



Oregon Lottery Update on Video Lottery Terminal Activities

House Committee on Gambling Regulation

Monday, November 6, 2023

Video Lottery Ecosystem Recap



Systems & Equipment



Games & Content Management



Digital Engagement & Customer Experiences



Process & Support



Recent Activities

- Continuous monitoring and optimization of end-to-end Video Lottery terminal (VLT) activities
- Beginning a sustained \$20 million per year spend on VLT replacement efforts, which currently translates to approximately 10% of terminals replaced per year
- Methodically progressing through the Video Lottery retailer applicant waitlist, itself begun with interested applicants during the Video Lottery contract freeze between January 2022 and July 2023
- VLT reallocation efforts through equipment management are underway with 125 VLTs being added to the most demand-intensive sites in the portfolio and 25 VLTs being removed from sites with the least demand



Early Results - VLT Replacement Efforts

In June 2023, Oregon Lottery completed the replacement of the **V32** VLT model (approximately 3,000 VLTs). The process had begun in earnest in early 2022.

The replacement of the **E20** VLT model began in June 2023 (approximately 3,500 VLTs). Since that time, 24% of these terminals across Oregon have been replaced. The current funding plan is set to have all **E20** terminal replacements complete by June 2026.



Early Results - Applicant Waitlist

290 Interested Applicants, August 2022 – October 2023

210 Applicants Addressed or In-Progress (72%)

80 on
Waitlist
(28%)

71

Applicants Being Considered

52

Applications Not Initiated

42

Applications Approved

36

Applications Withdrawn

9

Applications Denied



Early Results - Equipment Management

VLT Additions at the 125 highest-performing retail sites

Of 100 terminals already added to Oregon Lottery market throughout 2023 thus far, we have observed a **7% increase in overall Video Lottery performance** at the sites receiving the additional terminal.

Assuming such performance continues at these 100 sites, this growth will yield approximately **\$2.7 million** in additional revenues for the state of Oregon per year.

Oregon Lottery hopes to continue this trajectory and is currently in the process of providing 25 more VLTs to its highest-performing retail sites.

VLT Removals at the 25 lowest-performing retail sites

25 VLTs are currently in the process of being removed from the lowest-performing retail sites for reallocation purposes.

Oregon Lottery will be monitoring the impact of removals at these locations to ensure that the combined VLT addition and removal activities provide net benefit for the state of Oregon.



Next Steps

- Continue monitoring and optimizing end-to-end Video Lottery terminal (VLT) activities, conduct quarterly reviews, and continually refine updates toward sustainable 4-year plans
- Continue VLT asset reallocation via quarterly VLT additions at the highest-performing sites and semi-annual VLT removals at the lowest-performing sites
- Throughout FY24, replace approximately 800 outmoded E20 VLTs with the Kascada terminal model
- Progress through the Video Lottery retailer applicant waitlist while balancing demand for new Video Lottery contracts with VLT inventory and resource capacity
- Continue working with partners to explore ways to improve a healthy Video Lottery Ecosystem across all facets: Data, systems and equipment, game and content management, customer experience, and process

