

## ***PS 39: Slot Manufacturer IGT | American Samoa and Arizona Slots 2018***

### Opening

Hello! Today's episode #39 of the Professor Slots podcast discusses Slot Manufacturer IGT. Plus, in this episode I'll be covering the current state of slot machine casino gambling in the great U.S. territory of American Samoa and the great U.S. state of Arizona.

Thank you for joining me for the Professor Slots podcast show. I'm Jon Friedl and this is the podcast about slot machine casino gambling. It is where I provide knowledge, insights, and tools for helping you improve your slot machine gambling performance.

*"Jon Friedl from The Professor Slots Blog reveals all of his tips and tricks for thriving in the casino environment. Discover how to assess casinos to pick the best near you, choose winning slot machines, and identify your gambling goals: being entertained, earning comps, winning take-home cash, or combine them. Jon has won 90 taxable jackpots and a luxury car in 9 months of slots play - and made a profit at slots gambling since 2013."*

### On Last Week's Episode...

In case you missed it, on last week's episode I went over my 130+ year slots history guide to help us understand the near future of slots machines including technology, popularity, and regulation.

Also last week, I reviewed Alabama and Alaska slot machine casino gambling 2018.

I hope you enjoyed listening to my last episode as much as I enjoyed making it for you.

### Call To Action #1 (add transition/bed music)

Remember to visit [professorslots.com](http://professorslots.com)/subscribe to get my Free Report Revealing ... The top 7 online resources for improving your gambling performance, including the one I've used as a top-tier slot machine casino gambler.

### Introduction to International Game Technology PLC 2018

Let's get started with the first segment of the show: International Game Technology PLC 2018.

Slot machine manufacturer *International Game Technology PLC* filed their annual report with the SEC on March 15, 2018. IGT PLC, or simply IGT, is one of the largest gaming manufacturers in the world.

They manufacture slot machines, of course. But, they are also a software company, creating casino operating software, lottery distribution systems, and slots game themes.

Every company's annual SEC report has the legal requirement of providing easy-to-read statements. These include details of the company's financial performance as well as, an important element for you and I, their so-called forward-looking statements.

By reviewing these forward-looking statements, we will learn from the best minds in the business what their thoughts are on the current condition and immediate future of the gaming industry.

And, knowing what the major changes and trends in the gaming industry are will allow you and I our best glimpse of the future of slot machine gambling in the U.S. and abroad.

This segment has the following sub-sections:

1. Introduction
2. Overall Risk Factors for IGT
3. Overview of Slots Manufacturer IGT
4. Lottery
5. Machine Gaming
6. Sports Betting
7. Interactive and Social Gaming
8. Commercial Services
9. Summary

## Overall Risk Factors for IGT

Each year around mid-March, slots manufacturer International Game Technology PLC files their annual financial report to the U.S. Securities Exchange Commission (SEC).

Because IGT is an international company with its headquarters not based in the U.S., this annual report is a Form 20-F rather than the more usual Form 10-Q for U.S.-based companies. For instance, slots manufacturer Scientific Games Corporation uses a Form 10-Q.

I mention these form numbers so you know which to look for on either the SEC website itself or when using the search tool on the Investor Relations web pages of slot machine manufacturing companies.

The 2018 Form 20-F for IGT available on their Investor Relations webpage is 267 pages long. It has many tables of standard financial data as well as other necessary sections which are not the focus of this episode segment.

However, what is the focus are the “forward-looking statements” which annual financial reports provide. Such statements are required by the Private Securities Litigation Reform Act of 1995, including the understanding that

*“These statements may discuss goals, intentions, and expectations as to future plans, trends, events, dividends, results of operations, or financial condition, or otherwise, based on current beliefs of the management of the Company as well as assumptions made by, and information currently available to, such management.”*

These forward-looking statements include known and specific economic and political risks to IGT but are not intended as a so-called profit forecast. They are attempting to provide a clear understanding for investors of the current financial condition of IGT within the context of a global market.

All that being said, IGT has some interesting overall concerns. For instance, they have a substantial market in Great Britain. So, the U.K. leaving the E.U., commonly known as “Brexit,” has created financial uncertainty that may well negatively impact IGT’s business at all other locations throughout the world.

More typical for every year, they also express concerns with working with E.U. in general. Also, how weak or strong the global economy is generally affecting how much individuals in various countries are willing to spending on gaming.

Yet other concerns are detailed in the Risk Factors section of IGT’s annual report, such as:

1. how having several large customers means the loss of any one of them will have a relatively large impact on the company
2. risks regarding their consortium arrangement with the Lotto Concession in Italy
3. how company operations naturally depend on being able to “retain and extend its existing contracts and win new contracts”
4. how unsuccessful completion of future company acquisitions might well limit the growth of the company or otherwise prove disruptive
5. if the lottery and gaming markets slow or decline in growth, this would negatively impact company revenues

This last point is highly relevant to us as slots enthusiasts. A concern is their success depends on their ability to attract and retain new players despite greater competition.

Further, it depends on their ability to continue to innovate their services, products, and distribution systems.

Another concern regarding IGT's gaming market is that product demand is driven by new casinos and the expansion of existing casinos as well as the replacement of gaming machines.

In turn, this is closely related to the activities of groups which actively oppose gaming within each gaming jurisdiction worldwide.

These detailed risk factors continue for a total of 11 pages, but one important risk factor is not mentioned in this section despite it being a market IGT is engaged with. Specifically, it is the sports betting market.

