

The leap of faith

Like a stop-motion film, the changover from reel-slots to video in the Spanish street market is taking years to play out

The Spanish FER exhibition took place between 30th March and 1st April in Madrid against a continued background of financial and economic depression in the country. As unemployment in Spain soars past the 20 per cent mark, this single show replaces both the Malaga and the Madrid events.

UNA FERÍA FLOCA

The general mood at the FER reflected the current crisis in Spain with the exhibition attendance suffer as a result. The notion that recessions do not affect gaming has been dispelled over recent years. Indeed, gaming operators are generally suffering badly with reports of falls in cashbox between 30 and 40 per cent on average. Such a great drop in earning is also linked to the recent smoking ban, which itself is said to have caused a drop in cashbox revenue of up to 20 per cent. Undoubtedly this is hampering the implementation of new innovative products. As new technologies have to be approved separately in each of the 17 autonomous state authorities in Spain, it takes time for new products to reach the market. However, this does not mean that the exhibitors were not offering innovations to the marketplace.

A MARKET DOWN BUT NOT OUT

Under normal economic circumstances the FER could have been a great success. The major local and international manufacturers and key distributors took large stands, including: R.Franco, Unidesa, Gi-Games, Zitro, Metronia, Ortiz Gaming, Novomatic, Sente (Merkur Gaming), Comatel, Costa Cálida and Dosniha. Aristocrat and ATRONIC continue to expand their focus on the Spanish street market (tipo B), while cash handling and change machine manufacturers had plenty to shout about. As such, there is definitely movement within the Spanish industry; the question is when and how quickly these innovations will be adopted?

The Spanish gaming market remains one of the largest and most important in European gaming. There are approx. 230,000 type B AWP's (with about 80 per cent in bars and 20 per cent in arcades). The casino market is relatively small for such a large country, with only about 10,000 casino slots in operation.

ARE HYBRIDS THE LONG-TERM AWP SOLUTION?

Hybrid AWP's combine reel-based and video-based features, generally with the lower screen reel-based and the upper

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screen video. Bally Wulff set the hybrid trend with the introduction of the Lejano Oeste back in 2005. Spanish players have taken to hybrid AWP's and one-by-one the 17 state authorities authorised hybrid AWP's across their regions. There were plenty of new hybrid AWP's on display at the FER. However, the company that set the trend now sees the future of AWP's in Spain purely in the realms of video. For the first time at the FER, Bally Wulff presented a range of video-only AWP's. Spanish players continue to favour single games, so the majority of video-based

AWP's on show featured just one game, with companies including Bally Wulff offering game updates via a USB stick.

Characteristically, Novomatic had a strong presence at the FER. The important and decisive role Novomatic has played, and continues to play, in shaping international markets can be applied to the Spanish street sector. Many industry players were surprised to the level of investment Novomatic has dedicated to the video-based AWP's in the Spanish type B market, given the

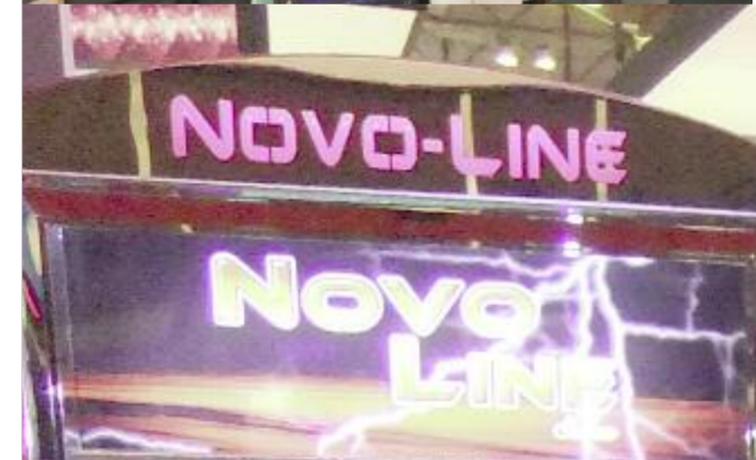
preference Spanish player have historically displayed towards reel-based games and hybrids? However, the volume of video-only products on display at FER shows how much the market has changed and how much of a game-changer Novomatic continues to be in the markets it serves. Pioneering multi-games in the market, American Poker II is a type B1 product for bars, while the Novo Line Salon is a solution for the B2 arcade market. The latter has nine games included.

(Top) Frank Ziegler of Spirit Gaming with Jürgen Stühmeyer of the Gauselmann Group.

(Middle) Management of the Schmidtgruppe and Bally Wulff.

(Above) Christian Reibenspiess, CEO of Novomatic in Spain.

