

THE FAIRYTALE AND THE NIGHTMARE

A positive gaming show at the IMA Germany exhibition belies the fact that the industry is fighting for its survival. Hounded on all sides, it demands 'Respekt'

Preparing for the IMA, the one and only national annual AWP exhibition for the German market, many people were not expecting the best of shows. The continual battles on the political front with what seems like waves of new challenges (i.e. problems) to deal with – there was even talk before the show as to whether it would be worthwhile staging the show at all. The German OEM association, the VDAI, whose chairmen consist of Paul Gauselmann and Uwe Christiansen, stated at the VDAI pre-show conference, “2011 has been characterised by the ‘hounding’ of the commercial AWP sector. The German states want to destroy commercial gaming and at the same time push through their own gambling agendas.” Strong words intended to bring on the fighting spirit.

MARKET STATISTICS

In 2011 there were 278,750 amusement machines with and without payout possibility in Germany in operation. Even though this number has steadily increased

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PAUL GAUSELMANN
VDAI Chairman.

over the past years, it is still almost 10 per cent less than in 2005 (just before the new Gaming Ordinance 308,600 machines) and almost 30 per cent less than in 1995 (390,500 machines – that includes 80,000 Fun Games – SWPs that were banned from 2006 onwards).

The actual number of AWP in operation in 2011 was approx. 245,000 (which demonstrates how much the amusement-only side of the business has diminished).

The German amusement industry attained an aggregated turnover of €5.365bn in 2011. The increase was at 4.3 per cent (the previous year's increase was 5.8 per cent). The manufacturer turnover increased less at 4.4 per cent than the turnover in the arcade division (gross gaming revenue for AWP as well as amusement machines) at 4.7 per cent. The turnover with AWP (gross gaming / cashbox revenue) amounted in 2011 to €4.14bn (+ 5.1 per cent) in absolute figures.

THE RESOLUTION WILL DESTROY AROUND TWO-THIRDS OF THE GERMAN AWP INDUSTRY.

INTERSTATE GAMBLING TREATY

The 16 German states have been forced to create a new Interstate Gambling Treaty (Glücksspielstaatsvertrag). All sixteen apart from the uppermost German state Schleswig-Holstein passed this treaty at the end of the 2011. (Schleswig-Holstein passed its own treaty, which was due to issue the first sports-betting licences in March – now May is being discussed by the state politicians). The consequences are potentially dire for the street gaming industry. The VDAI explains: The climax of this annihilation attempt stems from the resolutions made at the Conference of State Presidents on commercial gaming during the signing of the Interstate Gambling Treaty. “This resolution will in future lead to the destruction of about two thirds the German AWP industry, the loss of the more than 70,000 jobs and many of the 5,000 medium-sized companies in the industry will be driven to bankruptcy,” is the prognosis of the VDAI chairmen. In addition, state will forego approx. €1.5bn in tax receipts



from the industry. The essential measures in the Interstate Gaming Treaty against commercial gaming include: the prohibition of multi concessions, minimum distances between arcades, advertising restrictions, restrictive closing times, specific gambling permissions and inventory protection limited to only five years for existing commercial arcade allowances, even though these were allocated for an unlimited period of time.

The swell of opinion at IMA is that the state is biased in this affair. To cite the VDAI chairmen again: "The entire hypocrisy of this undertaking is demonstrated by the fact that the state itself is the largest provider of gambling and obviously wishes to keep what it perceives as competition well away with its 'gambling cartel,'" is the damning view of the amusement and vending machine industry. It's a stance taken in view of the global 24/7 Internet gaming access available to German players. The VDAI contends that current problem gambling measures, achieved through the creation of gambling monopolies, have been nullified by online gaming. Whoever believes that such control can be exercised in the era of the Internet, with thousands of unlimited gambling choices, can be criticised as glaringly naïve.

THE SPIELHALLEGESETZ DILEMMA

Federal involvement in the German AWP market has created huge anxieties. The federal government was responsible for the AWP market up until 2006. Until then the states were responsible for the regulation and control of casinos. Beyond

THIS ANNIHILATION ATTEMPT STEMS FROM THE SIGNING OF THE INTERSTATE TREATY.

2006, the responsibilities passed to the individual German states. However, AWP operation (e.g. maximum stake, win and loss per hour) is still defined at the state level and certified by a single state owned testing house, the PTB.

The arcade law defined at the state level - Spielhallengesetze - has already been brought into existence in certain states such as Berlin and Bremen. In Berlin this new law has affected not only opening times, but the number of AWP's that are allowed per concession (down from 12 to 8). Further states are set to follow this pattern into 2012.

The third issue within this market involves Vergnügungssteuer. This amusement tax is levied at a local, communal level. The tax is set by each individual local district, mostly on the net takings but not always. This amusement tax has been used by politicians as an instrument to control the numbers of AWP's in the market. Some districts have doubled this tax (overnight) with rates up to 22 per cent. It must also be highlighted that arcades must receive planning



permission from each of the local governments. These same politicians that have allowed the growth of multi-concession arcades have now turned upon them, seeking to impose retrospective legislation and taxes, disingenuously claiming they are doing so in the fight against gambling addiction.

MULTI-CONCESSION ARCADES – WHAT ROLE DO THEY REALLY PLAY?

AWP gaming is recognised as a legitimate form of adult entertainment in Germany. Gone are the days when an arcade was referred to as a 'Spielhölle' ('gaming hell'). The word was coined by the press and hung as a label around the necks of local operators. However, this image has changed. The perception of street gaming is now of an entertainment centre where ordinary people like to go and spend their spare time. Since 2006 the number of people visiting arcades has doubled from approximately five to 10 million. The notable change is the number of female players – up from 10 per cent to 30 per

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**UWE
CHRISTIANSEN,**
VDAI Chairman.



A COUNTRY WITHOUT JUSTICE IS A BANANA REPUBLIC. A BANANA REPUBLIC IT IS NOT A PLACE WHERE I WOULD WANT TO LIVE.

cent. The general public has seen and accepted this change – the figures speak for themselves. Unfortunately, some politicians still have the term ‘Spielhölle’ on the tip of their tongues.

