

COMMISSION AGENDA ITEM

Item 8(c) – Varonis Renewal



Date: January 22, 2026

To: California State Lottery Commission

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Director

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Subject: **Item 8(c) – Varonis Renewal**

ISSUE

The California State Lottery (Lottery) seeks Commission approval to renew the Varonis subscription service for a three-year term. The total agreement amount is \$765,336 with a term date of March 31, 2026, through March 30, 2029.

BACKGROUND

Since 2022, the Lottery has used Varonis to safeguard its digital environment by identifying potential threats and preventing unauthorized access to sensitive data.

Without Varonis, the organization would face increased information security risks, including the possibility of internal threats going unnoticed, slower responses to security incidents, and challenges in meeting security standards. Varonis significantly enhances the efficiency of security monitoring and incident response by automating tasks that would otherwise require manual intervention. This not only minimizes the risk of human error but also alleviates the workload on cybersecurity staff by streamlining traditionally time-intensive, manual processes. Renewing this service ensures the Lottery continues to protect its valuable information assets while improving operational efficiencies.

DISCUSSION

Renewing the Varonis subscription service aligns with the Lottery's Information Security Program's goals and objectives by providing the Lottery with essential data protection, automation, and security compliance capabilities. As the Lottery continues to expand its digital operations, particularly in cloud and hybrid environments, the need for a robust, automated data security solution is more critical than ever.

Varonis plays a critical role in safeguarding Lottery data and technical environments. Varonis provides centralized environment monitoring coupled with advanced behavioral analytics in order to detect insider threats, improve incident response, and prevent data leaks. Varonis' automation capabilities improve security incident response times and reduce time spent on repetitive operational tasks, which alleviates operational strain and alert fatigue for cybersecurity staff. Automation allows the Lottery to maintain its strong security posture and reduce false positive

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rates, while enabling staff to focus on higher-value security tasks.

Any disruption in service could have reputational and operational consequences. Failure to renew the Varonis subscription would compromise the Lottery's ability to detect and respond to security threats in a timely manner. It would also hinder security compliance efforts, increase the risk of data breaches, and reduce the overall effectiveness of cybersecurity staff. These outcomes could negatively impact public confidence, integrity of Lottery operations, and Lottery's ability to fulfill its mission to provide supplemental funding for public education.

Since 2022, Varonis has been renewed annually. The annual renewal cost for this service now exceeds \$250,000 due to Lottery growth and rising industry costs, requiring Commission approval. To lock in current pricing and reduce the administrative overhead of annual renewals, the Lottery seeks a three-year renewal.

The Lottery's formal competitive procedures do 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 a leveraged procurement agreement, requesting bids from multiple resellers that participate in the Software Licensing Program administered by the State of California, Department of General Services (SLP-24-70-0059Z). The lowest bid was submitted by ePlus Technology Inc.

RECOMMENDATION

The Lottery recommends that the Commission approve renewing the Varonis subscription service for a three-year term. The total contract amount is \$765,336 with a term date of March 31, 2026, through March 30, 2029.