Aristocrat has been active in the Spanish street market for three years with its type B arcade solutions. The focus for one of the world's largest casino slot manufacturers is to bring its expertise to the arcade market in Spain. The company's success is based upon taking its best-performing titles from the casino sector and converting these titles to deliver the same type of thrills in the Class B market. The company's unique video reel style, derived from casino floor game play, is proving popular both with players and with leading regional



operator/distributors including Egasa, Comdibal2000 and Grupo Vid.

Aristocrat was showing two new games, Mystic Mermaid and Wicked Winnings, which were previewed at the ICE exhibition in London and are now set to follow in the footsteps of current games, Big Red, Queen of the Nile and Dolphin Treasure, whose strong and steady performance is being recognised by an increasing number of operators. In addition to single-game configurations, the AWP's can be operated in four-, six- and eight-module multi-player variations incorporating any combination of Aristocrat's currently approved games.

Aristocrat game approvals have now been secured in the key territories of Madrid, Catalonia, Andalucía, Valencia, Aragon and País Vasco, with a further jurisdiction, that of the Balearic Islands, extending the reach of the company deep into Spanish regions. Further approvals are also expected soon for Galicia.

Another casino sector manufacturer looking to exploit its game portfolio in the Spanish street sector is ATRONIC, which is also seeking to capitalise on its success in the Type C casino sector. Spanish distributor LogicalGames46 stated ATRONIC is placing a great deal of focus on the type B market in Spain. ATRONIC Systems is very strong in the casino market in Spain with a stated market share of 75 per cent across the country, which LogicalGames46 hopes to build upon with market recognition of both the company's game titles and quality of ATRONIC's products.

Another company investing a great deal of its energies and expertise in the Spanish market is Merkur Gaming. The company's distributor in Spain, Sente, revealed that each and every game on its stand in Madrid was a brand new title, underlining the focus and commitment that the German manufacturer is currently dedicating to the market.

INTERLINKING

In addition to a pronounced video bias at this year's event, a further trend in the Spanish street market is the linking of single-game machines in banks with joint overhead displays. Such multi-machine solutions were on display on a number of stands, including Comatel with the JPM Max Power, Aristocrat, Unidesa and R.Franco.

BUY OR RENT?

Operators in Spain are currently finding themselves presented with several new ways to source AWP's. Traditionally, AWP manufacturers/distributors sell the machine to the operator who then



Javier Seviallano of LogicalGames46, ATRONIC's distributor in Spain; (Below) The VNE team at FER.



manages a revenue-sharing scheme with bar owners/managers for the type B1 market. A more dynamic scheme is for operators to rent/lease the AWP's. The average lease fee is 200 euros per month with contracts spanning two or three years. Operators generally have to pay an upfront fee for the AWP that is (usually much) lower than the original purchase price. This has a clear advantage for operators in that they can finance more

(Clockwise top left) Ignasi Pons, Iberselex, Sascha Heinen and Mareike Bolten, GeWeTe, Sergio Pons, Iberselex; Jürgen Irsigler, MD of Admiral Sportwetten; Innovative Technology and the NV11 recycler; Suzo Happ Spain.

AWP's into the market. The market for leasing companies is growing accordingly, with smaller companies having access to greater liquidity with which to offer their products to market, enabling them to compete with the large entities.

CASH HANDLING

The cash handling companies were out in force at the FER. Azkoyen plays a dominant role in the Spanish market for

coin validators and coin hoppers. The Billhopper has been developed for the type B market with a 10 note capacity. Jofemar is situated very close to Azkoyen in Peralta and is breathing new life into its cash handling department with its T15 coin validator and H20 coin hopper. Suzo Happ has successfully made the Pyramid Trilogy banknote reader a household name in the industry and the new Hopper Flow is compatible to the coin hoppers used in the Spanish market. Comestero had its R5 coin validator on display, while Crane Payment Systems and MEI showed their respective validation solutions. MEI displayed their one millionth CASHFLOW SC banknote reader on the stand and quoted Casinos Barcelona and Casino Madrid (the two reference casinos in Spain) who both specify the CASHFLOW SC. MEI's latest product, the SC Advance, is now quicker and has more memory capacity than the SC. Furthermore, The SC Advance can read ticket barcodes in all four directions. Finally, the BNR from MEI offers four separate note denomination recycling with its unique loader function and was on display in the Tratecnica change machine. Tratecnica explained they were the very first European company to integrate the BNR.

MACHINE UPTIME IS THE FOCUS

The traditional way to pay to play in Spain has been via coins and in more recent years either via notes and/or coins. When only coins are used they can be recycled within the AWP. When notes are used then the problem of coin starvation becomes apparent, i.e. that the coins are being paid out for the wins, but not enough coins are being used to pay for play. The cash recycling balance is now being repositioned thanks to banknote recyclers.

