



Together, we do good things.

Overview of the Oregon State Lottery
House Committee on Business & Labor
February 20, 2019

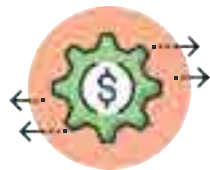
Oregon State Lottery Mission

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.

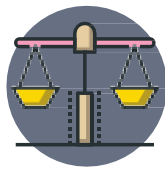
The Lottery's mission has three important fundamentals:



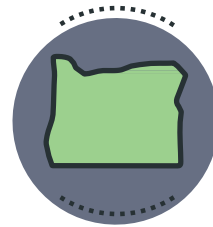
We conduct our business with the highest standards of integrity and security



We work to ensure maximum profits



We are committed to balancing revenue creation commensurate with the public good



Why We Do It

Oregonians count on us. The Lottery provides funding for education, economic development, state parks and environmental restoration, veterans programs, outdoor school and problem gambling prevention and treatment services (aka our beneficiaries). Lottery bonds fund a host of state projects designed to promote job creation and market development. And thousands of Oregonians enjoy our games and win prizes.

Our Brand Promise

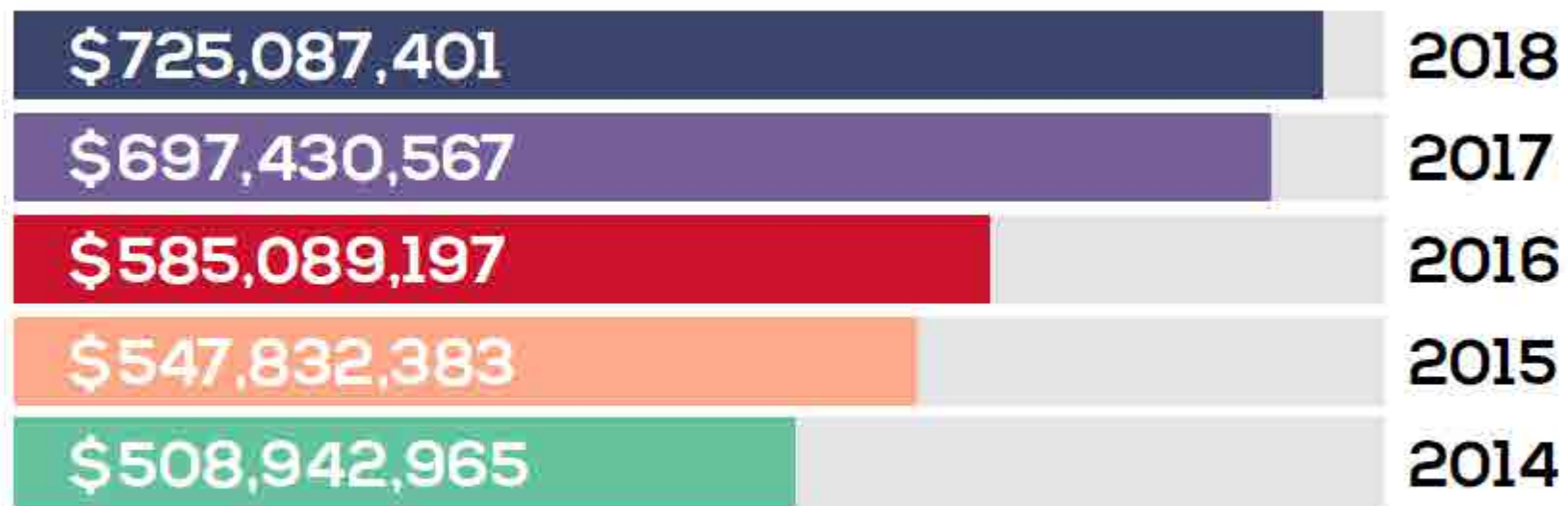
Oregonians count on us to provide funding to state programs they care about. We collaborate, we listen and we partner. Our gaming products are fair, legal, promote gaming responsibly and we *proactively support help and care for Oregonians with gambling issues.*



Creating Revenue for Oregon

The Lottery is the state's second largest source of discretionary funding after the personal income tax, contributing more than \$12 billion since 1985.

Lottery funds transferred to the Oregon Legislature










*Source: OSL Comprehensive Annual Financial Reviews (2014-2018).

