

Improve CX

- Discovery for Digital Claims + Payments
- Digital Couponing MVP
- Retail Partner Management (RPM) Phase 4

Optimize Cost + Reduce Risk

- Application Rationalization
- LeaseQuery
- Discovery for IGT EVO
- Biennial Security Remediation + Review
- Back Office Security Upgrade
- Building Security Updates
- E-Fleet
- Lumen Updates
- iLinks Updates
- EA Foundational Tool
- ITSM Phase 4 Software Asset Management
- Risk-Based IT Governance
- Case IQ Phase 1

WAITLIST OF OPPORTUNITIES

If we have unexpected savings and team resources required, a business case will be considered by ET for activation in FY25

Discovery

- Sports Betting Pool Play
- In lane
- Progressives

Data Management

- Legacy Migrations
- EIM Phase 1 Discovery
- Integration Enhancements

Decommission

- Orderpad
- iSight

- Cloud Platform Salesforce MVP
- Cloud Platform Admin Governance
- D365 DraftKings Sales Orders
- End of Life SDWAN for Business Network
- Establish EA Governance
- Immutable Storage for Backup
- IT Financial Management
- Laserfiche Upgrade
- M365 SharePoint Phase 2 Transition
- Networking Equipment Upgrades
- Standardize EA Service Delivery

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FY25 Budget
Improvements + Highlights

BUDGET IMPROVEMENTS

- Budget summit
    - Set realistic expectations
    - Removed what-ifs
    - Quarterly review
    - Final pass budget review
- Monthly → quarterly budget variance analysis
- ↑ F&A cross-department partnerships
- Subscription-Based Information Technology Arrangements (SBITA) compliance

FY23 VS. 24 BUDGET TO ACTUAL VARIANCE

Budget to Actual Variance	FY23	FY24 (through April)
Direct Expense	0.2%	0.8%
Indirect Expense	18.9%	10.4%
Total Expense	19.1%	11.2%

Oregon State Lottery
FY 2025 Budget
Profit & Loss Statement

	FY 2025 Proposed Budget	Percent of Total Revenue	Approved FY2024 Budget (May '24 Forecast)	Percent of Total Revenue	FY 2025 vs. FY 2024 Variance
Revenue					
Net Revenue	1,489,643,600	8.16%	1,427,156,142	8.28%	62,487,458
Direct Expenses					-
Total Direct Expenses	431,266,209	2.36%	416,982,150	2.42%	14,284,059
Gross Profit	1,058,377,391	5.79%	1,010,173,992	5.86%	48,203,399
Indirect Revenue	19,904,000	0.11%	11,504,000	0.07%	8,400,000
Indirect Expenses		0.00%		0.00%	-
Total Indirect Expenses	138,590,286	0.76%	124,564,471	0.72%	14,025,815
Net Profit	$ 939,691,105	5.14%	897,113,521	5.20%	42,577,584

Admin. Exp. % of Revenue	3.01%		3.15%		

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BUDGET HIGHLIGHTS

- ↑ net revenue $62.5M

- Prize payout percentages consistent with FY24
  - ↑ $965M reflects product growth

- Direct Expense ↑ $14.3M
  - Expect commissions ↑ $8.2M and game vendor charges ↑ $8.5M
  - Direct depreciation ↑ $3.2M
  - Game equipment, parts, and maintenance ↓ $3.6M
  - Advertising expense ↓ $983K and ticket costs ↓ $859K

BUDGET HIGHLIGHTS, CONTINUED

- Indirect Revenue ↑ $8.4M

Indirect Expense

- Salaries and benefits includes:
    - $1.35M ↑ on recommended salary package
    - $3.8M ↑ for pay calibration
    - Other payroll expenses of $42.5M (71%)

- Indirect depreciation ↑ $2.3M, similar to direct depreciation due to GASB 96

- Services and supplies ↓ $5M compared to FY24 budget

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PROPOSED INVESTMENT FUND

	Current Modernization Fund	Proposed Investment Fund
Purpose	Modernize Lottery systems	Savings to pay for investments in strategy delivery, planned one year+ in advance or within a FY as needed
Status	Close EOY FY24	Establish in FY25
Cap	N/A	$50M
Initial funding	Administrative savings	Remaining modernization balance + FY24 administrative savings
Sustained Funding	Approved project FY budget	Administrative savings after contingency is fully funded
Contingency Fund	Was used for unexpected expenses	Maintains stability of the contingency

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Thank You

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On a short break.
We'll be back soon...

2023 Brand Promise & Tracking Study Insights

Laura Sofro

May 2024

Annual Brand Promise and AAU Tracking Studies – Background

Brand Promise Study

- Conducted since 2016.

- Enables Lottery to gauge awareness and performance across its Brand Promise, marketing, responsible gaming, and problem gambling programs.

- Includes KPI's on favorability and attitudes towards the Lottery among Oregonians 18+ and Lottery players.

Attitudes, Awareness, and Usage (AAU) Tracking Study

- Conducted since 2000 (except 2020).

- Measures and tracks the incidence of play among adult Oregonians by game.

- Explores players' demographic characteristics, gaming behaviors, attitudes toward the Lottery, and interest in potential new products/ features.

- Used to inform Lottery's strategic planning and marketing efforts, as well as OEA's forecasting assumptions tied to player demographics.

Methodology

- Both studies are conducted among adult Oregonians 18+ reflecting the general population (AAU Tracking = 1500, Brand Promise = 800).

- Gender, age and region quotas are set to match OR census population. Results are projectable to the state of Oregon.

2023 Brand Promise Study Insights in a Nutshell

- 76% of Oregonians have a positive opinion of the Lottery, continuing a trend that's well above pre-pandemic levels (68% in 2019).

- Awareness/knowledge about beneficiaries and problem gambling prevention and treatment resources have remained stable or improved over 2022.

- Most players continue to agree that the Lottery provides games that are easy to buy and play.

- Positive sentiment about fair and rewarding games, fairness of operations, and appropriateness of Lottery as a State revenue source reverted back to 2021 levels after peaking in 2022.

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2023 Brand Promise Study - Overall Favorability of Oregon Lottery Trended

Among Oregonians

Positive Opinion of Oregon Lottery (% Ratings - Somewhat or Very Positive)

COVID-19 Pandemic
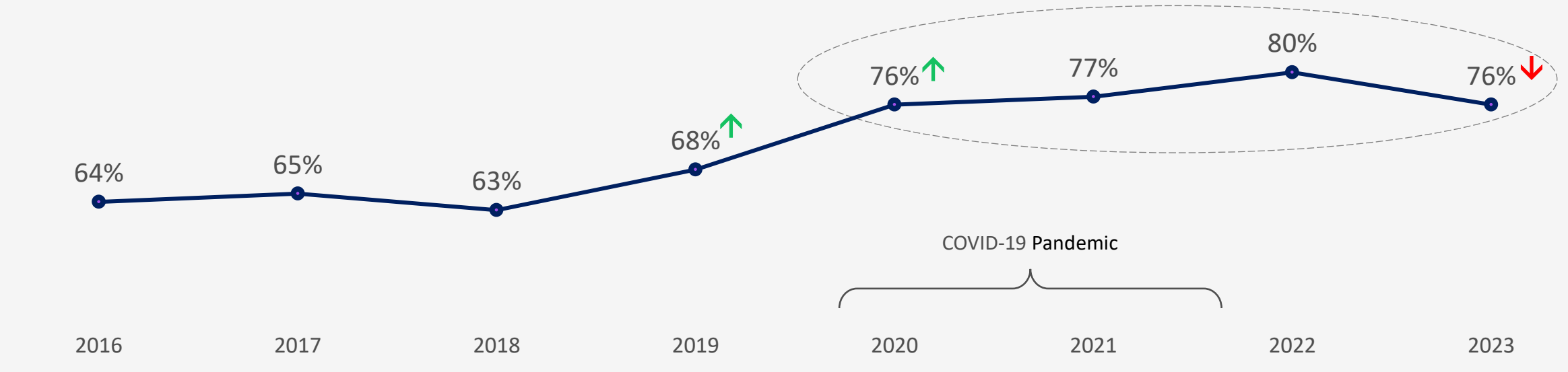
From 2020 onwards, favorability towards the Lottery has shifted into the 76%+ range.

2023 Brand Promise Study – "FISH" Related Attitudes Trended

Among Oregonians

The Lottery is an appropriate way to raise revenue for Oregon

42% — 2016
51% ↑ — 2017
46% ↓ — 2018
51% ↑ — 2019
58% ↑ — 2020
59% — 2021
64% ↑ — 2022
57% ↓ — 2023

COVID-19 Pandemic

The Lottery is operated fairly and honestly

42% — 2016
46% ↑ — 2017
45% — 2018
46% — 2019
50% — 2020
49% — 2021
61% ↑ — 2022
52% ↓ — 2023

COVID-19 Pandemic

(% Ratings – Somewhat or Strongly Agree)
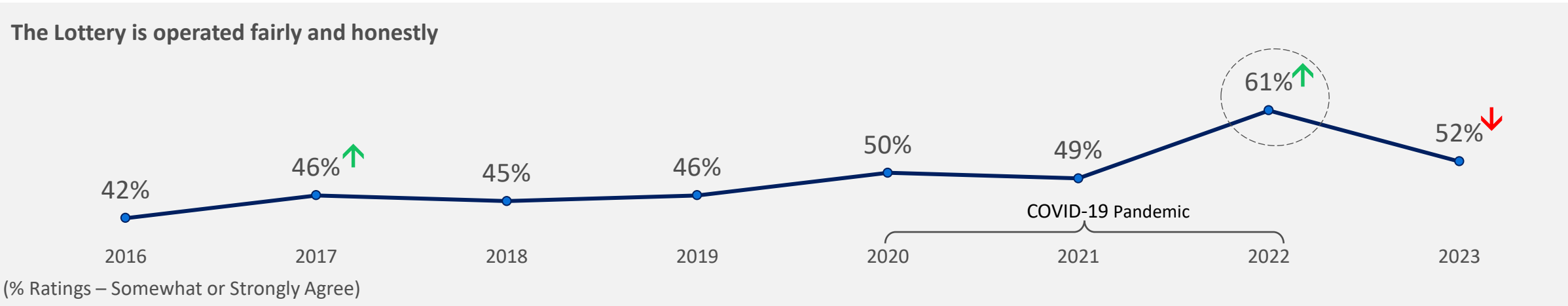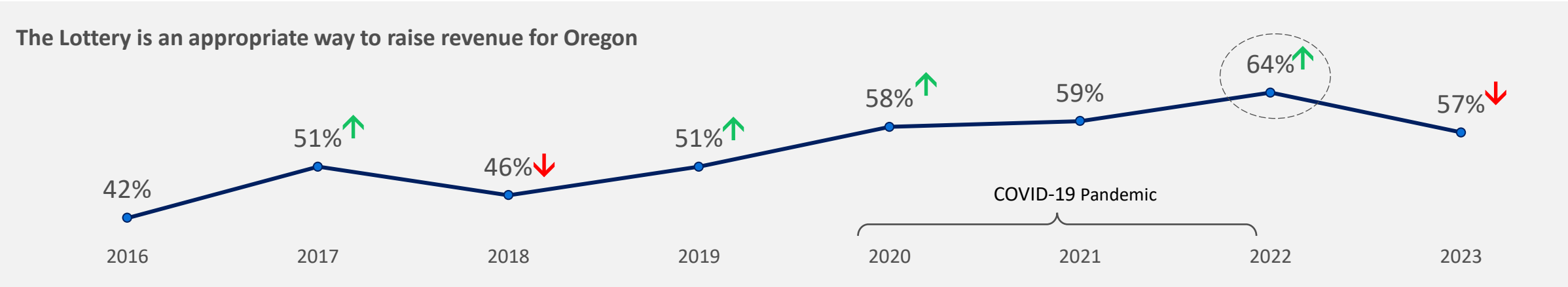
Perceptions of OSL's fairness and honesty and being an appropriate way to raise state funds declined from its all-time high in 2022.

Base: Total Respondents – 2023 (800), 2022 (800), 2021 (801), 2020 (800), 2019 (800), 2018 (804), 2017 (934), 2016 (1000)

↑ / ↓ Significantly higher or lower than previous year at the 90% confidence level

Source: 2023 Brand Promise Study

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2023 Brand Promise Study – Beneficiary Awareness

(Beneficiary Awareness - Top 3)

🌲 **77%**	🍎 **75%**	❤️ **75%** ↑
State Parks and Natural Resources	Public Education	Problem Gambling (PG) Prevention & Treatment Services (vs. 70% in 2022)
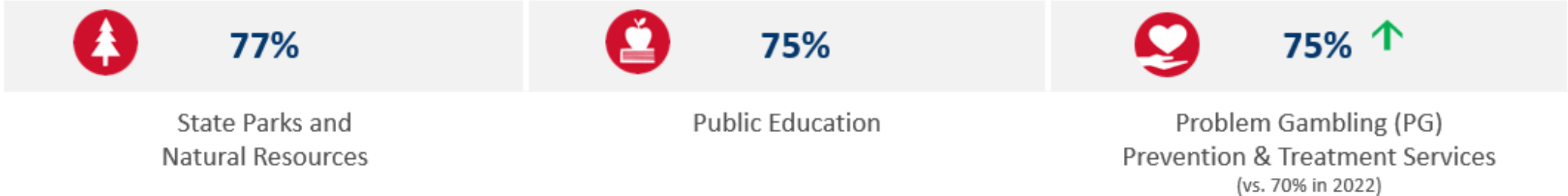
81% ↑ of Oregonians are aware that problem gambling treatment is available in Oregon. (vs. 76% in 2022)

75% ↑
Aware that PG Services receive Lottery funds (vs. 70% in 2022)

76%
Glad Lottery dollars fund free Problem Gambling counseling and treatment in Oregon

> Oregonians continue to be aware of how Lottery funds support State programs. Recall of Lottery's top 3 beneficiaries remains stable – and appreciation of Lottery's support of PG programs and resources remains high.

