

## New Slot Machines: Who's Playing Whom?



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First Posted: 12/21/11 05:51 PM ET Updated: 12/22/11 05:03 AM ET

More than a million slot machines inhale [\\$1 billion a day](#) in American casinos. Apparently that's not enough.

The machines are undergoing a revolution to extract more money from gamblers at the flip of a switch. Casinos are betting on server-based slots to give players instant variety and keep them engaged. The technology turns generic slot terminals into chameleons that change themes and payouts to suit the moment. International Game Technology already operates server-driven technology in 50 casinos, including Aria in Las Vegas, with more in the works.

One critic says that because states oversee gambling, the enterprise amounts to government-supported robbery to finance public services. But it's easy to see why cash-bleeding states are turning to sure-fire revenue raisers like slots. Server-based casinos can gauge the spending power and inclinations of patrons at a given time, then download slot games more likely to grab them. For instance, a casino can woo seniors by day with penny slots and higher rollers at night with \$5 minimums. No machine change necessary.

"We can better match desired games and experiences with player interest," said Eric Tom, IGT's executive vice president of North America sales and global services.

Slot machines have hit the jackpot in the financial crisis. Thirty-seven states sought to recoup mounting debt by [expanding gambling](#) in the last two years -- many through slots. The digital-server model began slowly when it was introduced a few years ago because the system is expensive to retrofit into older casinos, experts said, and the recession discouraged other operators from investing in unproven technology. But now it is picking up steam. Pennsylvania regulators last month voted to [let IGT implement](#) its server-based operation statewide. New Jersey will see an influx of server-based slots when Atlantic City's \$3 billion [Revel casino opens](#) in the spring. Mississippi, Michigan, Missouri and California also have them.

Tom said the move toward a server model makes economical sense for manufacturers as well. An old-style slot with the hardware built in costs around \$20,000 and can become a hard-asset albatross once it turns unpopular. Now casinos will just have to fire up their software and connect to a remote server.

One server-equipped casino told IGT it experienced a 10-fold increase in daily slot intake, though Tom said the figures were probably short-term. The numbers are still impressive -- and concerning to critics.

Every state with slots wants the technology, said Les Bernal, executive director of Stop Predatory Gambling. And that spells trouble. The spread of digital slots proves states have given up on helping citizens get back on their feet, he fumed. Lawmakers are choosing instead to fund public services by hooking constituents on gambling.

"This concept of server-based gambling allows them to keep those players sitting there in a way that they can exploit them and take their money as quickly as they can for as long as they can," Bernal said. "This is a government program that encourages this. It symbolizes the relationship between government and its citizens is broken."

For better or worse, more innovations are on the way. IGT this month announced what it believes to be the [next wave](#), a Cloud-based gaming system that would accommodate online slots if the country were to legalize them. But for now, the federal government seems intent on holding its ground on interstate online gambling.

As they are, slots spin a reliable money stream, hogging 65 to 80 percent of casino floor profits, [according to industry estimates](#). And they are highly addictive, prominent researchers warn. Slots and other video machines are the game of choice for 90 percent of Gamblers Anonymous attendees in Las Vegas, wrote [Natasha Dow Schull](#), a professor at the Massachusetts Institute of Technology and author of the upcoming "Addiction by Design: Machine Gambling in Las Vegas."

[Kevin Harrigan](#), a University of Waterloo specialist who has written about the addictive nature of slot machines, determined that problem gamblers drive 60 percent of the money taken in by slots in Canada's Ontario province. Server-based technology, he said, "certainly gives the casino the flexibility to make changes to maximize income. It is not to the players' advantage that the casino can change these parameters from a central system."

Of course, rules limit how often casinos can change games, and mandate a certain time of machine inactivity before the change can occur. Operators also have to warn players that the terminal will soon change over.

The newly opened Resorts World casino in New York City uses server-based technology for its slot-like video gaming machines, but can't capitalize on the ability to mix and match games. The state lottery oversees the slot-like video gaming machines from a centralized computer network, doling out predetermined payoffs as if they were digital scratch-offs. "If we got it approved, we could turn it on in a second," said Scott Molina, the director of slot operations.

The casino, however, did have all of the the other new bells and whistles to replace the old bells and whistles. Manufacturers are producing more machines that jazz up the user experience with video and interactivity. "People expect more than to watch the reels go around," said Bally Technologies spokesman Mike Trask.

Pop culture and nostalgia reign as slot themes. A Bally's Michael Jackson slot machine featuring the King of Pop moon-walking across the screen will 'beat it' to casinos in the summer. At Resorts World, "Sex and the City" attracts nearly twice as much traffic as most of the slots, Molina estimated. "I'm Carrie Bradshaw," chirps the "Sex and the City" machine. Bonus rounds generate memorable video clips from the HBO show, such as actress Kristin Davis hugging her new puppy. IGT also developed a "Breakfast at Tiffany's" progressive slot. The lure of older TV and movie properties is no accident. "They drill that demographic of 40 to 60- year-old females," Trask said.

Modern slots allow users to play several lines on a slot at once. In the old days, one line of cherries, 7's or other iconic symbols would come up. That was one unit of play. Now, even so-called penny slots feature dozens of lines, becoming a 20 to 30-cent proposition for every spin.

"A major concern I have on all these new multi-line slot machines is that most of the 'wins' are in fact net losses, such as wagering \$1 and 'winning' 25 cents," Harrigan said. "This is a net loss of 75 cents but is celebrated by the machine as a win. Incredibly, these types of 'wins' occur a couple hundred times an hour."

Carol Sym, a retired schoolteacher from Queens, said she visits the slots-heavy Resorts World on occasion "instead of a movie." She said she likes the sensory razzle-dazzle of the newfangled machines, but that she tends to revisit the slots where she has won before, no matter how advanced they are. Eating lunch with a friend on a recent Monday, she surveyed the gamblers in the bustling casino and wondered aloud if anyone worked anymore. Gambling, she declared, "is the national pastime."

For visitors like Patrick Mwesigwa, it is far more. Mwesigwa, a 30-year-old chef in Manhattan, said he is a reformed compulsive gambler who has paid back nearly all of the \$113,000 he owed. He said he was visiting the casino to do research for a memoir about his descent into addiction, which cost him his marriage and a business. He then pulled up to an automated roulette machine and played for a \$10 spin. He had a limited amount to play with because his girlfriend acts as a

co-signatory to monitor withdrawals on his bank account. He later used some of his other funds for a bacon burger in the food court.

About all the casino does to stop problem gamblers like Mwesigwa is to post a phone number for Gamblers Anonymous on metal placards on each machine. But some were unintentionally smudged away by janitors using harsh cleansers, Molina explained. Mwesigwa said he didn't believe the industry was responsible for protecting him anyway. As an immigrant from Uganda who hit bottom in England, he said he appreciated his freedom in America. Whether it's slots or something else, spending a few bucks in a casino was his right. "I knew I was going to lose it," he said, "because you always lose it."