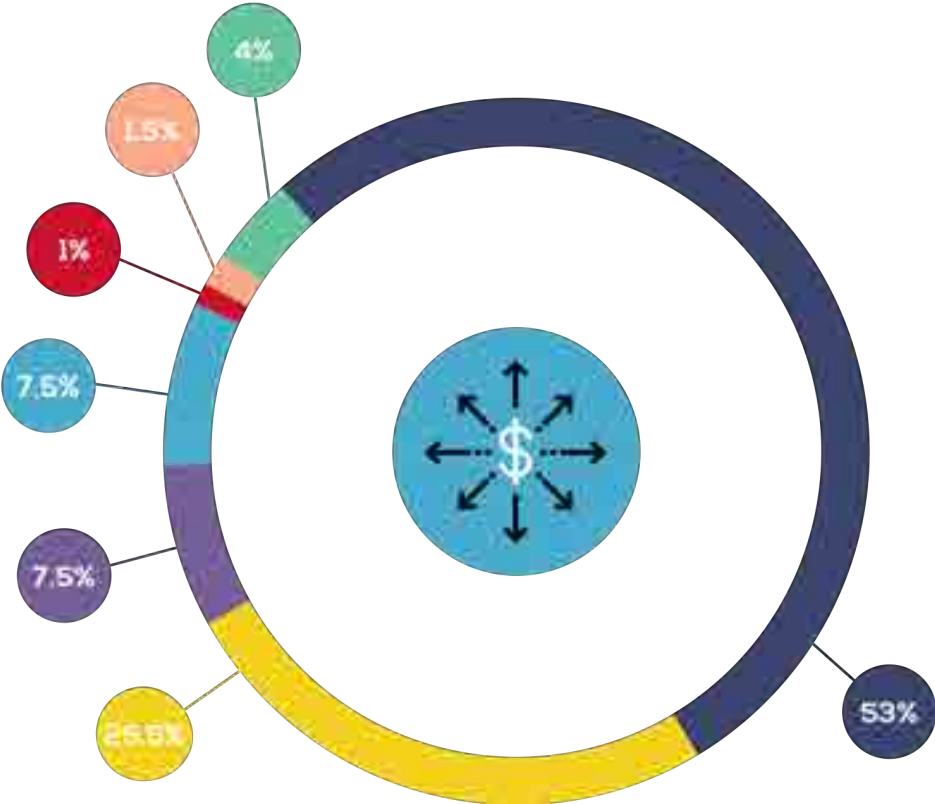
Doing good things in Oregon

With Lottery dollars, jobs are created, schools are supported, parks are maintained, watersheds are improved, veterans are supported, more 5th and 6th graders attend Outdoor School, and Oregonians with gambling issues receive treatment.

Learn more about specific projects funded with Lottery dollars at oregonlottery.org/beneficiaries

How Lottery Funds Are Allocated

-  53% Education
-  25.5% Economic development
-  7.5% State parks
-  7.5% Watershed and habitat restoration
-  1% Problem gambling treatment
-  1.5% Veteran services
-  4% Outdoor school



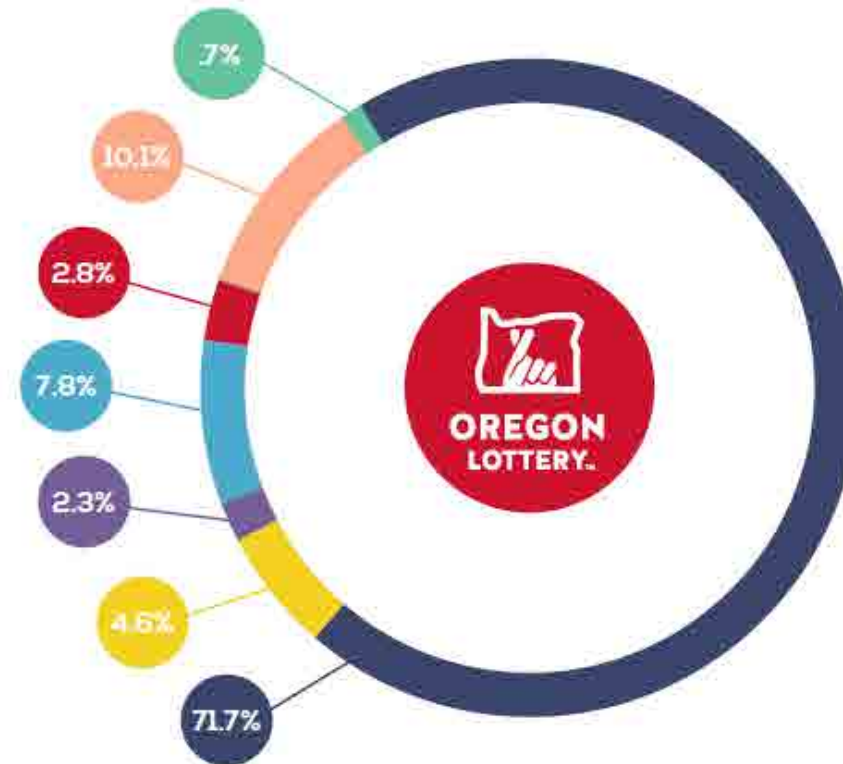
A Variety of Games

We offer a variety of games for everyone, including jackpot games, scratch-its, Keno and Video Lottery, so there's something for everyone—over 18!

