

COMMISSION AGENDA ITEM

Item 8(b) – Epicor Maintenance and Operations Contract Amendment



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To: California State Lottery Commission

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Director

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Subject: **Item 8(b) – Epicor Maintenance and Operations
Contract Amendment**

ISSUE

The California State Lottery's (Lottery) contract with Epicor Software Corporation (Epicor) for maintenance and operations (M&O) support was executed on July 1, 2022, and is currently due to expire on June 30, 2025. The Lottery seeks California State Lottery Commission (Commission) approval to utilize the one-year option to extend this contract to June 30, 2026.

BACKGROUND

The Lottery's financial system is critical to many of the Lottery's core functions, including accounts payable and receivable, procurement management and tracking, asset and cash management, general ledger accounting, and business reporting. Since 1999, the Lottery has utilized Epicor's proprietary Enterprise Resource Planning (ERP) cloud-based accounting applications suite for finance and operations management. The suite includes Epicor ERP, Epicor Advanced Requisition Management (ARM) for purchasing goods and services, Anytime Collect for accounts receivable and collections management, Epicor Financial Planner for analytics, and DocStar to provide document management solutions for procurement needs. This suite of software applications is collectively known as E10 and enables the Lottery to improve business efficiency and effectiveness, which results in improved experiences for Lottery employees, retailers, and players.

E10 is a suite of proprietary software products requiring highly specialized skills and knowledge to support. Currently, Epicor is the only provider for Epicor support.

DISCUSSION

The Lottery is currently working on developing a new long-term M&O support contract with the goal of better terms and increased service level agreements to improve vendor accountability. This is a time only extension to utilize the one-year option to extend, which will allow the Lottery to continue to receive essential support for E10. In addition, exercising this extension will allow the Lottery to continue to receive these services at the

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\$180 hourly rate instead of Epicor's hourly rate of \$240, which Epicor was planning to charge should the Lottery not utilize its option to extend.

This contract amendment will ensure the Lottery continues to have M&O support services necessary to address break/fix issues, prevent significant system downtime and/or critical failures, and to support the implementation of enhancements and/or new functionality that may be needed by the Lottery's E10 system. Without this critical M&O support, the Lottery may not be able to perform essential financial and procurement-related business functions.

The Lottery utilized a Non-Competitive Bid process to enter into the current Epicor contract, as the E10 system is proprietary, and Epicor continues to be the only provider for Epicor M&O support. Since the Lottery is utilizing the one-year option to extend the current contract, formal competitive procedures will not apply to this procurement.

RECOMMENDATION

The Lottery recommends the Commission approve the proposed contract amendment to utilize the one-year option to extend provision of the current contract. The new contract expiration date will be June 30, 2026. The maximum contract expenditure will remain the same at \$484,000.