THE UFO – A ROLE MODEL

German AWP operators have invested millions in arcades. The move to multi-concession arcades near to shopping centres or motorway service centres proven to be a successful model. A prime example of how spectacularly the arcade sector has changed is the ‘UFO’. This is the largest arcade in Germany with 12 concessions, thus 144 AWP’s under one roof. It can be found in Oberhausen near to the Centro shopping centre (one of the largest shopping malls in Germany). One look at this arcade explains immediately why it is called the ‘UFO’. Several million euros were invested to create a very stylish arcade – both on the outside and inside.

The SchmidtGruppe (Schmidt Group) is the creator and operator of the ‘UFO’. The company states that this arcade is simply referred to as the ‘UFO’ and not as ‘an arcade’. Its marketing seeks to dispel any negative associations attached to the arcade sector. The company further employed the services of the renowned architects Hoersch & Hennrich from Cologne. A total investment of approaching €7m has been spent creating an iconic and emblematic presence in the German AWP industry. The lower section is divided into a large open area with bars and many places to sit and relax. The

(Top) The SchmidtGruppe’s UFO in Oberhausen.

“Citizens have a right to be able to understand politics and to expect politicians to make a stance where injustice is visible to get this injustice resolved. The same law applies to all of us. Why is table gambling and gambling through gaming machines, which are actually the same as those at amusement arcades, allowed at state-run casinos, which do not have to comply with the restrictions applicable to amusement arcades? The same law applies to all of us.”

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17.01.12

Dear Mr. Gauselmann, Ladies and Gentlemen, I must admit I had mixed feelings as I walked past those young people lining my way with posters and placards in their hands, and I was wondering whether or not those young people, who are being trained and educated, have a future. Those young people deserve a fair answer. What I can tell them is, as far as I’m concerned, there is a future for you. You are doing a good job, you are being properly trained and the law is on your side. That’s why I’m there to back you up and help you ensure that the law is upheld and justice is appropriately administered. A country without justice is a banana republic. And, Ladies and Gentlemen, a banana republic is certainly not a place where I would want to live. I want to live in a country governed by the rule of law, just as the Federal Republic of Germany should be.

The German constitution protects citizens against government interference. General freedom to act means that every citizen in Germany is free to do as he or she likes, without the state being in a position to preach and judge. The limit is where moral law prohibits something or the principles of a state governed by the rule of law require otherwise. The government cannot decide all by itself to prohibit what it thinks should be prohibited or what we, the politicians, do not want. We could just as well prohibit motorcycling. Nobody needs that; it only makes a fuss. Nevertheless, people are allowed to motorcycle because they enjoy it. It’s part of their personal freedom. With gaming, it’s the same thing. Gaming, including gambling, is a part of human nature. It’s up for everybody to decide for themselves whether or not they want to game or gamble. The government cannot forbid people from doing this and has to apply the law equally upon both sides.

Ladies and Gentlemen, as you notice, I like to tell things the way they are. Citizens have a right to be able to understand politics and to expect politicians to make a stance where injustice is visible to get this injustice resolved. The same law applies to all of us. Why is table gambling and gambling through gaming machines, which are actually the same as those at amusement arcades, allowed at state-run casinos, which do not have to comply with the restrictions applicable to amusement arcades? The same law applies to all of us. So what shall I tell those young people up there? How shall I explain to them that the Federal States are trying to preserve the privileged position they are in and therefore virtually “bulldoze” other industries? The state is also bound by statutes and the law. This is laid down in Article 20, paragraph 3 of the German constitution, as every professional politician knows very well. However, why do politicians do things that are not consistent with the constitution? Let me spell it out to you clearly: Nobody can hide and say “Sorry, I was mistaken. I thought it was constitutional to take action against the operators of amusement arcades.” Everybody knows the truth. All the legal experts say that this is against constitutional law. We expect citizens to abide by law and order, but we, the politicians, are setting a pretty bad example ourselves. It’s simply unacceptable that the government is taking a chance and waits for the members of a profession to apply to the constitutional court to be then told that what it is doing is unlawful and goes beyond the constitution. The state cannot simply bulldoze competitors and knock them out of the way because it is in a position to issue ordinances that are difficult to contest.

Ladies and Gentlemen, I find it embarrassing to see that members of a profession have to apply to the courts to defend their rights and ensure that the principles of law and justice are fully respected. The state should set an example to show young people that you abide by law and order and do not twist them to your own advantage. What is being done to amusement arcades these days is unacceptable to a professional politician. I was surprised to see that some people were irritated by the fact that I, the Chairman of the Legal Committee of the German Bundestag, do something that I see simply as my job. It is our job as legal politicians to ensure that only bills that formally comply with the law and are constitutional get through Parliament. What I do is just my job. That’s why I was quite ashamed to be asked by a journalist today whether I get paid for speaking at this event. Ladies and Gentlemen, in my opinion, this question should not even be asked. I am here in my capacity as Chairman of the Legal Committee, as holder of a political office for which I get paid by the taxpayer. Like every Member of Parliament, I receive



my remuneration package. The reason why I'm here is that an injustice needs to be resolved and not because I want to line my pockets.

About ten million people per year visit amusement arcades to enjoy themselves. They are perfectly allowed to do that. I don't know how many people per year visit state-run casinos. I did that for the first time two days ago, and there were a few things that caught my eye: The cloakroom fee is just 25 ct. This is already a loss-making business. You get a voucher for a free (alcoholic) drink. So people are lured into state-run casinos to make them spend their money there. That's ok. However, the same right has to be extended to amusement arcades. So don't allow yourselves to be pushed back. Stand up and make it known that what you do is keep an industry alive that also gives young people a future because they began a training programme to get a profession in that area. Therefore one cannot but support your efforts.