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2023 Brand Promise Study – CX FIRE Attribute Ratings

CX FIRE Attributes

Among Current Players

Fair
Lottery games are fair*

41% ↓

(vs. 56% in 2022)

Intuitive
Lottery games are easy to buy

91%

Lottery games are easy to play

87%

Rewarding
Lottery games offer great prizes

65% ↓

(vs. 73% in 2022, 66% in 2021)

Entertaining
Lottery games are fun to play

74% ↓

(Lowest since 2020 - 79% in 2022, 76% in 2021)
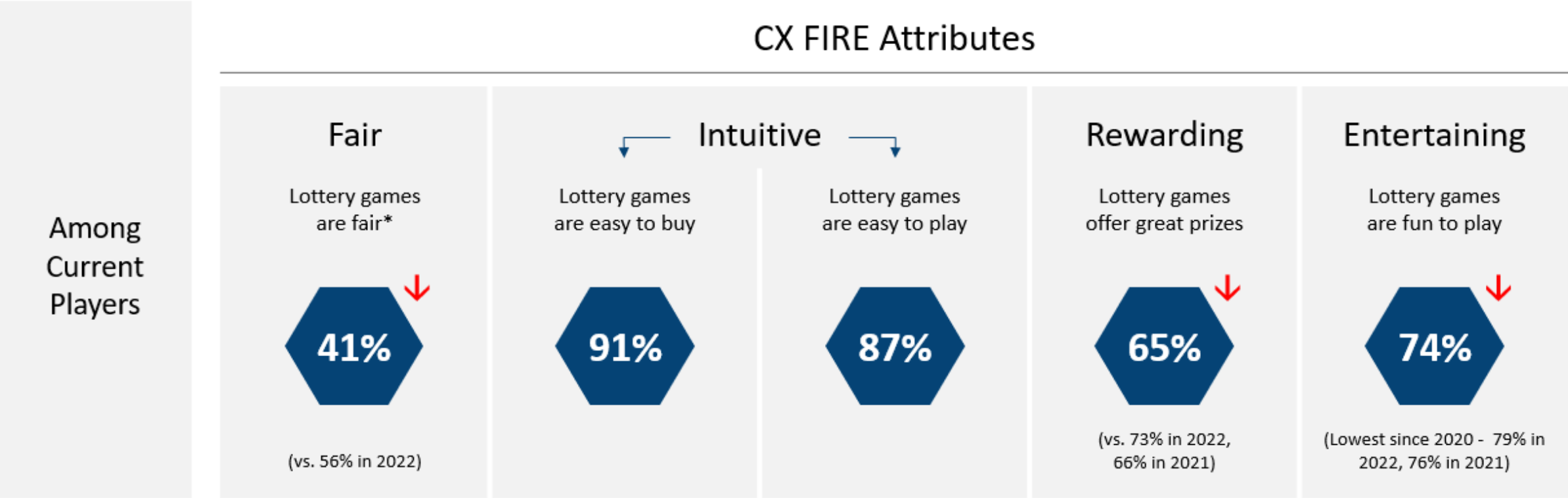
> CX FIRE attribute ratings on Lottery games being "intuitive" remained steady, while "fair," "rewarding," and "entertaining" were down in 2023.

Base: 2023 – Current Players (425), 2022 – Current Players (416), 2021 – Current Players (363) – 2020 Current Players (381)   Source: 2023 Brand Promise Study

↑/↓   Significantly higher or lower than previous year at the 90% confidence level.
*This response was added in 2022.

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2023 AAU Tracking Study Insights in a Nutshell

- Fueled by Powerball and Mega Millions jackpots of over $1 billion, 2023 saw Lottery play increase to 54% – a level not seen since 2019.

- Lottery's most popular games experienced a year over year increase in Light Players, restoring the historical Core to Light Player balance.

- Lottery games continue to be a welcome form of entertainment across all generations.

2023 AAU Tracking Study – Lottery Play Trended Among Oregonians 18+

After a downturn during the Covid-19 pandemic, Lottery play has returned to pre-pandemic levels, largely fueled by extremely large jackpots for Powerball and Mega Millions.

Lottery Play Among Adult Oregonians

Current Players
Lapsed Players
Non-Players

2018
Mega Millions $1.6B (10/23/18)

2019

2020*

2021
Mega Millions $1.3B (1/22/21)

2022
Mega Millions $1.28B (07/29/22)
Powerball $2.04B (11/07/22)

2023
Mega Millions $1.35B (1/13/23)
Powerball $1.0B (07/19/23)

COVID-19 Pandemic Restrictions
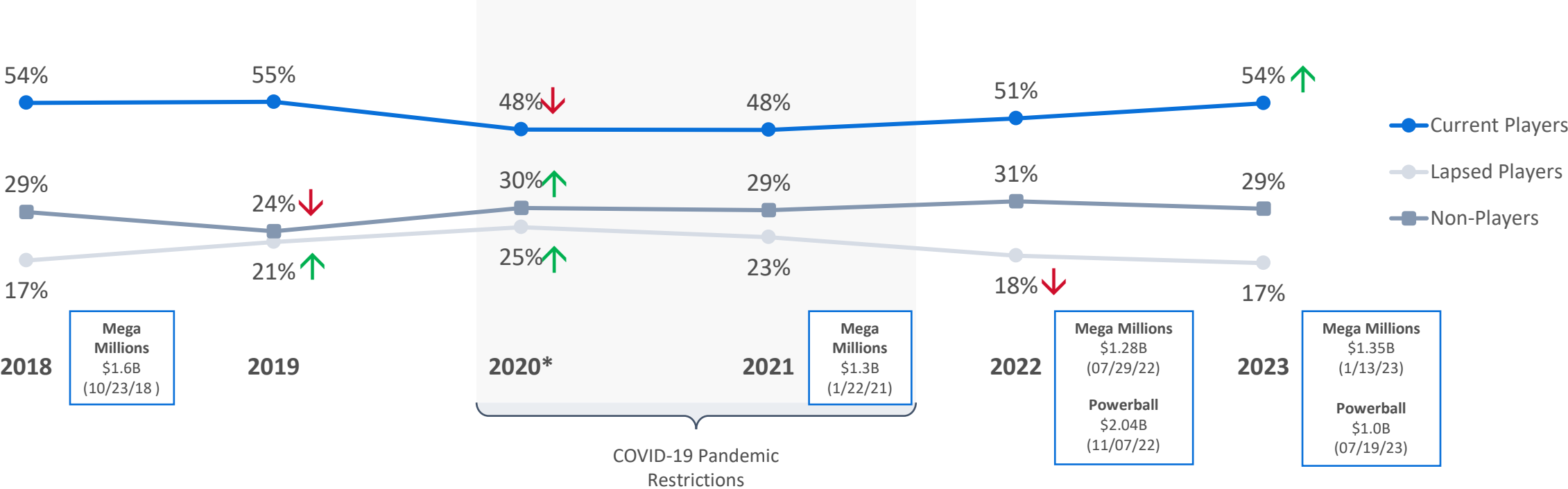
☐ Jackpots of $1.0B or more

↑/↓ Significantly higher or lower than previous year at the 95% confidence level

Base: Total respondents -- 2018 n=2700, 2019 n=2023, 2020 n=800, 2021 n=1500, 2022 n=1506, 2023 n=1500)

Source: 2023 AAU Tracking Study

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2023 AAU Tracking Study – Lottery Play Trended by Game

> Most Players enjoy multiple Lottery games (3 games on average). Crossplay is most common among Players of Jackpot Games, Video Lottery and Keno.

POWERBALL — ◆ Current Players

	2018	2019	2021	2022	2023
	34%	34%	25% ↓	24%	30% ↑

OREGON'S GAME megabucks — ◆ Current Players

	2018	2019	2021	2022	2023
	28%	31% ↑	24% ↓	23%	27% ↑

MEGA MILLIONS — ◆ Current Players

	2018	2019	2021	2022	2023
	22%	25% ↑	21% ↓	19%	25% ↑

VIDEO LOTTERY — ◆ Current Players

	2018	2019	2021	2022	2023
	16%	15%	10% ↓	15% ↑	16%

Scratch-its — ◆ Current Players

	2018	2019	2021	2022	2023
	33%	36%	32% ↓	33%	36% ↑

KENO — ◆ Current Players

	2018	2019	2021	2022	2023
	9%	8%	4% ↓	8% ↑	9%

↑ / ↓ Significantly higher or lower than previous year at the 95% confidence level
Base: All respondents (2018 n=2700, 2019 n=2023, 2021 n=1500, 2022 n=1506, 2023 n=1500)

Source: 2023 AAU Tracking Study

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2023 AAU Tracking Study – Lottery Play Trended By Generation

- Lottery games appeal to players in all generations.

- In any given year, Lottery play is lowest among those ages 18 to 24 and those age 65 or older.

Gen Z
1997-2012
(19-26)

Current Players

| 30% | 39% | 39% | 44% | 42% | 38% |
| (n=145) | (n=185) | (n=162) | (n=157) | (n=176) | (n=204) |
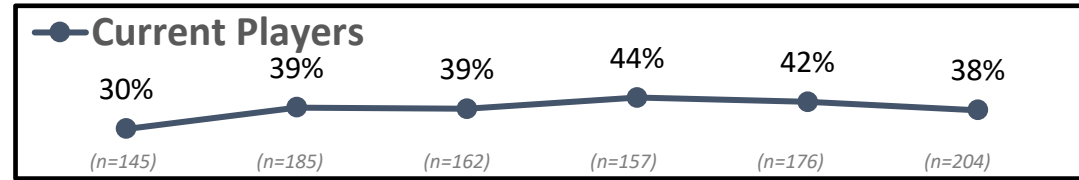
9% of all Players

Millennials
1981-1996
(27-42)

| 45% | 56% | 59% | 52% ↓ | 58% | 64% ↑ |
| (n=1133) | (n=701) | (n=553) | (n=421) | (n=421) | (n=426) |
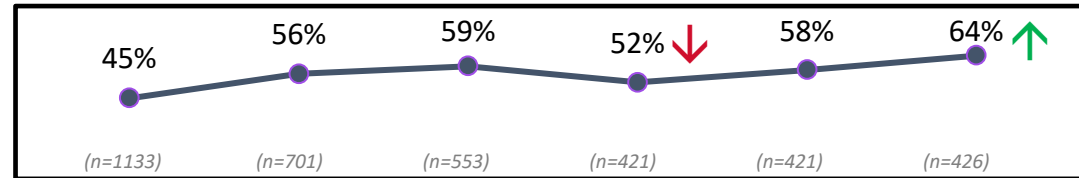
34% of all Players

Gen X
1965-1980
(43-58)

| 56% | 63% ↑ | 61% | 54% ↓ | 61% ↑ | 62% |
| (n=980) | (n=660) | (n=519) | (n=352) | (n=363) | (n=351) |
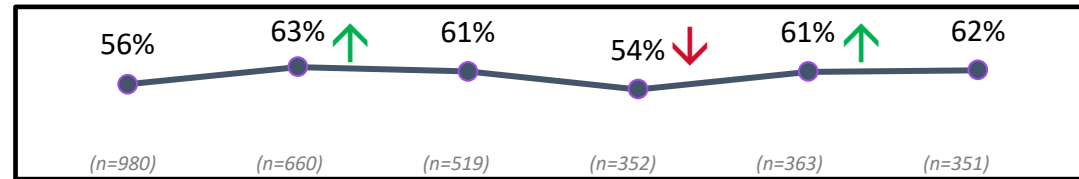
27% of all Players

Baby Boomers
1946-1964
(59-77)

| 46% | 54% ↑ | 54% | 48% ↓ | 46% | 53% ↑ |
| (n=1116) | (n=799) | (n=591) | (n=436) | (n=413) | (n=400) |
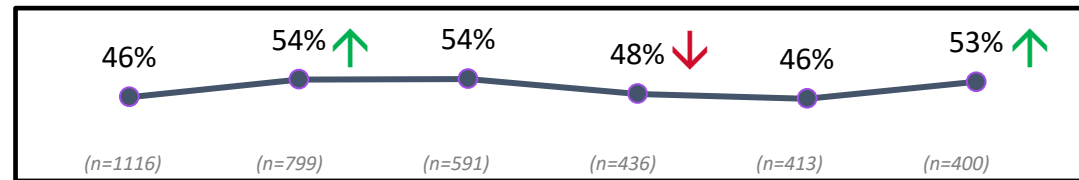
26% of all Players

Greatest/ Silent
Before 1946
(78+)

| 34% | 43% ↑ | 37% | 25% ↓ | 25% | 27% |
| (n=561) | (n=314) | (n=188) | (n=134) | (n=121) | (n=108) |
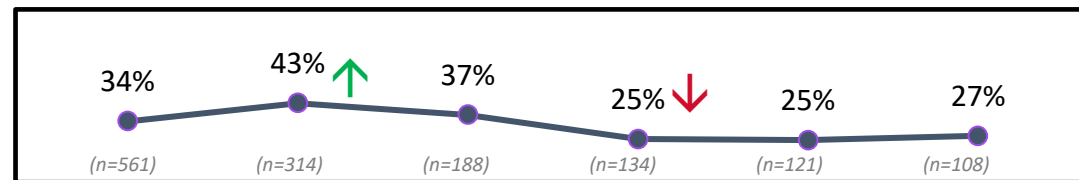
4% of all Players

FY17   2018   2019   2021   2022   2023

↑ / ↓ Significantly higher or lower than previous year at the 95% confidence level
Base: All respondents within each generation. Base for each generation each year noted above.

Source: 2023 AAU Tracking Study

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2023 AAU Tracking Study – Player Demographics Compared to Census

	Census	All Respondents	Current Players
Gender			
Male	50%	48%	47%
Female	50%	50%	51%
Non-binary	N/A	2%	2%
Age			
18 to 24	11%	11%	8%
25 to 34	17%	17%	19%
35 to 54	33%	33%	37%
55 or older	39%	39%	36%
Household Income[1,2]			
Under $25,000	15%	15%	14%
$25,000 - $50,000	18%	18%	18%
$50,000 - $75,000	17%	17%	17%
$75,000 - $100,000	13%	13%	14%
$100,000 or more	37%	37%	37%
Median	*$76K*	*$76K*	*$77K*
Education[1]			
Some high school or less	9%	3%	4%
High school/GED	24%	21%	21%
Some college or technical school	33%	40%	42%
College graduate or higher	34%	36%	33%

	Census	All Respondents	Current Players
Region			
Portland	43%	44%	45%
Valley	27%	27%	25%
Coast	16%	16%	16%
East	13%	13%	14%
Veteran Status			
Never served in the military	93%	89%	88%
Active in Reserves or National Guard	1%	1%	1%
Currently on active duty	<1%	<1%	<1%
No longer active in the military	6%	10%	11%
Ethnicity[1]			
White alone	72%	77%	77%
Black, Indigenous, People of Color (Net)	26%	23%	23%
Hispanic (any)	14%	11%	11%
Asian alone	5%	2%	3%
Native American alone	<1%	2%	2%
Black/African Am. Alone	2%	1%	1%
Native Hawaiian/ Pacific Is. Alone	<1%	1%	<1%
Multi-Race/Other	7%	6%	6%

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Responsible Gambling: Reaching More Players

Stacy Shaw

May 2024

Reaching More Players at More Points on their Help Seeking Journey

Aligning Outreach - Messaging, Marketing, Content, Tools, Resource Promotion - and Services

- Focus on inclusive language and stigma reduction
- Focus on removing barriers to reaching and engaging with *players* **who are just beginning to experience harms**
- Build content and test marketing designed to reach players in this group
- Iterative improvement and enhancement

Inclusive Language
and
Stigma Reduction

Inclusive Language and Stigma Reduction

Published *Inclusive and Non-Stigmatizing Language Guidelines* to inform and guide non-stigmatizing, inclusive outreach promoting **help seeking and treatment resources utilization** *for a wide range of player segments, from* **those contemplating change to those actively seeking treatment**.

