



OREGON
LOTTERY®

Commission Work Session

May 30, 2025

Agenda

- [FY25 Smart Goal Performance](#)
- FY25 Updates
 - [Lumen](#)
 - [Retail Partner Management \(RMS\)](#)
 - [Cash Pop](#)
 - [Leadership Pipeline](#)
 - [DEIB Y1 Strategy Update](#)
 - [IT Y2 Strategy Update](#)
- [Executive Session & Lunch](#)
- [Insights driving FY26+ Planning](#)
- [FY26+ Strategy](#)
- [FY26 Strategy Delivery Action Plan](#)
- [FY26 Budget Highlights](#)



FY25 Smart Goal Performance

Q3 FY25 MISSION EXCELLENCE PROGRESS DASHBOARD


STRATEGIC, AGENCY-WIDE TEAM GOALS AND OBJECTIVES EFFECTIVE (JULY 2024-JUNE 2025)

 Goal Status:

	Goal	Objective(s)	Highlights and Look Forward		Accomplishments and Challenges	
			In Progress	What's Next	Accomplishments	Challenges
Financial Sustainability	Department Budget +/-10% Accuracy	Monitor quarterly with accuracy realized by EOQ4.	<ul style="list-style-type: none"> Departments on target: 8 Departments to improve: 31 Agency projected at 89% 	<ul style="list-style-type: none"> Collaboration among leaders, analysts and finance on year-end projections and FY26 budget 	<ul style="list-style-type: none"> Budget summit for FY26 	<ul style="list-style-type: none"> One quarter remains for FY25 course correction
	Lottery Product Profitability Action Plan	Deliver action plan to increase lottery product profitability, approved by ET by EOQ3.	<ul style="list-style-type: none"> Collecting data to support Phase 2 recommendations 	<ul style="list-style-type: none"> Implementation of Phase 1 recommendations 	<ul style="list-style-type: none"> Recommendations to increase profitability using a phased and pilot testing approach 	<ul style="list-style-type: none"> Exploration required for Phase 3
Security + Tech.	Deliver Y2 of IT Strategic Plan	Deliver detailed year two projects of four-year plan approved by DAS, by EOQ4.	<ul style="list-style-type: none"> SharePoint, ITSM Phase 4 and Biennial Security Remediation projects 	<ul style="list-style-type: none"> IT leadership continues to manage active projects, and strategic plan updates will be submitted to the commission in May 	<ul style="list-style-type: none"> 57% of projects complete 	<ul style="list-style-type: none"> IT leadership continues to refine prioritization of project resourcing
Team	Align Organization to Leadership Pipeline	Start delivery of Leader of Leaders by 10/31/24 and Leader of Others by 1/31/25.	<ul style="list-style-type: none"> Revised plan activated and LPI sessions continue 	<ul style="list-style-type: none"> Complete Leader of Others April and May sessions 	<ul style="list-style-type: none"> Completed Leader of Leaders and Leader of Others sessions 	<ul style="list-style-type: none"> Permanent goal delay due to shifting Q1 ET recruitment timelines
	Procedure Documentation	Integrate documented procedures and continue enhancements by EOQ2. Assess, enhance, format and store by EOQ4.	<ul style="list-style-type: none"> Preparing for storage migration 	<ul style="list-style-type: none"> Align on definitions and consistency prior to migration 	<ul style="list-style-type: none"> Collected all enterprise procedure documentation 	<ul style="list-style-type: none"> Exploration required to operate new system
	Deliver Y1 of DEIB Strategic Plan	Deliver detailed year one of three-year plan approved by DAS, by EOQ4.	<ul style="list-style-type: none"> Continuing to translate critical documents 	<ul style="list-style-type: none"> Two policies reviewed and approved by DOJ, pending ET approval 	<ul style="list-style-type: none"> Increased participant training, set FY26 COBID goal and 27 documents translated 	<ul style="list-style-type: none"> N/A
Lottery Comm.	Create Lottery Community Sentiment Action Plan	Deliver plan to maintain sentiment performance, approved by ET by EOQ2.	<ul style="list-style-type: none"> Action plan under development 	<ul style="list-style-type: none"> Approved action plan by end of FY25 	<ul style="list-style-type: none"> Centralized current planning, defined community and identified existing metrics 	<ul style="list-style-type: none"> Cross-departmental communication and planning

Q3 FY25 PROGRESS DASHBOARD

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 1/31/25.

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.

Lumen

CJ Green, Assistant Director of Operations

Lyn Davenport, Regional Manager, Retail Channel



BACKGROUND

The Why

The current network that supports our 3000+ retailers was set to retire in November of 2024

The What

A network that supports the future of the Lottery

- Standardize on technology and approach
- Installation of the network across our 3000+ retailers
- Migrate our 3000+ retailers from their existing copper networks by September of 2026

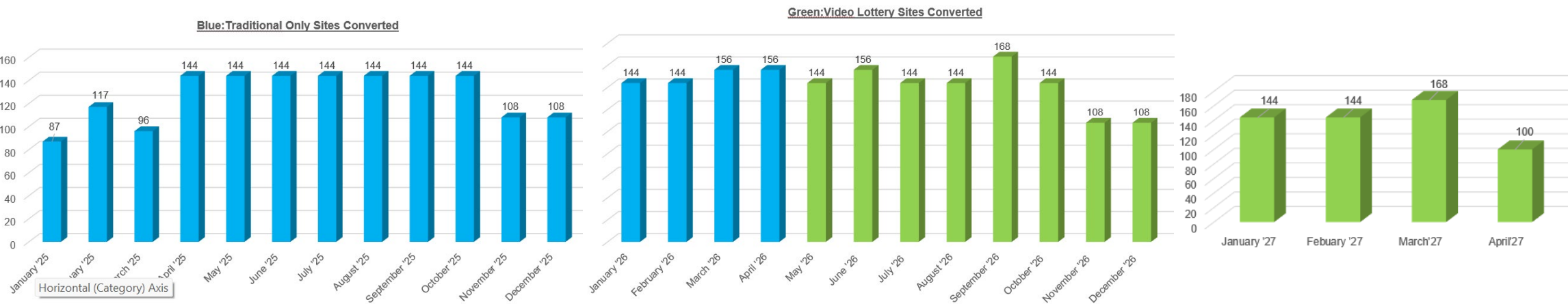
FY25 PLAN + ACCOMPLISHMENTS

Objectives	Measures of Success
Complete 2,095 retailer network conversions	Number of network conversions versus planned conversions
Initial network cost structure for retailers identified	Draft network line fees identified by Lumen based on existing conversions

Accomplishments
471 retailer site conversions to date; 60 planned this week along with 234 in June for a potential total of 765 site conversions versus 2095 planned
Reset initiative with Lumen to ensure a September of 2026 completion

FY25 STATISTICS TO DATE

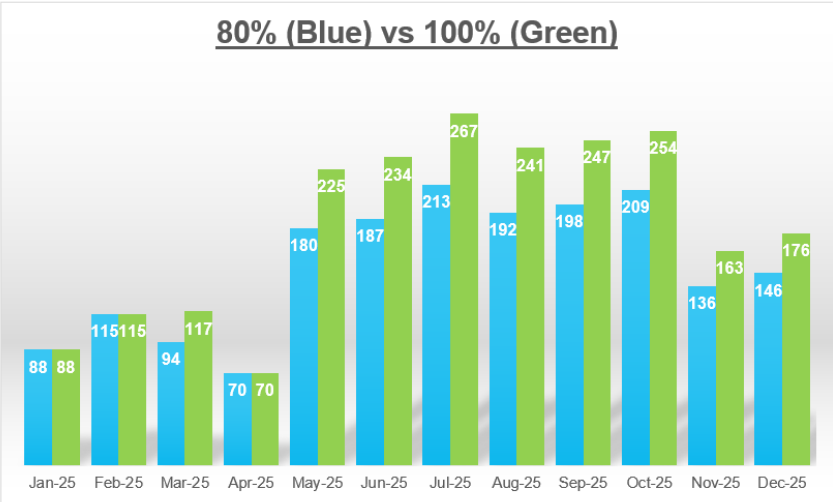
Initial Cellular to Broadband Conversion Updated Timeline (March 5, 2025)



FY25 STATISTICS TO DATE

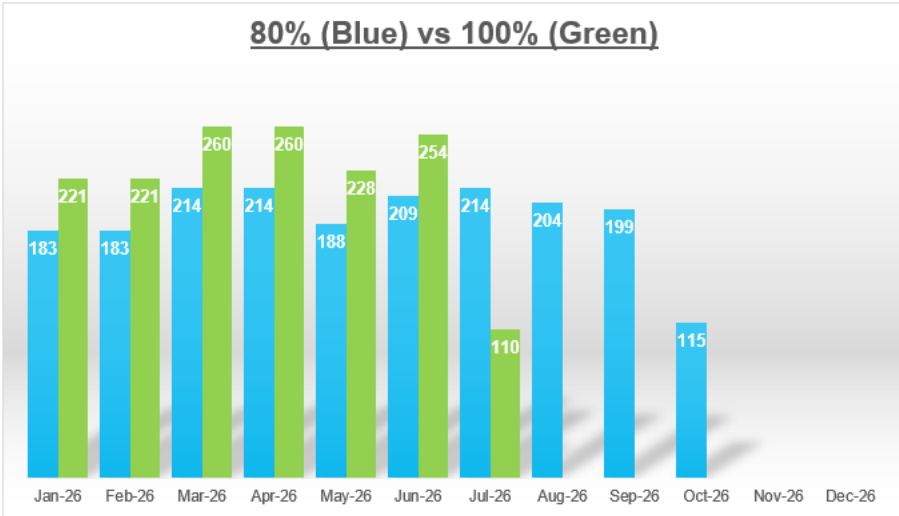
Updated Cellular to Broadband Conversion Updated Timeline (March 21, 2025)

80% (Blue) vs 100% (Green)



Month	80% of Planned Conversions	100% of Planned Conversions
Jan-25	88	88
Feb-25	115	115
Mar-25	94	117
Apr-25	70	70
May-25	180	225
Jun-25	187	234
Jul-25	213	267
Aug-25	192	241
Sep-25	198	247
Oct-25	209	254
Nov-25	136	163
Dec-25	146	176
Total	1828	2197

80% (Blue) vs 100% (Green)



Month	80% of Planned Conversions	100% of Planned Conversions
Jan-26	183	221
Feb-26	183	221
Mar-26	214	260
Apr-26	214	260
May-26	188	228
Jun-26	209	254
Jul-26	214	110
Aug-26	204	
Sep-26	199	
Oct-26	115	
Nov-26		
Dec-26		
Total	1922	1553
Grand Total	3750	3750

FY26 PLAN

- Approximately 2,500 site conversions completed
- Initial line fee cost structure identified by Lumen
- September of 2026 project completion

Retail Partner Management (RPM) Update

Justin Hedlund, Assistant Director of Security

Tessa Hergenreter, Senior Manager, Retail
Contracts



Background

- Program Definition
- Departments Impacted
- Targeted Legacy Systems
- Program Timeline



Minimum Viable Product (MVP) Deployment

MVP release seeks to avoid unnecessary work

MVP is...

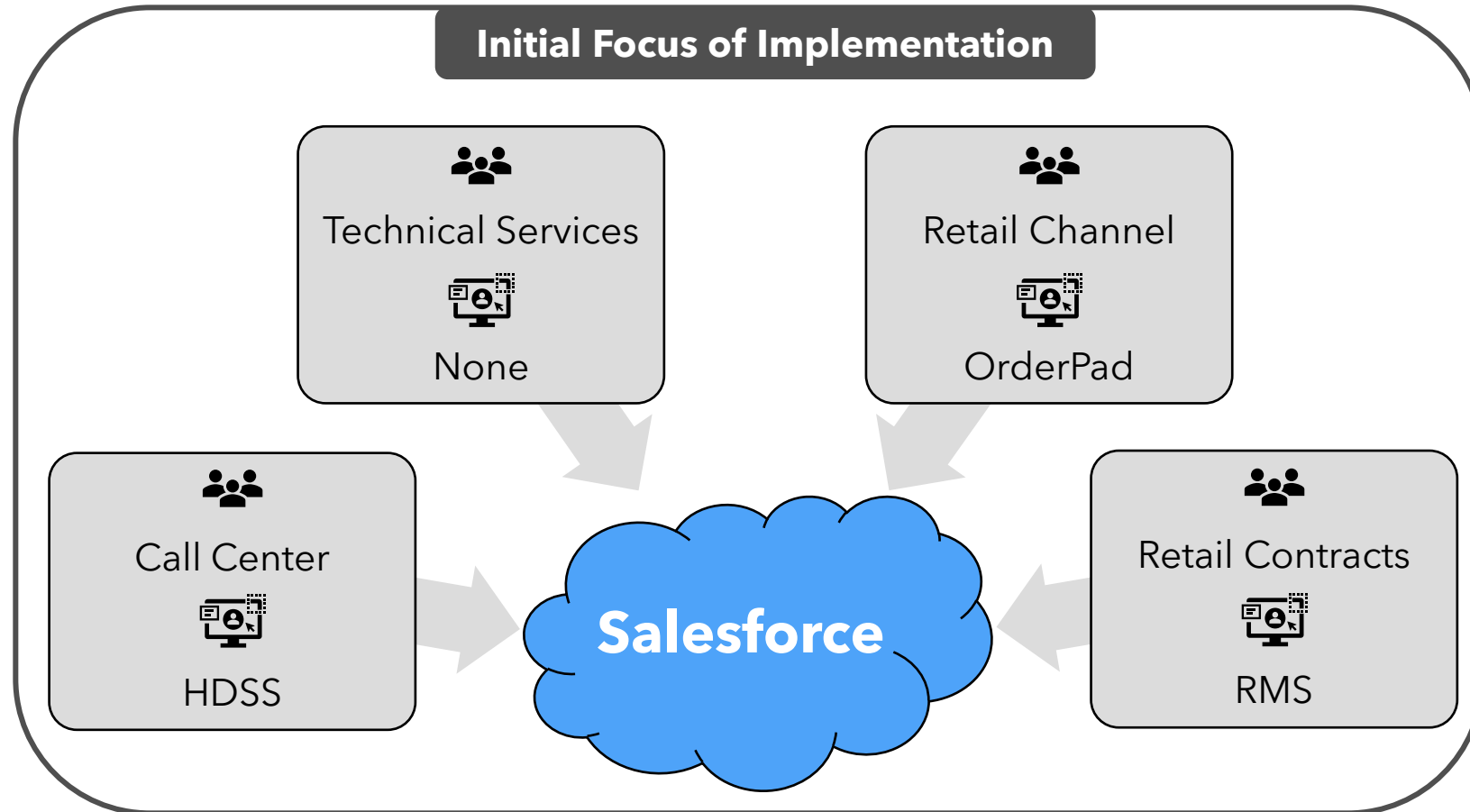
The minimum functionality required
to migrate a team to a new solution
for their daily work

MVP is NOT...