Game Portfolio

- Video Lottery \$934M **71.7%**
- Powerball \$60M **4.6%**
- Mega Millions \$30M **2.3%**
- Keno \$102M **7.8%**
- Megabucks \$36.5M **2.8%**
- Scratch-its \$130M **10.1%**
- Pick 4, Lucky Lines and Raffle \$3.1M **.7%**

*Source: OSL product performance data.



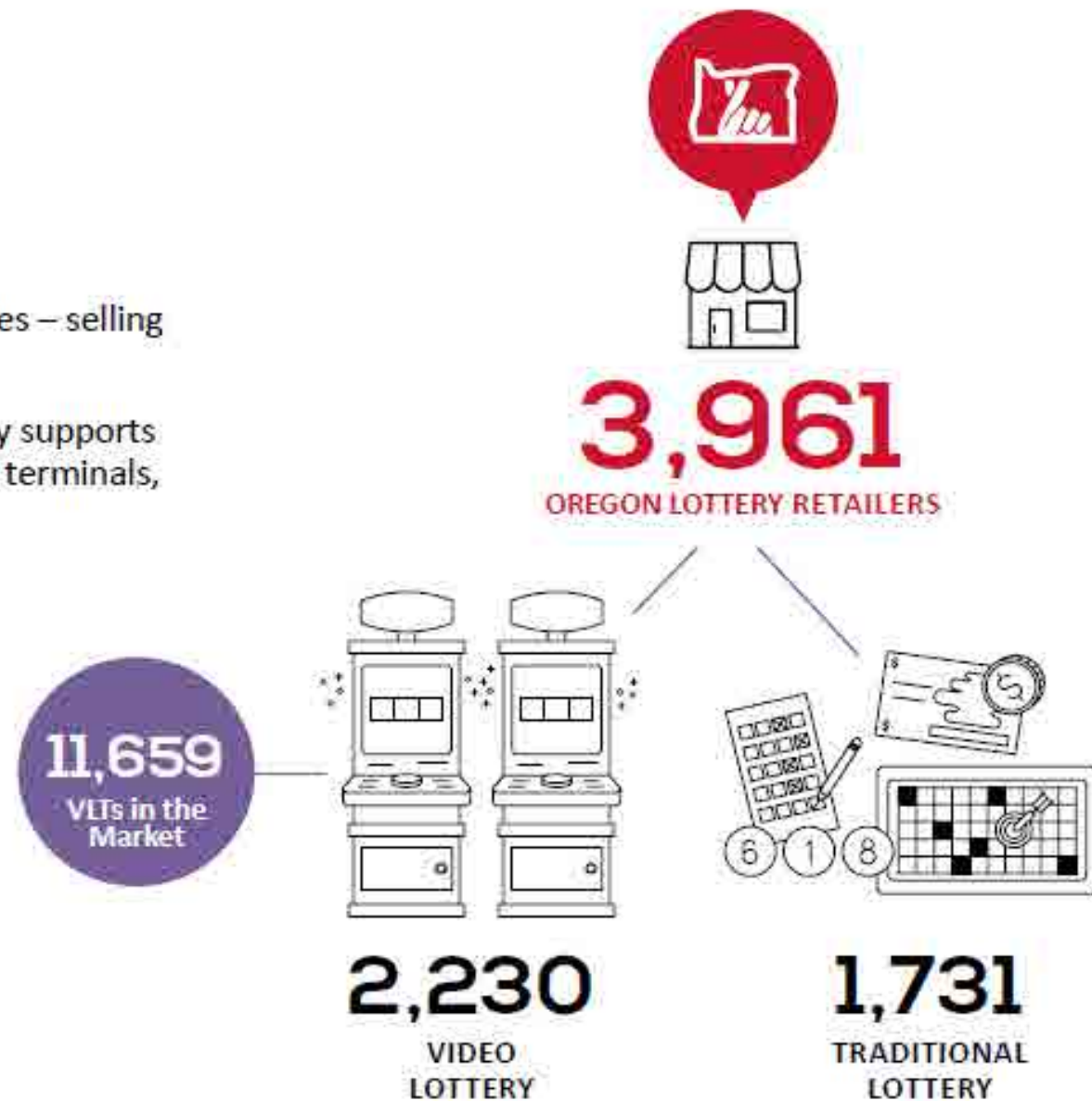
Market Share



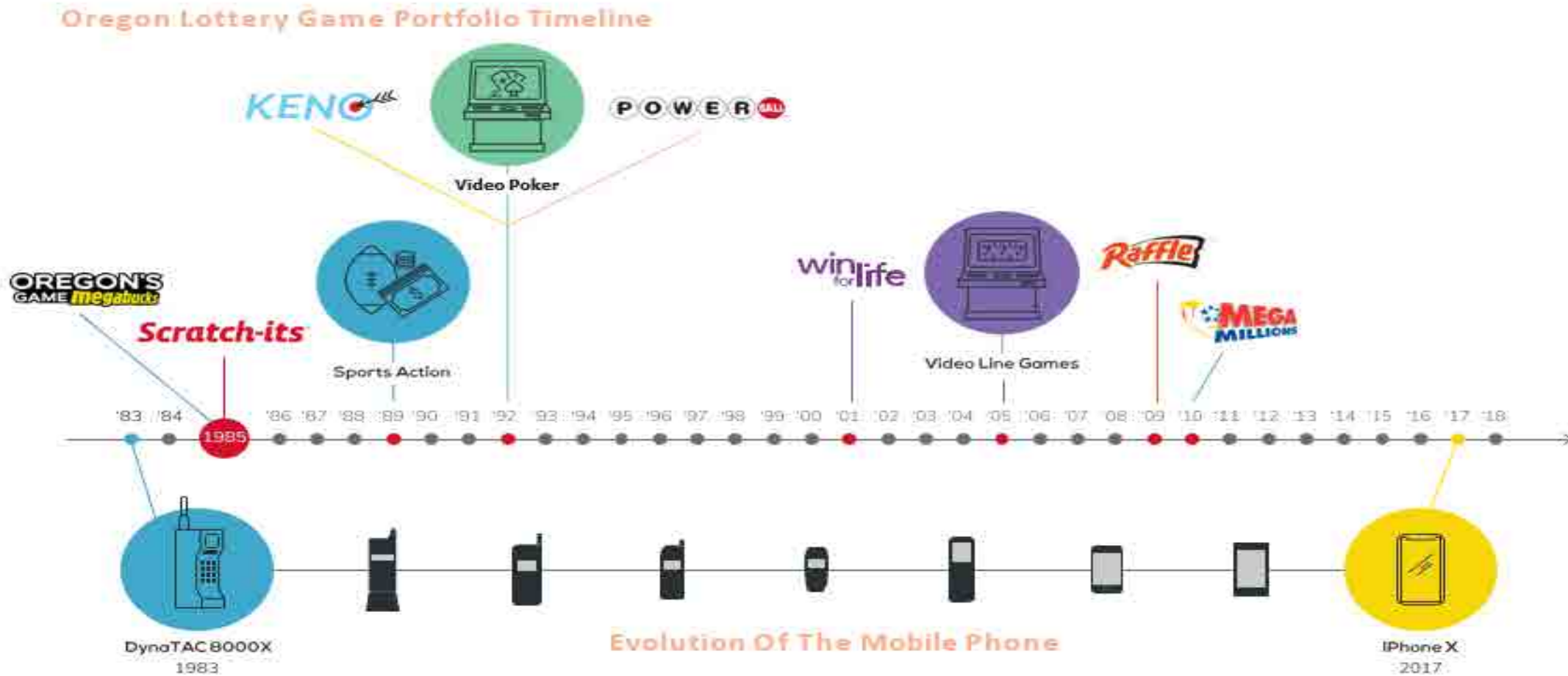
Working With Our Business Partners

Retailers are the primary outlet for Oregon Lottery games – selling more than \$1 billion in FY 2018.

Retailers receive a commission for selling games. Lottery supports sales by providing the games themselves, Video Lottery terminals, and service and marketing support.



Meeting Market Demands



Engaging Players Online

Our players engage online and are increasingly mobile. E-commerce is the new norm and the expectation for self-service via the web is increasing. Oregonians experience personalized interactions online when they shop, play and communicate via social media. The Lottery must expand and improve its digital presence to meet current and future customer demands.



