



M E M O R A N D U M

Date: September 19, 2023

To: California State Lottery Commission

From: Alva V. Johnson, Director *AA*

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Information Technology Services Division

Subject: Item 8(g) – Public Website and Cloud-based Infrastructure Contract

ISSUE

The California State Lottery (Lottery) seeks approval to enter into a five-year contract with ICF Incorporated, LLC for public website (PWS) and cloud-based infrastructure services in the amount of \$58,587,703 with the term beginning November 1, 2023.

BACKGROUND

The PWS supports the Lottery's ongoing digital initiatives to develop, maintain, and enhance a digital infrastructure that enables the Lottery to engage players, consumers, retailers, and vendors; analyze actionable data; provide information to the retailer network; develop insights and business facts to support a cohesive brand presence; and positively influence stakeholder perceptions and actions. Through the PWS, the Lottery aims to elevate its communication and digital presence and continue engaging with Lottery players, retailers, and other stakeholders while enhancing the Lottery's commitment to promoting responsible gaming in California.

On October 1, 2015, Olson and Co. (now known as ICF Resources LLC) was awarded a Digital Agency services contract to provide strategic web design, maintenance, and marketing consultation.

On May 27, 2021, the California State Lottery Commission (Commission) approved the Lottery's recommendation to extend the ICF contract by two years to September 30, 2023, and to add an additional \$7,500,000 in expenditure authority. The intent of this extension was to add PWS functionality and features that were on the previous website,

enable hardware migration, and to provide time to conduct a solicitation and award a new contract for PWS services.

On October 6, 2022, the Lottery developed and posted a Request for Proposal (RFP) for PWS services with an estimated start date of July 14, 2023. In February 2023, the RFP was canceled. Accordingly, the procurement of a new contract for PWS services was delayed.

On March 3, 2023, a revised RFP was released with a final vendor response date of May 26, 2023. While evaluating responses, the Lottery opted to extend the final RFP response date to June 21, 2023.

On May 25, 2023, the Commission approved the current contract extension with ICF Resources LLC through September 30, 2024 to allow the Lottery sufficient time to complete the RFP and contract award process and allow for any vendor transitioning time.

DISCUSSION

The PWS is a vital asset for the Lottery and extends to every aspect of the Lottery's digital marketing strategy as the backbone of the Lottery's online presence, communication, and content that:

- Provides information about the Lottery, clear up myths, and elevate the perception of the Lottery brand
- Increases sales and revenue through the promotion of new products and campaigns
- Provides access to the Lottery's 2nd Chance promotion program
- Promotes responsible gaming
- Improves the customer experience for players, retailers, and internal customers
- Elevates perceptions about the Lottery to grow its player base by building trust and confidence among stakeholders and the general public

The Lottery's PWS plays a vital role as the Lottery strives to increase supplemental funding for California's public schools.

If approved, this new contract has improved terms and conditions, service level agreements (SLA), number of key staff, and PWS translation services. These improved areas allow the Lottery to better hold the Contractor accountable and ensure a higher level of service. The new contract also affords the Lottery to explore several areas where technical improvements can reduce technical debt and strengthen performance:

- Evaluate a potential replacement of a solution to validate players and prevent them from registering for multiple 2nd Chance accounts
- Evaluate opportunities and potential solutions to automate manual processes (e.g. file transfers and Americans with Disabilities Act (ADA) compliance scans)
- Identify and/or implement potential PWS system improvements such as design and performance improvements with the PWS database, changes to the existing infrastructure, tools for increased performance testing, and expansion to more dynamic content to improve page load and system response times
- Improve security and reduce risks such as assessing and recommending improvements to the current Azure environment to increase PWS' security posture and implementing a more secure development platform
- Identify and/or implement potential operations improvements such as integrated configuration management tools, a Disaster Recovery environment to support full recovery of all production functionality, content management processes and tools, redesign of the database structure and existing interfaces

Due to the improved areas of this new contract, it is in the best interest for the Lottery to cancel the current PWS contract once the resulting contract from the RFP has been fully executed.

Based upon the RFP best value analysis, the Lottery Evaluation Team selected ICF Incorporated, LLC. Even though ICF Incorporated, LLC was the only proposer, their cost is competitive and reasonable when compared to the hourly rate range from the Department of General Services Technology, Digital and Data Consulting Master Service Agreement classifications. Therefore, ICF Incorporated, LLC is considered best value for the Lottery.

The Lottery's formal competitive procedures will apply to this procurement, pursuant to the Lottery Regulations Section 8.1.1 as follows:

“Except as provided by section 8.1.2., the Lottery will use a formal competitive process to procure goods or services involving an expenditure of more than \$100,000, to ensure that it obtains the best value for the Lottery. Factors to be considered in evaluating bidders may include, but are not limited to quality, competence, experience, past performance, efficiency, reliability, financial viability, durability, adaptability, timely performance, integrity, security, and price.”

RECOMMENDATION

The Lottery recommends the Commission approve the award of a public website services contract to ICF Incorporated, LLC for an initial term of five years with two (2) two-year extensions and one (1) one-year extension, with a maximum authorized contract expenditure of \$58,587,703. The initial term of the contract will begin November 1, 2023 and end October 31, 2028.