- How We Talk About People

- How We Talk About Seeking Help

- Cultivating Positive Behaviors

- Contextually Relevant Messaging

- Considerations for Affected Others

Small But Important Changes

- Recovery Starts Here becomes *Change Starts Here*
- Help for Gamblers becomes *Help for Me*
- Call to action to a *Professional*
- Treatment becomes *Counseling*
- Introduce options beyond counseling
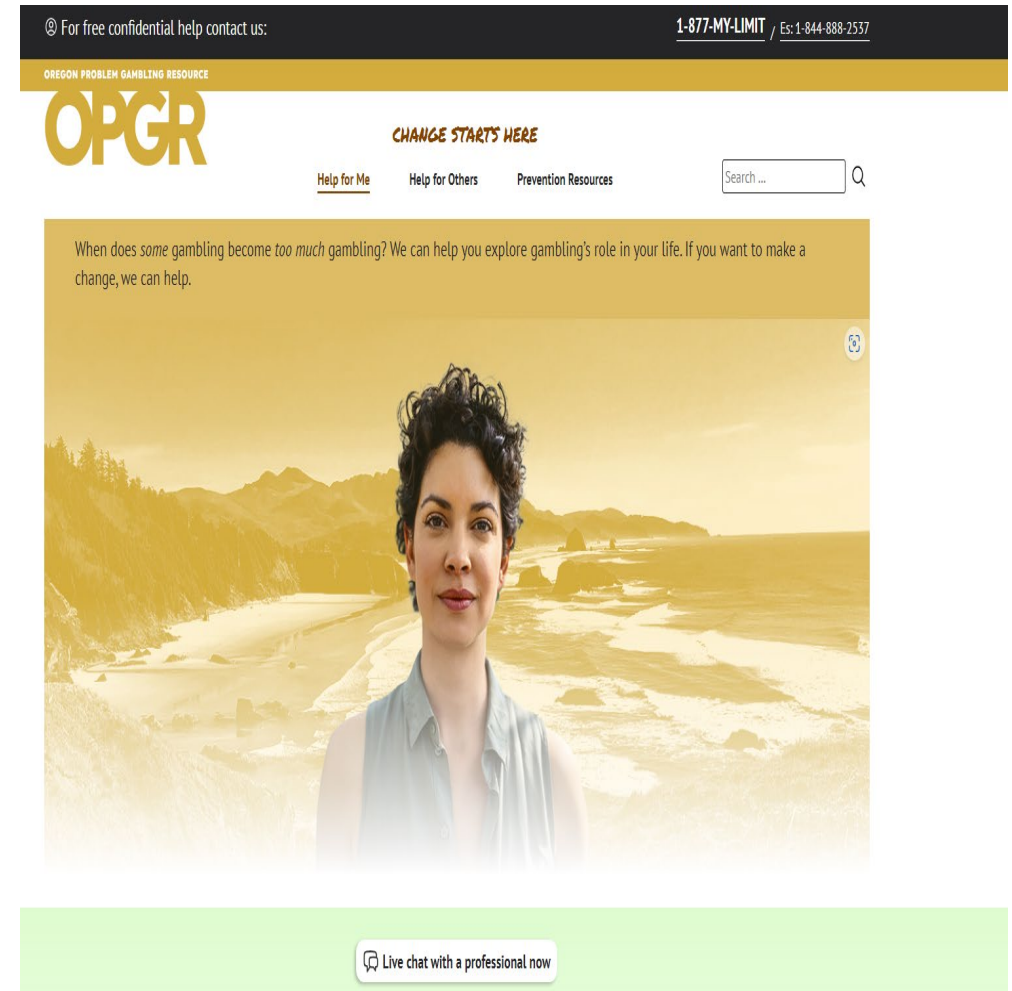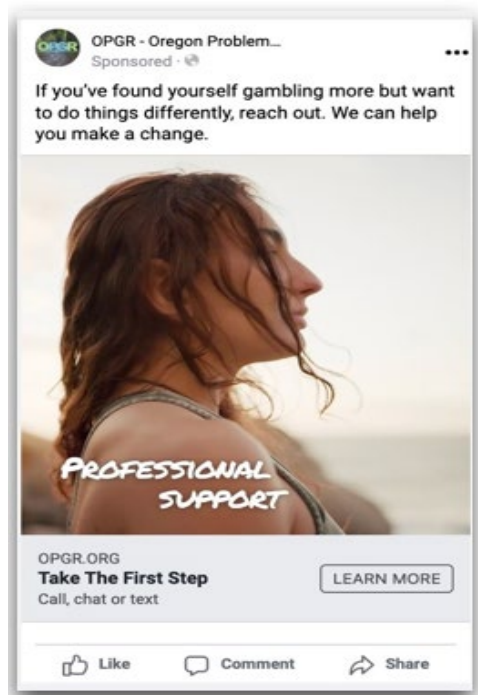
Whether you just want to chat, get more information, or be referred for counseling, you'll be connected to the resources that are right for you.

Removing Barriers

cutting down on drinking

SEARCH   COPILOT   WORK   VIDEOS   IMAGES   MAPS   NEWS   SHOPPING   ⋮ MORE

About 4,520,000 results

Verywell Mind
https://www.verywellmind.com/tips-for-cutting-back-on-drinking-69453 ▾

10 Tips for Cutting Back on Drinking - Verywell Mind

Have you been thinking about cutting back on the amount of alcohol that you drink? Maybe you have experienced some negative health effects because of your drinking... If you are currently drinking more than the recommended guidelines, any change that you make—even small changes—can help you reduce the harm tha... See more

Set a Realistic Goal

Write down the maximum number of drinks you want to drink per day and the maximum number of days a week you w... People who drink within the recommended guidelines have a much lower risk of developing problems. I... See more

How to Cut Back on Drinking

Count Your Drinks   Learn to Refuse
Remember to Eat   Drink Spacers   Pace Yourself

verywell

Count Your Drinks

Measure Your Drinks

Harvard Health
https://www.health.harvard.edu/staying-healthy/11... ▾

11 ways to curb your drinking - Harvard Health

Email: hhp_info@health.harvard.edu   **Published:** Jul 4, 2020
Location: 4 Blackfan Circle, 4th Floor, Bosto...   **Phone:** (877) 649-9457

1. Put it in writing. Making a list of the reasons to curtail your drinking — such as feeling ...

2. Set a drinking goal. Set a limit on how much you will drink. You should keep your drinking ...

3. Keep a diary of your drinking. For three to four weeks, keep track of every time you have a ...

4. Don't keep alcohol in your house. Having no alcohol at home can help limit your drinking.

See full list on health.harvard.edu

Videos of cutting down on drinking

SEARCH   CHAT   WORK   IMAGES   VIDEOS   MAPS   NEWS   SHOPPING   ⋮ MORE

About 10,700,000 results   Any time ▾

Twelve Tips to Help You Quit Gambling Forever

- 1. Take a Short Break ...

- 2. Find a Replacement Activity ...

- 3. Remember How Bad It Feels to Lose ...

- 4. Educate Yourself About Gambling Addiction ...

- 5. Find Self-Help Materials ...

More items

Twelve Ways to Stop Gambling Addiction Forever - YouMeMindBody

youmemindbody.com/mental-health/Gambling-Addiction10-Ways-To-Stop-Gaml

See more ⌄

What are the benefits of quitting?   How can I cope with cravings?   What are some >

Problem gambling

Gambling behavior

Problem gambling or ludomania is repetitive gambling behavior despite harm and negative consequences. Problem gambling may be diagnosed as a mental disorder according to DSM-5 if certain diagnostic cr...

W

Other names	Ludomania, degenerate gambling, gamb... +
Specialty	Psychiatry, clinical psychology
Symptoms	Spending a lot of money and time in casin... +

Image: en.wikipedia.org. Data: Wikipedia
Wikipedia text under CC-BY-SA license

Feedback 👍 👎

Explore more
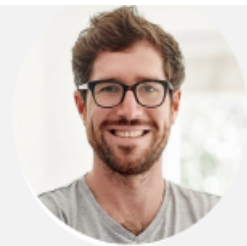
WALLY: FROM CASUAL TO HEAVY VIDEO LOTTERY PLAYER – Currently a Journey FILLED with stigma

Importance to Customer

Typical Journey

Alternate Journey

NEEDS & EXPECTATIONS

Change in Game Play
- Wants to relax from work stress
- Wants to enjoy the company of the other regulars

Pre-Contemplation
- Wants to know how his gambling compares to others like him
- Wants to track his spending automatically

Contemplation
- Wants to gamble only on Tuesday during Trivia Night at Boones
- Wants to understand why he feels I the need to gamble so much more than he used to

Preparation/Action
- Is planning to talk to someone about what's going on with him

Found some good info online, but it's not totally relevant to me.

I found a website called GamTalk and I'm connected to people like me!

I kept my play to just Tuesdays for the past two weeks, but I don't know that I can keep it up.

Embarrassed and tapped out, so stayed home, played freemium games on phone.

Lottery has a tracker on their app, but I have to enter my play manually.

I asked the bartender if he could "cut me off" after 30 minutes. He said he'll try.

Spent twice what I planned to spend. Third time this month.

I am now getting served ads and information for problem gamblers and addicts.

The website said you could just call and chat about tools for change, but they tried to register me for TREATMENT.

OPPORTUNITIES

EXPLORE RELEVANT IN-PLAY MESSAGING

ADD & ADAPT CONTENT ON THE WEBSITE

ENGAGE RETAILERS

ALIGN LANGUAGE/MARKETING WITH THE DIGITAL AND IRL EXPEROENCE

The biggest barriers to effectively reaching players who are just beginning to experience harm are?

Access

Having them admit they want help

Language barriers, cultural barriers, translation services

Not being aware of resources that are available or of how they can help you.

They are not seeing our social media posts

Lack of cohesive messaging across platforms

The marketing is not listed in the community treatment centers

They haven't had enough consequences yet

Lack of awareness about problem gambling in general, not knowing about existing resources

Messaging in a way they see themselves

Stigma

Lack of information available. Gambling is a cultural norm in many cultures/families so is not talked about as a problem in these groups.

They don't identify as having harm

Lack of awareness that gambling disorder is a treatable condition

Hard to teach

Fear and stigma for the player

Hard to find them

Serve more people. Get more funding.

Shame

Perception

lack of awareness of risk, passiveness

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Phased Research to Understand the Segment and Test Hypothesis
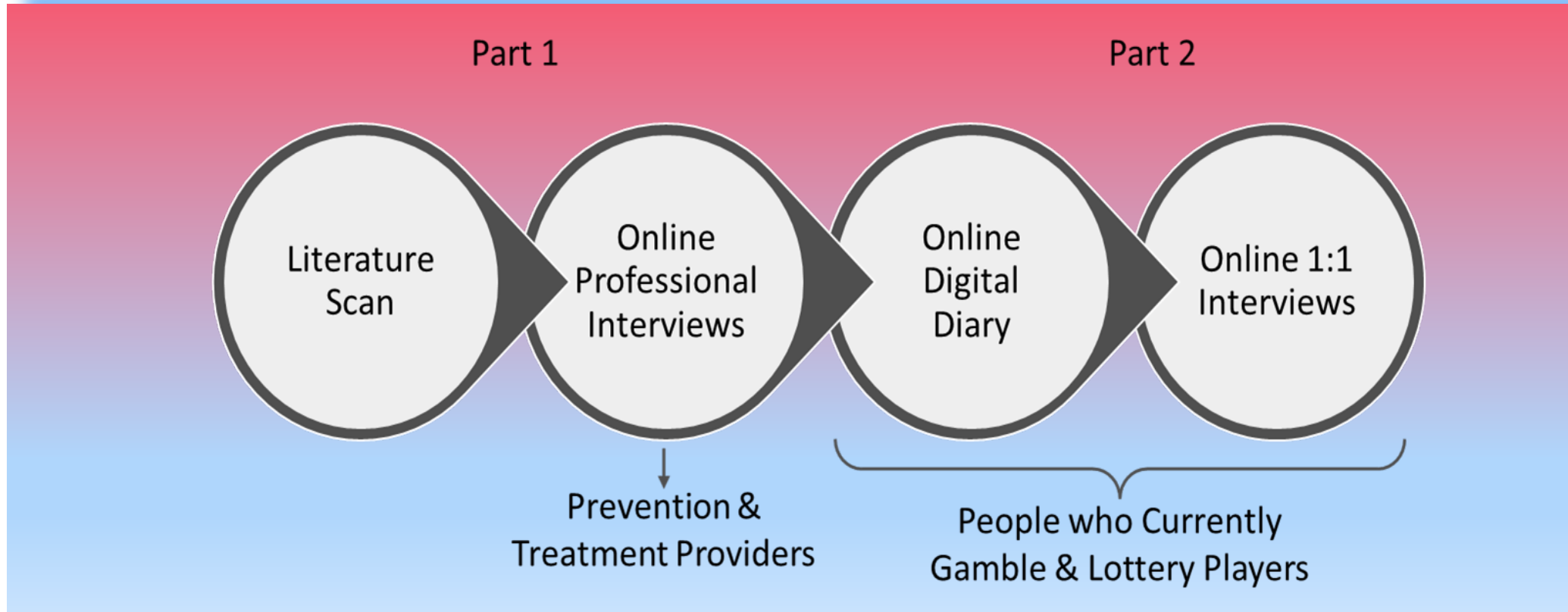
Develop and Test Marketing

Test Marketing to Reach Players Early

Provide people seeking to make a change to their gambling – with *encouragement, resources and tools that align with the person's preferences, values, stage of journey and readiness for change.*

- December: Launched robust "Moderation"/Change content

- December – February: PSA's leveraging "Resolution" timing

- December – March: 20% of PG digital ad spend to drive traffic to new content

Moderation Webpage

https://www.opgr.org/cut-back/

Live Chat with a professional now

Make a Change

By visiting this page, you taken an important first step towards changing your relationship with gambling. You recognize that you have the power to make positive choices about how you want to manage your time, your dollars and your well-being. This page offers options to help you make those choices and make them stick. Whether you just want to cut down, take a break for a while, quit all together or simply be more mindful about how you gamble, we have tactics and tools, a supportive community, and resources to help you make a plan that works for you and your goals.