60%

of Oregon Lottery website visitors use a mobile device



98%

of website visitors seek winning numbers



57%

of digital media time in US is spent on a mobile application



87%

of Americans play games online (market trend report from Newzoo)

Keeping the Promise Into the Future



Mobile App—ticket scanning in fall 2018, adding jackpot purchases in future versions



Lottery debit cards for large prize payments



Increased funding for problem gambling research



Regional progressive jackpots for Video Lottery



Improved Video Lottery game offerings—new games and tailored offerings



A return to sports betting—Fall 2019



Any online experience includes player account management, providing responsible gaming tools.



Lottery has no plans to offer video lottery-type games on mobile devices or online.

Going Mobile – Did I win? Check your ticket



Going Mobile – Additional Functionality

RETAIL FINDER

Winning tickets will include a call to action that allows the player to find the closest retailer for claiming their prize.

RESPONSIBLE GAMING TOOLS

A budgeting & timer tool integrated for Video Lottery players; the Cost of Play calculator explains what regular play equates to financially over a period of time for players.

GAME INFORMATION

The APP informs players about new games or new features. Players learn what the 2 top prizes remain for a ticket, what Video Lottery games offer a bigger top award than others, and that 24,000 Powerball winning tickets were sold in Oregon at the last drawing.

PROFILE AND PERSONALIZATION

Every user has a list of preferences (notification options, game interests, zip code, etc) they can view and edit. Players have access to their scanned ticket history.



Sports betting

Lottery is exploring a return to sports betting in a phased, multi-channel approach



- Sports betting will generate incremental increases in net sales as well as appeal to a new demographic of player.
- A multi-channel approach will feature a mobile sports book, enhanced wagering opportunities at retailers, and retailer-based parlay wagering (similar to Sports Action).



- Mobile sports betting currently exists in Oregon through illegal offshore books.
- Legal sports betting will attract new customers to the Lottery.
- Less than half of sports bettors in a FY17 survey were regular Lottery players.
- According to a AGA/Neilsen poll, 71% of current sports bettors would move some or all of their activity to a legal platform if one was available.



- Oregon law currently allows the Lottery to offer all games of chance, including sports betting.
- Impacts from a recent US DOJ opinion can be managed.

Oregon Lottery Responsible Gaming Program - 2018 Impacts Report

The Oregon Lottery® invests over \$3 million annually (above and beyond the funds dedicated to treatment and prevention) to implement a comprehensive responsible gaming program guided by our Responsible Gambling Code of Practice.

Our Goals

- Provide information and tools to help players make informed choices and enjoy Lottery games in a responsible way.
- Create awareness of the help and resources for those affected by problem gambling. We aim to ensure that people affected by gambling issues know how to access help and that they understand treatment is free, confidential, and it works.

What We Measure

- **Annual measurements** look at year-over-year trends to enable continuous improvement
- **Key accomplishments** measure a discrete set of non-repeatable activities.



RG

Responsible Gaming

BY THE NUMBERS



\$99 Million+

Dedicated to funding problem gambling treatment and prevention since 1999



2531

Grocery and convenience Lottery retailers staff completing RG training



7

RG Tips on the New Oregon Lottery App



11

Times the average Oregonian will see a treatment referral ad during a 26-week period



\$3.8 Million

Invested in player education and treatment referral advertising and promotion in FY18