How could I stand in front of young people and explain to them that the state applies the constitution in a pharisaic way, treating casinos liberally and restricting amusement arcades? Why people are allowed to indulge in gambling at casinos without the restrictions that apply to amusement arcades is said in the reasoning: "State-run casinos are a way to combat 'gambling addiction'." "I had to read this sentence three times to understand it. You can understand it only if you also consult the relevant case law. The case law has developed the requirement that casinos must combat 'gambling addiction' because this is the only justification for the monopoly of the state on operating casinos to be upheld. Ladies and Gentlemen, never have I heard a more dishonest argument. This cannot be tolerated, but must be denounced.

If somebody can explain to me why state-run casinos are a better place for "gambling addicts" and for combating "gambling addiction" than private amusement arcades, I will be happy to change my mind. This argument is not even logical on its own terms. If you prohibit gambling at amusement arcades, pathological gamblers will resort to the Internet because, on average, each of them engages in five different forms of gambling. If you bar one of them, the other four remain, and a fifth one readily offers itself on the Internet. This shows that the argument that "gambling addiction" needs to be combated, and amusement arcades therefore need to be tightly regulated, is dishonest and pharisaic and cannot be accepted. Apart from that, the number of pathological gamblers is very small. The "addiction" is in the mind, not in front of the slot machine. That's why those people need help to overcome their addiction. Something they can get illegally whenever they want cannot be prohibited anyway.

Ladies and Gentlemen, the one thing I feel compelled to tell you before I close is that you may have kept quiet for too long. You have been too diplomatic for too long. You have put up with everything for too long. This has led the government to believe that even tighter restrictions could be imposed now. And again, you do not protest but try to come to terms with the facts. However, injustice should never be given in to. Defend your claims rigorously! You have every right to do so. I can only encourage you, don't accept these kinds of laws! Bring an action before the Federal Constitutional Court! Politicians need to be reminded that politics against the people is no good. Politics against the constitution is immoral. Make sure the law is properly upheld in Germany. We do not want this country to be a banana republic but a country governed by the rule of law, which we worked hard to achieve. That's why I'm on your side. I'm happy to be here today and to be able to open this trade fair. Keep your positive thinking. We can do it. I support your cause. The constitution must be respected! You are on the right track. Thank you.

"What is being done to amusement arcades these days is unacceptable to a professional politician. I was surprised to see that some people were irritated by the fact that I, the Chairman of the Legal Committee of the German Bundestag, do something that I see simply as my job. It is our job as legal politicians to ensure that only bills that formally comply with the law and are constitutional get through Parliament. What I do is just my job. That's why I was quite ashamed to be asked by a journalist today whether I get paid for speaking at this event."

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opposite side has 12 concessions – each named after a city such as London, Berlin, Rome or New York. This gaming side of the UFO has an upper section where there are individual gaming rooms for playing pool and using the Internet. As it is sectioned off from the 'arcades,' the two types of players - AWP and pool – who can be different types of personalities, do not necessarily come into contact with each other. To give a better impression of the size of this 'UFO': the property is 10,000sq.m. of which the arcade takes up 4,350sq.m, with 30 full time staff.

The SchmidtGruppe is one of the largest AWP operators in Germany. Further major operators in Germany include Merkur Spiekotheek, Löwen Play, Extra Games, Novolino and Ritzio.

THE SPEECH THAT SHOOK THE IMA SHOW
The opening keynote speech really set the tone of this year's IMA exhibition. Paul Gauselmann has invested so much time and energy on behalf on the AWP industry, fighting for industry rights, that the speech of Siegfried Kauder vindicated his actions. The rhetoric during the past few months has sharpened as the industry awakens to the dire consequences the new laws will reek across the sector. So it was with a fighting spirit that operators attended the IMA

THE STATE SHOULD PROVIDE THE RIGHT GUIDELINES, RATHER THAN DICTATE WHAT ITS PEOPLE SHOULD OR SHOULD NOT DO.

show. As Chairman of the Legal Committee of the German Bundestag, Mr. Kauder had already attended a press conference in Berlin in November and made his position clear. As a legal expert, his focus is on the state providing the right guidelines, rather than dictating what people should or should not do. In his example, concerning the potential dangers of motorcycles, he points out that the state should give the right warnings and information, but it is not its role to forbid such a past time. The same applies to the AWP industry.

Mr. Kauder was very clear from the outset that he had no link in the past with the AWP industry and his interest and consequential support only follows on



from what he describes as the draconian proposals by fellow politicians to restrict the German AWP industry. Such clear, strong and unequivocal language was welcomed by the industry and he was greeted with a standing ovation upon completing his speech (see panels on previous page to read the speech in full).

This fighting spirit set the tone for the IMA – gloom and doom disappeared to be replaced with a sense of togetherness to fight for the industry’s rights. An IMA whose validity was initially doubted, turned out to be one of the best ever.

WHEN THREE BECOMES TEN

The German AWP industry continues to attract machine manufacturers. The traditional big three AWP manufacturers now have at least seven new contenders to handle. These companies were not just well known international manufacturers, but also German newcomers – founded by long-standing operators wishing to offer the market alternatives.

The main two companies – the Gauselmann Group and Novomatic (Löwen and Crown) continue to dominate the IMA. Nevertheless, Bally Wulff had a large presence as ever and the APEX Germany stand was bigger even than the company’s booth at ICE. Amatic Industries took its own stand alongside its presence with Bally Wulff, while further manufacturers included JVH, psmtect, Artiston and Eurotronic.

The Gauselmann stand was not only imposing at the IMA – the sheer number of innovations matched the scale. The Gauselmann Group’s range of AWP’s have been updated to cater for new features, including ‘wipe technology,’ whereby the games can be selected by the swipe of a finger, mirroring the technology of the smartphone. The system works well, while the game choice appears just as quickly as on an iPhone.

(Above) ‘Mr. IMA’ **BERNHARD EBER** from Bally Wulff with **ARNE SCHMIDT** - Managing Director of the Schmidt Group.

(Top Right) **DIETER KOCH** of adp Gauselmann with the Grand Casino roulette.

(Right) **OLIVIA WEISSGERBER** and **TATJANA BAUER-ENGSTBERGER** of Amatic Industries.