A perfect or complete solution
Missing features, integrations, etc. will be tracked and
prioritized in a backlog for future releases

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



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

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

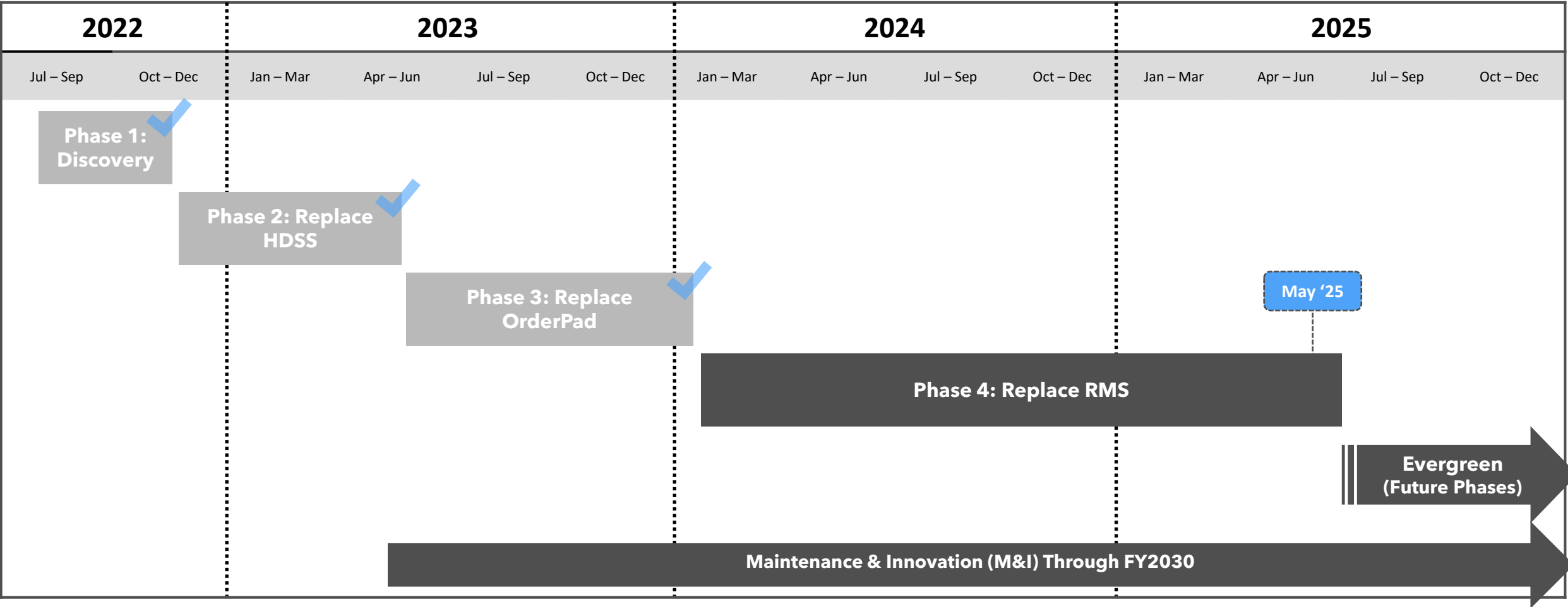
(Retailer Management System)

Contract and compliance case management system. Key functionality:

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

Program Timeline

Complexity related to maintenance and innovation increases as functional capabilities expand



Execution

- Systems + Processes Modernized
- Phase 4 Timeline
- RPM Post-Phase 4
- Continuous Improvement through M&I



Legacy Systems + Manual Processes Retired

13

Legacy Systems

+

62

Manual Processes

=

75

Legacy Systems +
Manual Processes

- ✓ 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**



Call Center - 5



Field Service - 13



Video Support/ALS - 13



Tech Support - 7



Bench - 5



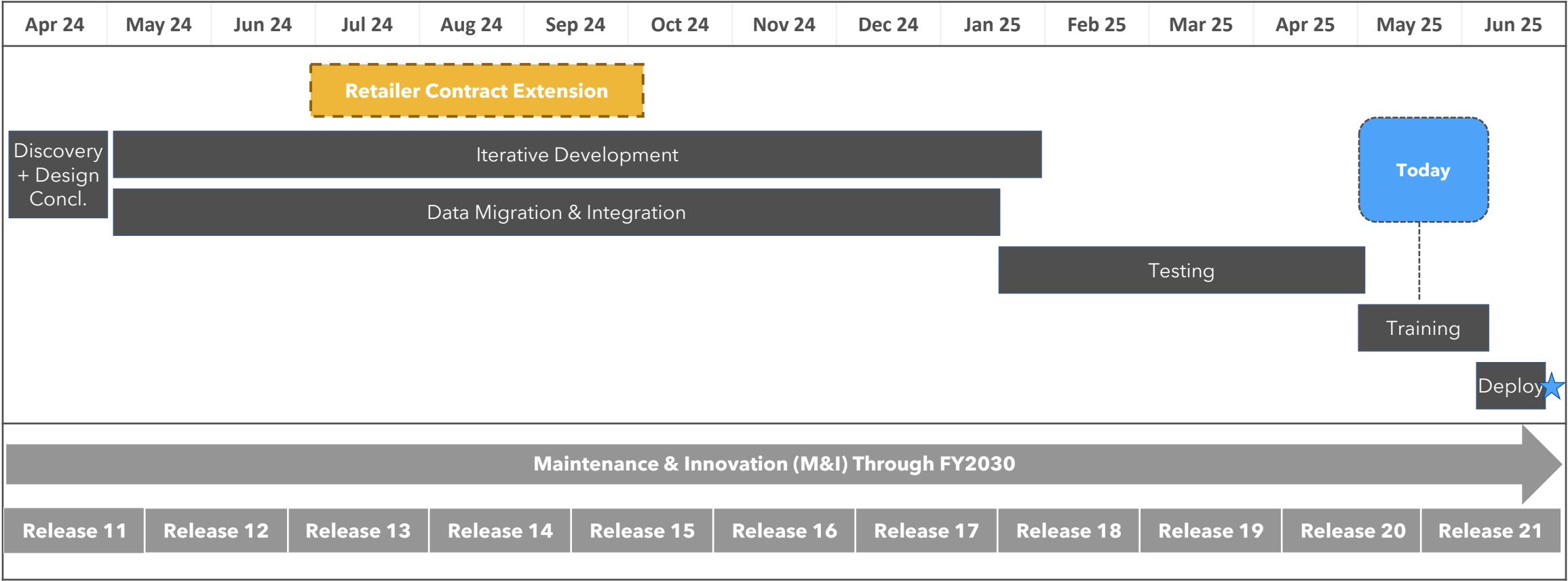
Retail Channel - 10



Retail Contracts - 9

**Extensive effort
dedicated to harmonize
and streamline business
processes**

Phase 4 - RMS Replacement Timeline

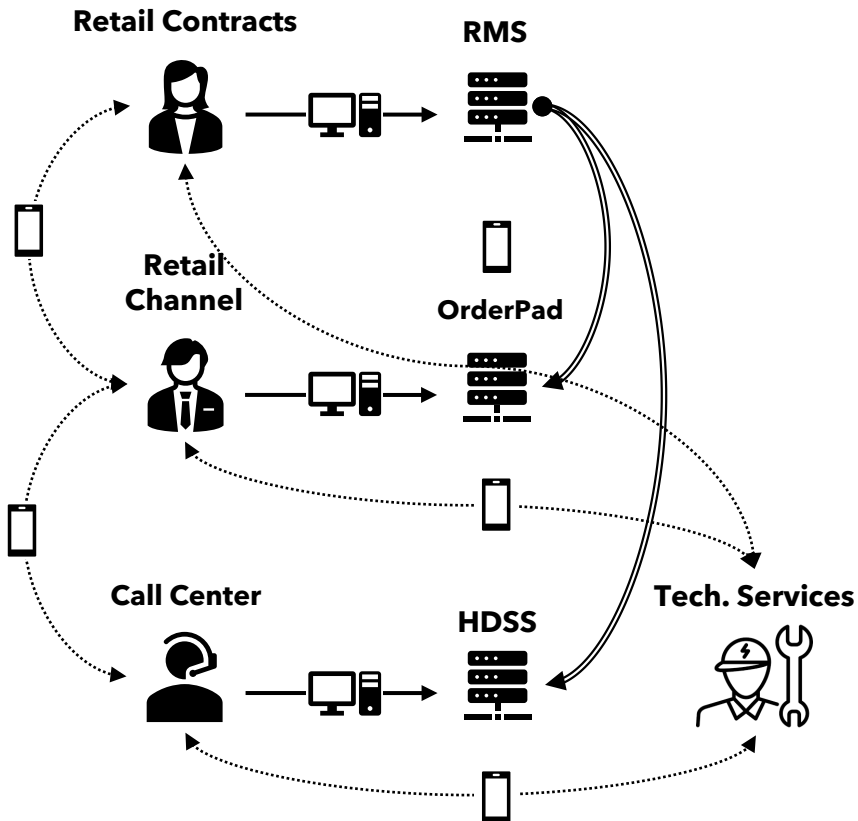


RPM Post-Phase 4

Long-term M&I support for this program has been secured with a contract extension through FY2030

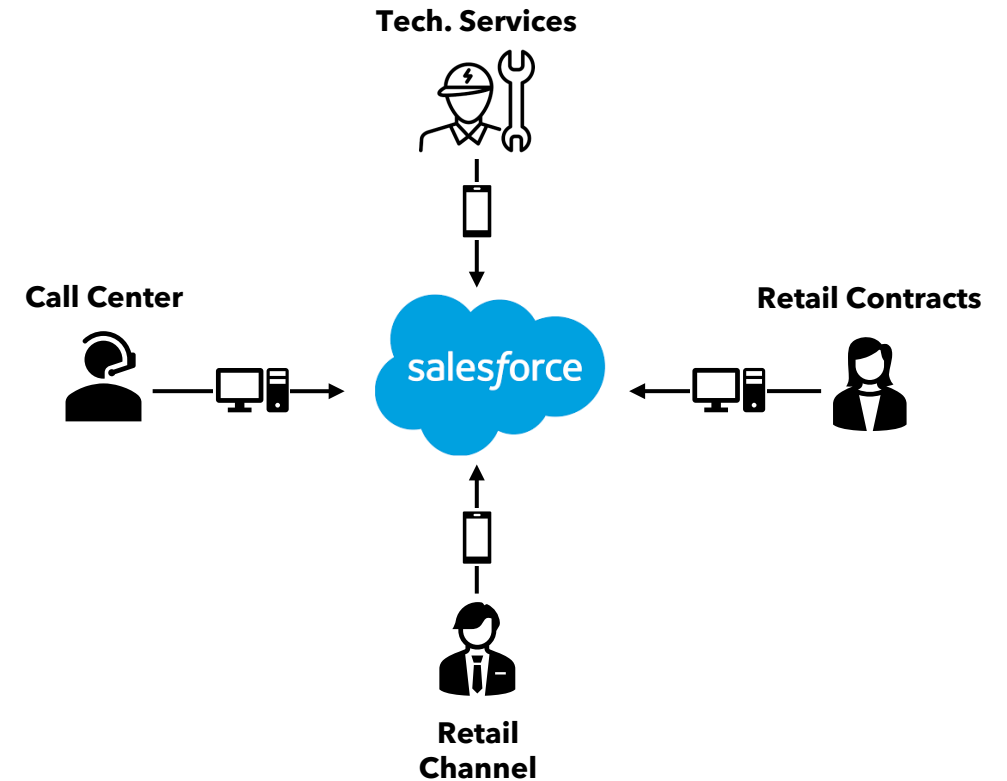
Legacy

Disparate systems, lack of integration, inefficient communications, and minimal insights



Future

Single system, fully integrated, seamless communications, and richer data



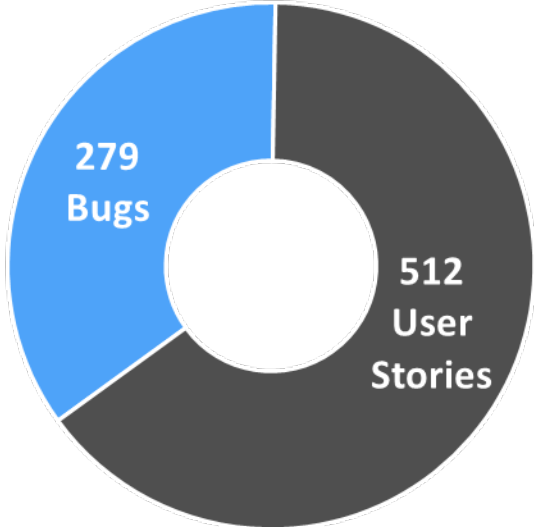
Continuous Improvement through M&I

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.



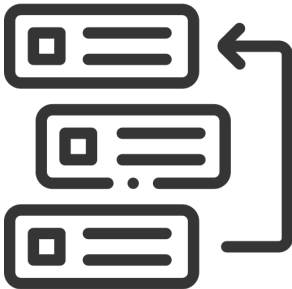
Work Items Completed

791 Bugs + User Stories Completed



Current Backlog

296 Bugs + User Stories in Backlog



Thank You



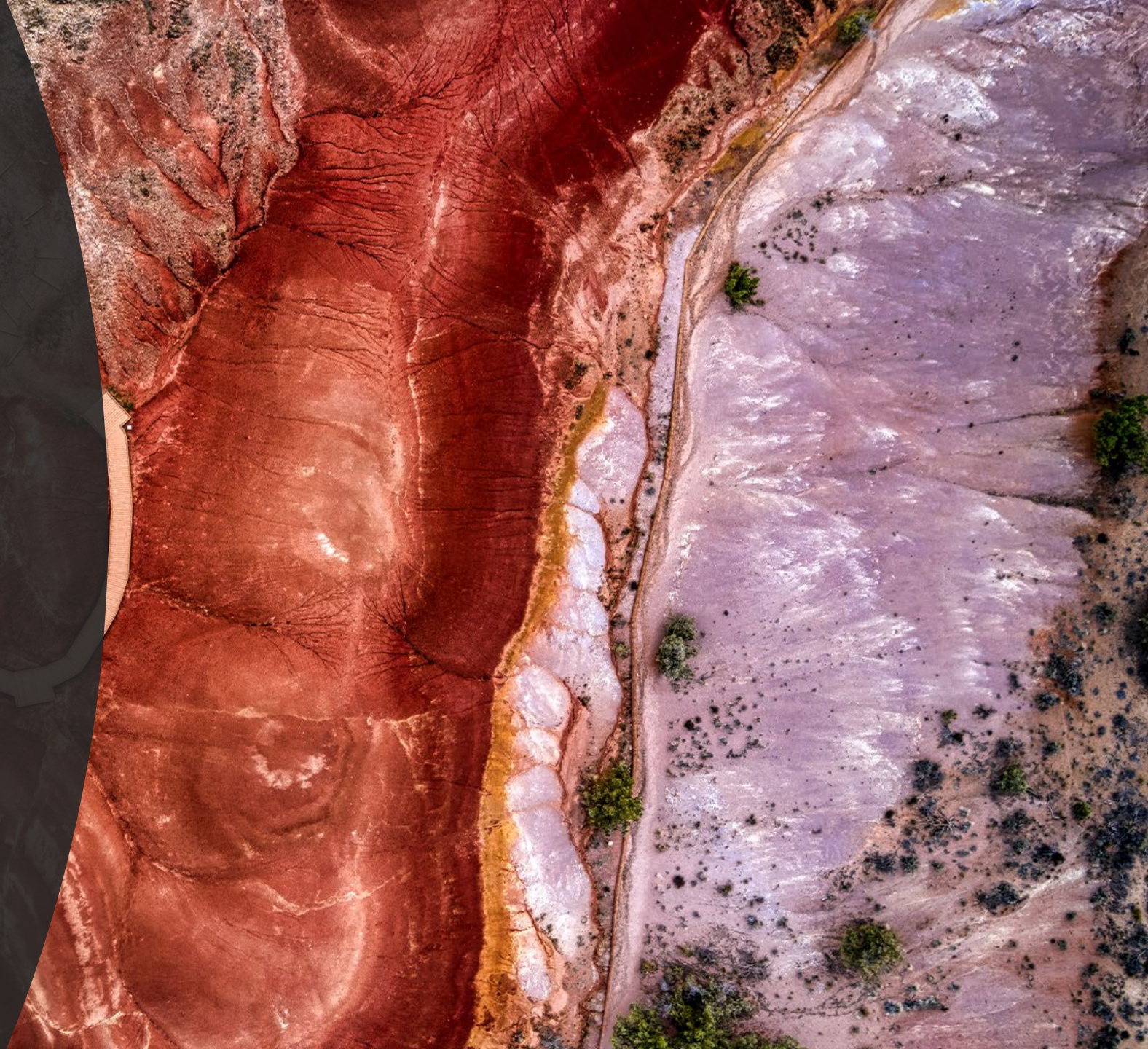
**OREGON
LOTTERY®**

Together, we do good things.