2,620,819

Page views driven to the Oregon Problem Gambling Resource website

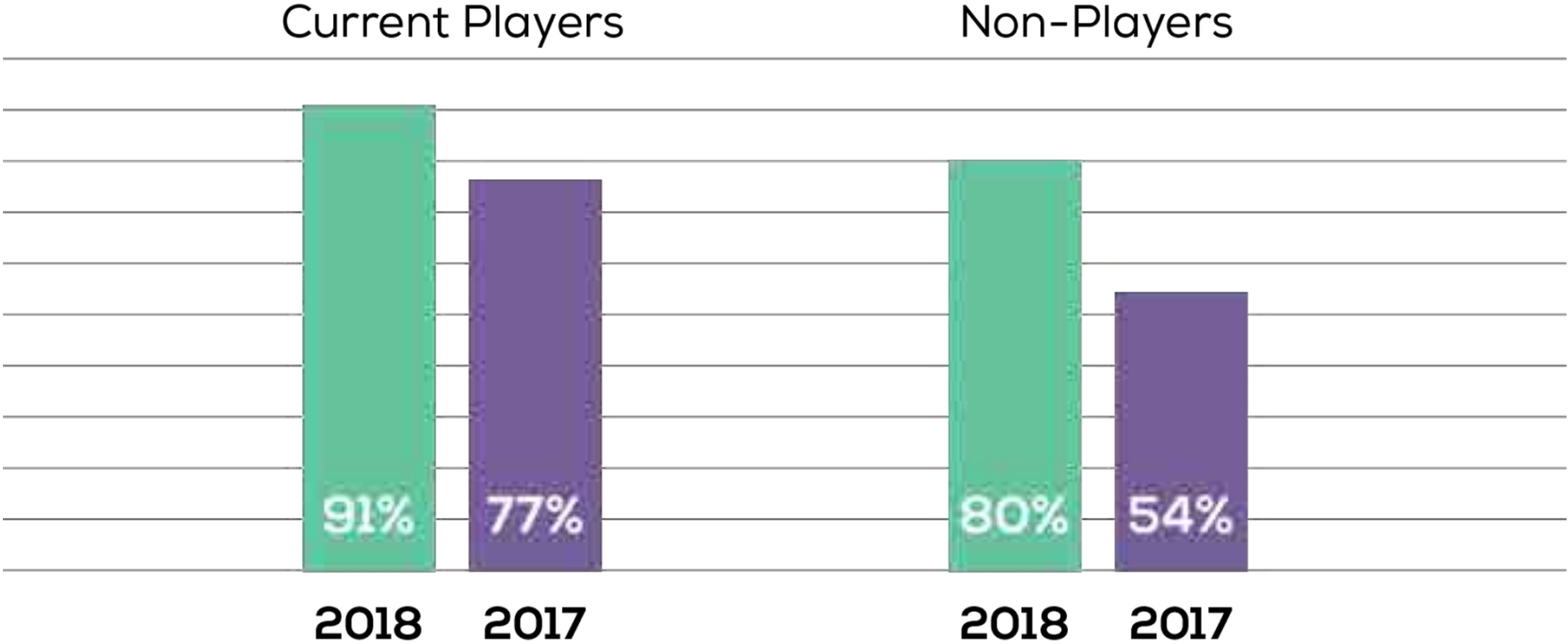


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Player facing Lottery staff completing advanced RG training

