

Q&A session with **Gerhard Burda**, Senior Vice-President, Gaming Solutions, GTECH Corporation and **Victor Duarte**, Chief Operating Officer, Spielo, a GTECH company . . . on the integration of Atronic with Spielo and GTECH and enhancing GTECH's portfolio of product offerings.

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Gerhard Burda

This session explores the reasons behind GTECH's recent acquisitions of Atronic and other gaming companies, and how and why these acquisitions enhance GTECH's value proposition and ability to serve its customers.

Paul Jason, PGRI (PG): *In January, GTECH® acquired a 50 percent controlling interest in Atronic and announced its intentions to acquire the remaining 50 percent. That came to fruition in May when GTECH announced that it had completed*

the final stage of the two-part transaction, thus gaining complete ownership of Atronic. I would like to explore some of the implications of GTECH's acquisition of Atronic and your strategies going forward.

Gerhard Burda (GB): Let's start with GTECH's acquisition of Spielo®, which began in April of 2004. That was GTECH's first step toward establishing a position to cover all gaming verticals. If you look at the different gaming channels – GTECH has instant and online lottery games, Spielo has video lottery games, and now with the recent acquisitions of Finsoft, Boss Media, and St Minver, GTECH also covers the Sports Betting, Internet, and mobile offerings. That left the commercial gaming business, in which Spielo also operates. However, the Atronic acquisition solidifies our position in this market.

What all of these recent acquisitions have in common is a convergence of content and brands.

I'll give you an example: Deal or No Deal™, is a very successful game show in the United States at the moment. It's one of the most successful brands that Atronic has in its recurring revenue business – in its profit sharing business in U.S. casinos. GTECH has this same licensed brand in the online lottery business. Spielo will, most probably, be able to use it in the video lottery space, while Atronic continues to use it in the casino space. So the same brand, Deal or No Deal, works across all gaming verticals. Obviously there are different gaming concepts behind the one brand, there are significantly different mathematic models behind the application of the brand across different verticals, and there's different technology. But the brands still work and cut through all of those different channels. This provides a tre-

mendous opportunity to leverage the value of such brands, either licensed or proprietary. We hope to leverage these convergent elements, the brands and different businesses, products, marketplaces, etc., to learn more from each other.

Even though we operate different businesses and under differing conditions, we all want to learn more about our players and develop strategies that can be leveraged across multiple gaming channels. This could also lead us to effectively leverage a successful lottery brand to create a casino game out of it. Convergence can happen both ways, you know. In Rhode Island, West Virginia, Oregon, and now Kansas, the power of the lottery brand is augmenting a comprehensive gaming strategy.

So that's really what we are trying to do. At the moment we have two very independent companies that have different technologies, different structures, and some overlap where there is commonality. Going forward, my vision is to maintain the brands and the offerings with Spielo in the government sector and Atronic in the commercial sector. But with regard to things like research and development, game design, operational efficiencies, and much more, we will become one company, thereby enhancing the value that each division brings to the customer. This does yield significant efficiencies and cost benefits to make us financially stronger commercially. That's important to the customer because it frees us up to allocate more resources to focus on optimizing and driving their business forward.

PG: *So game content is becoming the primary driver for an effective business strategy. And technology, even sophisticated technology, is becoming commoditized faster and faster?*

GB: That's definitely the case. The technology more and more becomes a commodity. Content – and we're not just talking about games, content is where creativity really adds value whether it is in games, applications, or innovative ideas of applying technology to different market segments, content is really about ideas and creative output of all kinds. That's what is driving the business forward.



Victor Duarte

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