



M E M O R A N D U M

Date: March 30, 2023

To: California State Lottery Commission

From: Alva V. Johnson, Director 

Prepared By: Jennifer Chan, Deputy Director
Information Technology Services Division

Subject: Item 9(a) – Palo Alto Network Firewall Maintenance Renewal

ISSUE

The California State Lottery (Lottery) seeks California State Lottery Commission (Commission) approval to renew maintenance and support services for the Palo Alto Networks (PAN) firewalls. The total amount for this agreement is \$1,239,652.82 for a three-year term beginning May 21, 2023.

BACKGROUND

The Lottery's infrastructure is essential to conducting Lottery business operations and supports critical functions within the organization. The Lottery utilizes PAN firewalls across the entire technology infrastructure to ensure critical business services to Lottery staff, business partners, and players remain uninterrupted. PAN firewalls provide critical security functions such as identifying, isolating, and/or eliminating potential threats to prevent intrusion by hackers and other threats to the Lottery's data. These devices monitor and inspect all data coming into and out of the Lottery IT infrastructure and are used to identify and block, if necessary, digital threats and mitigate them before they can disrupt and/or disable the Lottery's computing and communication systems.

The availability of specialized expert support from PAN has been essential to resolving issues in a timely manner to ensure ongoing uninterrupted services reliant on the Lottery infrastructure. The PAN provides the Lottery with specialized technical expertise, support, and issue / incident resolution.

This renewal will synchronize the end term dates of the maintenance and support of these PAN firewalls with the Lottery's existing PAN equipment that falls under the PAN contract umbrella.

DISCUSSION

Through this maintenance and support agreement, the Lottery will receive the required updates to maintain the firewalls in a secure and optimal state. For example, the annual maintenance and support agreement ensures that the Lottery infrastructure will not be exposed to security vulnerabilities and receive regular updates which can improve performance, stability, and functionality. The annual maintenance and support agreement also ensures that the Lottery will be able to obtain specialized technical assistance from PAN when necessary.

During the planning of this maintenance and support agreement, the Lottery identified infrastructure where additional PAN firewalls were required to be procured, configured, and implemented to strengthen and enhance security. If the maintenance and support agreement on these PAN firewalls is not renewed, Lottery operations may be impacted due to loss of services and/or security systems. This would hinder our ability to protect the Lottery from external attackers, perform web filtering for our users, and securely connect our offices to our trusted partners such as the Department of Justice, California Department of Technology, IGT and Epicor. If a network-related security event were to occur, the Lottery's brand, reputation, and public perception could be negatively impacted. If connectivity through our PAN firewalls is compromised, it would impact our workforce's productivity and workflows. Continuing the maintenance and support agreements for the PAN firewalls will reduce risk to the Lottery's infrastructure.

The Lottery's formal competitive procedures will not apply to this procurement, pursuant to the exception set forth in Lottery Regulations Section 8.1.2.C as follows:

"The goods or services will be acquired using a standard United States General Services Administration Agreement or a State of California, Department of General Services Master Services Agreement, Multiple Award Schedule, Master Rental Agreement, or other such agreement which establishes a list of pre-qualified bidders who have agreed to contract terms and prices."

The Lottery utilized the Department of General Services Mandatory Statewide Contract #1-19-70-19P for Enterprise Technology (Data Center Equipment) with the only vendor for PAN, Enterprise Networking Solutions, Inc.

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RECOMMENDATION

Lottery staff recommends the Commission approve renewal of the maintenance and support services for the Lottery's PAN firewalls. The total amount for this agreement is \$1,239,652.82 for a three-year term, from May 21, 2023 through May 21, 2026.