

Vision: Recognized as the first choice for gaming entertainment, while serving the State of Arizona.

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:** In FY22, we will continue to adapt our work environment to meet the ever changing challenges of the COVID-19 era by focusing on safety and developing workplace flexibility. We will continue to strengthen our AMS capabilities by engaging our vendor workforce in the principles.
- 2. Retail network:** Increasing our understanding of our impact on retailer so that we can deliver a better lottery experience.
- 3. Player base:** Continue strengthening player base by adding new draw based games and opportunity for wins through digital platforms.
- 4. Lottery impact on the state of Arizona:** Continue to create opportunity to showcase beneficiaries. Develop new product lines to help us increase beneficiary transfer.

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 79%. 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 co-locate Lottery redemption center in store; new retailer portal; upgraded CRM software; expanded jackpot signs at retail, visual cue to increase out-of-stock awareness in vending machines. Lottery ticket van and vending machine expansion with debit capability. Impacted retail theft through SG SCIQ system. COVID - extended payment terms for Lottery retailers. Implemented service model (RSS) for retail with CVS and exploring opportunities with Walmart. Implemented QuickCard product at Dollar General, Fry's and will be expanding to Circle K, Family Dollar and Lowes.
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 loyalty program and mobile ticket checker. <u>Expansion of 2nd Chance promotions; implemented player based promotions via PlayOn platform migration in Players Club.</u> 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.
5	Increase Lottery Impact in the State of Arizona	2017	Increased Beneficiary transfer by close to \$100M in five years and expanded efforts to leverage Lottery resource to strengthen beneficiary impact.

Strategy #	FY22 Annual Objectives	Objective Metrics	Annual Initiatives
1	Improve employee engagement in opportunity areas	<ul style="list-style-type: none"> Number of Kudos (employee recognitions) presented each month Number of Kaizen Teians implemented with sustainable improvement Number of professional development opportunities completed each month Percent of lottery leadership positions with internal succession plans 	<ul style="list-style-type: none"> Problem solve opportunity areas identified within the Employee Engagement Survey Conduct pulse checks on identified Employee Engagement opportunity areas Formalize an employee recognition program
1	Improve Vendor engagement in the Arizona Management System (AMS) problem solving methodology	<ul style="list-style-type: none"> Implementation of AMS processes percentage 	<ul style="list-style-type: none"> Identify problems benefiting from A3 problem solving Conduct problem solving including appropriate vendor partners
2	Improve retailer experience (Frictionless retailer experience)	<ul style="list-style-type: none"> Number of Route Sales Specialist (RSS) service calls placed to the Scientific Games hotline Days of time between retailer call and fix for issues/problems called into the Scientific Games Retailer Hotline Days from date Scientific Games problem surfaced on problem board to fix Percent of implementation for accounting communication on lottery billing for retailers Number of failed vending machine burster events 	<ul style="list-style-type: none"> Problem solve with Scientific Games high volume categories for RSS service calls Conduct an in-depth retailer satisfaction survey to understand and solve priority Retailer pain points Develop communication plan to help Retailers understand Lottery billing processes Compile needed resources to communicate accounting details to retailers. Identify avenues for communication of billing information for retailers.
2	Expand retailer network	<ul style="list-style-type: none"> Number of vending machines (PCT HD, PCTEX, PCT LP) deployed. Net number of lottery retailers 	<ul style="list-style-type: none"> Develop and deploy vending machine distribution. Expand presentations to corporate accounts not currently selling lottery products. Increase number of team members recruiting new retailers.
3	Implement Keno	<ul style="list-style-type: none"> Percent of Keno phase implementation 	<ul style="list-style-type: none"> Formalize six phased approach to implement Keno Implement Phase 1 and Phase 2 in FY22
3	Strengthen and retain player base	<ul style="list-style-type: none"> Sales of \$50 game Active Players as a percentage of overall Players Club members 	<ul style="list-style-type: none"> Player adaptability to new products - acceptance of new product lines Increase overall player engagement in the Arizona Lottery Players Club
	Increase awareness of		