OREGON LOTTERY

FY26-31 Strategic Plan

CONTENTS

1 Our Approach

2 Strategy, Goals, Resources + Roadmap

3 Measuring Plan Performance

OUR APPROACH

VISION

ALIGN THE LOTTERY PUBLIC SERVICE NEXUS

NEW CHAPTER

- Leadership Development
- Operational Excellence
- Governance and Standards
- Align with Industry

WHO WE SERVE

- Governor
- Commission
- Oregonians
- 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]

ECONOMIC

- Competition for discretionary consumer spending decreases gambling share of personal consumption expenditures.[3]

- Volatility in global trade policies increase supply chain and technology cost uncertainty. This impacts operational expenses, vendor pricing, and long-term planning. A recession limits disposable income for lottery games. [3]

- Macroeconomic pressures on operating costs for beneficiaries and Lottery[12] decrease margin available for improving Lottery operations and increase importance of transfers.

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's population (2023-24) grew 0.4%.[5]

- Gen X as a share of our player base in their prime earning years is smaller than previous generation.[6]

TECHNOLOGICAL

- 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.

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.

ENVIRON-MENTAL

- Threat of natural disasters or emergencies requires us to prioritize contingency planning and crisis management to defend transfers and continuity of operations, where appropriate.

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, 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**ntegrity | **S**ecurity | **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

FY26-31 STRATEGY: MISSION EXCELLENCE
Master the Fundamentals | Address Deferred Maintenance | Continuous Improvement

HOW

FY26 AGENCY GOALS + OBJECTIVES
Financial Sustainability | Security + Technology | Team | Lottery Community

FINANCIAL SUSTAINABILITY
Deliver Y1 of Lottery Product Profitability Action Plan

Align Business Model with Industry Standards

SECURITY + TECHNOLOGY
Deliver Y3 of IT Strategic Plan

TEAM
Deliver Y1 of Organizational Development Strategic Plan

Deliver Y2 of DEIB Strategic Plan

LOTTERY COMMUNITY
Deliver Y1 of Lottery Community Sentiment Action Plan

ALIGNED GOALS + OBJECTIVES

FY26 AGENCY-WIDE TEAM EXPECTATIONS (JULY 2025-JUNE 2026)

Master the Fundamentals ■
Address Deferred Maintenance ■
Continuous Improvement ■

FOUR CATEGORIES, SIX SMART GOALS

Financial Sustainability: **Deliver Y1 of Lottery Product Profitability Action Plan**
Deliver detailed year one of plan, by EOQ4.

Security + Technology: **Deliver Y3 of IT Strategic Plan**
Deliver detailed year three projects of four-year plan approved by DAS, by EOQ4. Deliver updated strategic plan by EOQ4.

Team: **Deliver Y2 of DEIB Strategic Plan**
Deliver detailed year two of three-year plan approved by DAS, by EOQ4.

Financial Sustainability: **Align Business Model with Industry Standards**
Create a plan approved by the ET by EOQ2 and start delivery of plan by EOQ3.

Team: **Deliver Y1 of Organizational Development Strategic Plan**
Deliver detailed year one of plan, by EOQ4.

Lottery Community: **Deliver Y1 of Lottery Community Sentiment Action Plan**
Deliver detailed year one of plan, 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: AD OF SECURITY, AD OF BUSINESS SERVICES, AD OF OPERATIONS
BUSINESS LEADERS: SENIOR MANAGERS OR MANAGERS IN F&A, PRODUCT, RETAIL CHANNEL, CALL CENTER, SECURITY, RETAIL CONTRACTS, FLEET, DISTRIBUTION + FACILITIES, PLAYER SERVICES

	FINANCIAL	HUMAN	TECHNOLOGICAL
Deliver Y1 of Lottery Product Profitability Action Plan Deliver detailed year one of plan, by EOQ4.	Deliver through baseline budget and 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.	Leverage existing assets to enable teams to deliver year 1 of plan.
Align Business Model with Industry Standards Create a plan approved by the ET by EOQ2 and start delivery of plan by EOQ3.	Deliver through baseline budget and existing FTE with capacity to scale changes.	10 in place employees and vendor partners directly assigned to this work as part of their current capacity/contractual obligations.	Leverage existing assets to enable teams to deliver and begin execution of a plan.