View Less

Understand Your Relationship with Gambling

To make any change successful, you'll want to know where you're starting from. Often called a baseline, understanding how much of your time and money goes into gambling now will help you decide on attainable goals and adjustments you can make to get where you want to be.

The good news is, there are many tools available make it easy for you to track your wins, losses and time spent on gambling. Even if you don't change anything at all, understanding how often and how much you currently play helps create a more mindful relationship with gambling.

Follow the link below to download a variety of worksheets that you can print out to complete. These worksheets are an excellent tool to help you understand your relationship with gambling and were developed by Gamcare for their workbook "*Changing your Relationship with Gambling*". Gamcare is the leading UK provider of information, advice, and support for anyone affected by gambling harms.

GamCare Workbook

Gambling help

Live Support
Customer Support

Type a message here...

Budgeting Tools

While not specifically built for gambling, you can try one of these free

- Mint
- YNAB (You Need a Budget)
- Pocket Guard
- Everydollar
- Wally
- Empower

What?
So What?
Now What?

Key Findings: Research

- *Two segments* were revealed in the research:
  - **Took Action, Better Relationship:** used more resources and continued to look for support to reinforce their new gambling practices - appreciating both in-person and virtual/ digital options
  - **Minimal Action:** are very sensitive to being referred to as "addicts" or to any support that makes them feel like they are addicts. More interested in resources that focus on well-being and improving lives

- *Moderation webpage on OPGR.org:* was very well-received, liked by 25/26 participants. The most popular were the budgeting tools, the instant chat, videos

- *Majority don't want to quit gambling* and are looking for ways to continue in moderation. Commitment to change fluctuates and they want help/support at different stages in their journey

![Oregon Lottery logo]

Outcomes: Marketing

- **Digital marketing**: *"Change" creative generating good response/action. In some cases, outperforming 'treatment" focused creative*

- **Web site analytics**: 24% of all site users visited the new moderation content/page Jan-March.

- **Content/Tool Usage**: *Top performing assets include Budget Apps - #1 used tools!!*
  Habit Tracking Apps
  Video Content
  Workbooks
  Communities
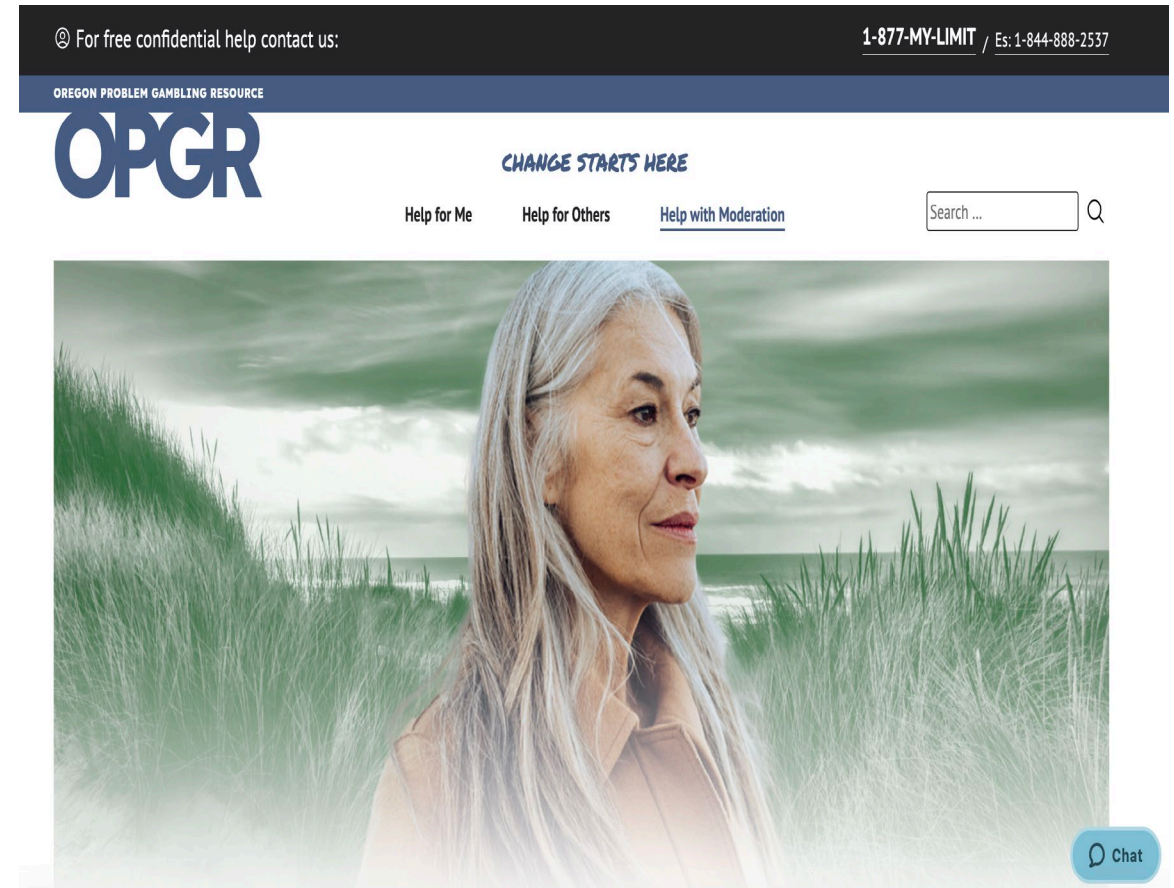
"I think it's [the webpage] really good. I think it's really thorough. It's the most thorough resource I've ever come across as far as gambling goes."

Now What?

- ***Collaboration with OHA:*** Data sharing, supporting new tools and technology, aligning services

- ***App***: along with OHA providing access to the first gambling specific digital health app. The app offers solutions for cessation, reduction, and prevention

- ***Digital marketing:*** Ongoing enhancements based on performance and research

- ***Content & Tools:*** Developing new video, quizzes, links to communities

- ***Research:*** understanding and supporting affected others
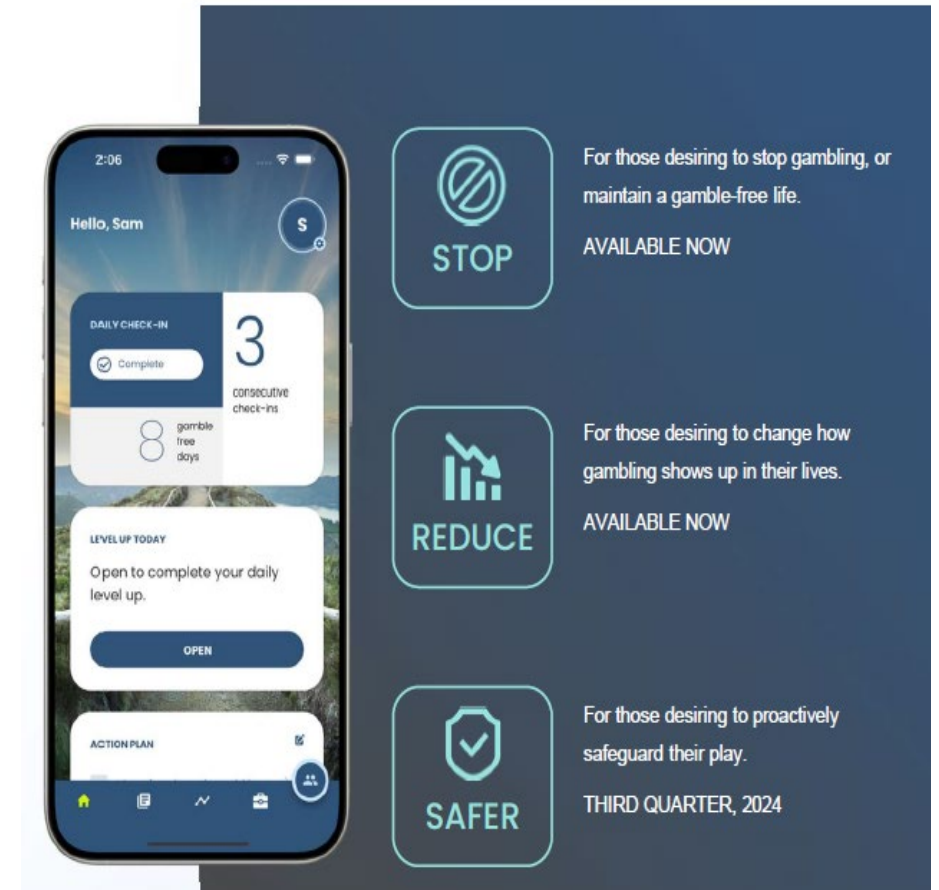
Thank You

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Together, we do good things.

Marketing Update

May - 2024

Oregon Lottery Marketing & Advertising

We seek to maintain sales, nurture positive relationships and improve brand affinity by responsibly developing and promoting easy, fun and entertaining product experiences that attract, engage, and retain customers in support of our mission.

Three Focus Categories

- **Brand**
  Focusing on the "good things" – Brand marketing features authentic examples of programs and projects funded across the state and connects to the Lottery game play that funds them.

- **Product**
  Lottery product marketing seeks to maintain revenue by engaging key responsibly-focused segments across the entire state. Calls to action drive foot traffic to lottery retailers as well as engagement with Lottery-owned digital channels.

- **Problem Gambling Outreach & Education**
  Delivered within the Oregon Problem Gambling Resource brand, our problem gambling marketing blends conversion and awareness to best connect Oregonians to free treatment, support, education and self-help tools to reduce or eliminate gambling harm.

Reaching Oregonians - Players and Non-players

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Together, we do good things.

OBJECTIVE:	Drive Positive Player & Community Favorability and Positive Sentiment		
AUDIENCE:	Players	Oregonians 18+	Community
PRIMARY GOAL:	Engagement/Sales	Awareness	Favorability
GOOD THINGS:	Lottery games are fun entertainment, the dream of winning is exciting, easy to find & play	There are people, tools and resources available for any stage of help seeking - safer play, moderation or quitting altogether.	Lottery dollars help create a better Oregon
CAMPAIGNS:	• Brand Campaigns • Individual Game/Solution Campaigns • Individual Beneficiary Campaigns	• RG/PG Campaigns	• Brand Campaigns • Individual Beneficiary Campaigns
PRIMARY DRIVERS:	Entertainment & Experiences	Help & Resources	Where the Money Goes
DESIRED OUTCOME:	Fun & Responsible Play	Harm Minimization & Resource Utilization	Positive Sentiment
ATTRIBUTES:	Intuitive. Entertaining. Rewarding. Fair.		

What We Do

Our key strategies connect the good things (funding for voter-approved beneficiaries) to responsible Lottery game play. Guided by an insights-driven GTM (Go-To-Market) plan, we follow a funnel-based approach to plan and budget accordingly in efforts to maintain revenue as we grow an opt-in 1:1 connection with Lottery consumers on owned digital channels.

Holistic Marketing Strategy (overview)

- Prioritize brand campaign reach
- Maintain or increase brand favorability and product awareness
- Optimize authentically Oregonian creative units to get the most out of limited media frequency/spending
- Support mature product advertising with limited, efficient digital and owned-channel efforts
- Deliver campaign-attributed website/app traffic, generate interest, consideration and engagement

Scan Data – Product Engagement

Unique Tickets Scanned by Scan Date and Game Name
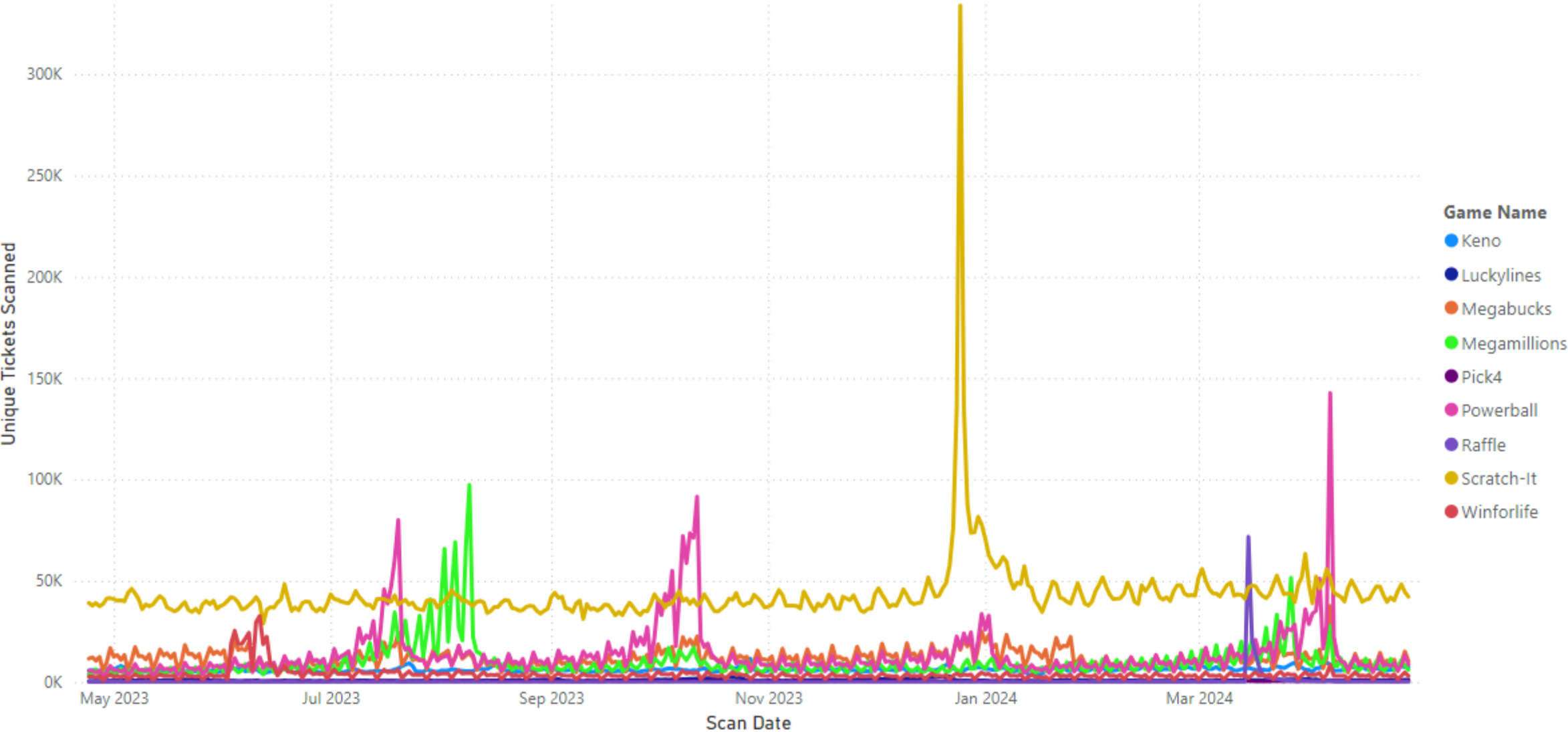
Representation & Inclusion

Recent Incremental improvements

- Shifting from Spanish voice talent as script consultant to contracting with Spanish language copywriters

- Rely on native speakers on our team to consult on transcreation, culturally competent content, proofing and more

- Fiscally responsible production
  - Often use the same talent across English and Spanish versions
  - Use voice over rather than dialogue

- Allow for versioning whenever possible
  - '23 Holiday: English & Spanish on screen dialog
  - '24 State Parks radio: bird-watching vs fishing
  - '24 PIF Education: adjust edit for Spanish voice over

Play it Forward - Education

"Light Up Learning" campaign appeared across multiple channels 1/9 to 3/3.

