

COMMISSION AGENDA ITEM

Item 8(f) – Astute Contract Extension



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To: California State Lottery Commission

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Director

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Subject: **Item 8(f) – Astute Contract Extension**

ISSUE

The California State Lottery's (Lottery) contract with Astute Solutions LLC (Astute) for Information Technology (IT) consulting services was executed on February 15, 2024, and is currently due to expire on February 14, 2026. The Lottery seeks Commission approval to exercise the first one-year extension option and add \$500,000 in expenditure authority.

BACKGROUND

Business Intelligence & Business Analytics (BIBA) is the Lottery's data analytics platform that provides a wide variety of reports, interactive dashboards, ad hoc reporting, and analytics services to Lottery business units in support of operational and strategic decision management. BIBA's aging, on-premises infrastructure is approaching end-of-life and is not sustainable for the long term. Lottery business user demands have outgrown many of the BIBA resources and scaling them up on-premises has become impractical and no longer supportable. BIBA's daily data processes no longer serve the business needs for timely data due to increased data volume.

To address these issues, the Lottery collaborated with Microsoft in conducting a Proof of Concept (POC) to identify possible solutions. Azure Analysis Services, Synapse, and PowerBI Premium were determined to be the best solutions to replace BIBA's aging, on-premises infrastructure.

However, these are new technologies to the Lottery and highly-complex in nature, requiring specialized knowledge and experience to successfully implement. The Lottery's technical teams do not have the expertise and experience to implement without professional services support. To obtain the required services, an informal competitive solicitation was conducted in 2023 resulting in the current contract with Astute. The contract was for \$1,400,000 with a two-year term of February 15, 2024, to February 14, 2026, with two one-year Lottery options to extend. This agreement was formally approved by the Commission in January 2024.

The Astute contract leverages experienced contract resources to facilitate the implementation of an upgraded BIBA, while providing knowledge transfer and training to Lottery staff, and

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documenting vendor processes and procedures to enable Lottery staff to gain the knowledge and experience necessary to maintain these new technologies going forward.

DISCUSSION

The BIBA modernization effort directly addresses the limitations of the current on-premises infrastructure and enables the BIBA system to scale effectively in response to growing business demands. To date, the Azure Synapse development environment has been successfully established, with dedicated SQL pools provisioned and key databases migrated. One-time data load pipelines have been developed and were used to transfer data from on-premises systems to the cloud. The team has implemented a new Extract, Transform, and Load orchestration pipeline, complete with error handling, retry logic, data catch-up functionality, and data quality checks. Current efforts are focused on validating data loads, testing incremental load functionality, and preparing for full-scale deployment of BIBA reporting and analytics components in the Azure environment.

Despite the progress made to modernize BIBA, an additional year and additional funds are needed to complete the project leveraging Astute's services. Roughly 150 reports and dashboards from older systems (SQL Server Reporting Services and Power BI) still need to be converted to the new Power BI format. Additional work is needed to update the old system's (SQL Server Analysis Services OLAP) to Power BI Tabular models. Both require rebuilding complex logic and creating new calculations in the new system.

As the project progressed, additional complexities were identified, such as the need for enhanced data integration, expanded reporting capabilities, and increased security and compliance measures, staying coordinated with ongoing changes to the on-premises environment, which were not fully anticipated. Additionally, the project encountered unanticipated changes resulting from ongoing implementation projects such as the 2nd Chance platform upgrade. This required additional development and testing efforts to ensure compatibility and continuity across the current on-premises system and the new BIBA system.

The extension and additional funding will allow Astute Solutions, Inc. to continue providing expert IT resources to support the Lottery's migration of its BIBA platform to the cloud. Astute's specialized expertise is required to complete the modernization of BIBA, which includes migrating to cloud-based reporting and analytic technologies, technologies needed to ensure BIBA meets the Lottery's reporting and analytics needs and requirements while providing optimal performance, flexibility, and scalability.

Exercising this extension option would lengthen the contract term by one year and require an additional \$500,000, bringing the total expenditure authority to \$1,900,000. The Lottery requests the Commission approve the requested increase in expenditure authority and extension pursuant to Lottery Regulations Section 8.6.3.B, which provides as follows:

“No contract previously approved by the Commission may be amended without prior Commission approval if the amendment extends the term of the contract by 25% or six months, whichever is shorter, or if it adds funds to the contract that increase the total amount obligated by 10% or \$250,000, whichever is less.”

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The Lottery utilized a leveraged procurement agreement, requesting offers from multiple contractors that participate in the Technology, Digital and Data Consulting, Master Service Agreement administered by the State of California, Department of General Services (Contract Number 5-22-70-25-029) to enter into the current Astute contract. The original best value offer was submitted by Astute Solutions, Inc.

RECOMMENDATION

The Lottery recommends the Commission approve the one-year extension of the Astute contract and an additional expenditure authority of \$500,000. The amended contract will expire on February 14, 2027, with a new maximum authorized contract expenditure of \$1,900,000.