ALLOCATED RESOURCES

SECURITY + TECHNOLOGY

EXECUTIVE SPONSOR: AD OF BUSINESS SERVICES
BUSINESS LEADERS: SENIOR MANAGERS IN IT

	FINANCIAL	HUMAN	TECHNOLOGICAL
Deliver Y3 of IT Strategic Plan Deliver detailed year three projects of four-year plan approved by DAS, by EOQ4. Deliver updated strategic plan by EOQ4.	Deliver 17 defined projects aligned with IT strategy, leveraging a departmental budget of $31M.	82 IT and Information 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 SPONSOR: AD OF BUSINESS SERVICES
BUSINESS LEADERS: SENIOR MANAGERS OR CONSULTANTS IN HR

	FINANCIAL	HUMAN	TECHNOLOGICAL
Deliver Y1 of Organizational Development Strategic Plan Deliver detailed year one of plan, by EOQ4.	Deliver leveraging a budget of $52K.	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.
Deliver Y2 of DEIB Strategic Plan Deliver detailed year two of three-year plan approved by DAS, by EOQ4.	Deliver through baseline budget and 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, AD OF OPERATIONS, AD OF BUSINESS SERVICES

BUSINESS LEADERS: SENIOR MANAGERS IN CORPORATE AND COMMUNITY ENGAGEMENT, MARKETING AND HR

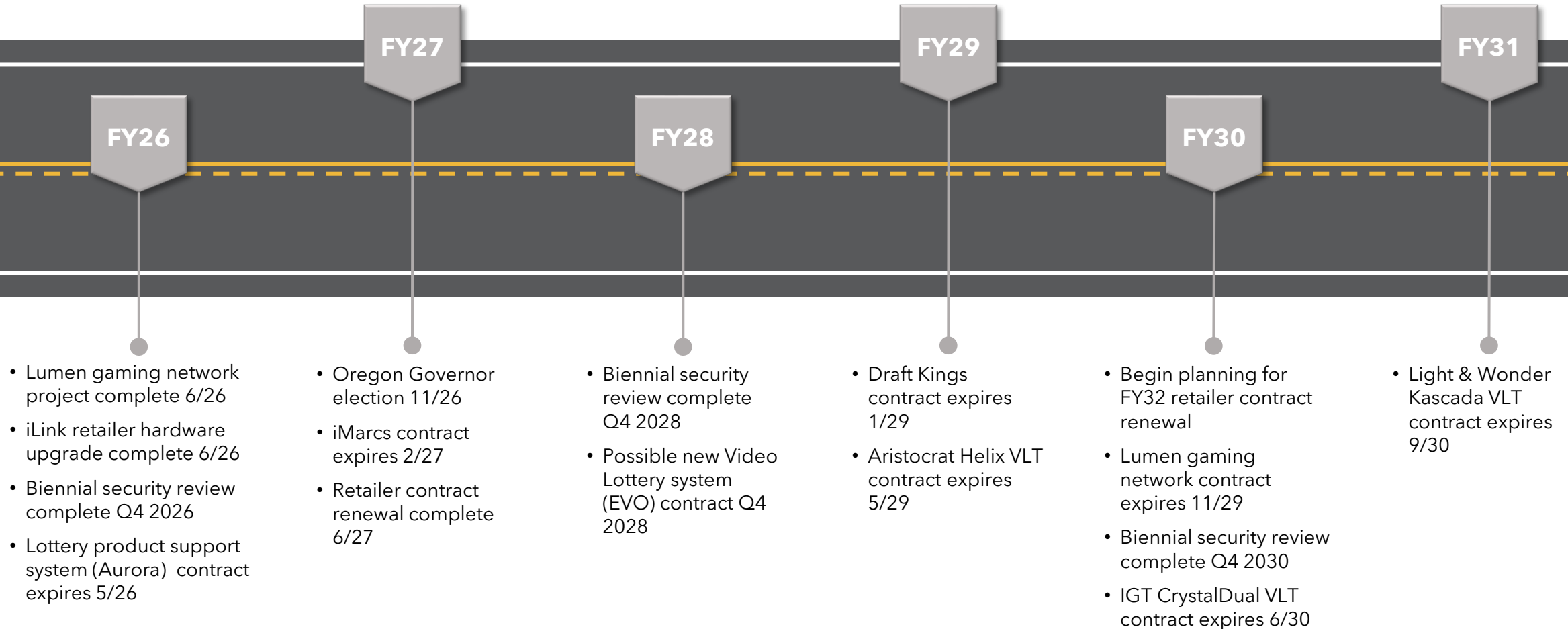|	**FINANCIAL**	**HUMAN**	**TECHNOLOGICAL**
Deliver Y1 of Lottery Community Sentiment Action Plan Deliver detailed year one of plan, by EOQ4	Deliver through baseline budget and existing FTE with capacity to scale changes.	5 in place employees directly assigned to this work as part of their current capacity.	Leverage existing data analytics tools to provide insights informing plan using M365 platform.