The Spanish AWP market seems content with a capacity of up to 30 banknote recycling. The product choice is increasing with products such as the NV11 from Innovative Technology, the Vega from JCM, the Billhopper from Azkoyen and the VNR from MEI. These are single denomination recyclers. However, the NV11 can be operated as a multi-note recycler with the Innovative Technology protocol ESSP which Unidesa has implemented. The CashCode Bill-to-Bill 60 banknote recycler is a further excellent choice for the industry. Each state government has to approve the new banknote recycling technology and it was reported that 15 of the 17 have done this with only Alicante (pending) and Catalonia still to approve.

THE CRISIS IS OPENING NEW DOORS

A real downside of the crisis in Spain is



the increase in robberies on AWP's. Operators are looking for better solutions on how to protect their capital. One such solution, which seems more focused on the arcade segment, could be to use cashless. This theme was a real focus on the Comatel stand. The partnership with the Dutch company REAC could well be an answer the market requires. REAC has already linked over 20,000 AWP's in the Dutch market and so has plenty of experience in this field. The Magic Pay brand is said to be able to be

(Clockwise top left) César Canabate of Tratecnica has integrated the MEI BNR; Enrique Jötten of Lorenzo with the Patir team; Martin Grandia and Maxim Hollink from REAC; Grand Jeu Double from Amatic Industries on the Comatel stand.



implemented on all types and brands of gaming machines (AWPs, electronic roulettes). The credit is issued on a card. The card is held to the transponder that is integrated within the gaming machine. The first acoustic sound tells the player that the card has been recognised, further sounds show that a set sum has been transferred each time to the gaming machine. The operator can set the value to be transferred, e.g. 10 credits (thus 2 euros).

CHANGE MACHINES IN DEMAND
Tratecnica was one of a host of companies exhibiting change machines. New to the FER was the announcement by Comatel of the new distribution agreement with VNE for the Spanish market. Comestero announced that Piero

Martellotta is now the general manager for Comestero Spain. Comestero has a wide range of change machines. Iberselex is the distributor for Germany's GeWeTe whose high-end products perfectly compliment the Iberselex smaller change machines. Italy's Maggi Coniature srl presented its new Vega machine with the CashCode Bill-to-Bill 60 inside at their distributor stand Mecaban.

CRISIS FORCES SELF-REFLECTION
One benefit an economic crisis brings is that management of companies often look on ways to improve, not just to cut costs but to bring innovation quicker to market so to ensure long-term success. This is being done in the Spanish gaming market as well. Previously a



(Top to bottom) Jens Stradtman, CEO of Merkur Gaming with Sonia Peña Knecht and F. Hernán Martín of Sente; Andrew Davies and John Le'Burn of JPM; The MEI team at FER Madrid.



winning AWP was defined by the amount was in the cashbox after usually three months in test. The manufacturer could only react after this time which led to the effect of an AWP either being a success or failure, nothing in between. Today AWP's are being linked together so that real-time information on game play, stakes and wins. This information can be assessed immediately and aids manufacturers to understand better how well their machines are being played. This surely will have a knock-on effect for game developers with the strategy being to introduce games that are more liked and so create greater revenue. Manufacturers can align and alter the games so that in future a game may no longer be classified as either a success or a failure.

ROULETTE A REAL ARCADE SUCCESS
Electronic roulettes are a success story in the Spanish arcade market. Electroncek's electronic roulettes are the market leader with their distributor Dosniha having introduced 1,200 (which represents 10,000 individual game positions) to the market since 2003. The quality, reliability and design stand out here. These features seem to dominate operator preference. The Grand Jeu from Austria's Amatic Industries is distributed by Comatel with getting on for 700 complete roulette machines in Spanish arcades. New to the exhibition was the Grand Jeu Double from Amatic Industries with two roulette wheels and four large LED screens making it really stand out. The Alfa Street roulette was also on display on the Comatel stand along and further brands were on display on their distributor stands.

PLEASE BE SEATED
Gaming players need to sit comfortably to be able to spend longer periods at the gaming machines. Here operators know the importance of investing in very good chairs with Styl Game and Patir playing an important role. Patir was exhibiting for the seventh time at the FER, stating customer references such as Egasa, R.Franco, Novomatic, Sente, Dosniha and Gi-Games.

TO CONCLUDE
Both the continuing economic crisis and the smoking ban are having a strong negative effect on the Spanish gaming industry. Nevertheless, the AWP industry is still huge in Spain and many companies are looking at how to bring new innovations to the Spanish player to rekindle the market. It will surely take at least a year before earnings rise again and when they do, the Spanish market will be able to invest in the new ideas and innovations that were on clear display at the FER.