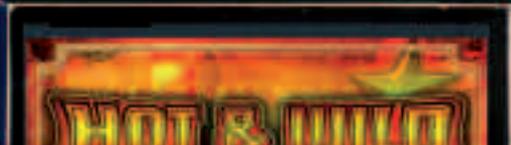
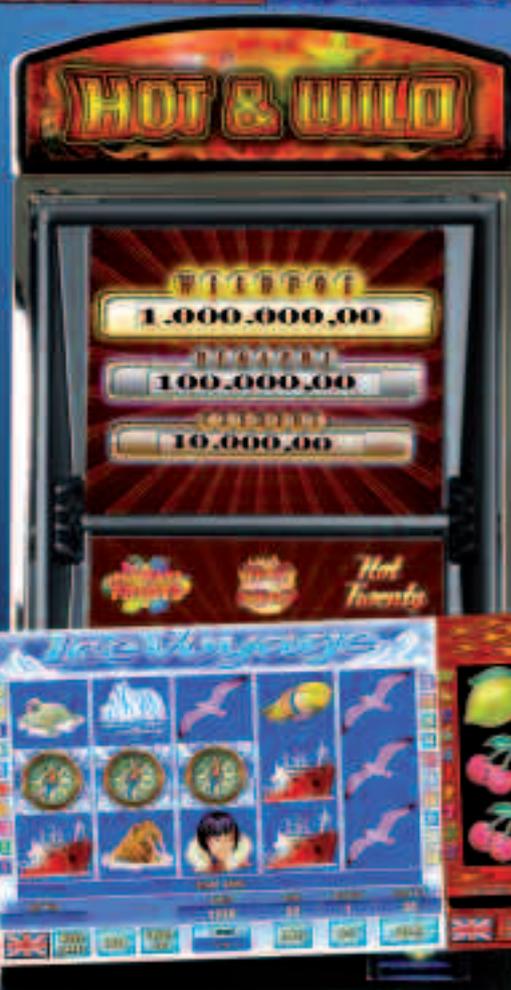
(Above) **GEERT JANSEN** of JVH gaming.

The Vision Casino cabinet was introduced to the German AWP market to complete the cabinet offering from Gauselmann. A further plus on the cabinet side is the way the Merkur Dispenser 100 banknote recycler has been integrated into this cabinet. Experience shows that if players either by mistake or willingly throw a liquid at the note bezel, this can enter into the acceptor head and potentially cause damage. The Merkur Dispenser 100

has been set back a little and placed at a slight angle within the cabinets, which means that liquids do not automatically enter into the unit and if they do, gravity lets the liquid flow back out.

New solutions to secure AWP’s were on display, particularly for the pub/restaurant sector. One solution enables the AWP to be turned 180 degrees to be completely protected within a safe.

The number of games that Gauselmann offers also continues to grow. New games packages included the 2012/1 and 2012/1 Deluxe. The new games marketing strategy has been welcomed by the market. There are so many games available in general – the question is how can new games be targeted to both the operators and the players? The Gauselmann solution is to offer a brand new game each month and focus their marketing efforts completely upon this new game. In support of this, Gauselmann provides several marketing tools to operators - such as posters – so that the operators can correspondingly inform players. This tactic seems to be paying dividends as it keeps constant the



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interest in the targeted games. At the same time, the service features on AWP's have been further improved and can now be viewed, disagnostically checked and corrected via the touchscreen. This has been integrated as standard and replaces the need to link a service tool to the AWP.

Alongside a controlling interest in Cashpoint, the Gauselmann Group presented its own 100 per cent sports betting solution on the stand. The Cash-Line sports betting terminals offer the adp terminals and home-grown software.

Responsible gaming used to be a focus just for high-stake casino gambling. Today, however, this subject is of increasing importance for the German AWP industry. The Gauselmann Group places a great deal of focus on responsible gaming. The industry works together with the Caritas foundation to train arcade employees to recognise and assist potential problem gamblers. This is a different approach to that curenly used in the German casino market, where problem gamblers must sign themselves into self-exclusion programmes. In the

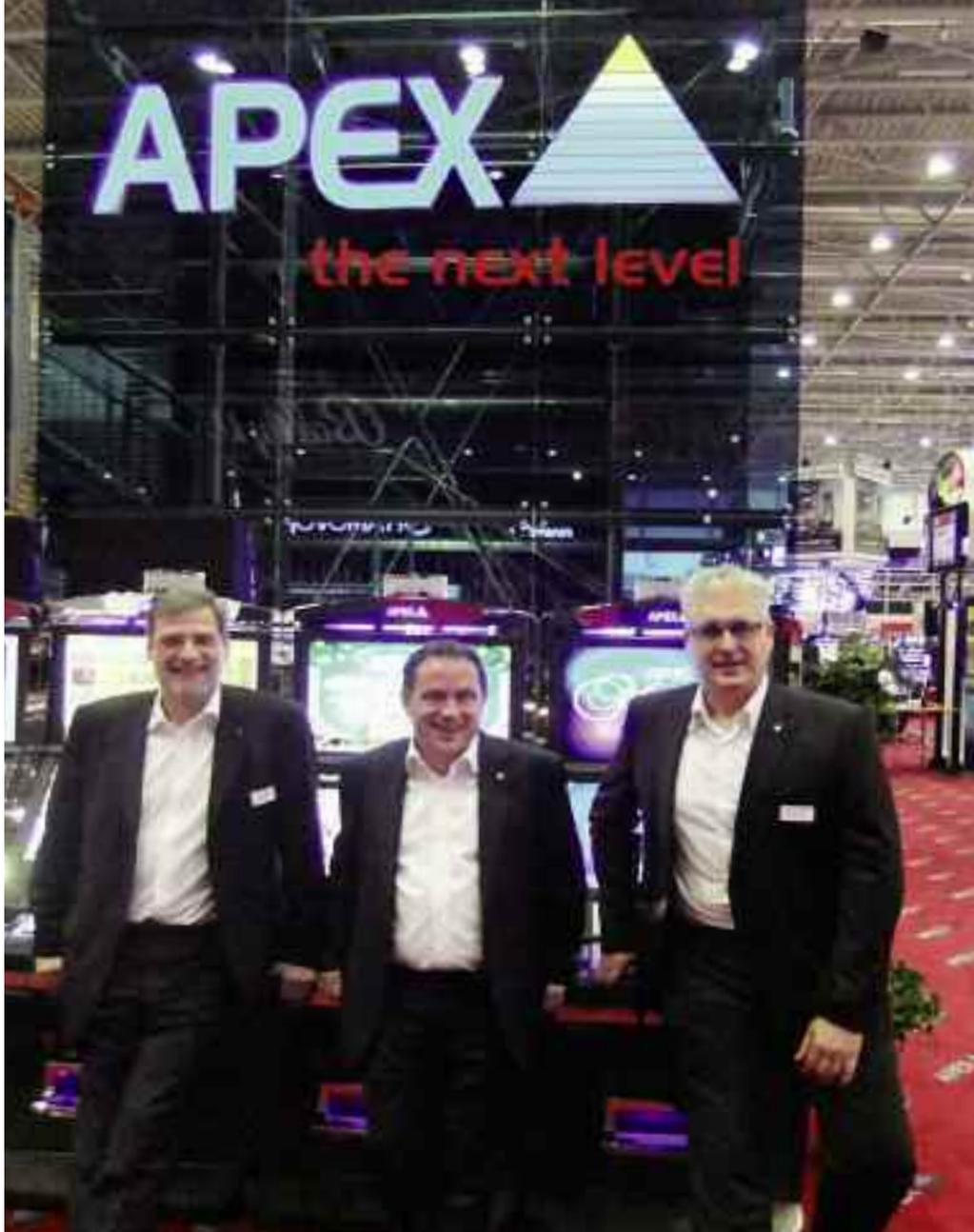
NEW SOLUTIONS TO SECURE AWPS WERE ON DISPLAY, WHEREBY THE MACHINE CAN BE TURNED 180 DEGREES TO BE PROTECTED WITHIN A SAFE.

