



**Five-Year Strategic Plan/  
Operational Plan  
September 2020**



**Douglas A. Ducey**  
*Governor*

**Gregory R. Edgar**  
*Executive Director*

August 31, 2020

Mr. Matthew Gress, Director  
Governor's Office of Strategic Planning and Budgeting  
1700 W. Washington St., 6<sup>th</sup> Floor  
Phoenix, Arizona 85007

Dear Mr. Gress:

Enclosed is the Arizona Lottery's 5-Year Strategic Plan/Operational Plan, prepared in accordance with the OSPB planning guidelines.

Please feel free to contact me at (480) 921-4505 if you have any questions regarding this information.

Sincerely,

A handwritten signature in black ink that reads "Gregory R. Edgar".

Gregory R. Edgar  
Executive Director

Enclosure

**Vision:** To be Arizona’s first choice for gaming entertainment.

**Mission:** To support Arizona programs for the public benefit by maximizing net revenue in a responsible manner.

**Agency Description:** The Arizona Lottery was established to maximize net revenue dedicated to a variety of beneficiaries assigned through a statutory distribution formula. An advisory commission and an executive director, both appointed by the Governor, oversee operations. The lottery sells products through a licensed retailer network to provide players with innovative, entertaining and rewarding games of chance.

**Executive Summary:** Working towards our vision to be Arizona’s first choice for gaming entertainment, we identified four strategic priorities to maximize transfers to our beneficiaries:

- 1. Workforce success:** Investing in our most valuable resource, we are adapting our work environment to meet the challenges of the post COVID-19 era through workplace flexibility and safety.
- 2. Retail network:** Increasing accountability to providing retailers a better lottery experience. Creating media opportunities for retail partners.
- 3. Player base:** Continue strengthening player base by expanding winner experiences and the Players Club platform to provide more entertainment value.
- 4. Lottery impact on the state of Arizona:** Utilize Lottery platform of Community giving to position Arizona Lottery as an industry thought leader in an effort to increase awareness of Lottery impact post COVID-19.

## Summary of Multi-Year Strategic Priorities

#	Five Year Strategy	Start Year	Progress / Successes
1	Invest in workforce success	2017	Pilot Kaizen Teian across the agency; Supported employee educational goals by providing tuition assistance and learning opportunities; Employee Engagement score of 4.9. Expanded industry education; developed agency-wide career path plan. Technology overhaul; Ergonomic improvements; During COVID-19 adapted work to maintain workforce by expanding alternative telework capabilities and employee protection in office.
2	Expand retail network and improve retailer experience	2017	First-in-nation successful Costco pilot of 17 stores; third-in-the-nation installations in Walmart Supercenters; first-in-the-nation partnership with Walmart to collocate Lottery redemption center in store; implemented new retailer portal; upgraded extended CRM software; expanded number of retail locations with jackpot signs, visual cue to reduce out-of-stocks in vending machines. Attended Lean Foundations Institute to increase TM recruitment of new retailers. Successful introduction of Lottery ticket van and vending machine expansion with debit capability. Drastically impacted retail theft through technology implementation with SCiQ system. During COVID 19 extended payment terms for Lottery retailers.
3	Strengthen player base through innovative and entertaining products	2017	Implemented Fast Play and Triple Twist; Expansion of \$20 price point in both scratch and Fast Play; introduced \$30 ticket in scratch; wider game availability on Scratchers™ games; introduction of Players Club and mobile ticket checker. Expansion of 2 <sup>nd</sup> Chance promotions; building foundation for implementation of QuickCard; implemented player based promotions. Implemented COVID-19 response focused on getting winning experiences in the hands of as many people as possible. Focused on people employed in affected industry.
4	Increase awareness of Lottery impact on the state of Arizona	2017	Proactive earned media outreach; Arizona Storytellers events and beneficiaries videos. Local Artist in Residence, social media beneficiary strategy, developed and implemented Core Initiative program. During COVID-19 focused marketing to support Gives Back messaging and supported AZDHS with advertising capabilities.