Cash Pop

CJ Green, Assistant Director of Operations

Tina Erickson, Manager, Lottery Products
Portfolio



BACKGROUND



The Why

Offer a draw game that provides incremental revenue, improves transfers, engages players and energize the draw game portfolio

The What

An easy to play game, unlike any game we currently offer

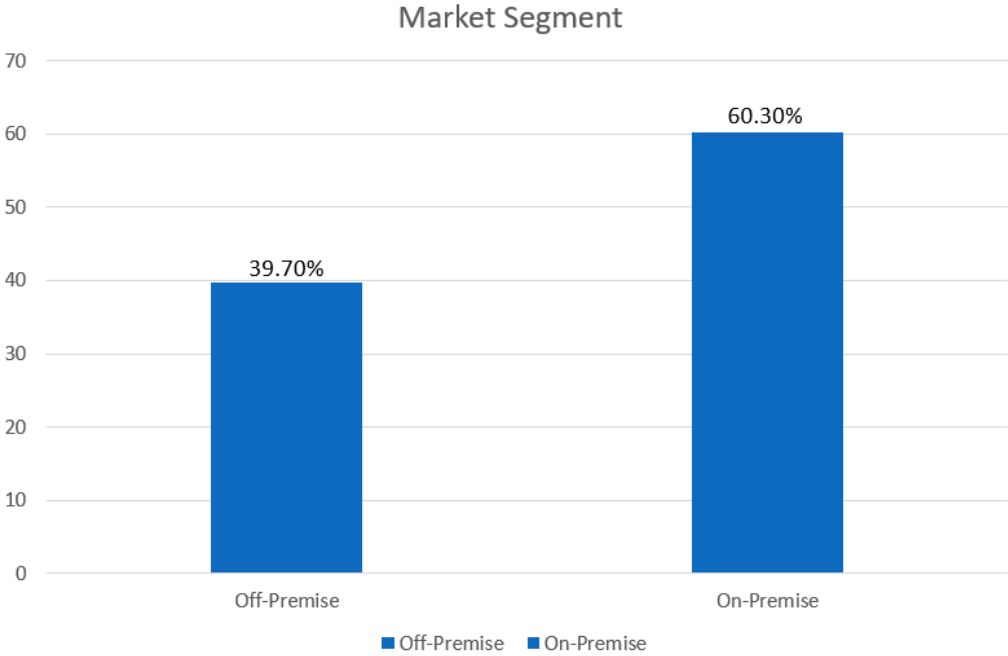
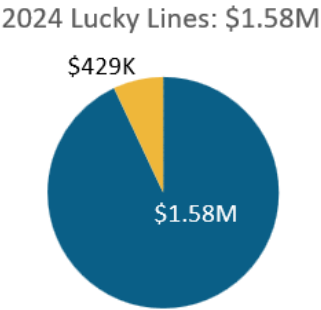
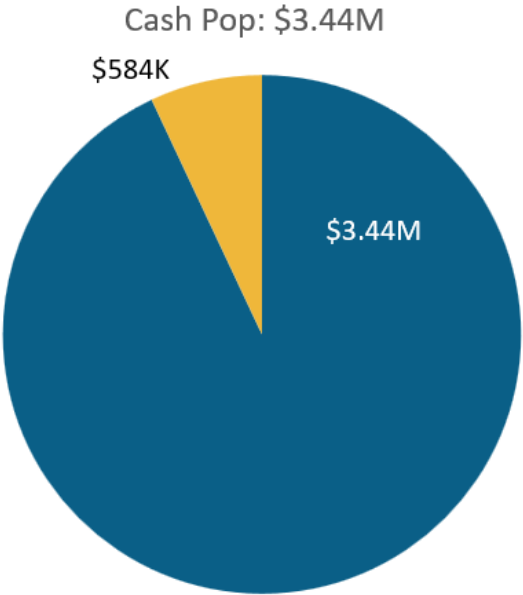
- 1 number, or 'Pop', from 15 numbers picked during a drawing
- Prizes are randomly assigned and printed on the ticket when purchased
- Price points: \$1, \$2, \$5 and \$10
- Consecutive draws print separate tickets for each drawing

FY25 PLAN

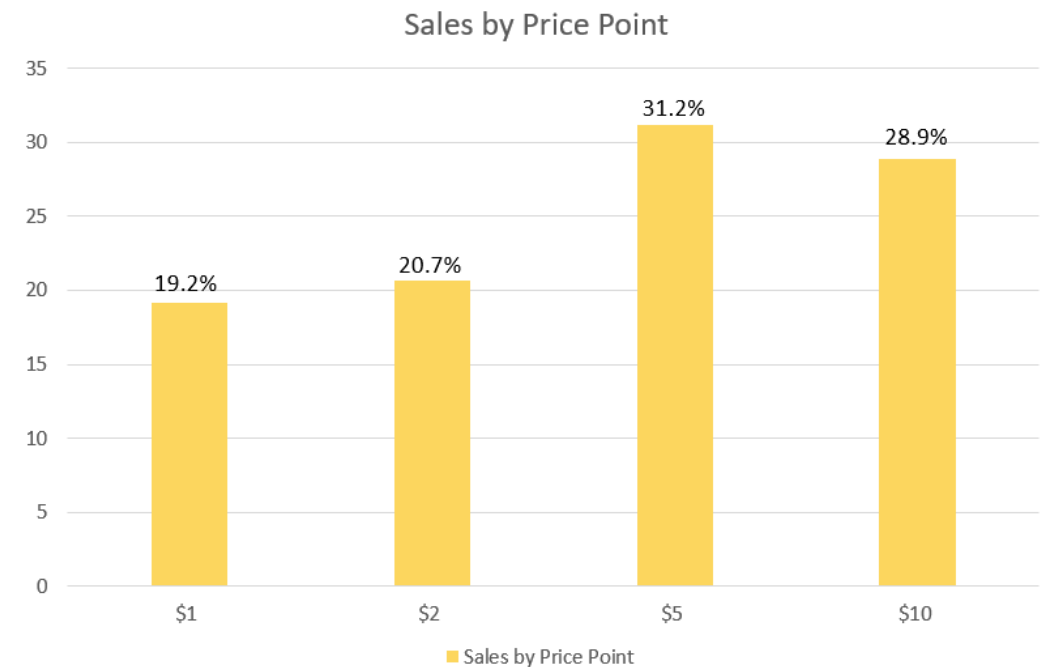
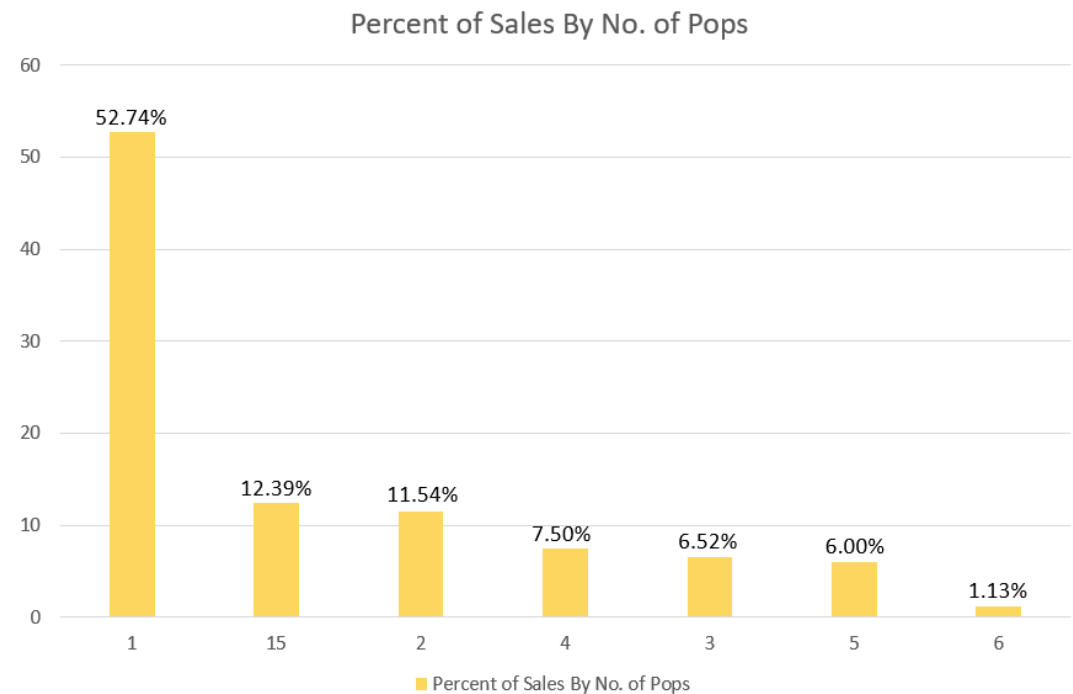
Objectives	Measures of Success
Create and launch a game that appeals to our customer base	Appeal measured through AAU tracking and player ship studies
Incremental draw game sales of \$13.5M-\$21.5M and transfers of \$2.5M - \$3.9M versus Lucky Lines and tracking of potential cannibalization of Keno	Sales analysis
Software passes QA testing	All critical defects resolved
Software performs as outlined in requirements with zero issues identified after production launch	Software functionality monitored for problems in production

Accomplishments
Accelerated product development
Game launch
Cash Pop specific marketing campaign: Media, Lottery to Retailer, Lottery to Consumer
Revenue increase at launch versus Lucky Lines

