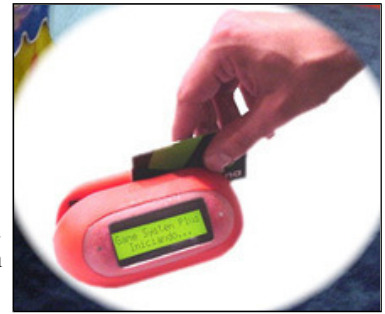


THERE IS A NEW DEBIT CARD SYSTEM IN TOWN”

“Take a Look at Coin Tech’s ‘Game System’

In September I had the rare opportunity to be invited to visit 3 entertainment centers in Mexico (D&B, & 2 of the 14 Recorcholis Centers that are all using the Coin Tech debit card system. During the past decade I have worked with, installed and/or consulted for clients that utilize several of different debit card systems that include Applied Resources, Ideal, Sacoa, Intercard, Amusement Solutions, DKS, and Xico, so it is natural for me to compare the pros and cons of each system.



So off I went to Mexico. My first stop was Dave & Busters in Mexico City (50,000 sq. ft. with 220 games), where I was permitted to examine their Game System operation in detail, have private meetings with the technicians, systems manager, and

general manager. Of course I had to promise (in both Spanish and English) that I would not reveal any of the proprietary financial data and be assured that I won't.

Coin Tech Background

Starting in 1989 out of Cordoba, Argentina, Game System was the first full management program designed specifically for family entertainment centers, amusement parks, and casinos. The system has spread from South America (Argentina, Brazil, Chile) to Mexico to Europe (Spain, Switzerland), the Middle East (United Arab Emirates, Oman), and now to the US (starting with my 1st location this month). Currently Game-Systems has 40 clients around the world with an installed base of 93 entertainment center locations (and growing). The company motto as stated by President Daniel Giovannoni and Director Daniel Fabrizi: “We give you our best all the time up front.” I have found this to be true and their customers confirm it. The reliability of the system from the installed base customers is unanimously ‘excellent’.

D & B’s Director General, Carlos Arroyo Cota; Systems Manager, Emilio Pacheco; Technical Director, Mario Alberto Dominquez; and Daniel Giovannoni, Director of Coin Tech, and Andres Diaz de la Garza of Coin Tech Mexico briefed me on the D&B franchise operation, gave me a tour of the facility, and let me go through many of the more than 400 different reports that Game Systems provides. All of these reports, by the way, can be exported to Excel, JPG, DBF, PDF or TXT files. In addition, Coin Tech provides customized reports based on customer specifications. My recent visits to Spain for Eurotechnos and Euromat meetings and a 10-day trip to 8 Spanish cities proved quite valuable, but almost everyone spoke in English. When it comes to technical discussions, us engineers seem to have no problem communicating.

Now It Is Time To Be A Customer

Upon entering the D & B game area, the first thing I noticed was the appealing information/control kiosk, so I naturally walked right up to it. From the time I handed my \$20 to the attendant it took 15 seconds for her to hand me my new debit card. I watched the single step process as she entered the \$20 into the Point of Sale Admin system and the system automatically programmed my debit card. I have gone through this process at other similar locations in the US and noticed that not one, but two steps were usually involved. The first step was to enter the money received into one computer and then move over to another computer and duplicate entering in the money received. Obviously this adds to the time that a customer is waiting but it could also mean that certain debit card systems do not tie into the overall accounting computer system for different reasons. I can tell you that the Coin Tech system seamlessly integrates into the accounting system.

It took less than 10 more seconds for me to play my first game, Cyclone, as I swiped my debit card in the red reader. I played a few of the games to get used to the foreign pricing and then went to what I thought was the recharge station to automatically put more credits on my debit card. What I found was much more than a recharge station! In fact the automatic point of sales machine (APOS) was three stations in one unit: 1) You swipe your card and the monitor shows you all of the following information: credits/money remaining, game time remaining, reward points, bonuses and special bonuses and your last 14 transactions; 2) You could then put in cash and/or coins and add additional credits to your card (and receive a paper receipt of the transaction; or 3) you could put in cash or swipe a credit card and the station would dispense a debit card with credits on it (and receive a paper receipt of the transaction). Coin Tech sells the 3 in 1 APOS in different configurations to fit different budgets (Re-charging Point; Re-charging & Card Sale, Validation Unit). The 3 in 1 Automatic POS are specially designed for D&B. Note that touch screen monitors are used in all Coin Tech models. As I tested the purchase of additional cards, I was impressed that the card dispensing unit reads and validates each card before the sale to verify the integrity of the cards and the data on the cards. Any card that fails is then stored inside the unit and another ‘good’ card is issued. A great feature!!!

Mario Alberto opened up the game cabinets for me and showed me how the reader/display, identifier (always stays with the game), power supply, and microprocessor are installed into the different types of games. It would take less than one

hour to install the complete kit into a game. I was also able to reach in with one hand and easily remove any of the kit components, so service is as simple as it could be. Of course I checked the quality of the components and found them to be well made.

Now it was time to try to win one of the jackpots on a group of games where there is an overhead jackpot counter and see how the system is programmed to handle this. What usually happens with most debit card systems is that the jackpot credits get transferred to the individual game that the player is playing and this will result in an inaccurate calculation of that game's ticket payout percentage. Remember that the jackpot is being built up from the play of all of the games that the jackpot is connected to.