- Sought to connect Oregon Lottery game play with transfers to Public Education

- Focus audience included parents, grandparents, educators and community-minded Oregonians

- Transcreated advertising for both English and Spanish speaking audiences

- Delivered 32 million statewide impressions

- More than 88,000 visits to education pages on oregonlottery.org

Oregon's Teacher of the Year

Dr Mandy Vance, of Cedar Ridge Middle School in Clackamas County was named the 2024 Oregon Teacher of the Year. This digital-only campaign ran alongside the education campaign 1/1 to 2/18.

- Effectively and efficiently delivered qualified traffic to Oregon Lottery website funded program pages

- Served nearly 4 million impressions across digital channels

- Delivered more than 45,000 visits to site

- On average users spent nearly 2 minutes per page per visit

- Internal efforts sparked significant growth in earned media/press coverage over TOY campaigns

Play Video

Mandy Vance Follow Up

Dr Vance recently visited Washington DC, amongst many activities enjoyed a State Dinner at the White house, representing Oregon amongst the rest of the nation's teachers of the year.

Currently In Market

Leading up to a multi-channel campaign aligning the relationship between Oregon Lottery game play and how it helps fund Oregon's iconic state parks, we are in-market with two digital-only campaigns.

- Beneficiary campaign highlights tangible ways lottery funding benefits Champoeg State Park

- Product campaign focuses on the "Visit Oregon State Parks" Scratch-it and drives awareness, retail foot traffic and play of this uniquely Oregonian ticket

- Reaches audiences across the entire brand spectrum

- Culminates with summer campaign that takes advantage of seasonality to strengthen brand recall and favorability

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Oregon Lottery — FY25 (IN PROGRESS) Media Calendar

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*Indicates POP refresh

Legend: ▦ Denotes TBD ▨ Denotes WOC not complete

	July	August	September	October	November	December	January	February	March	April	May	June
Week starts	1 8 15 22 29	5 12 19 26	2 9 16 23 30	7 14 21 28	4 11 18 25	2 9 16 23 30	6 13 20 27	3 10 17 24	3 10 17 24	7 14 21 28	5 12 19 26	2 9 16 23 30

Brand — *Brand POP* | TBD: CashPop/Brand*
- TV/CTV/OLV
- Radio
- Print
- Digital (Video/Social/Native)
- On/Off-Prem POP
- GameTouch

Funded Programs — Parks | Education Re-Air (Remove PIF) | New Spot: State Parks
- TV/CTV/OLV
- Radio
- Print
- Digital
- On/Off-Prem POP
- GameTouch

Featured Funded Programs — LeapFrog/Applegate | ODVA/Santiam Ski | TOY Nominations | Out. School (TBD)/Honeyman
- Digital

Video Lottery — *New VL POP* | Monopoly | Title TBD | Title TBD
- Digital

Video Lottery In Bar — Monopoly | TBD | TBD | TBD
- In Bar

FG Always On — No Separate Always On FY Media Plan/Flights in FY25
- Digital

Scratch-its — Spooky SI | Holiday (Start in May/June)* | Second Chance or All Product | Retro/OL 40th Anniv. | Americana SI
- TV
- Radio
- Print
- Digital
- On/Off-Prem POP
- GameTouch
- Billboards

GameTouch — Summer Seasonal + Featured Tickets | Oregon Monsters/Fall SI + Holiday | Second Chance + Raffle | Retro 40th Anniversary + Americana Ticket
- Attract Screen

Raffle/Draw — *Keno POP* | Raffle*
- On/Off-Prem POP
- GameTouch
- Digital

Billboards — Summer/Get Your Tickets | OR Monsters/Fall SI | Holiday | Second Chance | Retro 40th Anniversary Tickets/Spring
- General Boards (4)
- Draw (22) – Always Draw Creative w/LEDs

PG/RG — *PG POP* | *PG POP*
- Print
- Digital - PG
- Digital - RG PSA

Play Video

Supporting Lucky Lines to Cash Pop Transition

Four Decades of Doing Good Things

On April 25, 1985, the Oregon Lottery's first game, a $1 Scratch-it called "Pot of Gold" went on sale. Since then, nearly $16 Billion lottery-generated dollars transferred to the programs and projects Oregonians care about across the state.

In 2025:

- Limited edition $5 "40th Anniversary" ticket

- Spring marketing campaign to support the ticket and recognize positive Oregon Lottery impacts

- Community gratitude

- Staff retrospective

- Press outreach

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40th Anniversary

Video Lottery Ecosystem Update

Lyndsey Peterson

Spencer Haley

May 2024

Trending in the Long-Term Video Lottery Landscape, 2010 - Present

Statewide Video Lottery Net Revenue

April 2010
$64.3M

↑ 62%

↑ 13% after adjusting for inflation

April 2024
$104.4M

← Pandemic Shutdowns
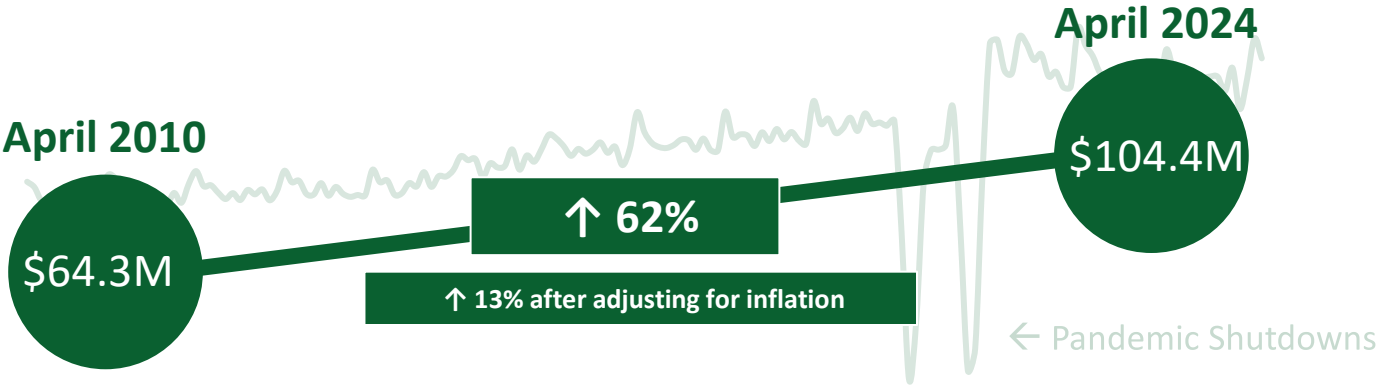
Statewide Active Video Lottery Terminals (VLTs)

May 2010
12,308

↓ 12%

May 2024
10,898

← Pandemic Shutdowns

Statewide Active Video Lottery Retailers

May 2010
2,378

↓ 12%

May 2024
2,094
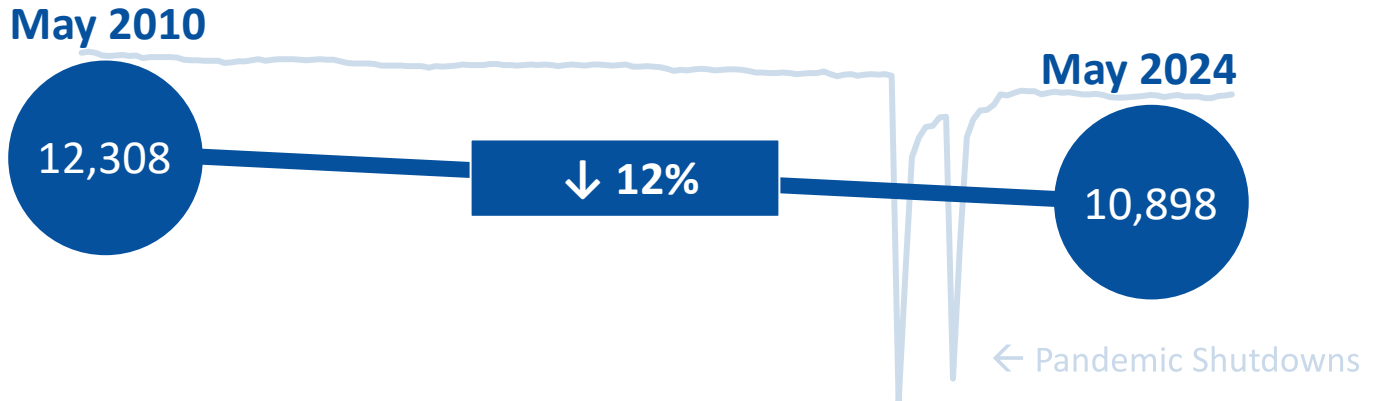
← Pandemic Shutdowns
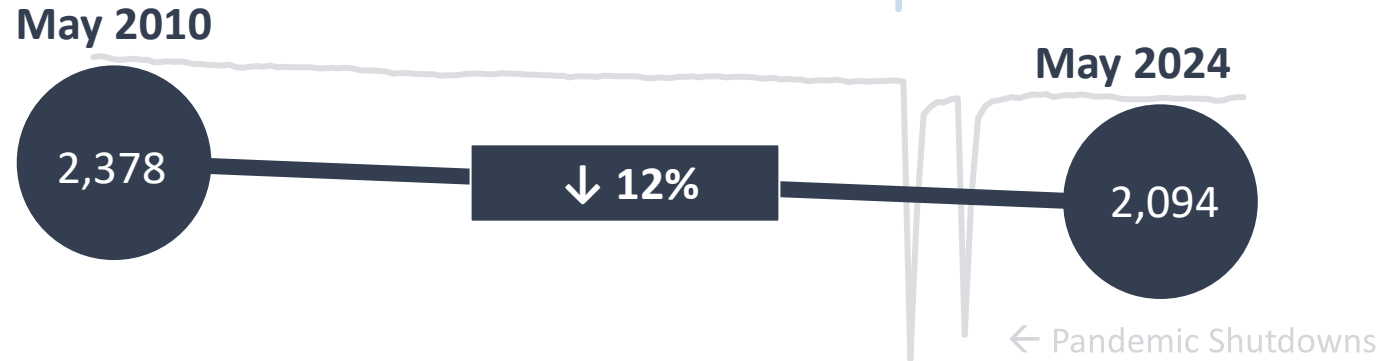
Video Lottery Terminal Replacements

Annual base budget of $20 million for VLT replacements

- 49% of the E20 VLT model has been replaced with new models; We estimate 56% replacement by end of FY24

- Summary of past year's inventory changes by VLT model:

May 2023 (10,855 VLTs)	May 2024 (10,898 VLTs)
E20 — 3,413	1,794
Oxygen — 2,888	2,877
Crystal Dual — 2,179	2,836
Helix — 2,164	2,489
V32 — 140	902
Kascada — 101	0
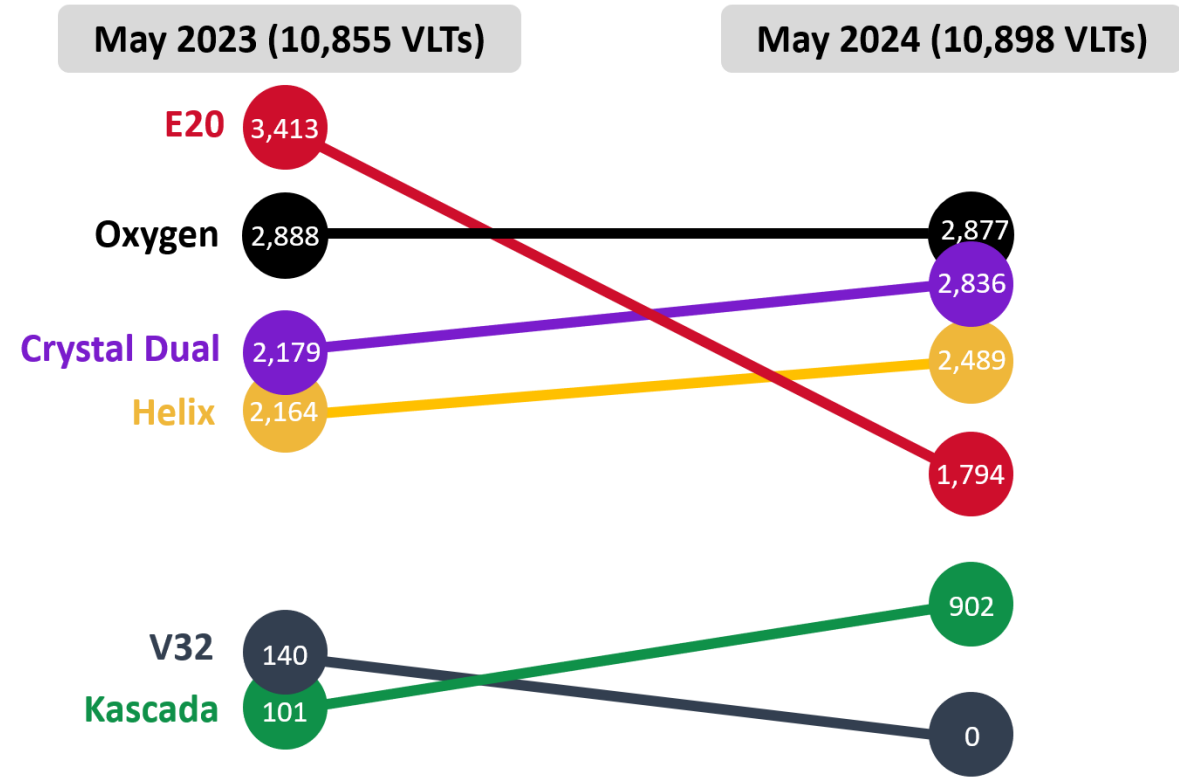
VLT Equipment Management: VLT Additions at High-Performing Retailers

Overall Goal: Optimal number and allocation of terminals to meet demand

Refresher: VLT additions are conducted quarterly. The number of terminal additions is determined by unallocated VLT inventory, workforce capacity, and continuous evaluation of historical activities.