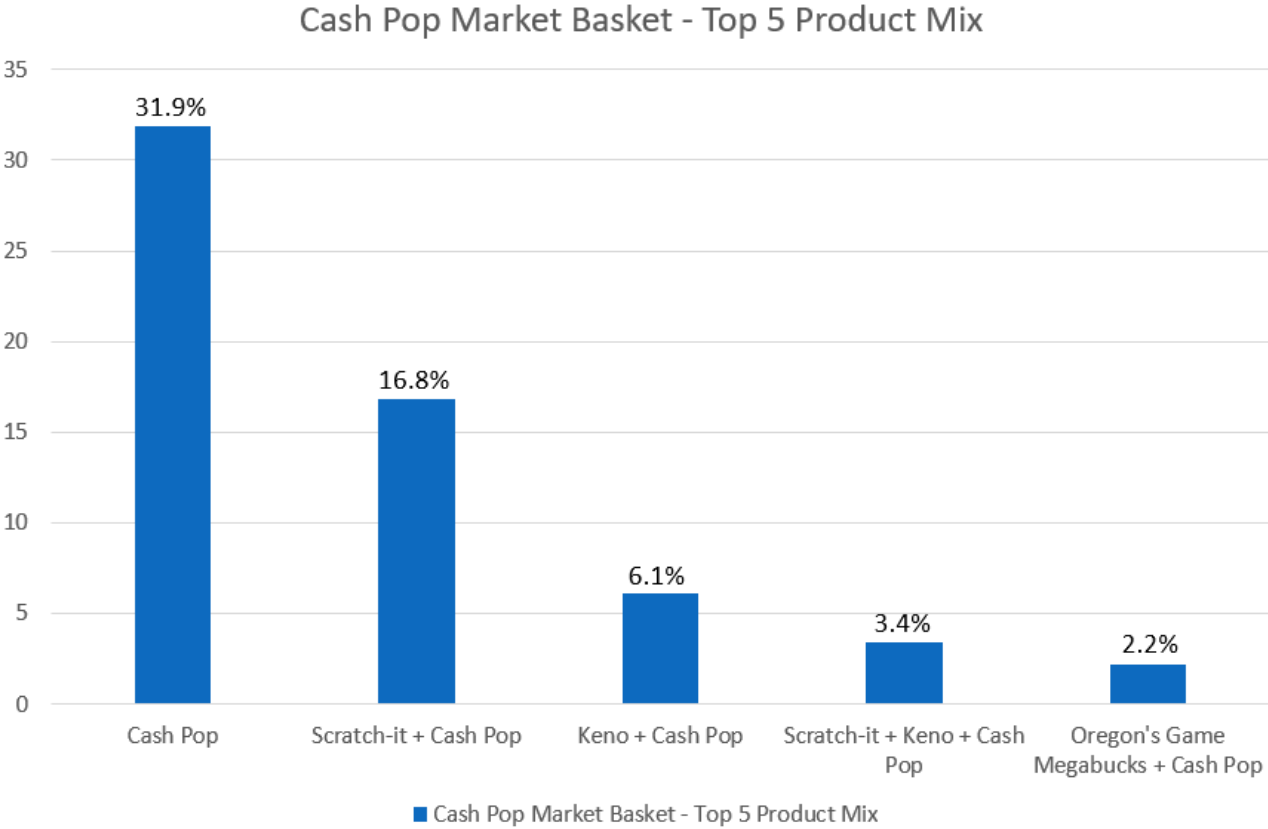
FY25 STATISTICS TO DATE



FY25 STATISTICS TO DATE



FY25 STATISTICS TO DATE



FY26 PLAN

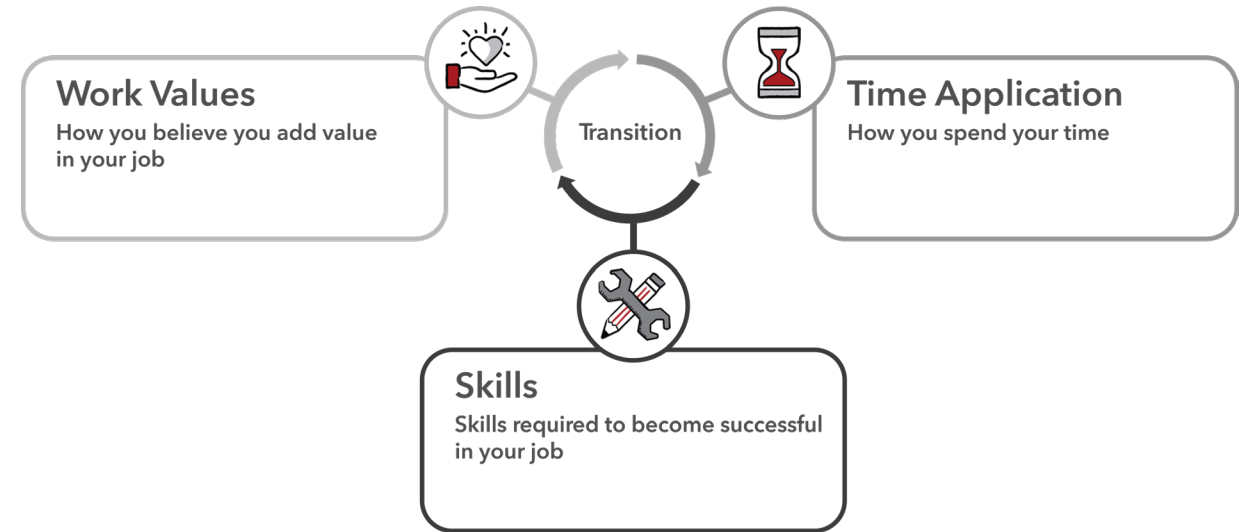
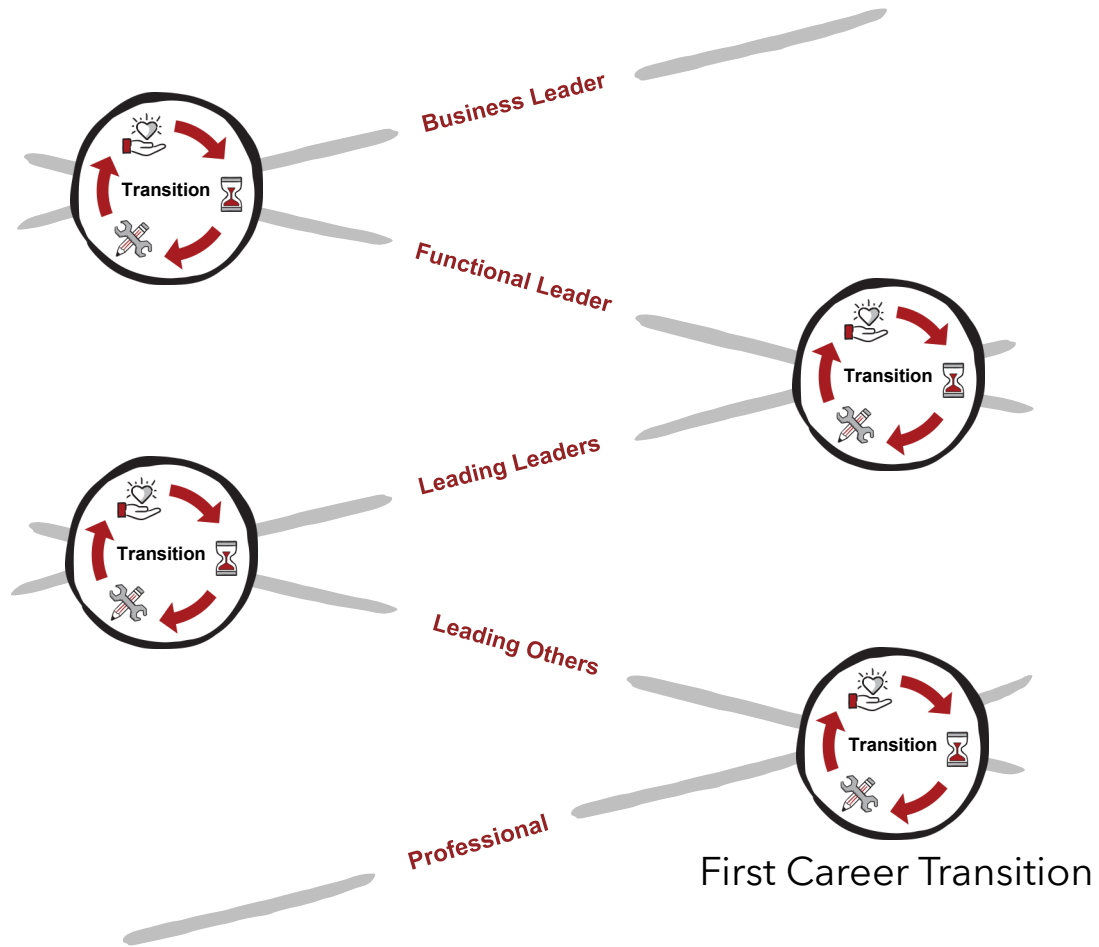
- Measure revenue performance within draw game portfolio

Leadership Pipeline Institute

Sherri Lechner, Senior Organizational
Development Consultant

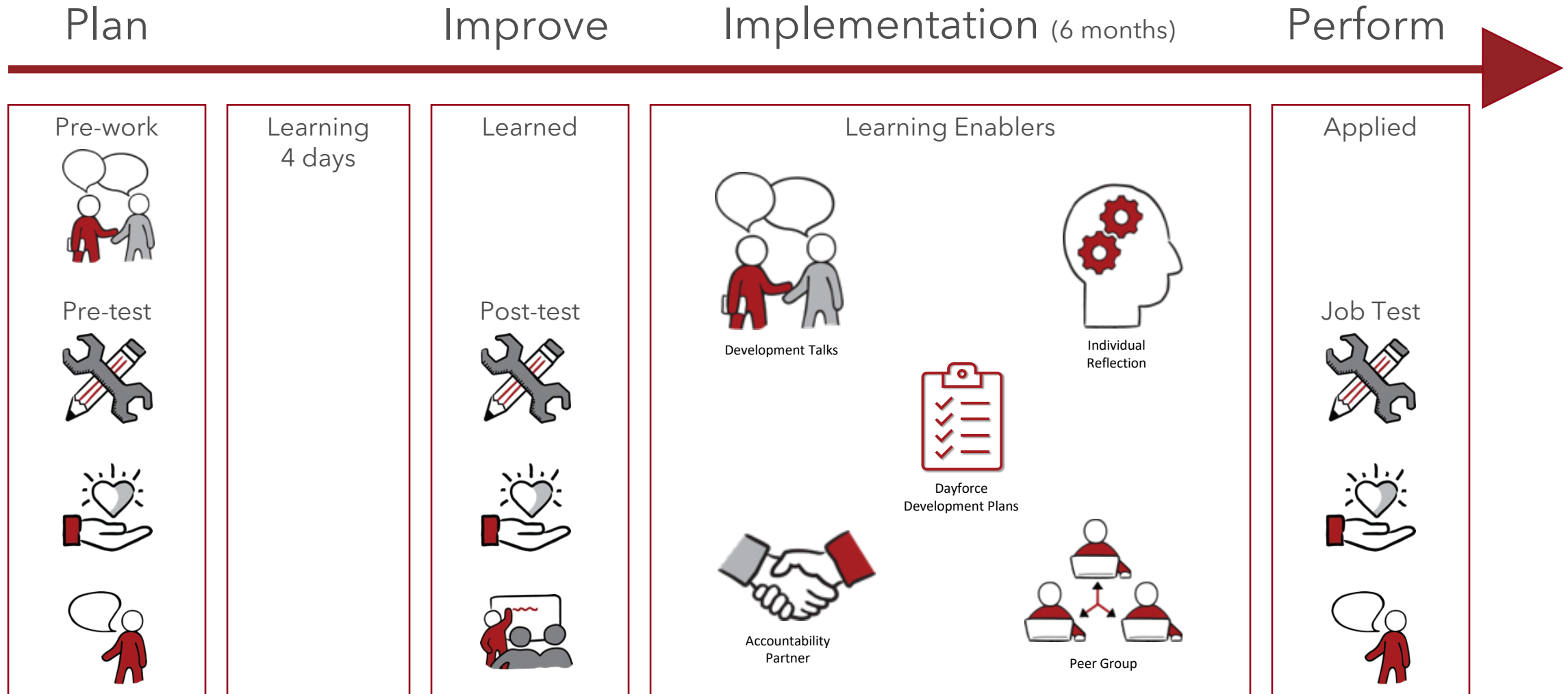


Leadership Pipeline Institute[©] Leadership Transition Programs[®]




Each level has different Outcomes to Deliver and will require a transition at each passage.

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Leadership Development FY2026





Leadership Pipeline Programs

Jan 2025 - Dec 2025

Functional Leader, Leading Leaders, Leading Others - Implementation and Integration

 In the Queue

 On Track

 At Risk





Jan 2025 - Dec 2025



Leadership Pipeline - Skill Building

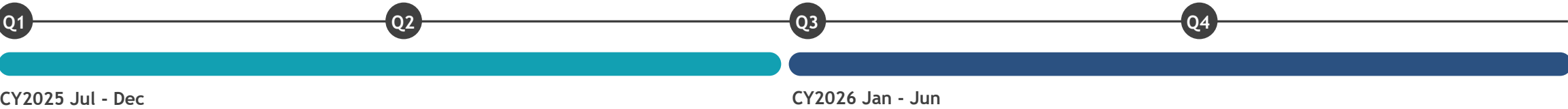
Jul 2025 - Jun 2026

Workshops: Identifying KPI's - Performance Issues - Situational Leadership - Strategic Development - other TBD



Leadership Accountability

Jan 2026 Launch



The foundational building blocks are in place

Keep the momentum going and double-down on leading by example



New norms (almost there)

- Regular 1:1's
- Quarterly Conversations
- Diversity, Equity, Inclusion, Belonging
- Modern Work Environment
- Bench Strength Process
- Talent Review Process
- Gallup Q12 Survey
- Engagement Team Action Plans
- Organizational dynamics
- Multipliers Leadership Coaching
- Succession Plan Program
- Kudos in Teams
- Individual Development Plans

Systems and tools

- Predictive Index
 - Hire
 - Inspire
 - Design
- Dayforce
 - Performance
 - Learning
 - Development
 - Succession
- Gallup Access
 - Surveys and Reports
 - Learning modules
 - Resources
 - Research
 - Team Action Plans

DEIB Y1 Strategy Update

Stoyan Francis, Senior Manager, DEIB



Diversity, Equity, Inclusion and Belonging Strategic Plan

Mission

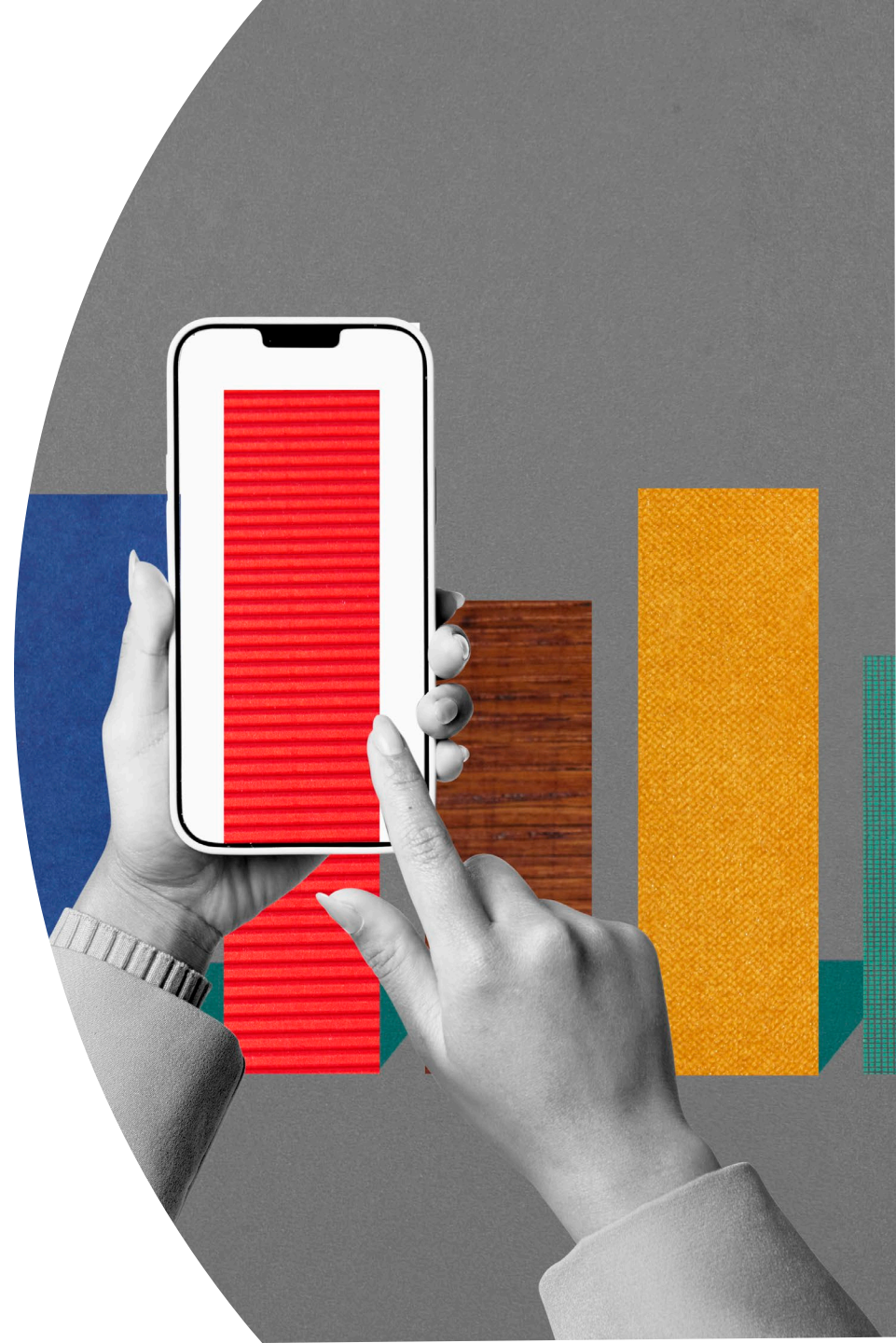
At Oregon State Lottery, we are committed to fostering an inclusive and anti-racist environment for our employees, retailers, players, and community. We believe in the inherent value and dignity of every individual, including all existing diverse dimensions one may possess.

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 OS� employees.



DEIB Strategic Plan Year 1(FY25): Lottery as an Employer

Lottery as a/an	Goals	Results as of 5/15/25
Employer	Expand Learning Programs (Monthly + Quarterly)	22 DEIB Learning sessions (March-May 2025) 20+ Diversity Diary Podcasts 6 This is DEIB sessions (March-May 2025)
Employer	Disability Awareness Assessment	Completed. Processed 40 new accommodations started as a result of this work.
Employer	Analyze HR complaint reporting process	"Play Nice, Play Fair, Play Together" campaign under development.
Employer	Improve exit interview assessment	Not started. Rescheduled for FY26.
Employer	Policy review	Applying an equity lens to all new and updated policies, supported by newly developed equity lens policy review guide. Two policies updated: Respectful workplace policy updated from Professional Workplace Policy and Professional Development Policy.

DEIB Strategic Plan Year 1(FY25): Lottery as an Employer

Lottery as a/an		Goals	Results as of 5/15/25
Employer		Gallup scores, address current discrepancies	Completed
Employer		DEI Impacts Survey- baseline assessment for Oregon Lottery	Completed, results are in alignment with Gallup Employee Engagement Survey
Business		Review 2018 Audit Memo and suggest next steps in preparation for FY26 focus	Completed, COBID list is available in financial system. Department budget managers are encouraged to seek out bids from COBID certified vendors for suitable contracts.
Community Partner		Outline scope of work and start engagement with cultural community organizations	Initiated critical documents translation; met with departments, defined priorities, identified top 5 languages for customers and retailers and translated over 33 documents.

Key Insights: PSU DEI Impacts Survey at Oregon Lottery

High-Level Findings

1. General Employee Sentiment

- Employees feel **engaged, included**, and **safe** in the workplace.
- **High trust levels** and **low conflict** reported within teams.
- A **minority of employees** express skepticism about DEI efforts.

2. Workforce Demographics

- Majority White employees (72%), with **low racial and LGBTQ+ diversity**.
- Strong representation of employees with **disabilities, women**, and **those without college degrees**.

3. Perceptions of DEI

- Employees support DEI initiatives, but **attitudes vary widely**, from strong advocates to vocal opponents.
- Some employees view initiatives as surface-level or **misaligned with broader impacts**.

4. Key Disparities

- LGBTQ+ employees report **less trust** and **higher conflict** compared to others.
- Non-binary employees indicate **differences** in experiences, though statistical reliability is limited (sample size=174)

Notable Strengths

Oregon Lottery has demonstrated **commitment to DEI** with proactive research and employee feedback initiatives

Leadership engagement in **open discussions** sets a strong foundation for continued progress

DEIB Strategic Plan Year 2 (FY26): Lottery as a Business

Lottery as a/an	Goals	Preparation Needed
Employer	Pay Equity vertical assessment	Will focus on demographics analysis and review related processes.
Business	Increase overall dollars awarded to underrepresented and community businesses	Current efforts include curated list of COBID-Certified vendors to simplify selection process and encourage managers to select COBID-Certified vendors
Business	Collect Retail Partner demographic information with 2027 contract renewal process	With Salesforce Phase 4 is implemented, will create optional information collection process to update top languages of retail partners currently listed as English, Chinese (Traditional & Simplified), Spanish & Korean.
Business	Launch employee resource groups	Create a business case presentation based on new data from FY25 efforts. Create ERG policy, consult with DEIB Committee.
Business	Review Customer Experience opportunities and make recommendations	Conduct journey-mapping to identify opportunities for improvement in payment center and retail partners touchpoints.