AWP industry, potential problem players are assisted, 'a hand is reached out to them' so that they know whom to approach to seek help. Arcades have flyers for players relating to responsible gaming offering advice and help.

Jackpots are allowed in German AWP's according to specifically defined criteria. Jackpots per se are forbidden. Players have to consciously decide to participate in the jackpot and pay part of their stake towards the jackpot (10 cents). The latest jackpot on display was 'Who wants to be a Millionaire?'

WULFF IN DIFFERENT CLOTHING

It was only a year ago that the SchmidtGruppe officially became the owners of Bally Wulff. Since that time Bally Wulff has gone from strength to strength and at IMA showed a strong and dynamic product range. The new jackpot system, Magic Cashpoint, was launched



shortly before the IMA and was the focus of much interest (and sales) during the exhibition. Bally Wulff quotes over 250 jackpot systems in the market to date – each one with four Bally Wulff AWP's connected to it. Magic Cashpoint can be linked with either the upright Transformer AWP or Slant-Top AWP. Magic Cashpoint was a very popular jackpot for Bally Wulff in the 1990s and it's rejuvenation was warmly welcomed by operators.

The wide range of cabinets was further increased with the introduction of the

(Top) **UDO NICKEL, JOHANNES WEISSENGRUBER and GERHARD HUBMANN** from APEX gaming.

(Above left) The Ariston team.

(Above right) **SCOTT MALINOWSKI** of Cash-Line Sportwelten.

Wide-Slant-Top that contains two widescreen 26ins. monitors. The GameStation wall-mounted AWP has been updated as a Wide-Wall-Version. This wall-mounted AWP has two 22ins. monitors and full HD graphics, while the Multiline Gold from the Performer cabinet series from Austria's Amatic industries, was on display at the Bally Wulff stand.

CROWNING ACHIEVEMENT

Crown has positioned itself perfectly in the top-class AWP sector. Style and presentation are the standout features of

the next level

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CLASSIC

APEX
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Fruits XXL



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Pinnacle WM 10"



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Crown's presentation. The Admiral Crown Slant has been a huge success for the company since its introduction in 2007. The updated version – the Royal II Admiral Crown Slant Classic was introduced to the market at IMA. This slant top is equipped with two 26ins. monitors. Crown offers this cabinet with 28 games, 18 of which are completely new. The Royal III Admiral Crown Slant has a 32ins screen and is 'dispenser ready' for banknote recyclers. This cabinet is equipped with 35 games. The Royal II Admiral Crown VIP tops the screen size charts with its 46ins. dimensions and 35 games. Although Crown does not currently offer a jackpot system, the company presented its four AWP link with connecting displays and signage - the Crown-Power-Play.

Impera, meanwhile, sells its products in Germany through Crown and at IMA the Austrian company showed its i-Slot equipped with 25 games and the Imperator, which has a 32ins. monitor alongside 25 games.

NSM Löwen Entertainment remains one of the largest manufacturers and operators in the German AWP industry, and just like Crown, also belonging to the Novomatic Group of Companies. Novomatic operates around 200,000 AWP's worldwide in more

(Above) **DRAGANA MAKSIMOVIC** and **SEREF PATIR** of Patir Design show off the latest chair designs at IMA.

(Top right) The mobile betting solution from Tipico was hard to miss.

(Right) The MEI banknote recycler BNR in the Tipico betting terminal.



than 1,200 of its own casinos and electronic casinos, as well as via its leasing contracts. EXTRA Games Entertainment and BPA freizeit- und unterhaltungsbetriebe operate over 200 amusement halls and entertainment centres in Germany alone. The next generation of this classic unit – the Novo Line III – was officially presented to the market at IMA. The 3rd generation of this multigamer is available in two high-quality housings, based on the Firefox technology platform. Depending on the model, up to 28 top games are available on 26ins. or 19ins. monitors. The Novo Line III brings new games with it as well, including: Fruit Blast, Mega Joker and Supra Gems – alongside favourites such as Book of Ra, Sizzling Hot, Dolphin's Pearl and Lucky Lady's Charm.