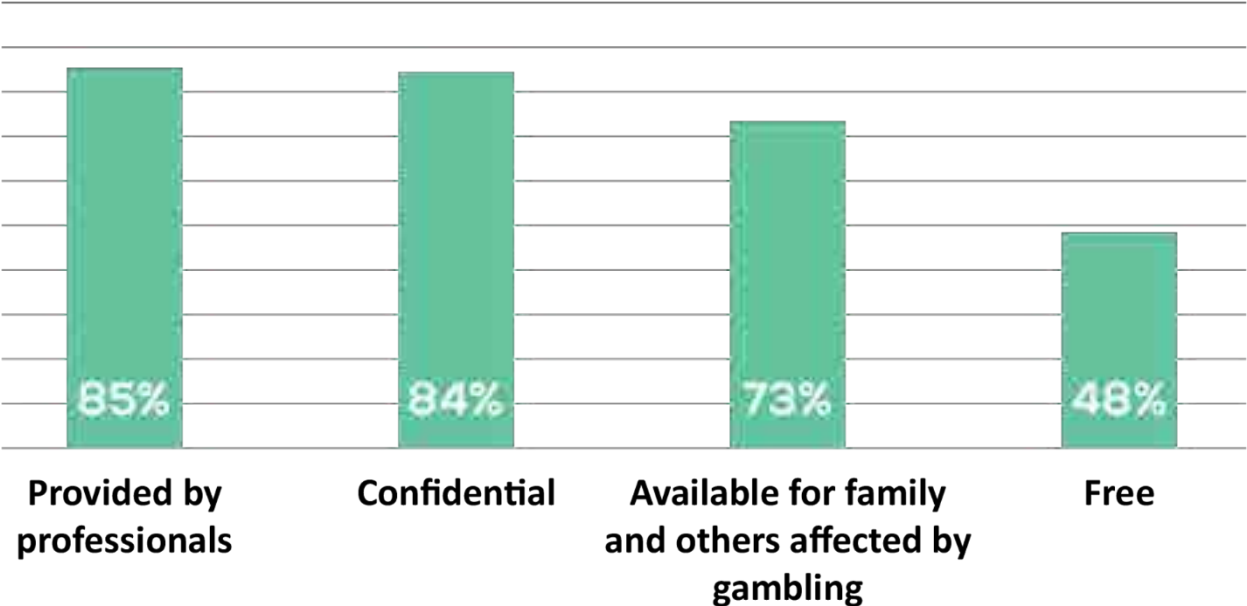
Annual Measures

Awareness of the Availability of Problem Gambling Treatment



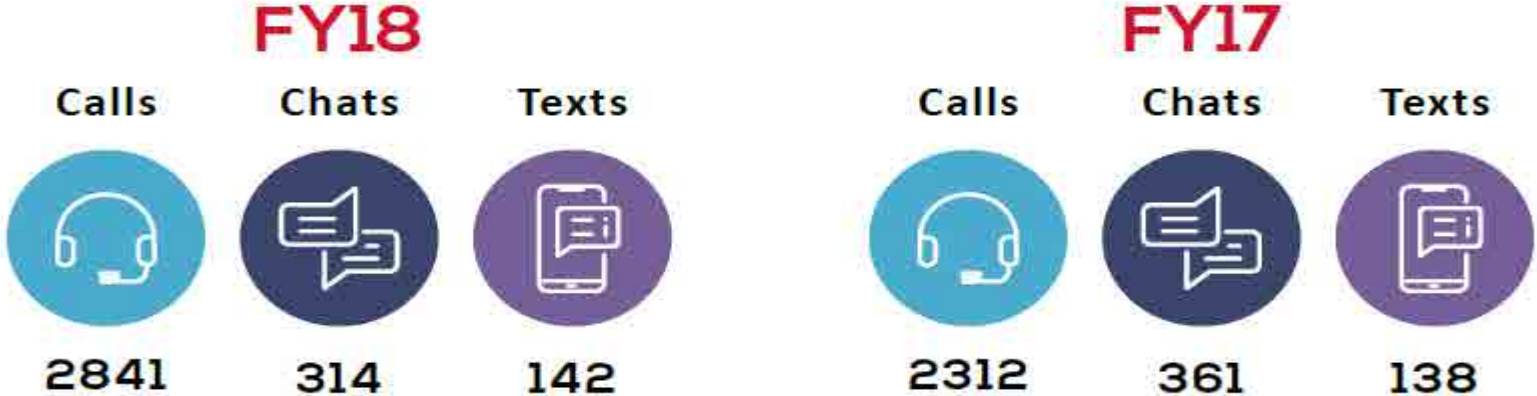
Annual Measures

Awareness of Problem Gambling Treatment Features



Annual Measures

Contacting the Helpline



Key Accomplishments: Engaged Retailers

“Promoting responsible
gambling is
a responsibility
Lottery and Retailers
share equally.”



Key Accomplishments

Lottery Retailer Staff Training

- 3,825 – Video retailers
- 2,531 – Non-video retailers
- 1.7 – Staff trained per retailer

Responsible Gambling Training is available in 8 languages!

English—Play Responsibly

Spanish—Juege con responsabilidad

Russian—**Играйте ответственно**

Chinese simplified—负责任地玩

Chinese traditional—負責任地玩

Vietnamese—**chơi có trách nhiệm**

Korean—책임감 있는 플레이

Arabic—**ةي لوؤس دب بع ل**

“Promoting responsible
gambling is
a responsibility
Lottery and Retailers
share equally.”