DEIB Strategic Plan Year 3 (FY27): Lottery as a Community Partner

Lottery as a/an	Goals
Community Partner	Issue a report on year two findings and recommend improvements/expansion for scope of work in year three
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
Community Partner	Review Customer Experience opportunities and make recommendations

IT Y2 Strategic Plan Update

Tiffany Corbett, Assistant Director for Business
Services

Kristina Damschen Spina, Senior Manager, IT
Governance

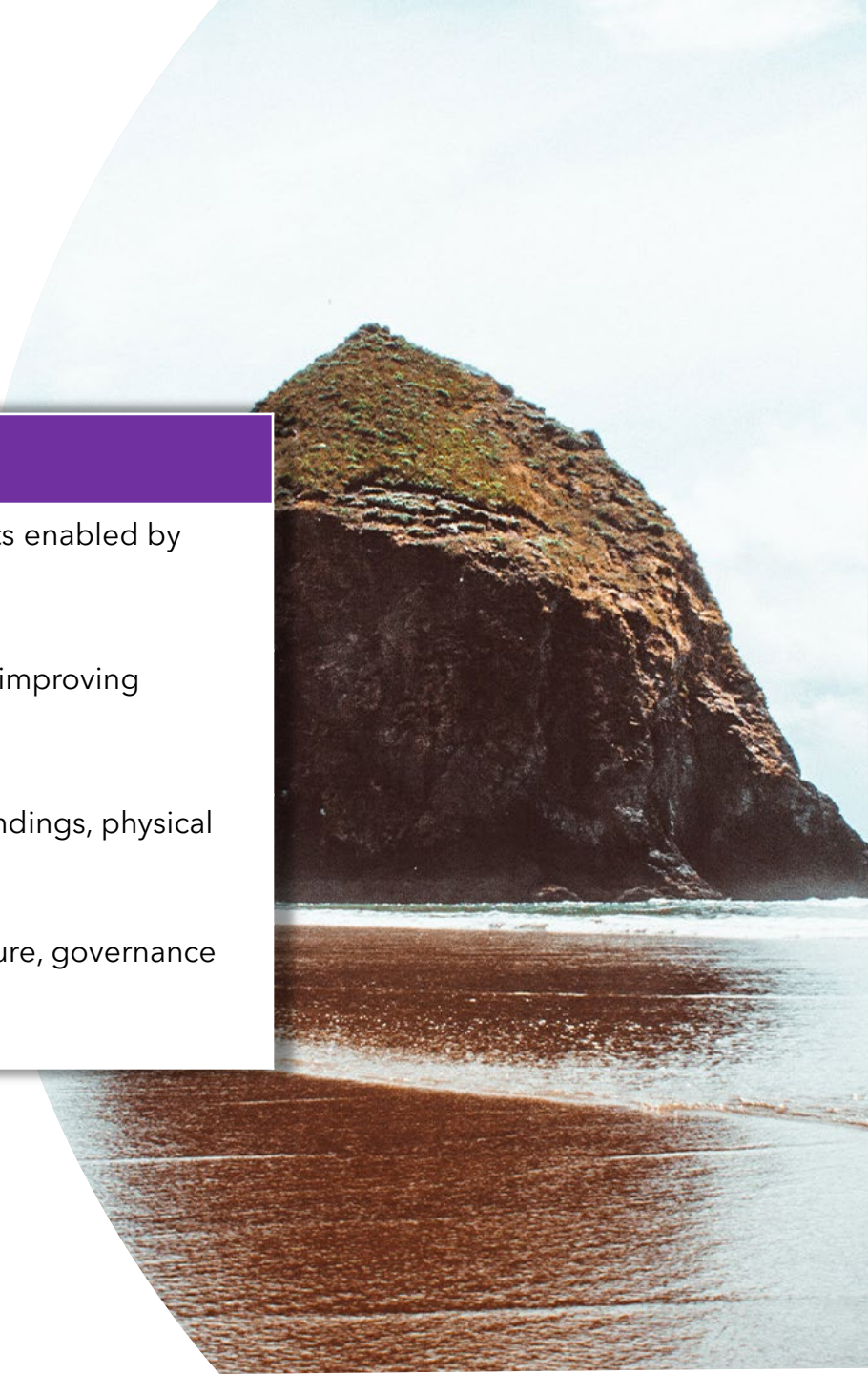


Lottery Business Strategy

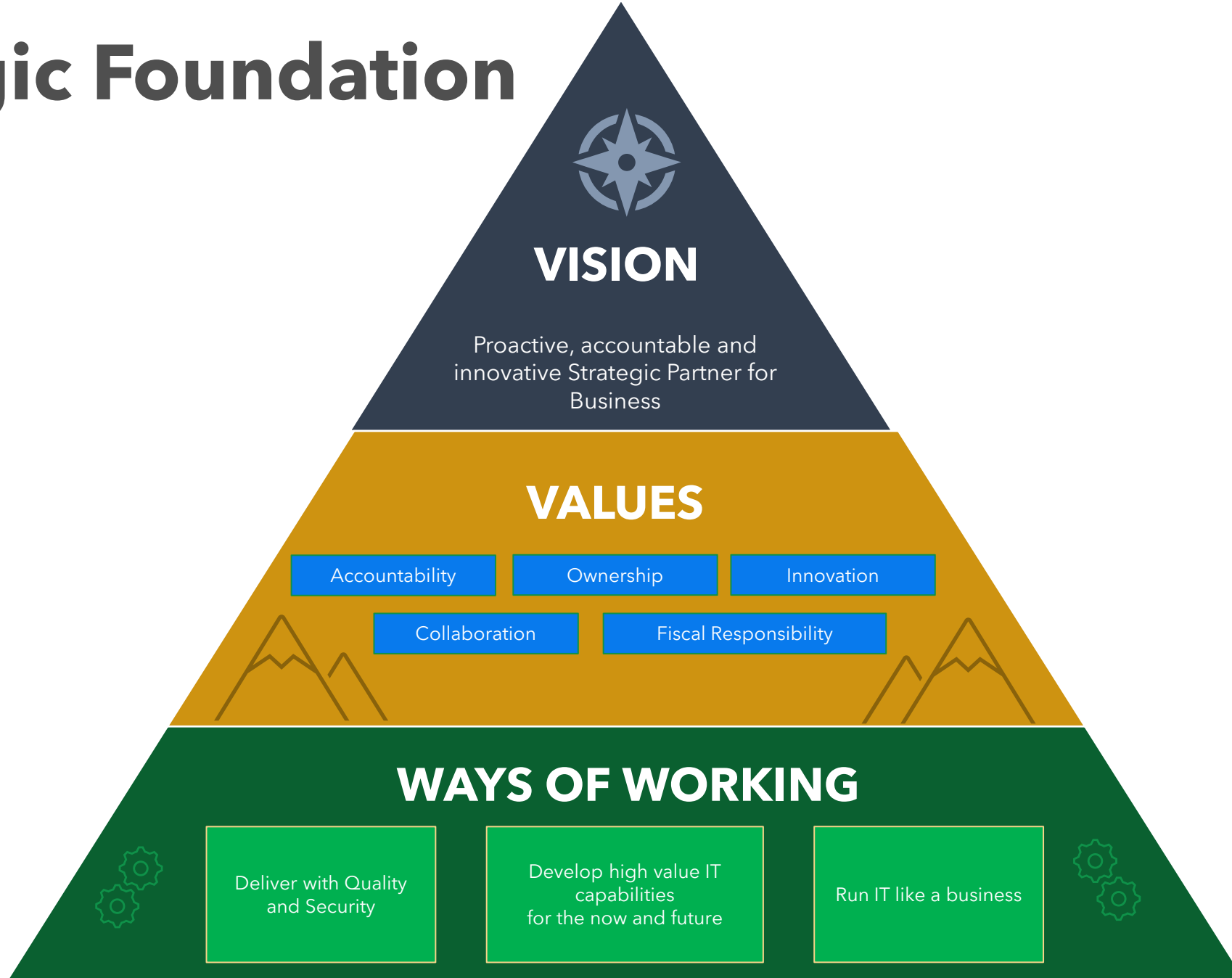
(2024-2027)

IT Strategy is focused on executing to business priorities

Business Unit	Key Technology Initiatives
Operations	Continually enhance player , retailer with operational excellence improvements enabled by modern digital technologies
Business Services	Digitization of ERP, HR, Procurement and IT Systems with streamlined services improving employee productivity and experience
Security	Bolster security posture with improvements in remediating biennial security findings, physical building security, disaster recovery and business continuity capabilities
Strategic Office	Strategic partnership on the portfolio supported through Enterprise Architecture, governance frameworks, and scalable data platforms.

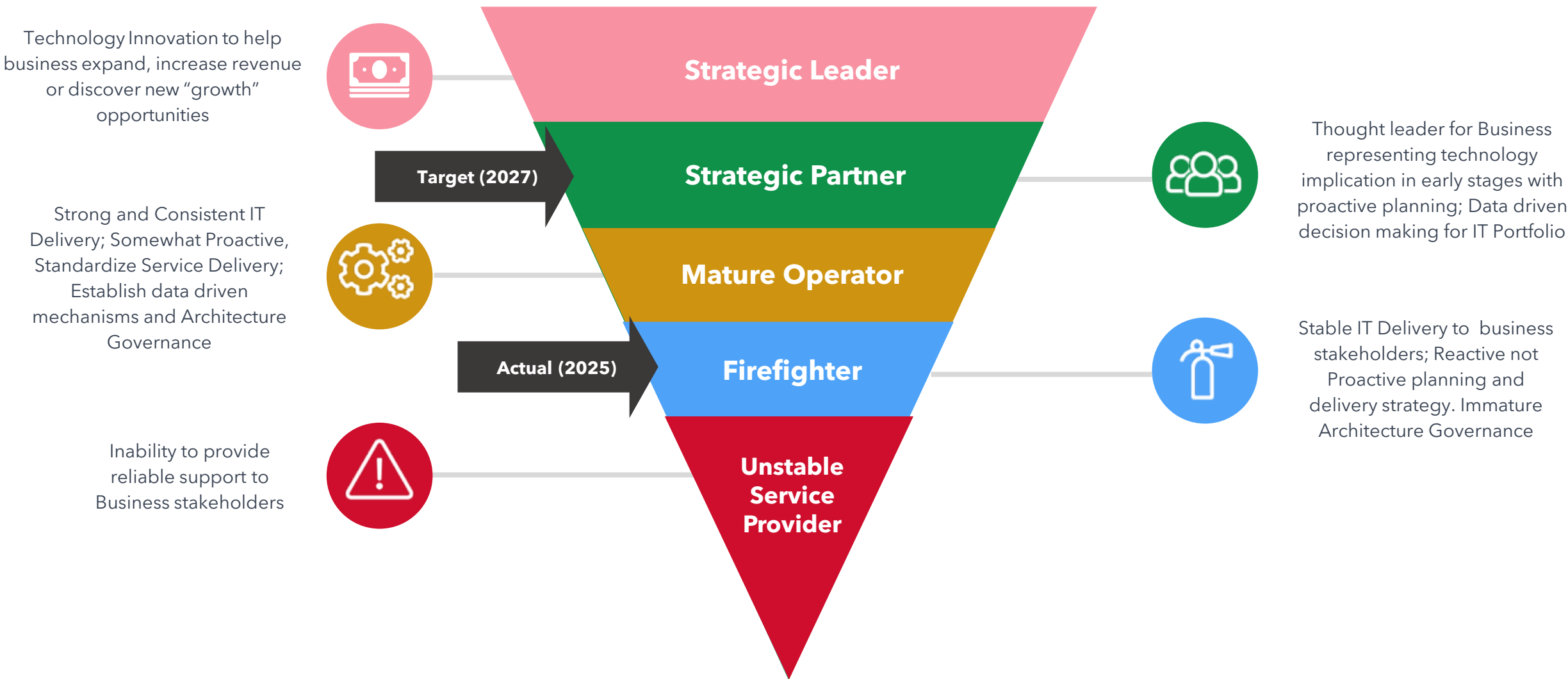


IT Strategic Foundation



OSL IT Growth Target

IT aspires to be a Strategic Partner in 2027 and Mature Operator by 2026



IT 4 Year Strategic Themes

Overarching focus areas that guide IT's strategy and decision-making to help align teams, initiatives, and resources toward achieving long-term goals.

- Multi modal Delivery Models
- IT Portfolio Management
- Program and Product Management
- IT Strategic Sourcing



MODERNIZE DELIVERY

1



**OPERATIONAL
EXCELLENCE**
(COST, RISK, EFFICIENCY)

4


- Strengthen Core Service Management
- Service Desk Support
- Gaming and Business Infrastructure
- IT Financial Management
- Knowledge and Value Stream Mgmt.

- Application Portfolio Optimization
- IT Strategy and Insights
- Pilot emerging technologies
- Architecture Governance



**IT STRATEGY AND
ARCHITECTURE**

2



**PLATFORM APP
DEVELOPMENT
CAPABILITIES**

3

- Establish Application Development
- Standardize Data and Integration Systems
- Automated and Streamlined Testing
- Optimize DevOps

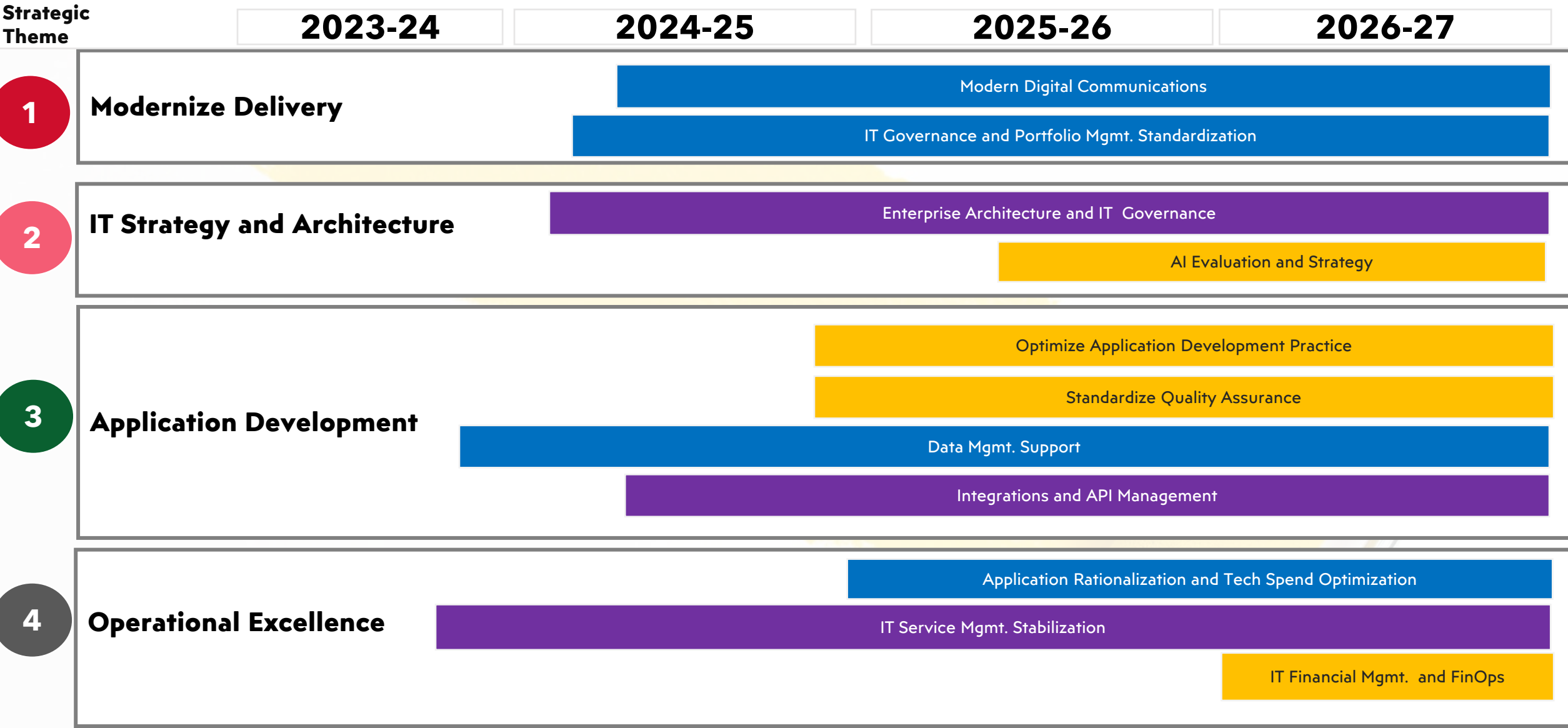
IT 4 Year Roadmap

In addition to serving business needs directly, IT anticipates, plans and mature below broad capabilities for projected future needs

