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GAMES & Technology

UK online firms profit as gambling goes mainstream

BY FRED FAUST

The slow progress of the massive reform of gambling laws in the United Kingdom makes headlines in Las Vegas, whose major casino firms are placing big bets on the country's easing of antiquated restrictions. But even now, before the reform gets through Parliament, UK companies are doing a healthy business in combining two elements that drive U.S. anti-gambling zealots crazy — sports betting and Internet betting.

When the British talk about betting, they mean sports and race betting. When they talk about gambling, they mean casino

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games. The former is legal on the Internet; the latter is expected to be made legal as part of the reform package.

To run a legal online betting site, an operator has to get a bookmakers license and a license to offer telephone betting. The relevant laws were enacted before the computer age, so the Internet is interpreted legally as an extension of the telephone.

A telephone betting license "is not that hard to get," said Steve Donoghue, chief executive of The Gambling Consultancy Ltd. in London. The Gaming Board for Great Britain regulates gambling, but not betting, Donoghue said, adding, "Basically betting and bookmakers are regulated by the police, not that the police ever regulate them."

One goal of the reform proposal is to create a common regulatory body, a Gambling Commission, that will regulate both bookmakers and casinos. The commission will offer specific licenses for what the government calls remote gambling, which will cover Internet sports betting as well as Internet casinos.

"Gambling was here long before the Internet," said David Black, a consultant based in the UK. "The Internet is purely a medium. That would be fundamentally the view of a lot of people in the UK."

The Internet is far from the only new medium to offer betting opportunities to UK residents. Although not convenient for huge numbers of players, betting is available on mobile phones and wireless devices.

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SAMPLE

Coordinating the surveillance needs for the state-of-the-art Borgata hotel-casino in Atlantic City, N.J., was a carefully orchestrated and planned project.

Vigilant Eye

Casinos look to digital recording to fulfill their surveillance needs

BY MARIAN GREEN

Johnny Grimes first saw the potential of digital recording for surveillance purposes about five years ago while serving as director of surveillance for the Sahara Hotel.

He convinced the Sahara management to purchase the first digital recording system in Nevada in 2000, and he believes the technology is here to stay for good because it is so much more efficient than video analog recording.

"It's coming at the industry like a freight train, so the industry may as well accept it," said Grimes, now corporate director of surveillance for Millennium Gaming, operators of the Rampart and Cannery

casinos. "It'll be commonplace within a few years."

Grimes wants to move the Rampart and Cannery casinos in the digital direction, too. "We're looking at changing over now," he said, adding he hopes to convince the company to install the Colby Systems' products.

The benefits of digital over analog recording include increased efficiency, he said. "You don't have to spend money on VCRs," he said, and there are significant time savings in not having to replace and rewind tapes. "That amounts to hundreds and hundreds of hours per month," providing opportunity for employee theft or patron cheating, Grimes said.

The system, developed by Colby Systems, passed

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muster with Nevada gaming regulators, Grimes said.

Digital wave

Surveillance technology providers are focusing on digital recording product offerings, as the newer technology is more advanced than analog recording.

"Digital offers much better picture quality, storage, flexibility, expanded features and reliability," said Dario Brebric, western regional sales manager, Security Video Products Division, Sanyo Corp. "Migrating into a digital system involves dealing with the higher cost, training of the operators, and maintenance of a more extensive and advanced system. [But] overall, the benefits of a digital system significantly outweigh that of an analog system."

Today's casinos place a high demand on security and surveillance, making them extremely secure establishments. It is not uncommon for today's casinos to have more than 1,000 surveillance cameras monitoring their gaming and property 24/7, Brebric said.

Gaming operators have a difficult task of a much more extensive evaluation of products to determine the best fit into their specific application, he said.

"With the massive explosion of new technology and products available, gaming operators are faced with many more options and accessibility to a wide variety of solutions," he said.

But more casino operators are looking toward digital technology either for their present or future surveillance needs, and depending on gaming regulatory requirements.

"Analog tape recorders are becoming an extinct technology, and all casinos will eventually transition towards digital systems," said Brebric, whose company provides a hybrid solution that provides a migration path from analog to digital technology.

Sanyo already has thousands of tape recorders in the casino market, Brebric said. "And we are quickly following the same path with our digital casino recorders," Brebric said.