I was happy to see that the token action redemption games (games where the token must be played), with the exception of the token pushers, required the tokens be purchased from a separate token dispensing machine that had a debit card swipe. The price per play on some of the games seemed inconsistent but that would most likely show up when reviewing the individual game weekly gross revenues and noting the differences as compared to the weighted differences in revenues of those same games at thousands of other locations.

Neat Things that 'Game System' Can Do:

- When a redemption game is out of tickets or any game has a problem the card swipe is deactivated and the reader can be programmed to state this.
- A progressive discount can be given to the 2nd, 3rd, 4th, etc. card swipe from a customer on the same game he/she has just played. You choose which games (or all games) to include.
- Jackpot credits are 'weighted' and properly assigned to each connected group of games so that an average group ticket/credit payout percent is reported. Other systems are reporting bogus percents as the jackpot number of tickets go to the game that the winner is currently playing.



- Play game 'XYZ' and get a free game of 'ABC' to help increase play on certain games. This great marketing concept goes even further: 1) Player gets a given amount of POINTS (pre set for each different game) when they play a game. These points can be later exchanged for a) BONUS to play any of the games set to receive BONUS; b) tickets; c) prizes (at redemption center or at POS for specific Reward Prizes; and 2) With Credit Combo package you can create a 'combo' that consists of 1 credit for Game XYZ + another credit for Game ABC at the price of the first one.
- Play game 'XYZ' first before you can play a game on 'ABC.'
- Auto Specials: when you get up to purchasing, for example 1500 credits, your debit card receives the privileges of a 'gold card' and you receive a 10% discount on all future purchases.
- Can track five different basic accounts on one card at the same time (money, bonuses, tickets, game time, credits).
- Can track an infinite number of Special Bonuses from given promotions.
- Personalization Report: customer profiles on the games preferred, per visit spending amount, day and time of customer visits, bonuses for a customer bringing in new customers.
- Can link multiple locations and balance transference between the locations so customer has only one balance in all locations.
- System can generate bar coded labels for redemption prizes and bar code instructions to operate the redemption counter (if bar code scanner option is being used).
- Pool Table and Foosball Table Feature: Coin Tech has designed an inhibitor circuit for pool tables and foosball (soccer) tables (along with a motor and battery) where a switch is placed at the end of the 15th ball (on pool tables) to let the system know if the proper number of balls is in the game. If the system does not sense this, the game will not operate. This has worked extremely well and actually has stopped players from stealing pool balls as peer pressure has taken affect.

Coin Tech has solved a very serious problem that started in Brazil. Kids were taking the small new electronic cigarette lighters and running a wire down their arm so they could spark the readers without being detected. The static causes some of the other debit card systems to release the credits and in turn burn up the microprocessor. This problem has not yet hit the US. Coin Tech has created an 'anti static' addition to their board and added a 2nd back-up micro-processor to each game board.

Quotes from Dave & Busters Mexico City

“Support is perfect even though the company is in Argentina.” “Quality of product, software, and the data base is great.” Emilio Pacheco (he runs the reports and programs the computer systems).

“Coin Tech is very good in terms of service. Every system modification that I have asked for has been solved very quickly. I wanted to implement a ‘guest security’ change to not allow staff in the Winner’s Circle (prize redemption center) to put more than 5000 points onto a customer’s card. This was taken care of.” Carlos Arroyo Cota, Director General (General Manager).

Cost of the Coin Tech Game System

I have priced every component necessary for the operation (including installation and set-up) of a 100 game center and came up with a range of \$65,000 to \$70,000, depending on software requirements. This equates to \$650-\$700 per game and that is \$30,000 ‘less’ than the \$1000 per game rule of thumb that has been used in the past as the cost for a 100 game debit card system. As you can see, the costs have dropped as competition is entering the marketplace now that the Pellegrini patent is no longer in effect to keep companies like Coin Tech out of the US.

What About the Cost of the Cards?



The cost of the cards in the US has been a topic of discussion since debit cards were invented. Is it better to purchase a lower cost debit card system (such as ‘Game System’ and save \$20,000-\$30,000 up front and then pay a higher price for the cards? Other well-known debit card systems will cost on the order of \$1000 per game or \$ 100,000 for a 100 game set-up.

The cost of their cards could be 50% less than that of Coin Tech’s whose cards currently cost 28 cents each and come with your chosen logos on ‘both’ sides in ‘4 colors’. There are no printing costs.

FEC’s in the US traditionally have been selling the cards to customers and charging 25 cents. When this is done at the counter (person to person) it seems to go smoothly. However, I have seen customers get confused when they realize later on that they have 25 cents less in cash on their card than they had thought. My solution to this is to give the customer 10 redemption tickets when they get a new card (obviously I like to still use tickets in my games operations) and 25 tickets if they return the card if they don’t want to keep it). Of course this could reduce some of the ‘float’ that is gone forever but hopefully some customers will stay longer and spend what is on their card (or perhaps even spend more) knowing they can return their card. At least this option is available to you so keep your customers happy and be able to offset your card cost.