April 2023	July 2023	October 2023	January 2024	April 2024
50 VLT Additions	**50 VLT Additions**	**25 VLT Additions**	**25 VLT Additions**	**35 VLT Additions**
Avg $ Played/VLT/Wk: $35,300	Avg $ Played/VLT/Wk: $28,500	Avg $ Played/VLT/Wk: $27,300	Avg $ Played/VLT/Wk: $27,000	Avg $ Played/VLT/Wk: $24,300

WORK IN PROGRESS

Results:

$ **Est. $5.2 million annualized increase in revenue to the Economic Development Fund***

150 VLTs added to the Oregon Video Lottery market across 126 distinct retailers
(3 retailers gained 3 VLTs | 18 retailers gained 2 VLTs | 105 retailers gained 1 VLT)

11% pre/post increase in Video Lottery play activity across locations with VLT additions*

VLT Equipment Management: VLT Removals at Low-Performing Retailers

Overall Goal: Optimal number and allocation of terminals to meet demand

Refresher: VLT removals are conducted semi-annually, and any given Video Lottery retailer is only subject to one terminal removal per year and must have 2 or more terminals for consideration. The number of terminal removals conducted is determined by VLT inventory needs, workforce and warehousing capacity, and continuous evaluation of previous activities.

October 2023

25 VLT Removals

Avg $ Played/VLT/Wk: $2,749

April 2024

25 VLT Removals

Avg $ Played/VLT/Wk: $3,884

WORK IN PROGRESS

Results:

$ **Est. $71,000 annualized increase in revenue to the Economic Development Fund***

25 VLTs removed across 25 distinct retailers

7% pre/post increase in Video Lottery play activity across locations with VLT removals*

(12 locations decreased, 12 locations increased, 1 location terminated its contract prior to VLT removal)

* As of 5/21/2024. The "Post" period for October 2023 activity includes the seasonal peak of Video Lottery, typically found in the March to May period. Combined with a rather small sample, current results indicating an increase in performance should be treated with caution until a full year of evaluation is seen.

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Video Lottery Applicant Waitlist

97% of the all-time Video Lottery applicant waitlist first established in mid-2022 has been addressed
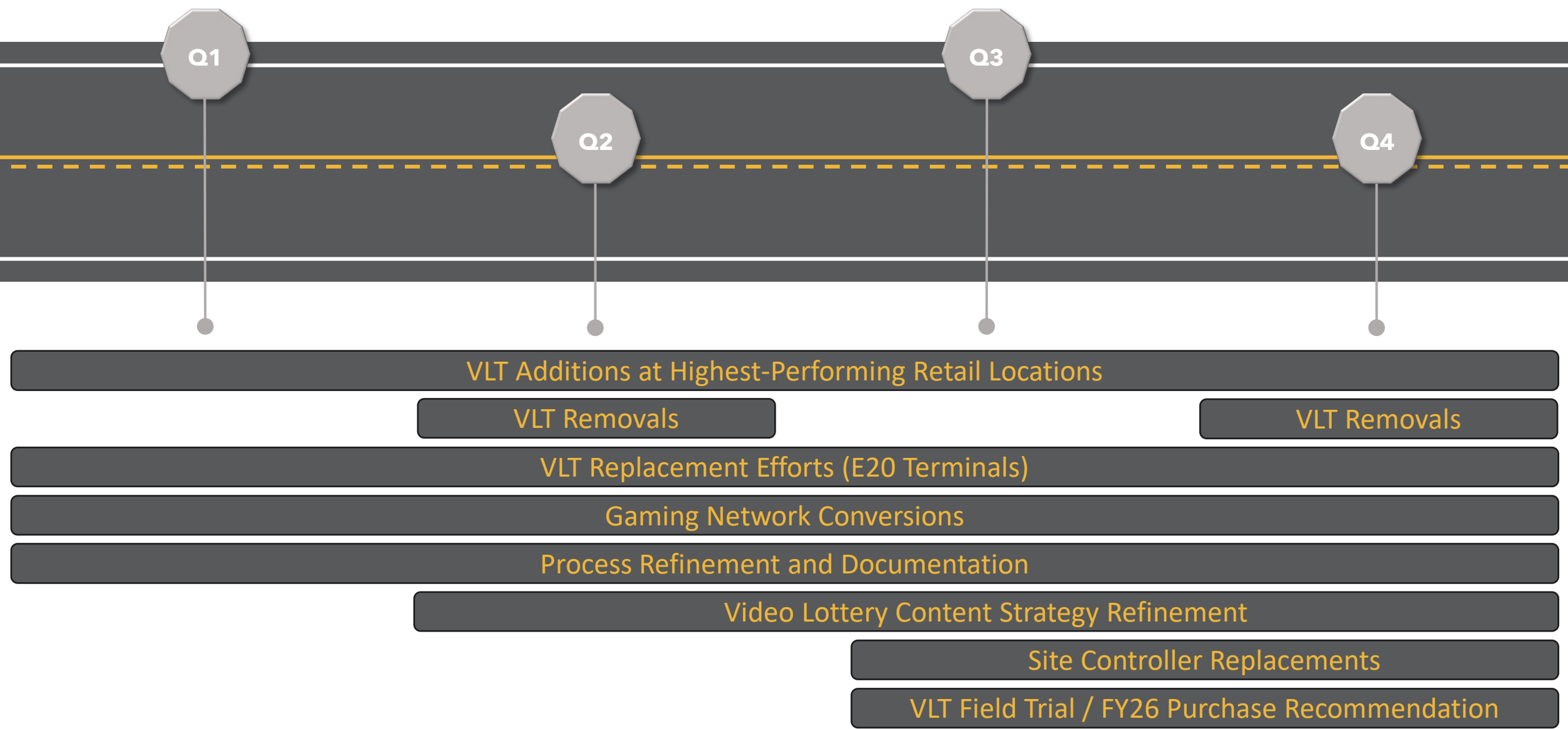
Key Waitlist Updates: 87 applicants have approved contracts, 64 applicants are in-process, and only 13 applicants remain on the waitlist.

Detailed Results by Cohort of Applicants (as of 5/21/24):

	Waitlist Drawing #1 Sep '22	Waitlist Drawing #2 Jan '23	FY 24 Cohort 1 Jul '23	FY 24 Cohort 2 Oct '23	FY 24 Cohort 3 Jan' 24	FY 24 Cohort 4 Mar '24	FY 24 Cohort 5 Apr '24
% Completed	**100%**	**100%**	**99%**	**100%**	**85%**	**63%**	**52%**
Applicants Considered	42	38	90	40	61	27	85
Not Initiated	2	4	36	16	39	16	40
Withdrawn or Denied	20	11	26	8	12	1	1
In-Process	0	0	1	0	9	10	44
Contracts Approved	20	23	27	16	1	0	0

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Video Lottery Ecosystem Efforts for FY25

Q1   Q2   Q3   Q4

VLT Additions at Highest-Performing Retail Locations

VLT Removals   VLT Removals

VLT Replacement Efforts (E20 Terminals)

Gaming Network Conversions

Process Refinement and Documentation

Video Lottery Content Strategy Refinement

Site Controller Replacements

VLT Field Trial / FY26 Purchase Recommendation

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Thank You

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On a short break.
We'll be back soon...

Retail Partner Management (RPM) Update
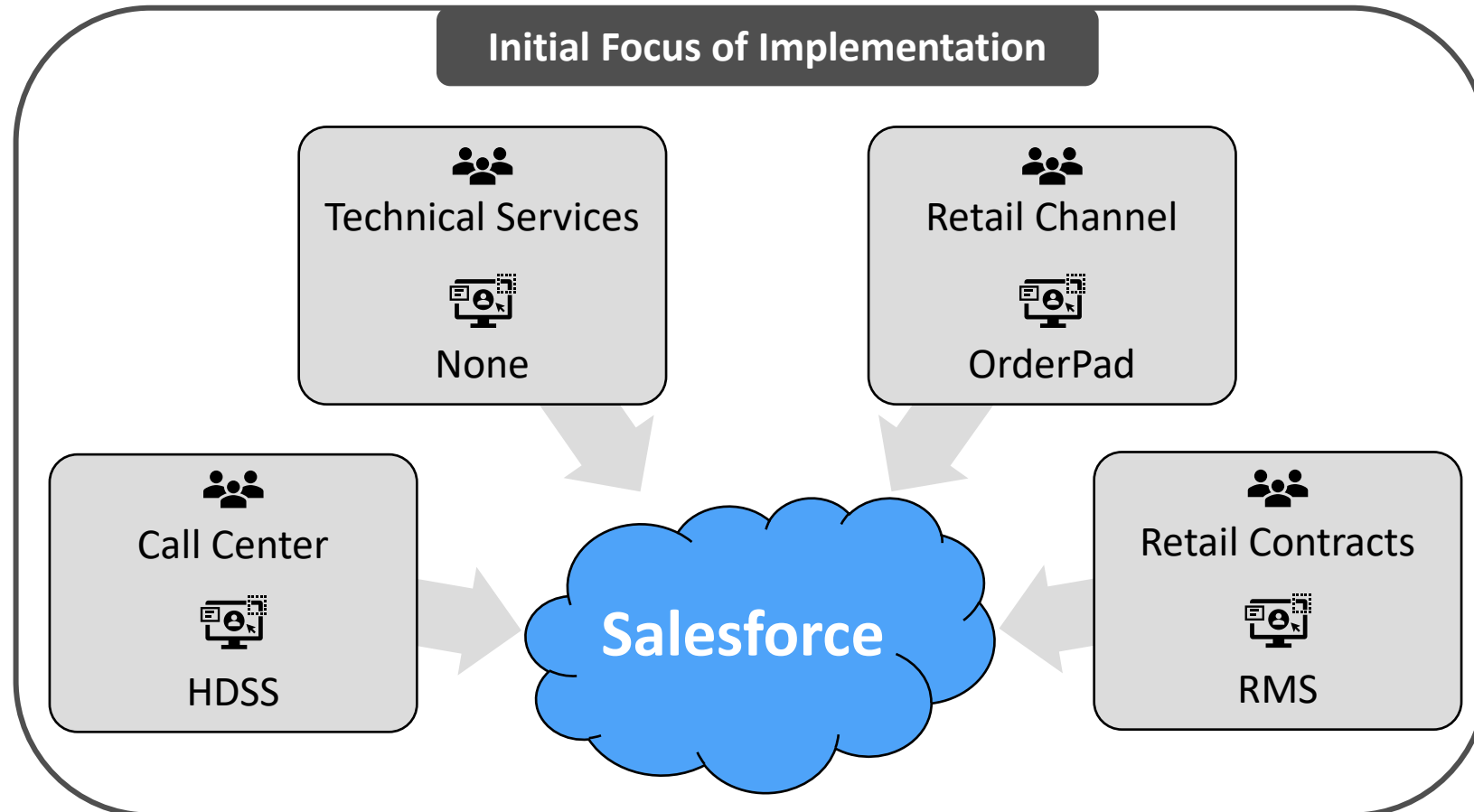
Alex Hambelton

May 2024

Background

- Program Definition

- Goals

- Departments Impacted
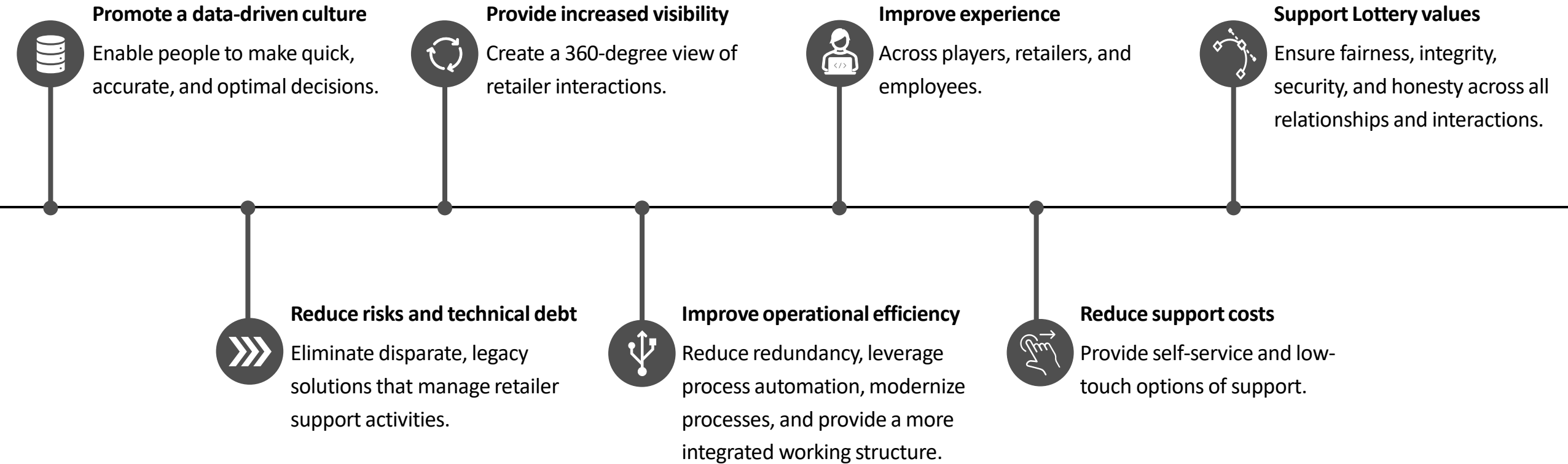
- Targeted Legacy Systems

Program Definition

- Overarching Goal: Enable easier and more efficient retailer support.

- Multi-year program with retailer experience front and center.

- Prioritize process improvement and replacing obsolete systems.

- Future phases to be defined in a prioritized enhancement backlog.

- Advances Lottery into more of a technology company requiring new skills to consume insights and optimize operations.

Goals

Promote a data-driven culture
Enable people to make quick, accurate, and optimal decisions.

Provide increased visibility
Create a 360-degree view of retailer interactions.

Improve experience
Across players, retailers, and employees.

Support Lottery values
Ensure fairness, integrity, security, and honesty across all relationships and interactions.

Reduce risks and technical debt
Eliminate disparate, legacy solutions that manage retailer support activities.

Improve operational efficiency
Reduce redundancy, leverage process automation, modernize processes, and provide a more integrated working structure.

