




## M E M O R A N D U M

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Date: May 26, 2022

To: California State Lottery Commission

From: Alva V. Johnson   
Director

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Sales & Marketing Division

Subject: 8(a) – IGT Global Solutions Corporation Instant Ticket Printing  
Contract Extension

### **ISSUE**

The California State Lottery (Lottery) contracts with IGT Global Solutions Corporation (IGT) as a secondary vendor for instant tickets (Scratchers®) production. The current contract is set to expire on November 30, 2022.

### **BACKGROUND**

The Lottery currently contracts with IGT as one of its three Scratchers printing vendors. The original contract term was December 1, 2013 through November 30, 2019 with an initial expenditure authority of \$25 million and included authority for the parties to amend the contract upon mutual written consent. In 2019, the California State Lottery Commission (Commission) exercised the first option to extend the contract by a term of three years to November 30, 2022. Following the first option, the agreement includes the option to extend for three additional one-year terms.

### **DISCUSSION**

As a secondary vendor, IGT is responsible for printing Scratchers for the Lottery. In addition, IGT plays an integral part in the Lottery's overall success with Scratchers sales and in turn, its contribution to education. IGT has proven to be a responsive vendor that has helped the Lottery increase Scratchers sales from approximately \$3 billion in 2013, to over \$6.4 billion in 2021.

There are only three instant ticket printing vendors within the industry that can meet the Lottery's needs, volume and security requirements, and the Lottery has contracts

with each of them. Each of these vendors provides the comprehensive, highly specialized services required for printing Scratchers, serving lottery clients across the globe., Issuing a Request for Proposal (RFP) would not result in locating any new vendors capable of producing tickets meeting these industry specifications, and the Lottery seeks to exercise the one-year contract extension option to help ensure uninterrupted product sales and save valuable staff time and the expense associated with releasing an RFP.

During the pandemic, the Lottery focused on ensuring distribution of its games, including orders and reorders of certain IGT games, even with capacity issues faced by IGT, during pandemic-impacted supply chain disruptions faced by many industries.

As of April 2022, the IGT contract has approximately \$14 million of funding available for the remainder of the proposed contract term that ends in November 2023. Staff estimates that this is sufficient to cover the proposed one-year extension period.

### **RECOMMENDATION**

Lottery staff recommends that the Commission approve an extension of IGT's instant ticket printing contract for one year to November 30, 2023. The maximum authorized contract expenditure amount will remain at \$25 million.