Address Deferred Maintenance

Master Fundamentals

Continuous Improvement



Top Metrics / KPIs

10%



Operational Excellence & Cost Efficiency

Reduce Operating cost by 10% through streamlined contracting, application rationalization and service management

15%



Enhance Application Development

Establish standardized and sustainable development resourcing and capabilities and reduce TCO by 15%

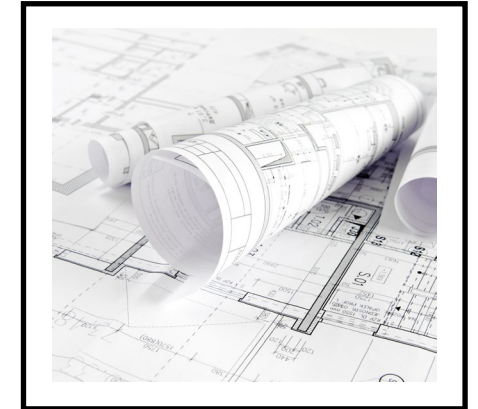
10%



Modernize Delivery

Reduce budget variance to 10% on Enterprise projects with standardized IT PMO

90%



IT Strategy and Architecture

90% of initiatives go through governance to mitigate risk and reduce total cost of ownership

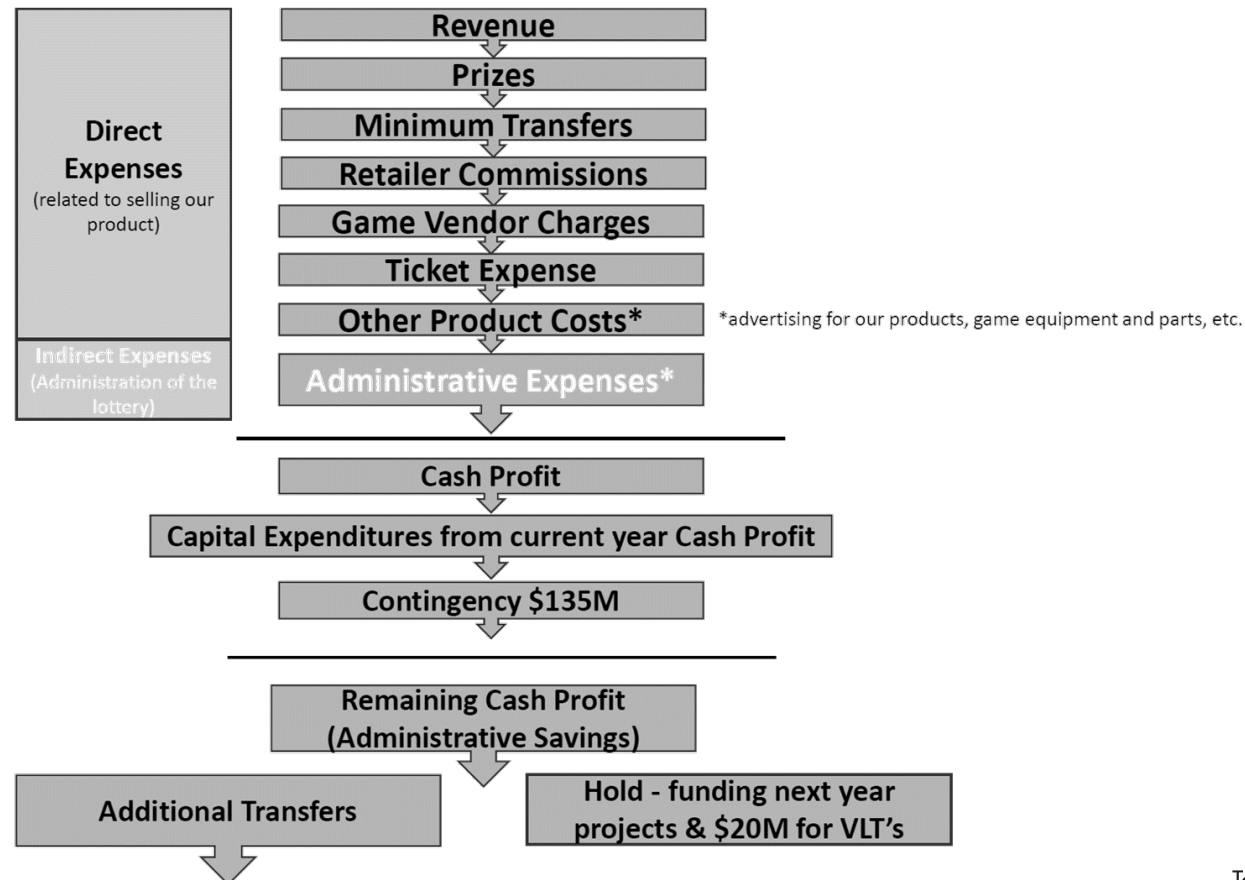
Top-Level Insights Driving FY26+ Planning

Alex Hambelton, Senior Manager, Business
Operations Strategy and Insights

Spencer Haley, Manager, Operational Excellence

Financial Flow Introduction

Tied to the mission excellence strategy, Lottery is looking within for the biggest financial levers to increase administrative savings and transfers.

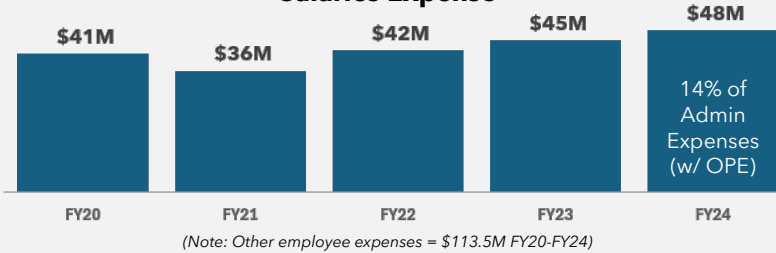


Major Cost Drivers, FY20 - FY24

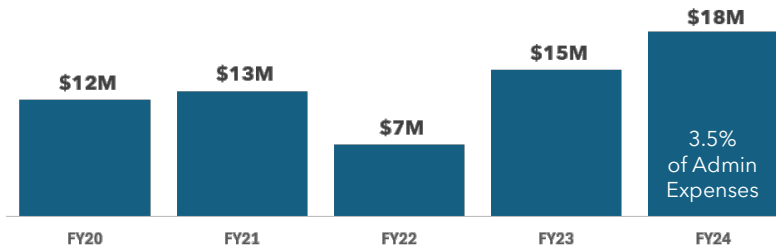
FY24 Total Administrative Expenses = \$528M

Approximately **96% of total expenses** are captured across these major cost drivers

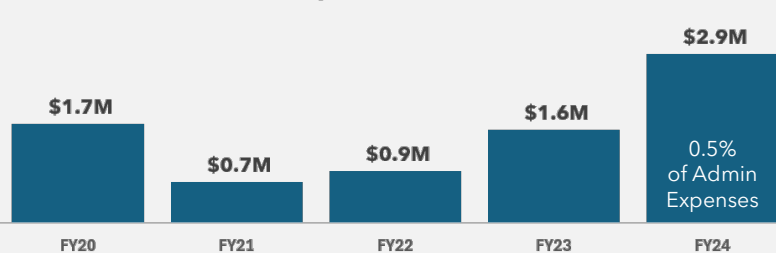
Salaries Expense



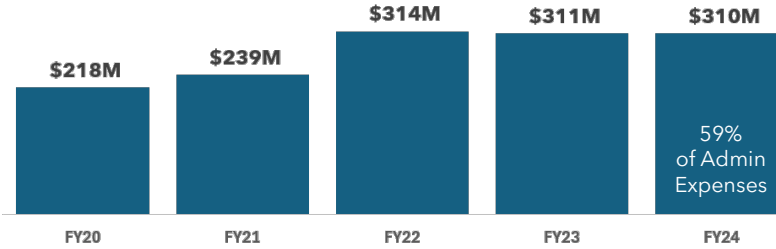
Contract Payments



Software Subscriptions (WEB) and Purchases

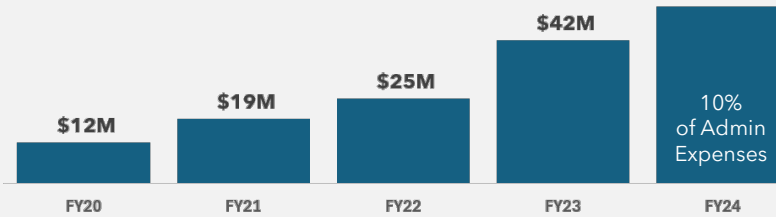


Sales Commissions

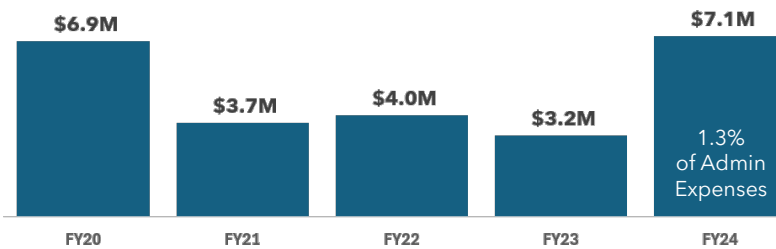


Central Gaming System (Aurora, Intelligen, + DraftKings)

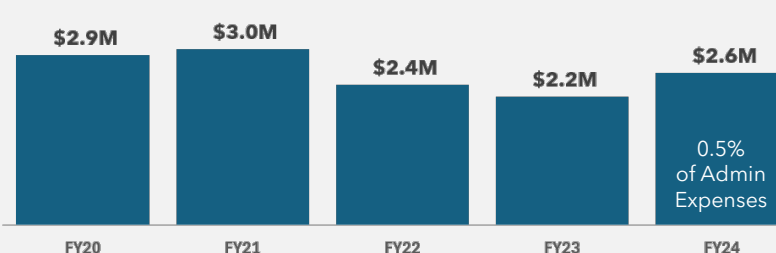
* Complicated story: See focus slide for more context



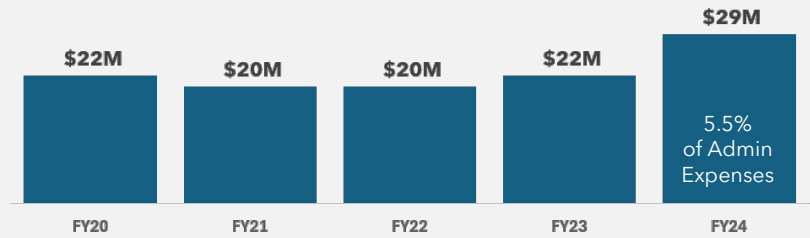
Video Lottery Game Sets (Video Lottery Content)



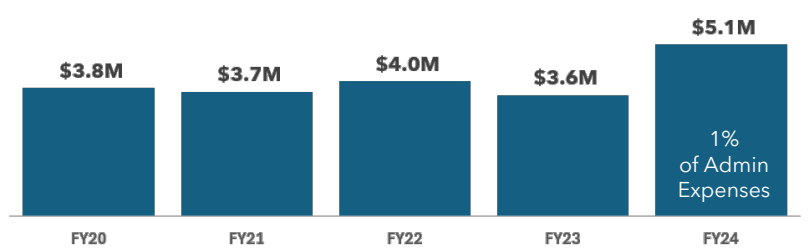
Cost of Tickets (Scratch-Its)



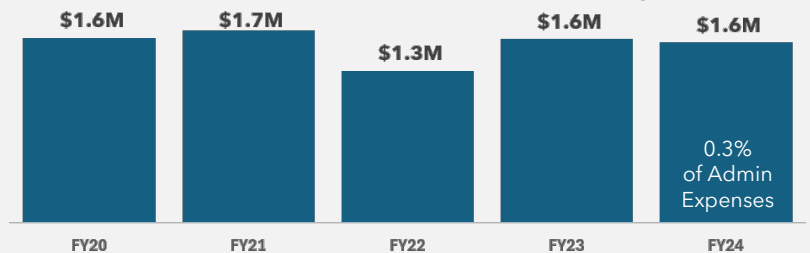
Depreciation (Hardware/Software - Trad + Video Lottery)