Strategy #	FY21 Annual Objectives	Objective Metrics	Annual Initiatives
1	Invest in workforce success: Employee success	Recorded telework hours Employee engagement score	<ul style="list-style-type: none"> <li>Internal survey of perceived value</li> <li>Increase workplace flexibility through telework</li> <li>Increase employee engagement</li> </ul>
1	Invest in workforce success: Employee success	Digital Kaizen Teian Implementation percentage	<ul style="list-style-type: none"> <li>Convert Kaizen Teian to a digital format</li> </ul>
1	Invest in workforce success: Vendor success	Implementation of AMS processes percentage	<ul style="list-style-type: none"> <li>Integrate vendors into AMS processes to improve vendor engagement</li> </ul>
2	Retailer expansion	Number of machines deployed Number of net new retailers	<ul style="list-style-type: none"> <li>Vending expansion</li> <li>Retailer Penetration</li> </ul>
3	Strengthen player base	Monthly revenue generated by Players Club membership	<ul style="list-style-type: none"> <li>Expand entertainment experience through Play On platform for players club app</li> </ul>
4	Increase awareness of Lottery impact across the state of Arizona	Earned media value	<ul style="list-style-type: none"> <li>Increase beneficiary earned media exposure</li> </ul>



**2020 - 2022 ARIZONA MASTER LIST OF STATE GOVERNMENT PROGRAMS**

LOA 0.0	<b>Agency Summary</b>
	LOTTERY
Gregory R. Edgar, Executive Director (480) 921-4505 A.R.S. §§ 5-551 et seq. Plan Contact: Raynie Hosto, Deputy Director Customer Service & Sales (480) 921-4477	

**Mission:**

*To support Arizona programs for the public benefit by maximizing net revenue in a responsible manner.*

**Description:**

The Arizona Lottery was established to maximize net revenue dedicated to a variety of beneficiaries assigned through a statutory distribution formula. An advisory commission and an executive director, both appointed by the Governor, oversee operations. The Lottery sells products through a licensed retailer network to provide players with innovative, entertaining, and rewarding games of chance.

◆ **Goal 1** To invest in workforce success.

**Objective:** 1 FY2020:  
FY2021: To offer at least 900 professional development opportunities in FY21.  
FY2022:

<b>Performance Measures</b>	<b>FY 2020 Actual</b>	<b>FY 2021 Estimate</b>	<b>FY 2022 Estimate</b>
Number of professional development opportunities completed	1973	900	NA
Number of employee recognitions awarded	458	1056	NA
Employee recorded telework hours	NA	78,000	NA

**Objective:** 2 FY2020:  
FY2021: To implement all digital Kaizen Teian improvements by the end of FY21  
FY2022:

<b>Performance Measures</b>	<b>FY 2020 Actual</b>	<b>FY 2021 Estimate</b>	<b>FY 2022 Estimate</b>
Digital Kaizen Teian implementation percentage	NA	100	NA
Percent implementation of AMS processes	NA	75	NA

◆ **Goal 2** To expand the retail network and improve retailer experience.

**Objective:** 1 FY2020:  
FY2021: To have an incremental increase of 120 new retailers in FY21.  
FY2022:

<b>Performance Measures</b>	<b>FY 2020 Actual</b>	<b>FY 2021 Estimate</b>	<b>FY 2022 Estimate</b>
Total number of retailer compliance inspections	1910	1080	NA
Number of product vending machines deployed	NA	624	NA
Number of net new retailers	NA	120	NA

◆ **Goal 3** To strengthen the player base through innovative and entertaining products.

**Objective:** 1 FY2020:  
FY2021: To generate over \$75 million in Player's Club revenue in FY21.  
FY2022:

<b>Performance Measures</b>	<b>FY 2020 Actual</b>	<b>FY 2021 Estimate</b>	<b>FY 2022 Estimate</b>
Player's Club revenue (in millions)	NA	75.2	NA

◆ **Goal 4** To increase awareness of Lottery impact on the state of Arizona.

**Objective:** 1 FY2020:  
FY2021: To generate \$1.146 billion in sales with almost \$225 million in profit for FY21.  
FY2022:

<b>Performance Measures</b>	<b>FY 2020 Actual</b>	<b>FY 2021 Estimate</b>	<b>FY 2022 Estimate</b>
Dollar amount of Lottery ticket sales distributed to state beneficiaries	196.5	224.8	NA
Explanation:	FY20 actual does not include a final profit transfer to be processed upon completion of the annual financial audit.		
Dollar amount of instant ticket sales (in millions)	848.4	897.2	NA
Dollar amount of draw game sales (in millions)	241.5	241.2	NA
Dollar amount of instant tab sales (in millions)	8.1	7.3	NA

**Objective:** 2 FY2020:  
FY2021: To generate a total of \$240,000 in beneficiary earned media value in FY21.  
FY2022:

<b>Performance Measures</b>	<b>FY 2020 Actual</b>	<b>FY 2021 Estimate</b>	<b>FY 2022 Estimate</b>
Beneficiary earned media value	NA	240,000	NA