Reduce support costs
Provide self-service and low-touch options of support.

Impacted Teams

Call Center

- Provide customer service to players, retailers, and employees 7 days a week, 13 hours a day.
- Provide timely, accurate information to everyone they serve.
- More than 4,000 weekly multichannel interactions.

Technical Services

- Multiple teams that provide technical support to retailers.
- Comprised of Field Service, Video Support, Technical Support, and Bench.
- Provide timely repair, maintenance, provisioning, and project work for over 10,800 VLTs across the state.

Retail Channel

- Manage the business relationship with retailers.
- Serve as an influencer and trusted advisor.
- Leverage relationships to support Lottery initiatives and product placement.

Retail Contracts

- Entry point for the entire lifecycle of a retailer's relationship with the Lottery.
- Facilitate retailer application process.
- Ensure retailer compliance, mitigate issues, and terminate contracts based on the severity of violation.

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Legacy System Replacements

HDSS
(Hotline Dispatch Support System)

Service case management system. Key functionality:

- Record, dispatch, and maintain service orders for retailers
- Problem and solution codes
- Field Service routes and schedules
- Field Service work orders
- Preventative maintenance and project tracking

OrderPad

IGT relationship management system. Key functionality:

- Retailer relationship management
- Route management and assignments
- Merchandising inventory management
- Retailer sales reports
- Project tracking

RMS
(Retailer Management System)

Contract and compliance case management system. Key functionality:

- Application processing
- Contract administration
- Compliance monitoring and auditing
- Training tracking
- Authoritative source for retailer profile data

Approach

- Strategic Sourcing: Platform + Partner Selections
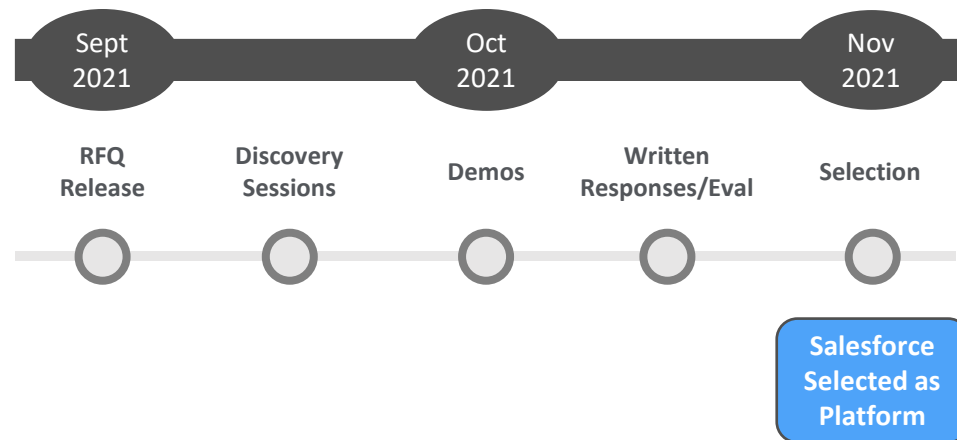- Program Timeline
- Delivery Method

Platform & Partner Selection Process

Robust strategic sourcing approach was leveraged, leading to informed selections
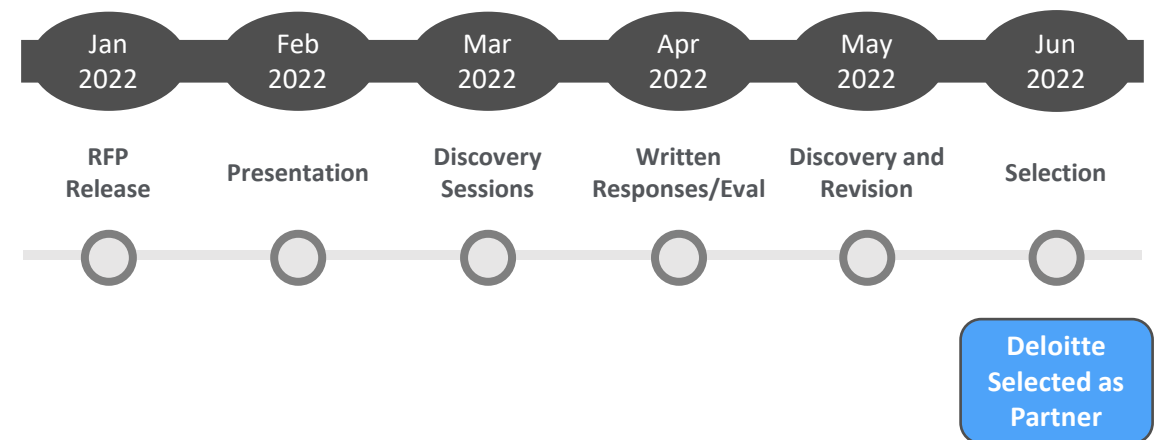
RFQ (Platform)

Scalable, cloud-based system to help modernize retailer support operations, minimize technical risks, and enable better data-informed decision making.

| Sept 2021		Oct 2021		Nov 2021
RFQ Release	Discovery Sessions	Demos	Written Responses/Eval	Selection

Salesforce Selected as Platform

RFP (Partner)

Plan, design, and implement Lottery's Retail Partner Management System using Salesforce. Serve as a long-term partner for maintenance and enhancement services.
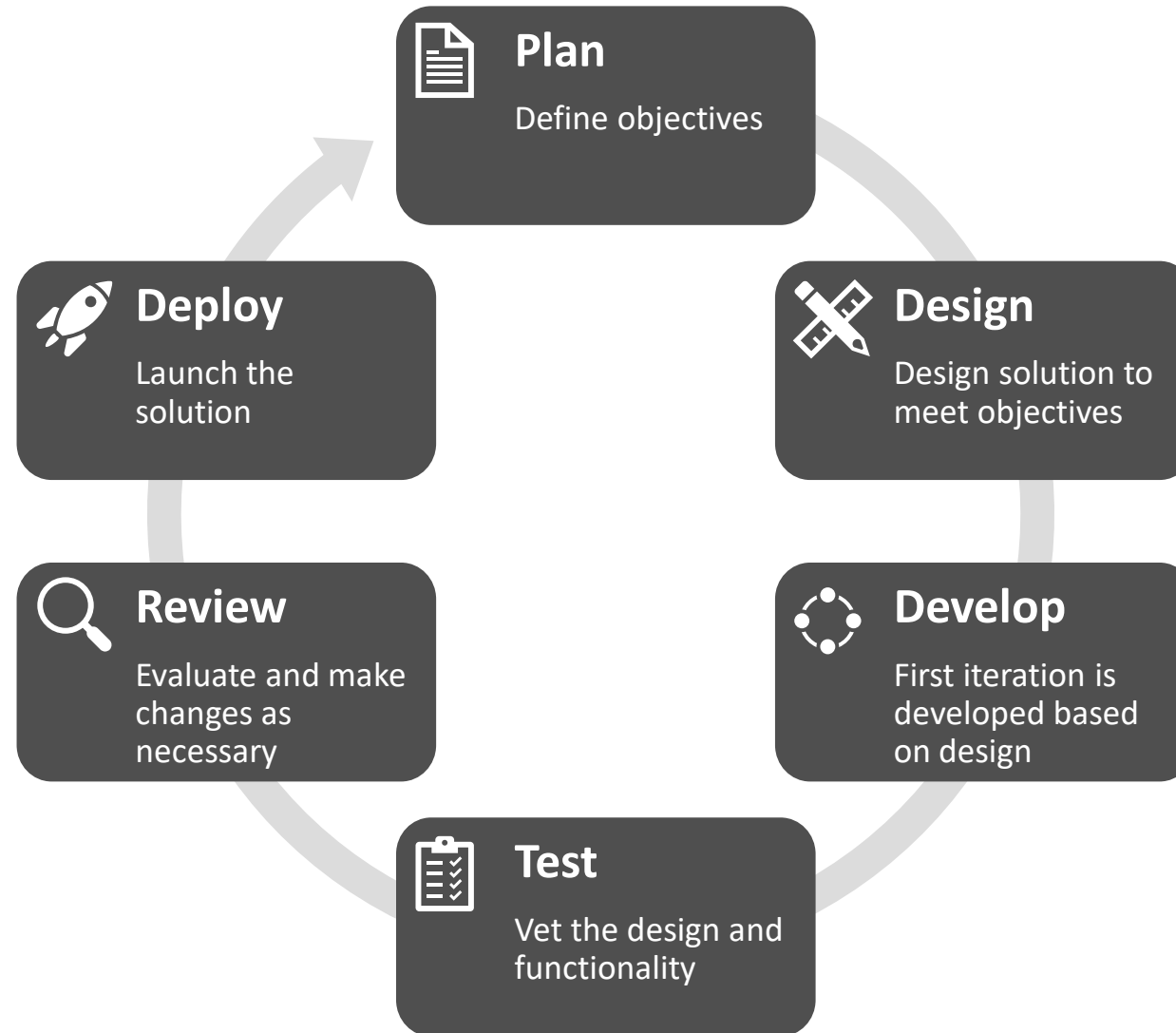
Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022
RFP Release	Presentation	Discovery Sessions	Written Responses/Eval	Discovery and Revision	Selection

Deloitte Selected as Partner

Program Timeline
Complexity related to maintenance and innovation increases as functional capabilities expand.
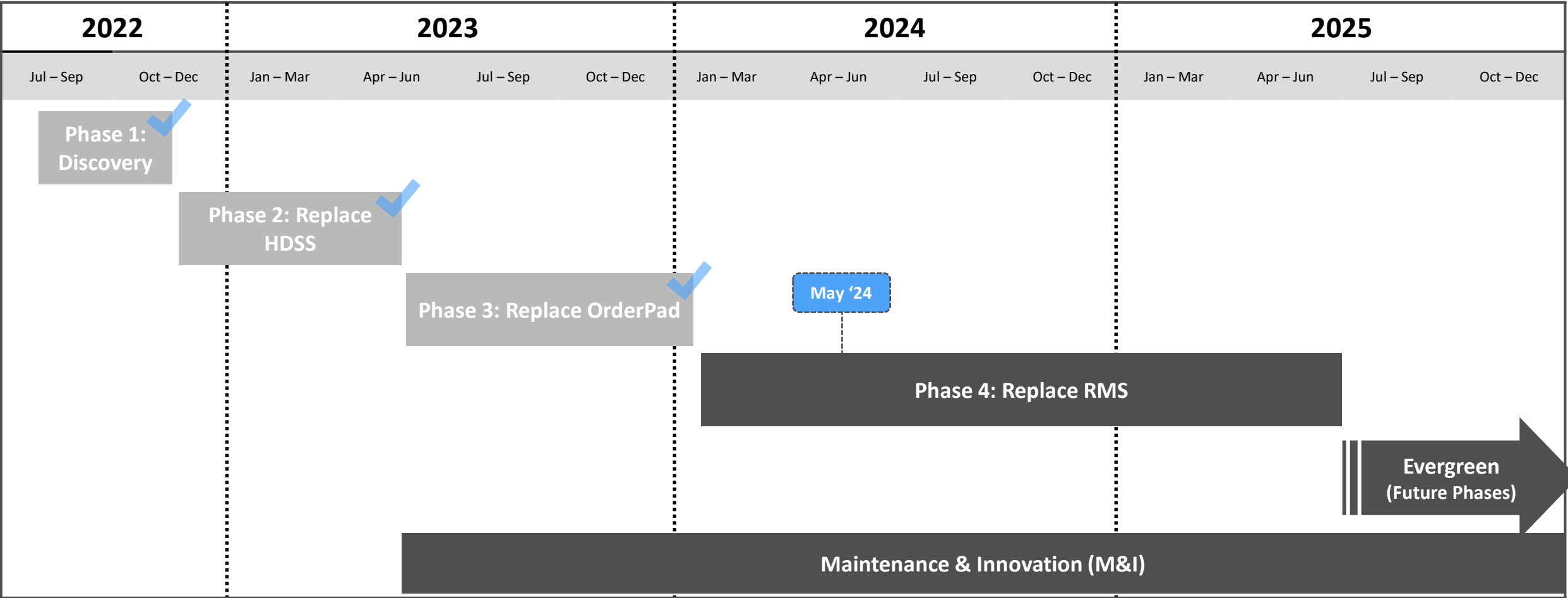
Hybrid-Agile Delivery Method

Iterative system development – defined deliverables, detailed documentation, and frequent user feedback

Plan
Define objectives

Design
Design solution to meet objectives

Develop
First iteration is developed based on design

Test
Vet the design and functionality

Review
Evaluate and make changes as necessary

Deploy
Launch the solution

Minimum Viable Product (MVP) Deployment

MVP release seeks to avoid unnecessary work

MVP is...

The minimum
functionality required to
migrate a team to a new solution
for their daily work.

MVP is NOT...

A perfect or complete solution.

Missing features, integrations, etc. will be tracked
and prioritized in a backlog for future releases.