Oregon State Police Charges



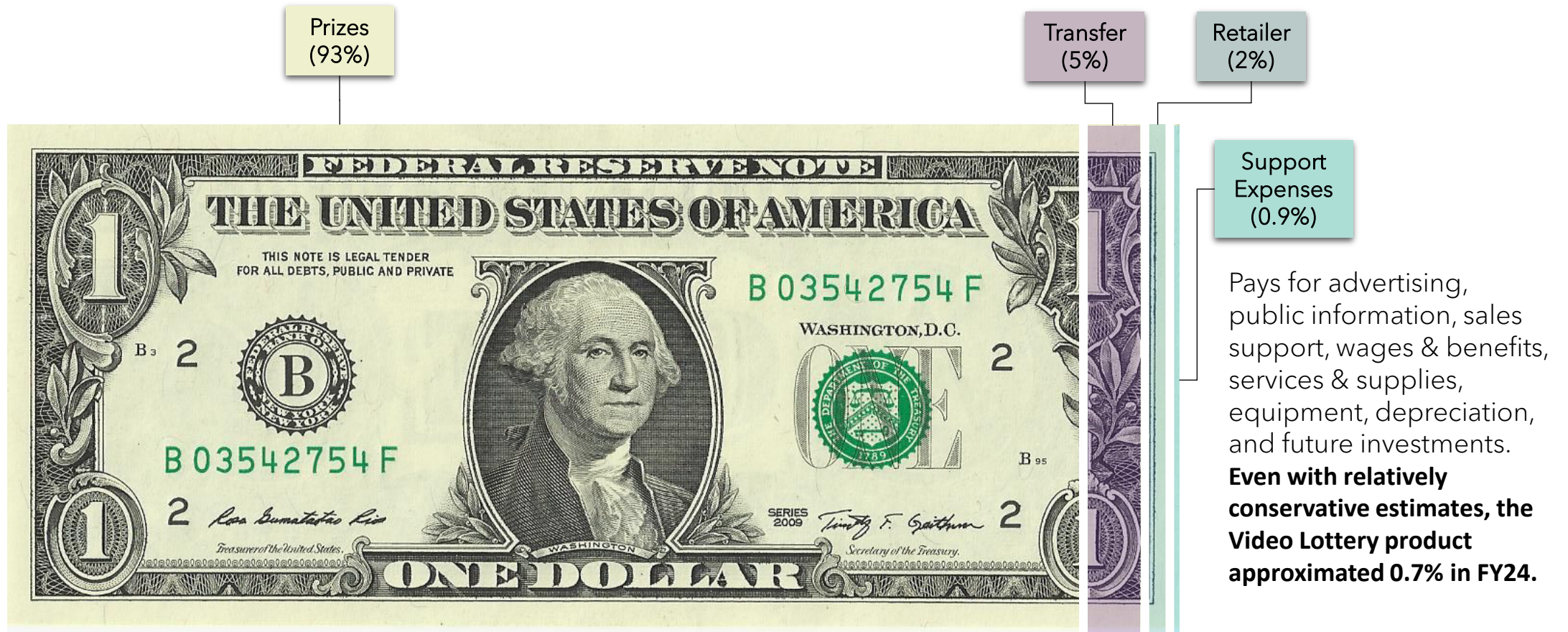
Outdoor Media - Product Advertising



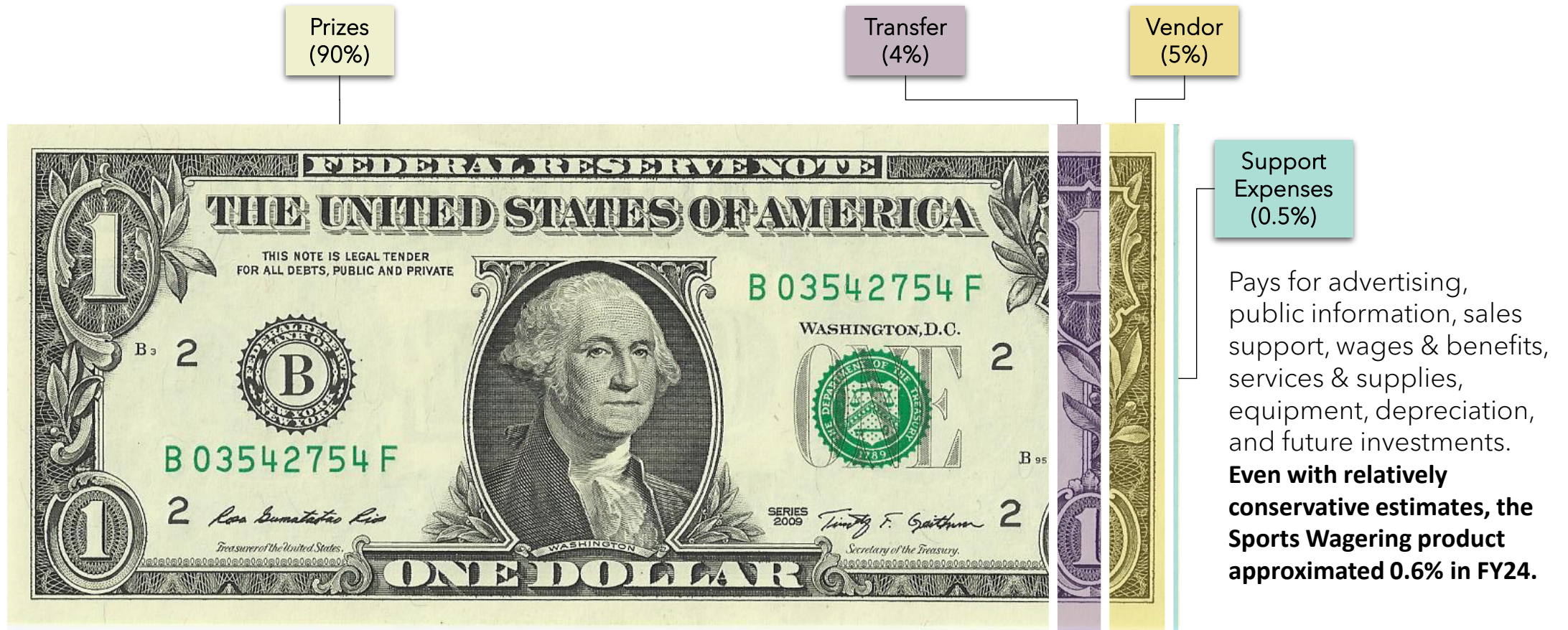
Understanding Gaming Portfolio Value

Product	Revenue	Prizes	Gross Gaming Revenue	Other Expenses	Transfer	Profit/Loss
Video Lottery	\$16.1b	\$14.9b	\$1.2b	\$385m	\$776m	\$29m
Sports Wagering	\$771m	\$696m	\$75m	\$44m	\$32m	-\$0.9m
Scratch-Its	\$160m	\$110m	\$49m	\$41m	\$24m	-\$15.2m
Keno	\$107m	\$74m	\$33m	\$18m	\$16m	-\$0.9m
Powerball	\$96m	\$48m	\$48m	\$16m	\$33m	-\$0.5m
Mega Millions	\$56m	\$28m	\$28m	\$10m	\$19m	-\$1.0m
Megabucks	\$31m	\$15m	\$16m	\$6m	\$11m	-\$1.2m
Win For Life	\$5.1m	\$3.9m	\$1.2m	\$2m	\$0.4m	-\$1.5m
Raffle	\$2.5m	\$1.3m	\$1.2m	\$2m	\$0.8m	-\$0.9m
Pick 4	\$2m	\$1.1m	\$0.9m	\$2m	\$0.5m	-\$1.6m
Lucky Lines	\$1.8m	\$1.2m	\$0.6m	\$2m	\$0.3m	-\$1.6m

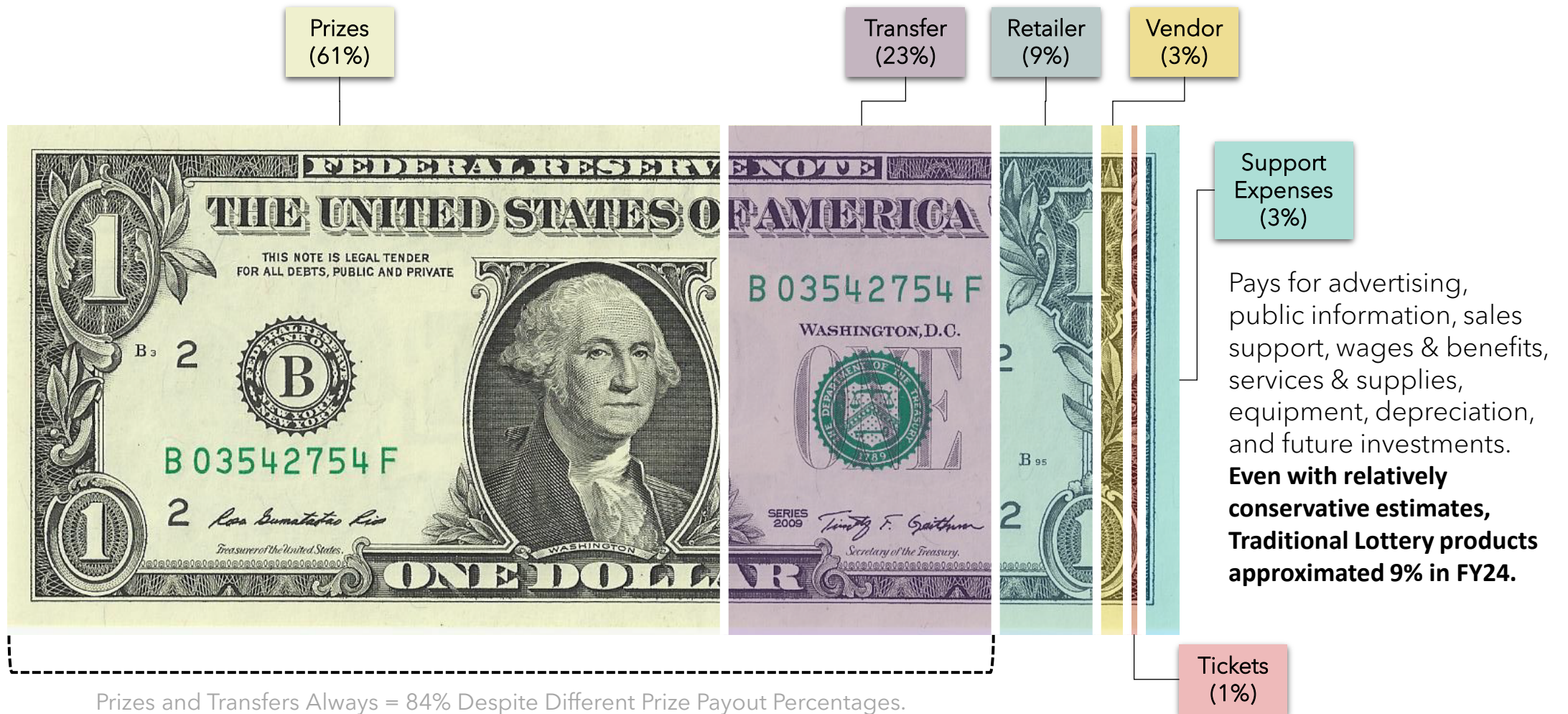
FY 2024 Breakdown of Margin for Video Lottery



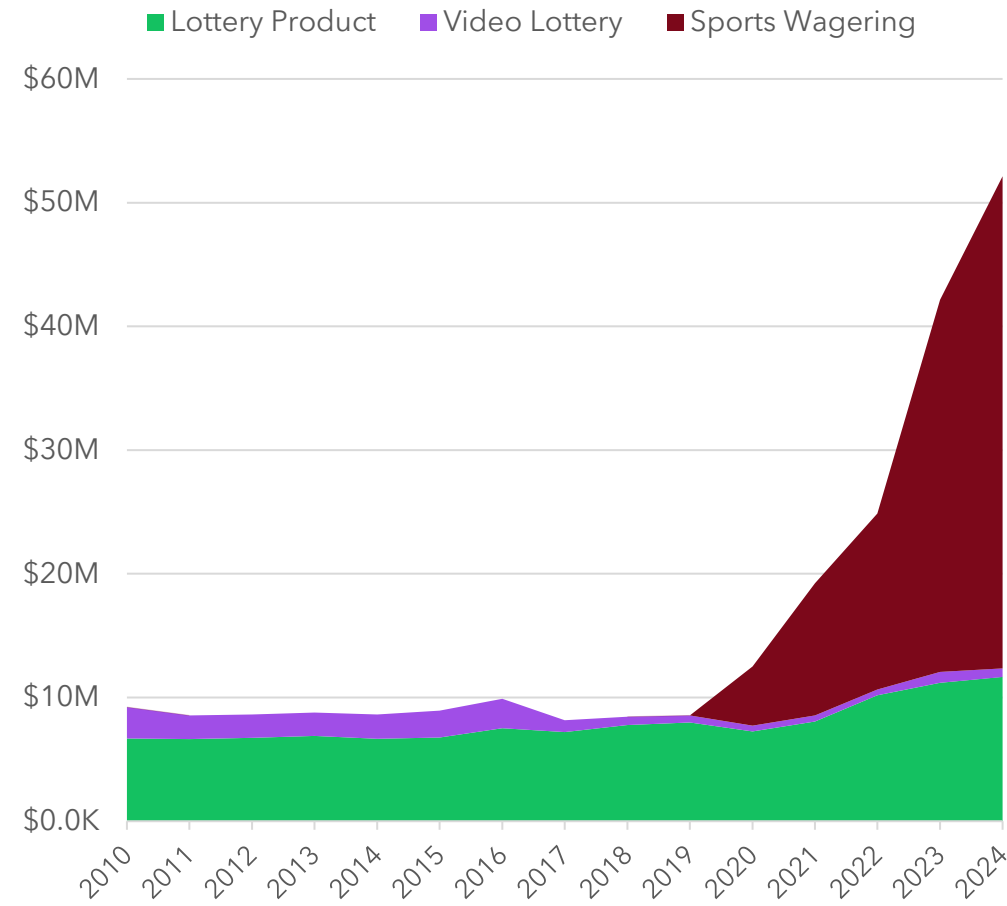
FY 2024 Breakdown of Margin for Sports Wagering



FY 2024 Breakdown of Margin for Traditional Lottery Products



Game Vendor Charges Analysis, 2010-24



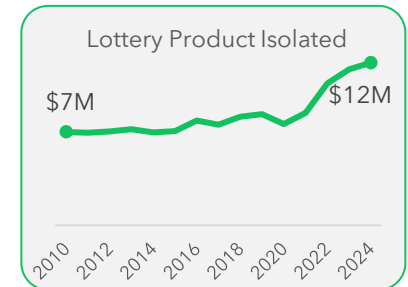
Sports Wagering

Approximately 53% of GGR goes to Draft Kings. Increased growth of revenues amplified game vendor charges.



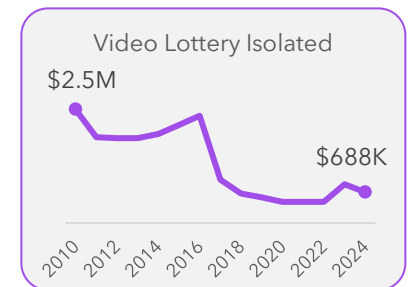
Lottery Product

Vendor revenue share rose from 1.7% to 2.5% of sales under a 2019 contract (effective 2021), driven by post-2020 revenue growth.



Video Lottery

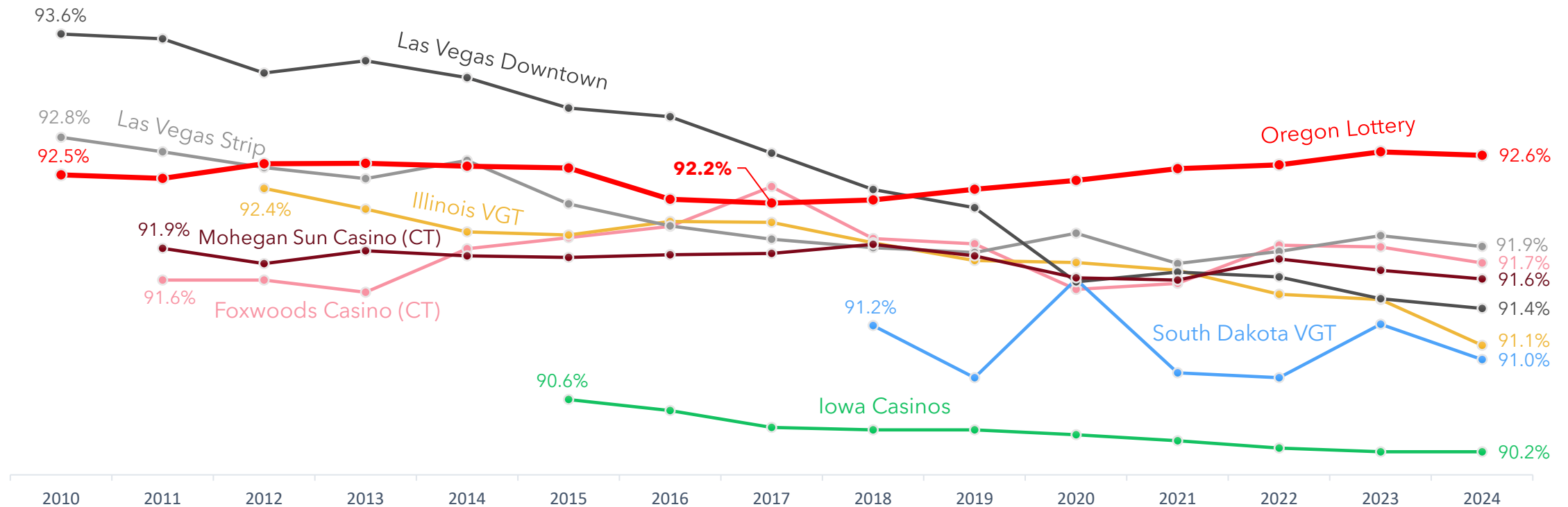
Historically, we observe low game vendor charges outside of system replacements.