The company's recent installation of a 1,000-piece DVR system to a casino in San Diego, Calif., has helped "put Sanyo on the map as one of the largest current casino DVR providers to the gaming market."

Another major player, Panasonic Security Systems, launched a new initiative called Digital One at the ISCW show in March.



A high degree of systems integration is crucial to ensuring a gaming facility's security and surveillance, according to Cynthia Freschi, president of North American Video. "I believe you will find some of the world's most sophisticated video security and surveillance systems installed in gaming facilities."

Digital One is designed to embody every aspect of systems product design and integration with the goal of establishing a truly seamless platform for video surveillance, biometrics and data integration, the company said. The Digital One initiative is an outgrowth of Panasonic's Networking Initiative that extends the scope of networked devices to include existing analog-based systems, and further advances the migration from an analog to digital operating platform.

"Digital One is a progressive new approach to video security and surveillance systems operation that embodies both existing analog systems products and new digital IP based systems products," Frank Abram, vice president, Panasonic Security Systems, said in announcing the initiative. "It is an all-encompassing philosophy towards product development and systems integration with the goal of establishing a single

seamless systems platform."

Abram noted that when Panasonic introduced its comprehensive network initiative for video surveillance systems, it realized that the migration from one platform to the next required a higher degree of integration between new digital and existing analog products, he said.

"End users have significant investments in high performance analog-based systems and products that should last for years to come. With our Digital One initiative, we are aiming to provide this tremendous base of customers with a viable, cost-efficient means of upgrading their systems at their own pace," Abram said.

To that end, the company's new line of hybrid products is designed to achieve Digital One's objectives, he said. "With the development of versatile hybrid analog/digital systems products and interfaces, Panasonic offers the tools security professionals need to enhance existing analog sys-

tems with digital-based systems solutions today. We believe this is an essential transitional phase that will expedite the creation of an industry-wide digital platform and the seamless integration of video surveillance with related security systems."

Panasonic said the initiative is providing solutions transitioning from the analog to the digital world, offering hybrid solutions for recording and image capture. Its hybrid solutions also include a new DVR that offers a new compression technology that provides more storage space with high-quality images. In addition, the technology also offers a live view mode for the DVR that allows surveillance people to see up to 16 cameras on one screen.

Working together

New Jersey-based North American Video, a security integration, system design and installation integration firm, has specialized in integrating various systems for casino clients, as well as clients in schools, corporations, retail, banking and financial institutions.

Its president, Cynthia Freschi, also sees the gaming industry moving in a digital direction, because of its operating efficiencies. "Digital technology is making significant advances in the security industry, specifically enterprise solutions," Freschi said. "With the open architecture of these systems, we can integrate existing analog matrix switching systems and control the entire system with a stroke of a key. For instance, at the Seminole Hard Rock Casino, the Pelco CM9760 keyboard can operate all 500 plus channels of digital recording on the fly. This implementation allows the operators to do immediate review without switching gears."

North American Video has handled numerous casino property surveillance projects.

Major projects include Borgata in Atlantic City, the Akwesasne Mohawk Casino in New York, and the Seminole Hard Rock Casinos in Florida. "I believe you will find some of the world's most sophisticated video security and surveillance systems installed in gaming facilities," Freschi said. "For example, we recently completed installing the video and access control systems at the new Borgata casino in Atlantic City and the Seminole Hard Rock Casinos in Florida. The sheer magnitude of these systems called for a massive switching matrix to efficiently handle the thousands of cameras in the security and surveillance systems. In addition, casinos have a very high degree of systems integration

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involving video, access control, fire, alarm and even data systems. The processing power required to run these systems rivals that of the most complex installations — including government facilities.”

North American Video also recently announced a deal with the Wynn Casinos in Las Vegas and Macau for what promises to be a state-of-the-art installation. The casinos “are implementing a unique hybrid high-density, fully digital integrated solution utilizing UTP connectivity directly to the matrix switcher, which streamlines the installation and provides what we feel to be the most advanced solution

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— Dario Brebric
Western regional
sales manager,
Security Video
Products Division,
Sanyo Corp.

offered today,” Freschi said. “This one-of-a-kind solution is being supplied by Honeywell Video Systems through North American Video.”