ALLOCATED RESOURCES

LONG-TERM ROADMAP

FY26-31 MAJOR MILESTONES IMPACTING MISSION EXCELLENCE

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
- Biennial security review complete Q4 2028
- Possible new Video Lottery system (EVO) contract Q4 2028

FY29
- Draft Kings contract expires 1/29
- 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

MEASURING PLAN PERFORMANCE

ACCOUNTABILITY + COMMUNICATIONS

COMMISSION INFORMATION, PUBLIC FACING REPORT + EOY ANNUAL REPORT

There are 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 FY26.
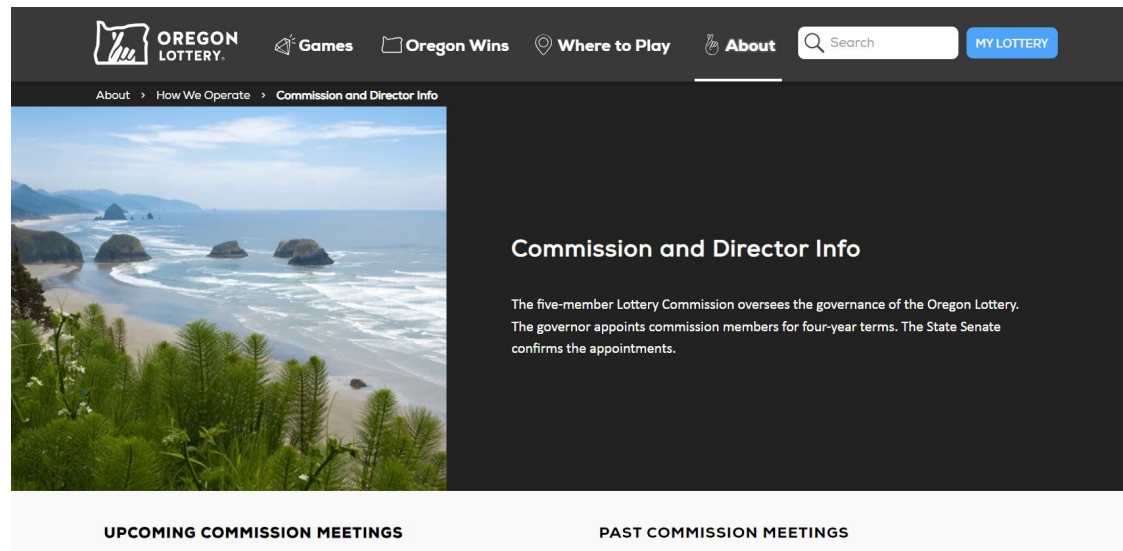
View Strategic Plan

An explanation of the plan will be recorded in two, work session and approval meetings occurring in May and June 2025. The meetings will be posted on YouTube on our commission site.

The plan will also be posted on the commission site.

Receive Quarterly Updates

At the commission site and oregonlottery.org/strategy, the public may access a PDF of progress for goals and objectives in the current fiscal year. Further, updates are 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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Together, we do good things.