The Novo Gaminator IV was presented in preview form at the IMA 2012. An

Important message at the IMA was that the new Gaminator generation will also be fitted in future with Coolfire technology. The most significant technical novelty for NSM Löwen was its dispenser ready software implementation, which underlines the importance of banknote recyclers in the German AWP market. NSM Löwen also introduced a new AWP for the small and medium-sized arcades – the Löwen Star.

Amatic Industries is one of the few non-German companies to attain certification from the PTB to market its AWP's in Germany. Amatic has been active for over eight years in Germany. Its distribution partnership with Bally Wulff has enabled the company to be represented across the whole of country. This successful partnership continued at the IMA with Amatic announcing that operators now have a choice – to source AWP's from Amatic through Bally Wulff or from Amatic directly. This is good news for the industry given the excellent results of the Performer AWP with the MultiLine Xtended games package. Amatic Industries expanded upon this by introducing a brand new games package at the IMA – MultiLine Gold.

Demand for AWP's from Amatic Industries in Germany and the need to have direct



dialogue with the operators has led to Amatic Industries expanding its German subsidiary in Dresden.

PATH OF ILLUMINATION

This was the first IMA for the German subsidiary of the APEX Group of Companies, APEX Germany. Following last year's IMA, management decided to establish a German subsidiary, bringing a completely new team on board with Udo Nickel heading up the sales team. Immediate recognition followed with APEX Germany's four cabinets now certified for the German AWP market: the upright Pinnacle, the slant Pinnacle SL, the wall-mounted Pinnacle WM and the upright Dual Slim Line. Further good news was the addition of the games package Hot Magic Fruits XXL to the already released Magic Classic. APEX Germany took a stand of well over 500sq.m. to underline its long-term focus

on supporting the German AWP market.

The APEX Magic Mobile App was also introduced to the German market at the IMA. Players can download the app and choose from five favourite games to play on their Apple/Android device. The 'find APEX' feature allows operators to use the App as a real marketing tool. Operators can inform APEX of the locations of their APEX's AWP's, which are then included free of charge into the app. Anyone looking to play APEX's games 'live' can use the App to find the nearest ones to their present location.

The focus on technology and new market benefits led to a little surprise on the APEX stand. A new company was introduced to the market: APEX LED. LED lighting is standard in AWP's, but still seen very rarely in households. The new LED light bulbs look set to make an important

(Top Left) The Löwen stand with Gaminators as far as the eye can see.

(Top Right) **HOLGER SCHWARZE** of adp Gauselmann.

(Left) **ARISTIDIS TSIKOURAS** and **SASCHA HEINEN** of GeWeTe.

(Top Right) **BRYAN LIN** and **MARGARIDA HOLTAMP** of ICT.

contribution to bringing this eco-friendly technology into the mass market of household lighting.

A returning company to this year's IMA was German manufacturer Ariston, which showed two new AWP's in upright and slant top versions. Both have HD graphics and Ariston has a range of 10 games that it develops itself. Happy Halloween stands out amongst the most popular.

The Netherlands-based games developer, JVH gaming, presented its range of AWP's on the Neox stand - their major distributor partner in Germany. JVH targets its AWP's at the gastronomy (food/drinks) sector. Although this sector is much smaller than the arcade sector, the JVH decision has turned out to be a wise one. While initial operator focus was on the more profitable arcade sector, this is changing, with more and more looking to the food/drinks sector for growth, as this is still going strong. Entering the German AWP market as an AWP OEM is markedly different. JVH did their ground



SPORTS-BETTING SHOULD BE RATIFIED AS PART OF GERMANY'S NEW INTERSTATE GAMBLING TREATY.

work by targeting 30 major operators and providing them with test machines - supporting them very closely. JVH reports that all 30 were convinced and this enabled the company's current market success with over 1,000 JVH AWP's in the market with the target to double in 2012. The focus on machine quality led JVH to enter a joint venture with the German company Mechtron, which manufactures cabinets. The new cabinet is much lighter with aluminium replacing steel wherever possible. The Super Magic Star Legend was on display at IMA. Finally, German OEM manufacturers psmtect and Eurotronic also displayed at IMA. The Maximus brand belongs to psmtect, while Eurotronic offer a Silver Star range.

UNDER STARTER'S ORDERS

Sports betting is not new to the IMA yet its presence has grown dramatically. A market that is not clearly defined is

looking to receive a new legal framework - within the Interstate Gambling Treaty. Sports betting is to be allowed and if the treaty is ratified, then this sector of the industry stands to profit the most. As a result, sports betting terminal manufacturers took larger stands than usual at the IMA, including Cashpoint and Tipico. Tipico has over 750 shops operating in Germany, working as part of a franchise model. Cashpoint belongs partly to the Gauselmann Group, which is well placed to capitalise upon upcoming opportunities in Germany for sports-betting.

THE PREFERRED ROUTE TO MARKET

The distribution side of the German industry also sees new potential as part of the increased choice of supplier. Currently most operators choose between the big three companies, which have their own networks, which has meant challenging times for distributors. The widening of choice provides new opportunities for distributors, with well-known names such as Schneider Automaten, Walberer and Neox all present at the show. Neox also announced a new distribution partnership with BeOn - an Austrian company that offers AWP networking.

The second tier of distribution, spare parts, continues to be buoyant. Although the major AWP manufacturers offer their own distribution channels for spares and service, the independent choice remains



(Top Left) The banknote recycler SCR from MEI received its global premiere. **JAMES BOJE, TOM NUGENT and ERIK VAN DER BERG.**

(Top) **TIM WITTENBECHER** of Bally Wulff.

(Above) **ERIC WALLUSCHNIG** and the Shuffle King from APEX gaming.

strong. German companies such as Kiesewetter and Geiger have many years' experience in this sector. The same is true for Suzo Happ. The Suzo Happ Germany team presented a range of innovations at the exhibition. A new ASSA lock offers a master key for all AWP's as the sheer number of keys required can cause confusion and waste time. The master key provides an excellent and ingenious solution to this problem.

In addition, Suzo Happ has partnered with an LED company to offer LED household lights and LED strips. Operators could also see the new Celebration Topper, which offers a



IN RECENT YEARS THERE HAS BEEN A MOVE TOWARDS COUNTERING THE PROBLEM OF COIN STARVATION WITH RECYCLING PROVIDING THE IDEAL ANSWER.