Execution

- Systems + Processes Modernized

- User Adoption

- Operational Health Metrics

- Continuous Improvement through M&I

Legacy Systems + Manual Processes Retired

13
Legacy Systems

✓ HDSS (FoxPro)

✓ VLT Keys (FoxPro)

✓ BenchV6 (FoxPro)

✓ TECHSUPT (FoxPro)

✓ Field Service Projects (Smartsheet)

✓ Field Service Preventive Maint. (Smartsheet)

✓ Bench Repair (Smartsheet)

✓ OrderPad (IGT relationship mgmt. system)

✓ SignTrak (FoxPro)

✓ Scratch-It Tracking for Order Wizard (Smartsheet)

Phase 4
- **RMS (Custom relationship mgmt. system)**
- **Retail Contracts Suppl. (Excel + Smartsheet)**
- **Retailer Website**

+

62
Manual Processes

📞 Call Center — 5

💼 Field Service — 13

🚚 Video Support/ALS — 13

⚙️ Tech Support — 7

🔧 Bench — 5

🏪 Retail Channel — 10

📄 **Retail Contracts — 9**

=

75
Legacy Systems + Manual Processes

Extensive effort dedicated to harmonize and streamline business processes.
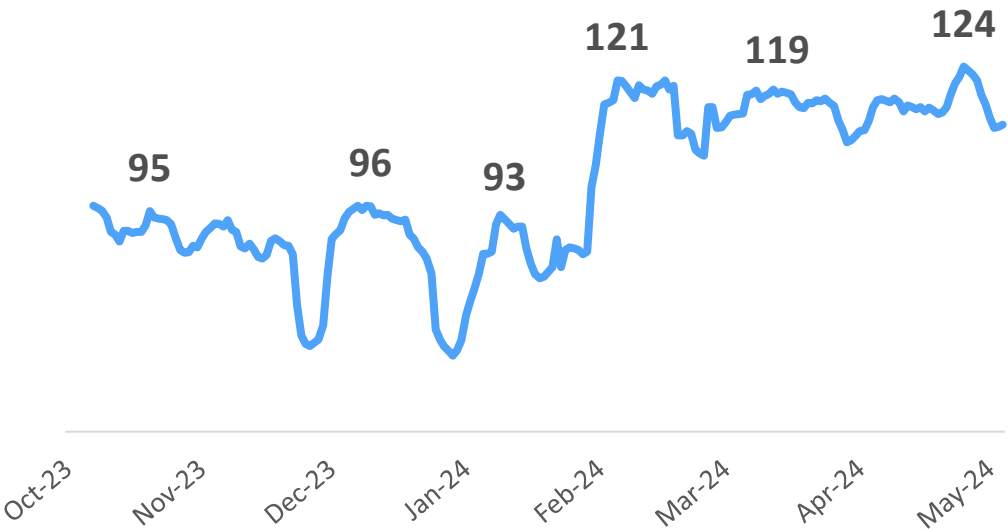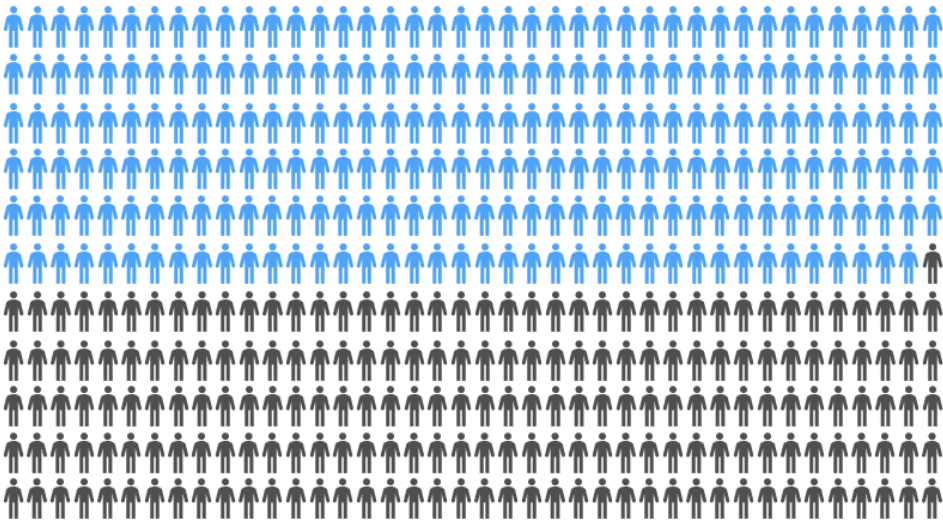
User Adoption

RPM users have increased with each program phase – anticipate nearly 300 total users by the end of Phase 4

440
Total Staff

239
RPM Users

RPM Daily Active Users

95   96   93   121   119   124

Oct-23 Nov-23 Dec-23 Jan-24 Feb-24 Mar-24 Apr-24 May-24

Operational Health Metrics

Salesforce has improved data availability, accuracy, and granularity

"High quality delivered on time, profitably" – ***KPI development in progress***

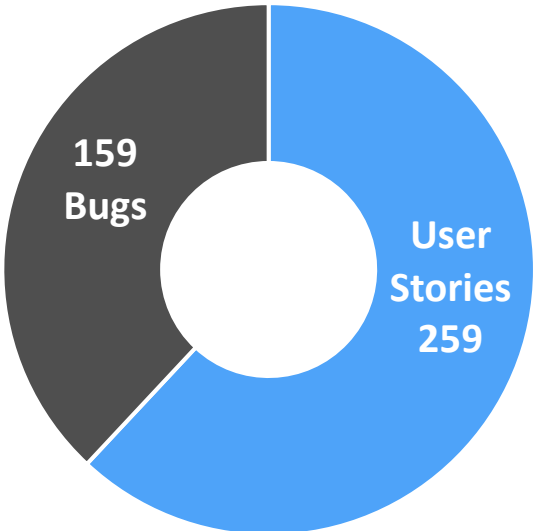|		
4 min. Case Handle Time	**55%** Dispatch Rate	**9%** Preventive Maintenance Effectiveness
27 min. Drive Time	**77%** First-Time Fix Rate	**18%** Refurbishment Effectiveness
24 min. Time Onsite	**93 days** Mean Time Between Failures	

Continuous Improvement through M&I

Maintenance & Innovation (M&I) – ongoing work to support the system and users after Go-Live. Includes addressing bugs/incidents, enhancing functionality, staying current with Salesforce updates, and maintaining training materials.
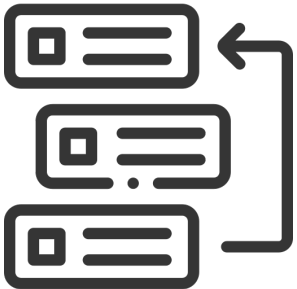

Benefits:
- Remediate security risks
- Increase user adoption
- Avoid technical debt and obsolescence
- Address user pain points
- Improve business processes
- Leverage new capabilities

Work Items Completed

418 Bugs + User Stories Completed

159 Bugs

User Stories 259

Current Backlog

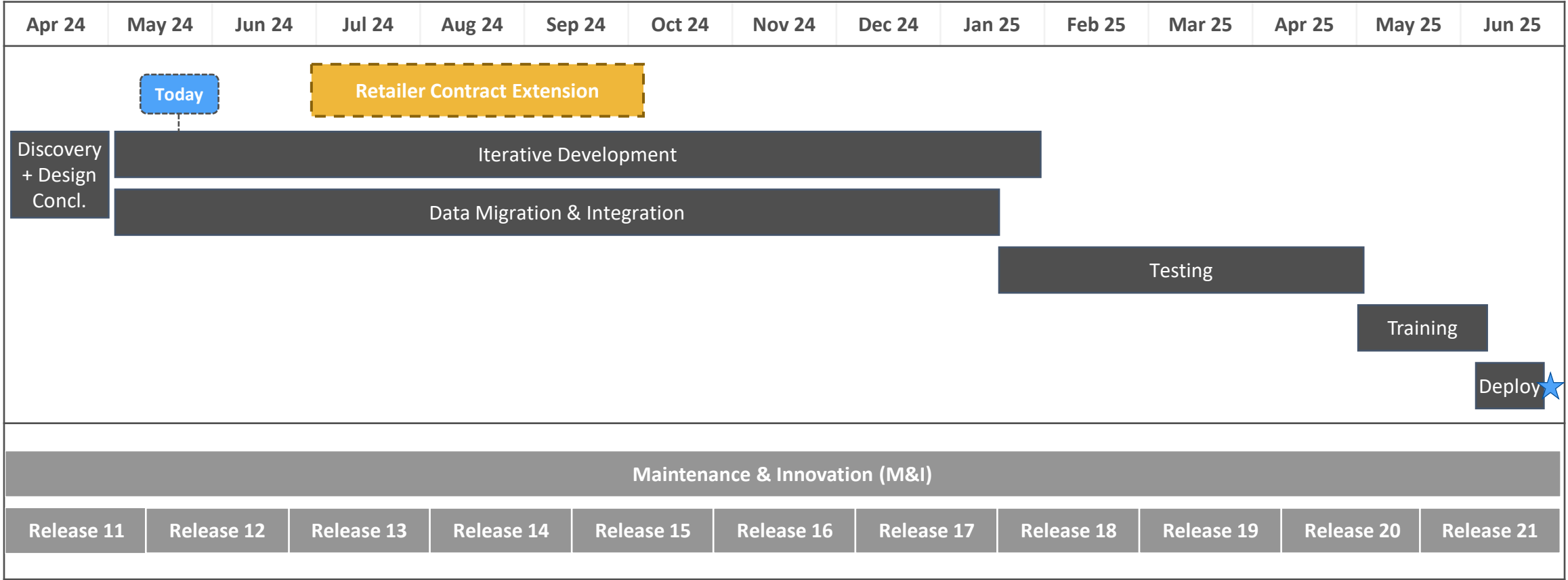**205** Bugs + User Stories in Backlog

Next

- Phase 4 Timeline

- Retailer Support Post-Phase 4
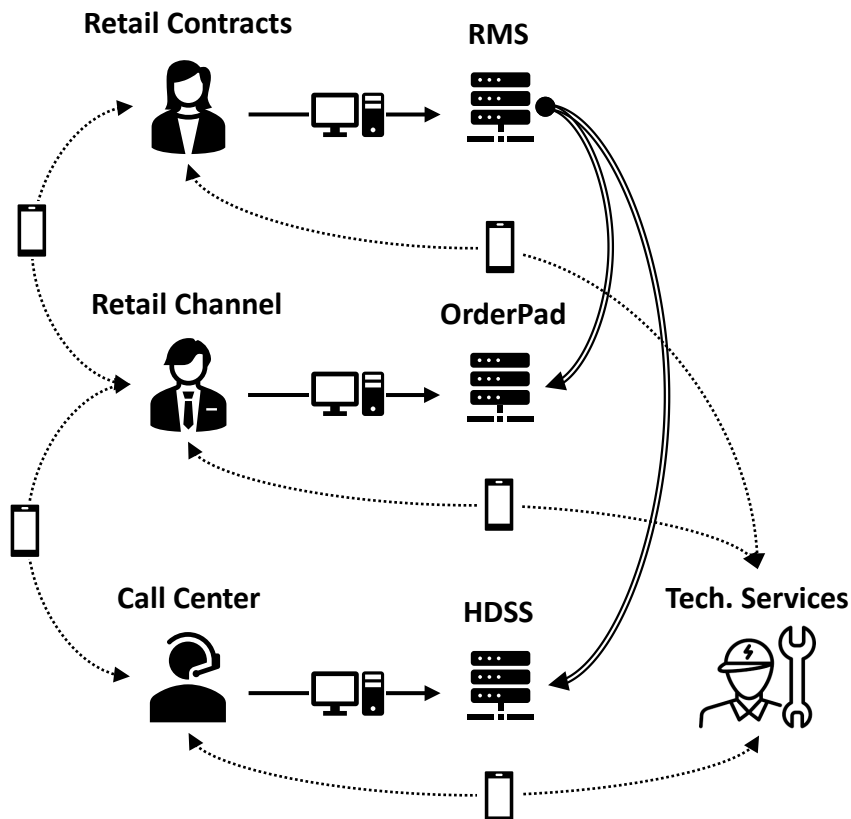
Phase 4 – RMS Replacement Timeline

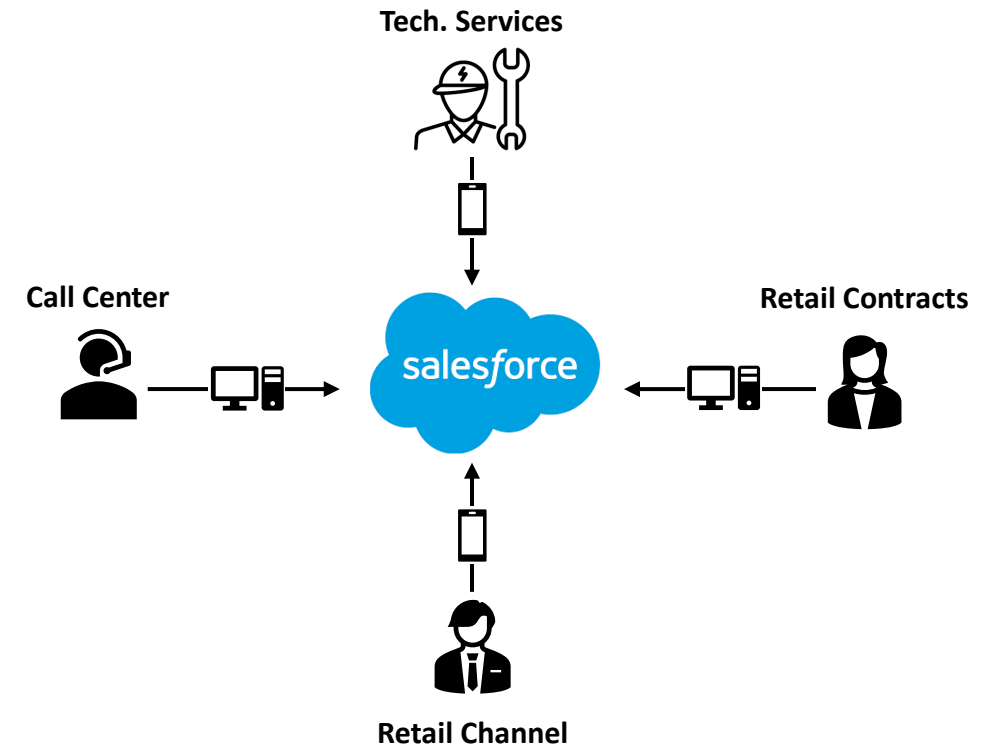It will be important to determine long-term M&I approach in FY2025, prior to Phase 4 Go-Live

Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25

Today

Retailer Contract Extension

Discovery + Design Concl.

Iterative Development

Data Migration & Integration

Testing

Training

Deploy ★

Maintenance & Innovation (M&I)

Release 11	Release 12	Release 13	Release 14	Release 15	Release 16	Release 17	Release 18	Release 19	Release 20	Release 21

Retailer Support Post-Phase 4

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Thank You

Governor Expectations

Kristy Komes

May 2024

GOVERNOR EXPECTATIONS UPDATE

Description	Expectation	Most recent result
Performance Feedback for Employees	90% Complete	95% Complete
Measuring Employee Satisfaction	Complete Gallup survey by 12/31/23	Submitted 12/5/23
Strategic Planning	Develop and submit plan by 6/1/24	Submitted and waiting for approval
IT Strategic Plan	Due by 12/31/23	Submitted and approved
Succession Plan	Due by 12/31/23	Submitted and approved
DEIB Strategic Plan	Due by 6/1/23	Submitted and waiting for approval
Agency Emergency Preparedness	Due by 9/30/23	Submitted and approved
Agency Hiring	Time to fill at 50 days or less	43.75 with 49 vacancies
Audit Accountability	Report on findings due 11/30/23	No findings to report on
Developing New Employees and Managers	New employee orientation program and 100% participation	6 new employees and 100% attendance
Customer Service Training	New employees attend training within 60 days of hire	6 new employees and 100% attendance
Uplift Benefits	New to state employees attend benefits training within 14 days of hire	5 new employees and 100% attendance
New Manager Training	All new to state managers attend new manager training within 90 days of hire	2 new managers and 100% attendance

Thank You

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