

Statewide Vision: An Arizona for everyone

Agency Vision : Creating moments to dream, chances to win, and opportunities to give

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

Agency Description: The Arizona Lottery maximizes revenue through the sale of its products on behalf of Arizona taxpayers and in support of its beneficiaries as defined by statute. An advisory commission and agency head appointed by the Governor oversee operations, including product development and product sales through licensed retailers, providing players with entertaining, rewarding games of chance that make a difference in Arizona.

Resource Assumptions: Enter Full-time Employees (FTEs) and funding data by type (General fund (GF), other appropriated funds (AF), non-appropriated funds (NAF), and federal funds (FED). *Includes three years with actuals reflected for first year and approved for second and third year.*

<u>FY</u>	<u>FTEs</u>	<u>Funding:</u>	<u>GF</u>	<u>AF</u>	<u>NAF</u>	<u>FED</u>	<u>Total</u>
23	98.8		\$0	\$171.8M	\$2,037.6M	\$0	\$2,209.4M
24	98.8		\$0	\$188.8M	\$2,251.4M	\$0	\$2,440.2M
25	98.8		\$0	\$201.7M	\$2,243.1M	\$0	\$2,444.8M

*Total reflects GF + AF + NAF. FED funding shown is broken out from NAF.

Executive Summary:

In support of our mission and vision, and in alignment with Governor Hobbs’ priority outcomes, the Arizona Lottery has identified four areas of strategic focus that represent core five-year outcomes for our agency:

1. Maximize sales earned from innovative games - in order to provide Arizonans with relevant and exciting Lottery experiences, innovative games will be an essential mechanism for ensuring sustainable financial performance and future growth.
2. Grow and maximize impact to the beneficiaries - the Arizona Lottery exists to provide funds for programs that provide positive impact for all Arizonans; maximizing our impact helps create a thriving economy and puts more money back into Arizonans’ pockets
3. Provide economic support for small businesses and corporate partners - our retailers provide accessible, safe and profitable avenues for Arizona Lottery customers to access our products while maintaining the highest levels of integrity; strengthening these relationships drives economic value for a large variety and volume of businesses in Arizona.
4. Maximize employee and contractor engagement, retention and professional development - people are the Arizona Lottery’s most important resource; our employees and vendor partners collaborate to produce significant impact for all Arizonans.

Summary of 5-Year Agency Outcomes
(Outcomes are the desired result or impact of addressing strategic issues)

#	Agency Five-Year Outcomes	Start Year	Linked to Gov. Priority Outcome?	Progress / Status
1	Grow annual revenue from digital platforms and innovative games from 0% to 10% of total revenue by June 2029.	2025	Improving Education Reinvest in Arizona K-12 Public Schools	<ul style="list-style-type: none"> Focus will be on prioritizing new revenue opportunities, developing implementation strategies and engaging with stakeholders Will require continued investments in new gaming technologies and increases to marketing budget
2	Increase from \$276M to \$330M in annual beneficiary transfers by June 2029.	2024	Improving Education Reinvest in Arizona K-12 Public Schools	<ul style="list-style-type: none"> FY23 produced record sales and beneficiary transfers due to historic multi-state jackpots FY24 sales continued the growth trend and record sales despite facing significant economic challenges FY25 focus will be on strengthening core products and developing new revenue streams
3	Demonstrate an annual increase in the percentage of retailers that improve their “retailer economic impact score” by June 2029.	2024	Affordable and Thriving Economy Investing in Local Communities	<ul style="list-style-type: none"> Lottery retailers earned over \$100M in FY23 with a 93% satisfaction rate Focus for FY25 and beyond will be on developing a more holistic measure of retailer impact reflecting a wider range of positive outcomes
4	By June 2029, AZL will improve our expanded contractor and employee engagement score by 10%	2024		<ul style="list-style-type: none"> Overall employee engagement rate was 85% in FY23 Developing and improving engagement of Lottery contractors and areas of opportunity identified in FY24 employee engagement survey will be the primary goals for FY25