Video Lottery Return to Player (RTP)

Oregon Lottery has recently maintained one of the highest RTPs among select U.S. operators, seeing it trend over the past decade to 92.6% as of 2024. While operating models across gaming operators can be incredibly different, this provides an opportune place to consider the intersection of player engagement and profitability constraints.

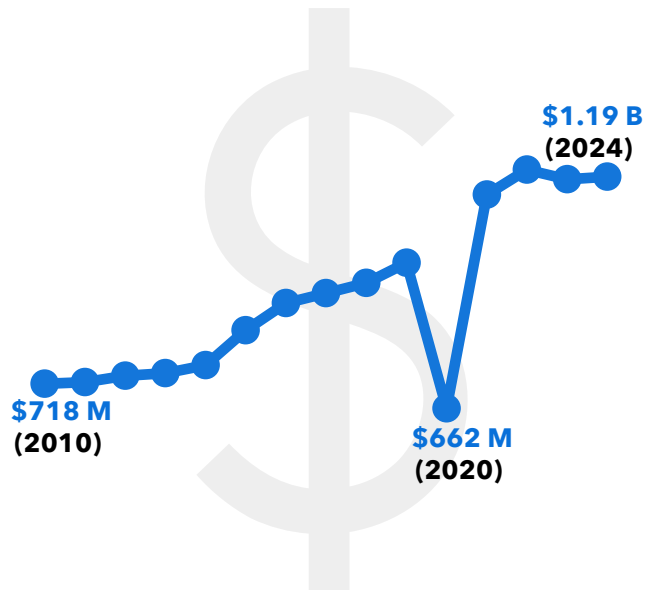
Historical Return-to-Player (RTP) Rates in Prominent Video Gaming Terminal Markets



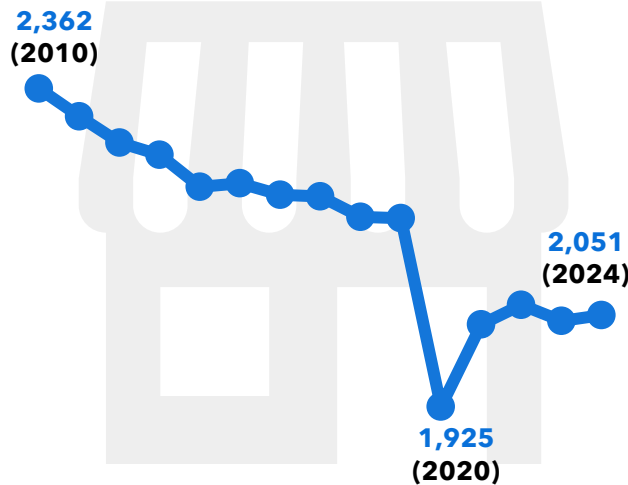
Video Lottery Trending

Since peaking in 2010, terminals and retail accounts have declined at a -0.9% CAGR, while revenues have grown at +3.4% annually.

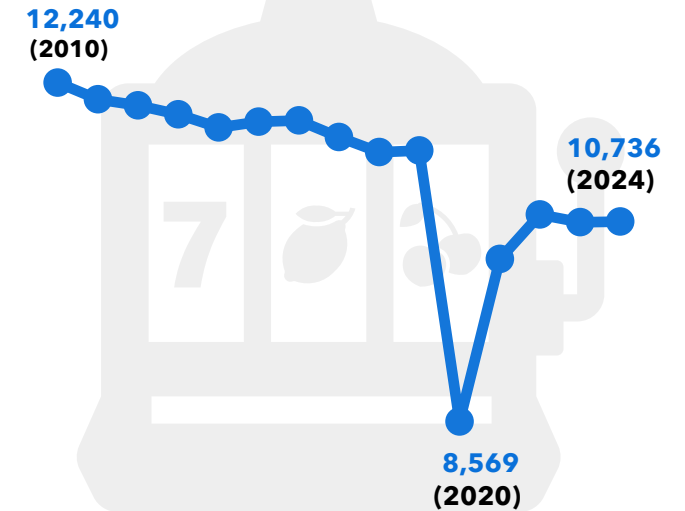
**Net Revenue by Calendar Year,
2010-2024**



**Active Retailers on the Last
Friday in June of Each Year,
2010-2024**



**Active VLTs in Retail
on the Last Friday in June of
Each Year, 2010-2024**



OREGON LOTTERY

Draft FY26-31 Strategic Plan



CONTENTS

1

Our Approach

2

Strategy, Goals, Resources + Roadmap

3

Measuring Plan Performance

An abstract, dark gray graphic on the left side of the slide depicts a hand holding a pen, positioned as if about to write. The graphic is composed of several overlapping, rounded shapes that suggest the form of the hand and the pen. The background is a solid dark gray, and the text is centered in a white, bold, sans-serif font.

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.

PESTLE ANALYSIS

LIKELY AND IMPACTFUL EVENTS OUTSIDE OF LOTTERY'S CONTROL

POLITICAL	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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 Lottery¹² decrease margin available for improving Lottery operations and increase importance of transfers.	ECONOMIC
SOCIAL	<ul style="list-style-type: none">• Demographic and social attitude shifts and evolving consumer preferences towards digital gambling platforms⁴ 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	<ul style="list-style-type: none">• Cyber threats exponentially increasing in targeting organizations⁷. 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	<ul style="list-style-type: none">• 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.	<ul style="list-style-type: none">• 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

SW (INTERNAL) OT (EXTERNAL) TO LOTTERY

STRENGTHS	<ul style="list-style-type: none"> Well established and recognized brand garnering customer trust and loyalty⁸. 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 accessibility¹⁰. Strong retailer network and established market bolsters state program funding. Transfers fund public programs and initiatives, creating a positive social impact¹¹. We are highly committed to responsible gaming balanced with revenue expectations.⁹ 	<ul style="list-style-type: none"> 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. 	OPPORTUNITIES
WEAKNESSES	<ul style="list-style-type: none"> Thin margins fund future investments¹². 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. 	<ul style="list-style-type: none"> Gaming industry highly consolidated¹³, 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 stagnation¹⁵, rise in online orders over retail visits¹⁶, growth in unregulated gambling channels¹⁷, and increased competition for new entertainment options limits growth. 	THREATS

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.

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

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

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

Lottery Community: **Deliver Y1 of Lottery Community Sentiment Action Plan**
Deliver detailed year one of plan, by EOQ4.



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

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.

HUMAN

82 IT and Information Security team members accountable within departments through performance expectations.

TECHNOLOGICAL

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

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.

HUMAN

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

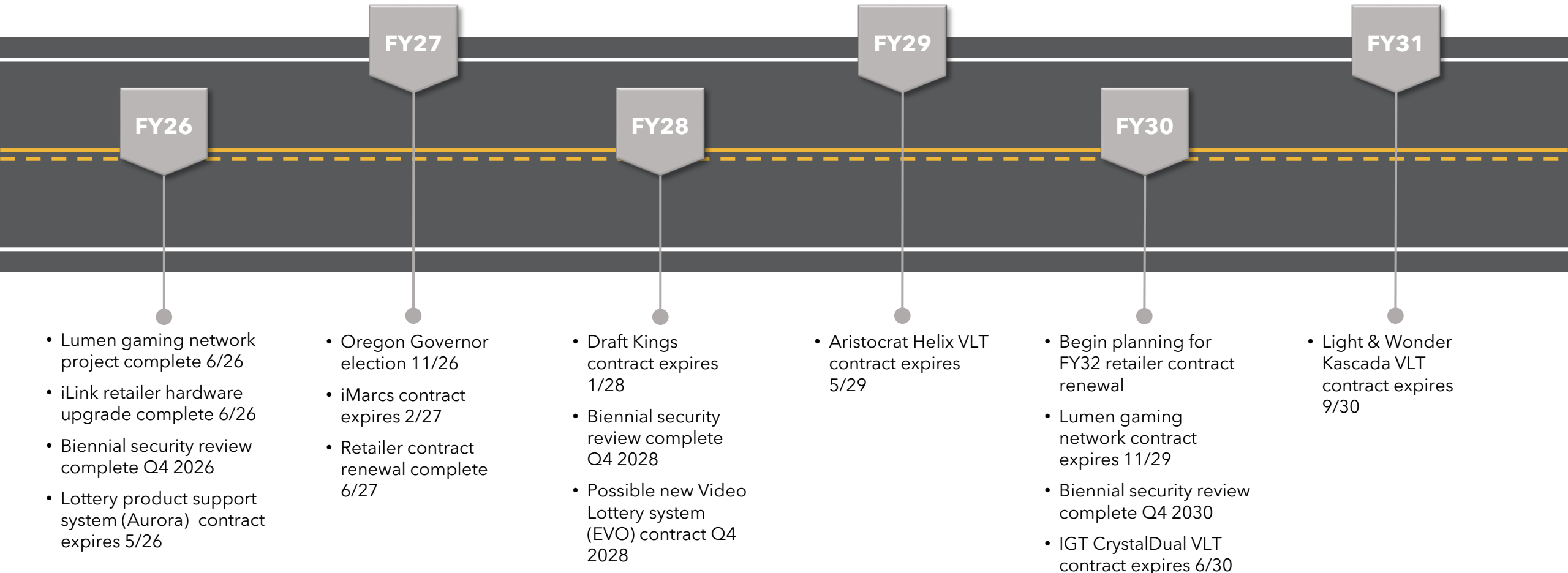
TECHNOLOGICAL

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



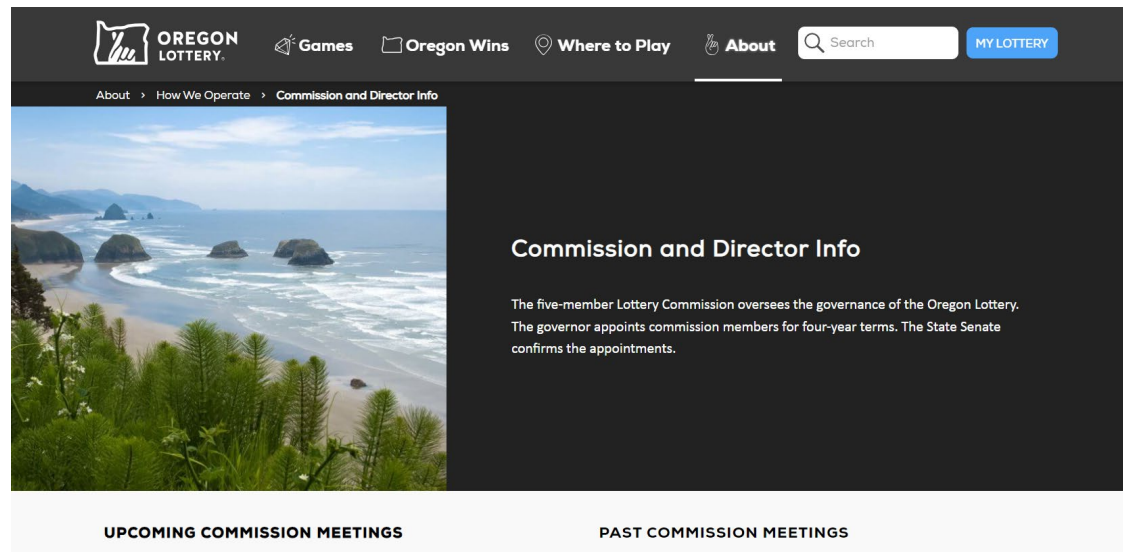


MEASURING PLAN PERFORMANCE

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.



FY26 Strategy Delivery Action Plan

Mike Wells, Director
Karl Strauss, Controller



AGENCY + DEPARTMENT PRIORITIES ALIGNED

FY26-31 STRATEGY: MISSION EXCELLENCE

Master the Fundamentals | Address Deferred Maintenance | Continuous Improvement

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

Priority goals

Priority goals

Priority goals

Priority goals

AGENCY

DEPARTMENT



PRIORITIZED ITEMS

Budgeted, prioritized and must meet designated FY26 timelines

FINANCIAL SUSTAINABILITY

- Deliver Y1 of Lottery Product Profitability Action Plan
- Align business models with industry standards
- Powerball Double Play Add-On
- Discovery & Contracting Aurora update
- IGT App Migration
- Application Rationalization
- Continued improvements budget accuracy

Lottery Community

- Deliver Y1 of Lottery Community Sentiment Action Plan

Team

- Payroll Updates
- Deliver Y1 of Organizational Development Strategic Plan
- Deliver Y2 of DEIB Strategic Plan

SECURITY + TECHNOLOGY

- Deliver Y3 of IT Strategic Plan
- Lumen Project
- Data Governance Program



FY26 Budget Improvements + Highlights

Karl Strauss, Controller

BUDGET IMPROVEMENTS

- Business Operations Analysts
- Budget training
- Variable expense response to forecast adjustments
- ↑ F&A cross-department partnerships
- ↑ Capital budgeting including lease & Subscription-Based Information Technology Arrangements (SBITA) compliance with GASB 87 & 96



BUDGET TO ACTUAL VARIANCE TREND

	FY23	FY24	FY25 (through April)
Direct Expense	0.2%	1.6%	1.5%
Indirect Expense	18.9%	12.3%	8.7%
Total Expense	19.1%	13.9%	10.2%

Profit & Loss Statement

	FY 2026 Proposed Budget DRAFT	Percent of Total Revenue	Approved FY2025 Budget (June '25 Forecast)	Percent of Total Revenue	FY 2026 vs. FY 2025 Variance
Revenue					
Net Revenue	1,508,588,577	8.32%	1,444,554,315	8.30%	64,034,261
Direct Expenses					-
Total Direct Expenses	434,799,050	2.40%	420,169,482	2.42%	14,629,568
<i>Gross Profit</i>	1,073,789,527	5.92%	1,024,384,833	5.89%	49,404,693
Indirect Revenue	20,186,783	0.11%	19,904,000	0.11%	282,783
Indirect Expenses		0.00%		0.00%	-
Total Indirect Expenses	152,437,927	0.84%	141,140,518	0.81%	11,297,409
Net Profit	\$ 941,538,384	5.19%	903,148,315	5.19%	38,390,068

Admin. Exp. % of Revenue

3.13%

3.11%

BUDGET HIGHLIGHTS

- ↑ net revenue \$64M
- Prize payout percentages consistent with FY25
 - ↑ \$682M reflects product growth
- Direct Expense ↑ \$14.6M
 - Expect commissions ↑ \$6.1M and game vendor charges ↑ \$19M
 - Direct depreciation ↓ \$3.5M
 - Game equipment, parts, and maintenance ↓ \$5.4M
 - Advertising expense ↓ \$1.9M and ticket costs ↑ \$863K





BUDGET HIGHLIGHTS, CONTINUED

- Indirect Revenue ↑ \$282K

Indirect Expense

- Salaries and benefits includes:
 - \$4.7M ↑ on recommended salary package
 - \$600K ↑ for Compensated Absences
 - Other payroll expenses of \$31.4M (57%) ↓ \$8.3M from FY25
- Indirect depreciation ↑ \$6.9M, similar to direct depreciation due to GASB 96
- Services and Supplies ↑ \$13.7M compared to FY25 budget

CAPITAL BUDGET HIGHLIGHTS

- \$36.1M capital budget in FY26, down from \$38.9M in the prior year
- \$20M for VLT purchases from the Investment Fund
- \$4M iLinks terminals
- \$7.2M Mobile app
- ~\$1M Facilities/Site Services
- ~\$750k Fleet Services
- \$2.5M other Leases and Subscription-based IT Agreements



FY25 INVESTMENT REQUESTS

Total administrative savings: \$~+/- 36M

Investment fund (VLT Reserve): \$~20M

PERS side account: \$~14.8M

Increase Contingency Cap: \$~150M

Remaining to Contingency: \$~700K



**OREGON
LOTTERY®**

Together, we do good things.

Questions & Discussion | May 30, 2025



Thank You



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Together, we do good things.