Freschi noted that constant review of the need for potential upgrades to surveillance technology is a never-ending process as technology continues to develop at a rapid pace. “Before systems are even completely installed, we are often discussing new developments that can be integrated at the first upgrade,” Freschi said. “Technology is evolving at such a rapid pace, it is almost impossible to design a system that will be installed several months down the road that cannot be improved by a more recent introduction — as simple as it may be.”

North American Video uses its established relationships with manufacturers to have access to advanced product information and in most cases free software upgrades for a predetermined period. “It is critical that we not only keep up with new prod-

uct developments, but we stay as far in front of the curve as possible,” she said.

One aspect that is crucial to keep in mind is the regulatory requirements of each jurisdiction, the company said.

“The [gaming industry] is one of the most regulated industries, making each system unique from any other system,” the company said. Factors such as gaming regulations, alcohol regulations, state and federal regulations, tribal regulations and even internal company policies can change the design of a system,” it said.

Another area of surveillance that has seen increasing interest is facial recognition technology.

Las Vegas-headquartered Biometrica, a subsidiary of Massachusetts-headquartered Viisage, has face-recognition products in some 170 casinos, with 100 of those casinos using all four of the company’s products, said Biometrica spokesman Jim Pepin.

Those products include the company’s casino information database of undesirables, the surveillance network, local database enrollment and face recognition technology.

Now the company is investing in upgrading its products, Pepin said.

Viisage, Pepin said, recently bought out the largest face recognition company in Europe — ZN Vision. Biometrica also recently hired a new president, Daniel Roy, and a new vice president of technology and chief engineer, Tony Otto.

“Our plans are by the end of the summer to be able to have brand-new software to take our existing customers and upgrade them at no charge. It’s really going to take facial recognition to the next level,” Pepin said. “We’re making the software not only easier to use, but we’re making the software more effective on what it searches on.”

Experience rules

High-tech, cutting-edge solutions are important to casino surveillance, but in the high-stakes world of surveillance the experience level of surveillance personnel is not to be discounted.

“A lot of it, believe it or not, is intuition and experience,” said Millennium Gaming’s Grimes. “There is absolutely no replacement for experience in this business.”

For instance, Grimes said, he can detect certain card cheating moves that the camera cannot catch, just from the experience of reading body language. “You can’t see it, but you know it happened. You know the move. There’s a move that goes with all this stuff,” he said. “Experience teaches you the body language.”

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Virtual horse racing is shown nightly on TV, with viewers able to place bets for real money through interactive set-top equipment. In March, a resident of Scotland became the first online Lotto millionaire, winning £5.9 million (US\$10.8 million) with a ticket purchased on the National Lottery Web site. In April, the National Lottery began selling tickets via interactive TV.

“Offline and online, gambling really is moving into the mainstream culturally,” Black said. “I can only see the future of gambling generally becoming more interactive and stronger.”

Another example of the mainstreaming of betting and gambling: Earlier this year, William Hill — one of the country’s largest bookmakers, with hundreds of betting shops and telephone and Internet operations — was added to the FTSE 100 Index, which is the London Stock Exchange’s equivalent of the Dow Jones Index in the United States. The company’s share prices have more than doubled since it went public in June 2002. William Hill had pre-tax profit of £201.7 million in 2003, up from £141.4 million in the prior year.

“Every single Internet bookmaker now has an online casino and quick-play games,” Donoughue said. Until the reform legislation is passed, the casino has to be located offshore. William Hill’s online casino, for example, operates from Antigua. Ladbrokes, another giant UK bookmaker, runs its online casino from Gibraltar. The casinos can be accessed from links on the companies’ UK betting sites.

Donoughue said the addition of casino games has been part of an evolution in UK betting.

“Ten years ago, 80 percent of all bets were horse racing bets, and another 10-15 percent were dog racing bets,” he said. “Now in betting shops you probably find that horse and dog races make up 50 percent of the bets. We’ve seen growth in sports betting, mostly football [what Americans call soccer], but also golf, rugby and other sports.”

Successful race and sports betting requires knowledge and skill. Bookmakers are realizing, Donoughue said, that some gamblers prefer pure games of chance, numbers games, that require no thought. “Plus, one person can like doing both bets,” he said. “They’ll make a serious bet on a horse, but then have some fun playing a numbers game.”

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