AWP chairs. Again there was a wide choice with Patir Design occupying two stands – one in each hall, displaying its stylish and built-to-last range of chairs.

MONEY MANAGEMENT

The law demands that AWP's can only be played with cash. Tickets and cards are forbidden, with gameplay via coins and notes. As such, the focus on coin and note solutions remains strong. Recent years have seen a move to provide real long-term solutions to coin starvation, which happens when players play with notes and receive their winnings in coins. The coin hoppers often have to be refilled (which is time consuming and halts game play, which ultimately means machine downtime). Furthermore, the notes are then locked away in the stackers of the note acceptors and cannot be re-used. All this means that there's a very large

volume of cash tied-up in AWP machines, which is not necessary an advantage. The ideal outcome is that AWP's should contain only the amount of money required and nothing more. The remaining currency can then be used by operators for day-to-day requirements.

The solution to coin starvation is the fitting of a recycling system for banknotes. Gauselmann was the pioneer in this sector with its Merkur Dispenser 100 – a banknote recycler that was developed together with JCM Global. JCM initially provided the note reader and stacker, while Gauselmann developed the banknote recycling technology. Tens of thousands of units can now be found in the German AWP market. The Merkur Dispenser 100 can accept all euro notes and dispense three denominations. It has three recycling drums with 34 notes each – a capacity of 102 notes for recycling.

The Merkur Dispenser 100 is a popular choice in Germany especially for AWP's in the food/drinks sector. Here operators normally operate a number of AWP's spread around different locations. Technical problems usually mean a call-out for a technician, who has to drive to the location. This is a time consuming process just to refill coin hoppers. A banknote recycler keeps the money management at a much better flow and technicians call-out to a minimum. AWP's can now remain in for play longer, which

completely unique way for players to celebrate winning. A new alarm system from Protec for AWP's is the answer to the issue of protection while machines are switched off, as the alarm system runs from batteries – providing 24/7 security. The coin and counting/sorting systems from Talaris continue to make ground in Germany and Suzo now offers custom-built transport cases for these products, so operators can easily transport from location to location – something that was met with difficulty in the past.

SEAT OF POWER

The sophistication of the arcades in Germany is reflected in the quality of its

(Top Left) The new German AWP OEM, Eurotronic.

(Right) The Suzo Happ team - **MICHAEL WASSERMANN, ERIK LAFRANCA and JOHAN SOMERS.**

(Above) **KATRIN KOCH** and **BARBARA MULLER** of the Gauselmann Group.



means greater uptime, more satisfied players and higher revenues. The Gauselmann Group now uses a coin hopper from Berlin's wh Münzprüfer alongside a coin hopper scale. In this way an operator can know exactly how many coins are in the hopper. Most AWP's are connected by a system nowadays and so operators can see at a push of a button the monetary values in each AWP in notes and coins (and also detailed information on game/AWP performance).

JCM has developed its own complete banknote recycling solutions and has an array of different options. The Vega is a small-scale solution with a banknote recycling capacity of 100 notes. The UBA-RC is targeted at German AWP's as it has a recycling capacity of 200 notes (two denominations at 100 each). The UBA-RC is fitted in the APEX Pinnacle series as standard and has been integrated by many AWP OEMs (e.g. Löwen, Bally Wulff and GeWeTe for change machines).

The new iPro-RC offers banknote recycling at a greater speed, while the data management system from JCM, ICB, has been integrated at Casino Berlin. Further clever solutions include a bezel that shows the last note entered for the new iVizion banknote reader and the hand-held Blue Wave Deluxe is equipped with an SD slot to enable simple updates for the JCM product range. The Taiko banknote reader remains popular as a lower cost stackerless yet secure solution, while the EBA-3X series has been popular in Germany for many years now. JCM also offers ticket printers from Nanoptix and screens for digital signage.

Taiwanese manufacturer ICT has its European headquarters sited in Germany (in Ratingen near to Düsseldorf). The company exhibited its new banknote recycler called the BR 1500. ICT is strong in the vending industry, for example with its DCM4 ID reader (for cigarette vending machines), which checks the age of the user via passport, ID or driving licence.

(Above) **KATRIN MUHLBACH** with Mega's new jackpot.

VALENTINA SANTERELLI and **LORENZO VERONA** of VNE at the IMA 2012. VNE - Italy's number one change machine manufacturer – exhibited for the third time at the IMA. The impressive stand gave visitors an overview of the diverse product range that VNE offers. The fact that VNE chooses the industry's best components was warmly welcomed by visitors. The banknote recycler Merkur Dispenser 100 from Merkur Gaming is one of these components – well known and accepted by German operators.



Their S7A banknote reader is targeted at the gaming industry as well as it works in both indoor and outdoor environments.

MEI took a stand in a very prominent position at this year's IMA. The company's CASHFLOW SC banknote reader has proved to be extremely popular, fitted in approx. 50 per cent of all NSL Löwen and 100 per cent of all Crown AWP's to date. This yellow banknote reader has a whole family of MEI products supporting it.

The Bank Note Recycler (BNR) has become a major solution for banknote recycling in bulk and is fitted by change machine manufacturers such as GeWeTe. This major product has its own dedicated website (www.meibnr.com). It comprises of the main acceptor module, a 600-note cashbox, a 250-note loader and two recycling modules that each contain two recycling units for 30 and 60 notes respectively.

Banknote recyclers can only return notes that have been entered previously into the unit. The loader offers operators and users the added advantage that it can store a note type that is often paid out, but is less often entered, increasing machine uptime. The CF7000 coin changer from MEI is the best selling coin changer in vending machines. It is also a coin recycling solution and has been implemented in sports betting by Tipico.

The real highlight on the MEI stand was the brand new product, set to be released sometime during 2012, the SCR. The SCR is a banknote recycler that uses SC technology and contains two 60 note recycling modules. Manufacturers and operators alike were clearly impressed with the compact, robust design and speed (for validation, note storage and stacking). Furthermore, MEI cited its focus on security, which makes the company very excited about this product's prospects.