In a 2017
retailer survey
78% of retailers
agreed to this
statement

Key Accomplishments

Advanced Training for Lottery Staff



World Lottery Association

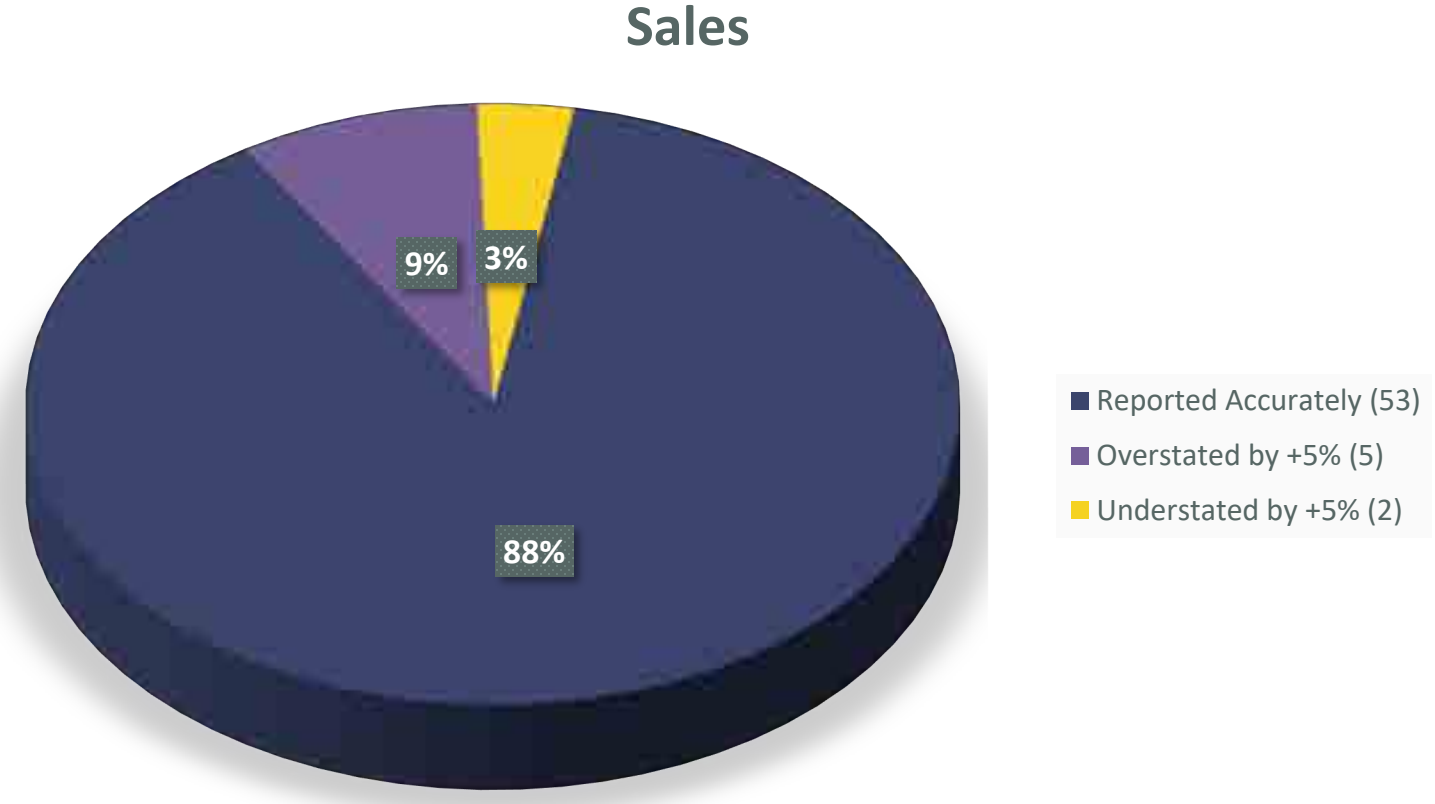
Level 4 Responsible Gaming Certification

Recognizes lotteries who have embedded RG in their organization's goals, governance, management processes and who have made RG a key component of the corporate culture

- 130 page submission – with 227 links to documentation and assets
- Validated through independent GLI Audit
- Judged by an international panel for the WLA's Responsible Gambling Framework
- Level 4 is the highest level offered by WLA
- Oregon Lottery is one of only 8 US lotteries to achieve Level 4 Certification
- Oregon Lottery only US lottery with Video Lottery to achieve Level 4 certification

Audit of Retailer Reporting of Non-Lottery Revenues

- Conducted by OSL's Internal Audits Division
- First year of a 5-year program reviewing records of 281 limited menu retailers, cafes and small eateries
- Auditors reviewed non-lottery revenue records for accuracy and completeness at 60 locations



Audit of Retailer Reporting of Non-Lottery Revenues

Three Recommendations:

1. Provide improved guidance and instructions for the types of sales that are and are not reportable and improve the layout of the gross sales report. For instance, the gross sales report should have specified columns for tobacco products and ATM commissions to distinguish these sales from other miscellaneous sales.
2. Clearly instruct retailers which records should be retained for a minimum of two years, including daily Point of Sales (POS) system summary tapes or POS system generated reports/data and cost of sales documents.
3. Perform follow-up records reviews of the eleven retailers found to have low audit scores, low sales accuracy or poor general business controls. The follow-up reviews will help to ensure appropriate resolution of the issues noted during this review.

SB 74 - Lottery Modernization Bill

As mentioned throughout this presentation, Lottery is moving forward into modern gaming, consistent with Lottery's constitutional directive to maximize revenue commensurate with the public good. As we move forward, Lottery wants to make sure the statutes written in 1985 keep pace. To that end, we have a bill, SB 74, that takes the original spirit of Lottery – transparency, player protection, revenue commensurate with the public good – and applies it to the modern gaming market.

SB 74 will:

1. Address moving from anonymous play to non-anonymous play, by providing consumer privacy and protection;
2. Enhance our responsible gambling/problem gaming duties;
3. Clarify definition of video lottery terminals and video lottery games;
4. Make technical fixes to align statute with current practice, administrative references, and definitions.



**OREGON
LOTTERY™**

Together, we do good things.

Oregonians count on us to provide funding to state programs they care about.