Outcome #	FY25 Annual Objectives	Objective Metrics	Annual Initiatives
1 - grow annual revenue from digital platforms and innovative games from 0% to 10% of total revenue by June 2029	1.1. By end of June 2025, complete 100% of planned project milestones for the upgrade of the digital player loyalty platform	1.1.A. Percentage of planned project milestones completed for the upgrade of the Arizona Lottery digital player loyalty platform 1.1.B. Player engagement rates from implementation of new Customer Relationship Management (CRM) platform	<ul style="list-style-type: none"> ● Begin the implementation of an upgraded digital player loyalty / CRM platform in order to improve player engagement and modernize for future growth ● Identify key stakeholders for Lottery innovation and develop community engagement plan ● Leverage existing third-party and owned platforms to engage players in digital channels ● Develop digital platform segmented marketing plan
2 - increase from \$276M to \$330M in annual beneficiary transfers by June 2029	2.1 Breakthrough: By end of June 2025, grow year-over-year total sales revenue by 1.5% compared to FY24	2.1.A. Total Lottery sales revenue 2.1.B. Total Scratchers sales revenue 2.1.C. Number / percentage of planned Scratchers optimization tasks completed 2.1.D. Sales growth in stores with new signage vs. statewide average 2.1.E. Number / percentage of planned draw game roadmap tasks completed	<ul style="list-style-type: none"> ● Develop plan to sustainably grow Scratchers sales through price point and prize structure optimization ● Increase visibility and awareness of Lottery products in key accounts via improved signage and merchandising ● Build roadmap to modernize current in-state draw games and introduce new multi-state games in market
3 Demonstrate an annual increase in the percentage of retailers that improve their “retailer economic impact score” by June 2029.	3.1 By end of June 2025, complete 100% of tasks required to implement new retailer economic impact score	3.1.A. Percentage of tasks required to implement new retailer economic impact score 3.1.B. Total retailer earnings 3.1.C. Retailer satisfaction rate 3.1.D. Average monthly service call minutes per retailer / device 3.1.E. Average monthly vending machine sales 3.1.F. Average monthly vending out-of-stocks	<ul style="list-style-type: none"> ● Develop new retailer economic impact score that incorporates multiple performance metrics: sales commissions, satisfaction rates, service calls, etc. ● Maximize impact of sales resources - optimize vending machine placement and sales staff route management ● Implement improved ticket distribution security controls for independent retailers to reduce theft

Outcome #	FY25 Annual Objectives	Objective Metrics	Annual Initiatives
4 - By June 2029, AZL will improve our expanded contractor and employee engagement score by 10%	4.1 By May 2025, increase agency overall engagement score from 75% to 80%	4.1.A. Agency overall engagement score 4.1.B. Number of engagement survey action plan tasks completed 4.1.C. Employee + Vendor retention rates 4.1.D. Percentage of employees completing professional development	<ul style="list-style-type: none"> Identify areas for improvement in FY24 engagement survey results; develop action plan to raise FY25 score Work with key Lottery vendors to develop vendor employee engagement survey to align with state engagement survey; establish initial baseline score Track employee and vendor retention rates and identify key drivers of regrettable attrition Implement employee professional development plans; improve percentage of employees completing professional development aligned with plan

Stakeholder Engagement Plan: Provide a summary of what stakeholders were involved and how.

Internal: Internal stakeholder engagement at the Arizona Lottery takes place through several channels: Executive team planning sessions, monthly agency business review meetings, one-on-one and skip-level conversations between leaders and employees, employee town hall meetings, agency email communications and monthly Lottery Commission meetings. Feedback is solicited from all levels of the organization, including front-line employees, Lottery contractors, and vendor partners.

External: Engagement of external stakeholders also utilizes multiple channels to ensure collaboration covers the widest possible cross-section of our community.

- Lottery players: agency website, player loyalty platform, email communications, social media engagement
- Lottery retailers: direct contact with Lottery Sales staff, retailer newsletter, email communications, retailer website portal
- Lottery beneficiaries: Gives Back marketing communications, Regular Beneficiary meetings, direct outreach, press releases
- Governor’s office / Legislature: direct feedback during strategic planning, engagement through legislative liaison coordinated with Governor’s Office & OSPB
- Tribal engagement: tribal meetings coordinated with Governor’s Office
- Other Community partners: Gives Back sponsorships, meetings with other state agencies, media engagement, email communications, agency website, social media

Communication Plan: Provide a summary of how this strategic plan will be communicated to stakeholders.

Internal: Internal communications and updates regarding strategic plan performance will take place on an ongoing basis. Once finalized, the strategic plan will be communicated with internal stakeholders using the same channels and forums that were used during the initial engagement process. This communication will occur throughout the year, with opportunities to adjust initiatives and tactics as necessary to achieve the annual objectives.

External: Communication of the Lottery’s strategic plan will be integrated into recurring meetings and outreach with external stakeholders as they take place throughout the year. Communications will be tailored to the specific stakeholder groups based on feedback received during the engagement process, and will utilize channels deemed to be most effective. As results are achieved, agency wins will be submitted through the Governor’s Office and reinforced through additional public messaging designed to increase awareness and impact.