Managing Directors **ARNE SCHMIDT** of the Schmidt Group and **SASCHA BLODAU** of Bally Wulff at the IMA opening event.

The entrance to the IMA show was lined with young trainee arcade staff holding placards demanding 'RESPEKT' for their jobs and careers within the gaming industry in Germany.

Crane Payment Solutions this year had just one stand at IMA, as Money Controls and NRI both belong to the group (including CashCode of course), which has traditionally taken separate stands. The CashCode banknote recyclers are well established in Germany. The Bill-to-Bill 60 (60 note capacity recycler) fits well into wall-mounted AWP's and is included within JVH's AWP's. The Bill-to-Bill 300 can recycle up to 300 notes and so lends itself very well to large capacity, bulk change machines, such as for GeWeTe or CMI. At the same time the coin validators from NRI were on prominent display, which currently dominate the market for coin handling.

Innovative Technology (known as Automated Transactions in Germany) took its traditional position at IMA. The SMART technology banknote recycler and coin hopper were the main focus of attention. The SMART Payout can pay out (recycle) 80 different notes of any denomination. The NV11 is the second



The Crane team celebrate the combined portfolio of NRI, Cash Code and Money Controls products under the single Crane Payment Solutions brand.

PAYAM ZADEH and **ANDREAS HILDEBRANDT** of JCM Global pictured at the IMA in Germany.



THE RAPID GROWTH OF MULTI-CONCESSION ARCADES HAS LED TO STRONG DEMAND FOR CHANGE MACHINES.

banknote recycler in the company's portfolio with the recycling capacity of 30 notes. The company announced its 20th anniversary in 2012, a landmark achievement for the company that continues to launch new innovations. Underlining this fact, Innovative Technology introduced its Smart Data at IMA. Here customers can proactively help themselves to improve note acceptance.

This applies in particular to remote locations and countries with unstable note sets. Customers can register and enter any problem notes into the required banknote reader. The data is then sent directly to the company's master computer and within 24 hours the customer will receive a new data set. This service is free of charge.

wh Münzprüfer is the second of the two major players for coin validators with its EMP 900 v5. The Mini Hopper and Counting Scale are used as standard in adp AWP's. Furthermore, wh Münzprüfer offers a belt-driven coin hopper – the Flexi Hopper X5.

QUICK CHANGE ARTISTS

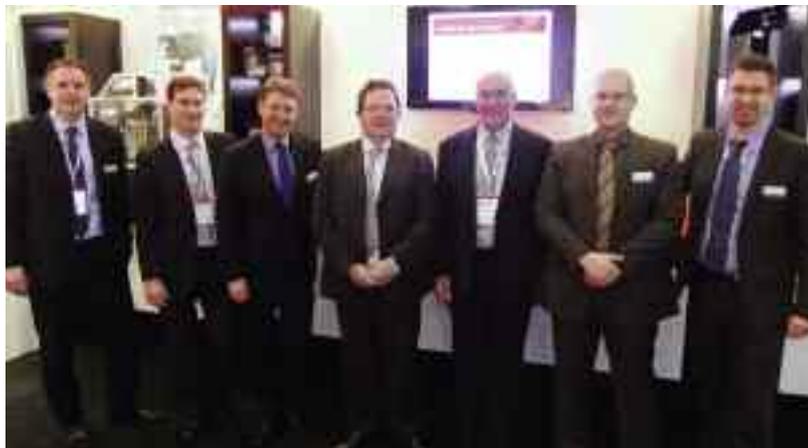
The rapid growth of multi-concession arcades in Germany has led to strong demand for change machines that can offer a whole range of solutions. The market leader remains GeWeTe of the Gauselmann Group with its product range that includes the Maxi-Cash-Recycler,



THE INDUSTRY IS PULLING TOGETHER WITH THE SUPPORT OF AT LEAST ONE MAJOR BUNDESTAG POLITICIAN.

Mega-Cash-Recycler and Mini-Coin-Recycler. CMI has built up a strong partnership with Bally Wulff and the MCT 100 change machine has made a very positive impression with other manufacturers too. The Novomatic Group offers operators a wide choice, ranging from Crown, such as the Maxichange Plus to Hirscher with the SC4.

Italy is the world's largest change machine market at present, so it is no surprise to find change machine manufacturers from Italy at the IMA. VNE, Italy's number one change machine manufacturer, exhibited for the third time. The impressive stand gave visitors an overview of the diverse product range that VNE offers. The fact that VNE chooses the industry's best components was warmly welcomed by visitors. The banknote recycler Merkur Dispenser 100 from Merkur Gaming is one of these components, it's well known and universally accepted by operators.



(Top) Two companies continue to dominate the IMA show and the German street gaming market, NSM Löwen Entertainment (Novomatic) and the Gauselmann Group.

(Left) The Innovative Technology team celebrating 20 years in business.

Comestero had its own stand as ever and alongside money-handling systems, and the new change machine RE-flex was on display, which includes the Smart Payout banknote recycler from Innovative Technology. Alberici rounded up the Italian contingent, showing the Twyn cc and Hammer CC15 on its distributor's stand, Automaten Point.

CONCLUSION

9,512 people visited the IMA 2012, an increase of 7.5 per cent year-on-year. This positive figure corresponds with the general mood of IMA. Operators are acting now whilst the sun shines, as there are black clouds on the horizon. A change in the Technical Directive stemming from an alteration to the Gaming Ordination is one such cloud, potentially swinging into view in the

summer. The cloud carrying the Interstate Gambling Treaty is full of thunder and stands to redefine the German AWP industry. A storm is rising over state amusement arcade laws (which refer to the Interstate Gambling Treaty) and the threat of increasing local taxes will provide further turbulence as amusement taxes rises appear imminent.

Operators are hoping to capitalise on the lull before the summer, while AWP manufacturers brokered a series of major deals at the IMA. This may have been the zenith of the show – the best it will ever be, as torrid times hove into view. It bodes well for the future, however, that the German AWP industry is pulling together in such a strong cohesive way, and has the ear and support of at least one major politician in the Bundestag.