As mentioned, this annual report was released in mid-March. However, the U.S. Supreme Court decision to no longer ban sports betting at the federal level was released months afterward.

So, this dynamic change in one segment of the gaming market was not called out as a specific risk. Although to be fair, associated risks such as online real-money gaming and an increased competition were specifically identified as risks.

It'll be interesting to see what forward-looking statements IGT will make regarding the sports betting market in their next annual report expected mid-March 2019.

## Overview of Slots Manufacturer IGT

International Game Technology PLC (IGT or IGT PLC) is based in London. It also has major operating facilities in Providence, Las Vegas, and Rome, Italy. As of the end of 2017, it had over 12,000 employees.

It is organized into four business segments:

1. North America Gaming and Interactive
2. North America Lottery
3. International
4. Italy

International Game Technology PLC has total assets of just over \$15.1 billion and a total equity of \$2.3 billion attributable to IGT PLC.

Due to various mergers over the last 4 years, this company has had several names. In 2015, the current "parent" company IGT PLC took the name of one of those acquisitions, specifically a relatively small company called IGT.

So, while you may have played IGT slot machines for years, the current owner of that slot manufacturer was created in 2015.

Simply stated, the merger agreement of several companies into the new IGT PLC specifically identified IGT as being the brand name to use of the new parent company. Put another way, you get to keep playing your favorite IGT slot machines, none the wiser.

Overall, IGT PLC brands itself as *“the world’s largest end-to-end gaming company, with leading market positions in North American and Italy and the most extensive gaming content library in the world.”*

International Game Technology PLC has five categories of products and services, which I will be reviewing in the next sections:

1. Lottery
2. Machine Gaming
3. Sports Betting
4. Interactive and Social Gaming
5. Commercial Services

## Lottery

International Game Technology PLC has more than 100 customers worldwide. These customers have purchased whole lottery systems, including:

- facility management contracts
- lottery management agreements
- product sales contracts

Typical service contracts are for 5-10 years, and lottery transaction processing systems are typically able to process over 500,000 transactions per minute received from over the entire lottery system.

Overall, IGT PLC’s Lottery business segment provides over 450,000 lottery terminals worldwide. They also themselves design and offer instant lottery tickets as well as the printing services and marketing plans necessary to create instant lottery tickets.

IGT PLC’s primary competitors for lottery systems include Scientific Games Corporation (SGC), the subject of an upcoming episode, and Intralot S.A. Primary competitors in the instant ticket lottery arena include SGC and Pollard Banknote Limited.

Regarding existing facilities management contracts, IGT PLC provides lottery systems to 25 U.S. states. They list which states they have these lottery system contracts with, as well as each individual start date as well as expiration date, on page 23 of their annual report. Non-U.S. jurisdictions are provided immediately afterward.

## Machine Gaming

International Game Technology PLC's Machine Gaming business segments are all about slot machines, including their design, development, manufacturing, and distribution.

This includes not only the physical hardware such as the slots cabinets but also the electronic systems as well as the operating software with its game theme.

They offer slot machines worldwide under various types of contracts, including

- fixed fee
- participation
- product sales

Overall, IGT PLC has more than 450 global gaming licenses. Some of their largest customers include MGM Resorts International, Caesars Entertainment, Boyd Gaming, and Station Casinos.

The primary competitors of IGT PLC in the Machine Gaming business segment are:

- Scientific Games Corporation (<https://www.scientificgames.com>)
- Aristocrat Leisure Ltd. (<https://www.aristocrat.com>)
- Konami Digital Entertainment Inc. (<https://www.konami.com/games/corporate/en/>)
- Novomatic Group of Companies (<https://www.novomatic.com/en>)

IGT PLC attempts to offer land-based casinos a wide range of slot machine choices. Their intent is to offer choices that include maximum functionality, flexibility, and player comfort.

These casino games come in two varieties: premium games such as wide-area and multi-level progressives as well as core games including core video reel, core mechanical reel, and core video poker.

Wide-area progressives are linked across several casinos with a single large jackpot. These progressive slots may well be linked across different gaming jurisdictions, e.g., two or more U.S. states. Multi-level progressives are linked together within a single casino itself.

Other types of machine games offered are:

- Class II bingo-style electronic gaming machines as found in some American Indian tribal casinos

- “Centrally Determined” games connected to a central server, which I have discussed so often in my posts regarding winning slots strategies
- Live dealer electronic table games, including baccarat and roulette
- Video Lottery Terminals (VLTs), VLT central systems, and VLT game themes

Finally, IGT PLC’s Machine Gaming business segment offers game content providing player appeal and entertainment as well as gaming management systems for all areas of casino management.

These gaming systems products including *“infrastructure and applications for casino management, customer relationship management, patron management, and server-based gaming.”*

On page 27 of IGT PLC 2018 annual report is what I point to when anyone asks me about my offering winning slots strategies for slot machine casino gambling. Elsewhere, in detail, I discuss those winning strategies effectively describing how to take advantage of these casino operating systems.

Here are the relevant two paragraphs:

*“The Company's patron management solutions feature customized player messaging, tournament management, and integrated marketing and business intelligence modules that provide analytical, predictive, and management tools for maximizing casino operational effectiveness. The server-based solutions enable electronic game delivery and configuration for slot machines, as well as providing casino operators with opportunities to increase profits by enhancing the players’ experience, connecting with players interactively, and creating operational efficiencies.”*

*“The Company's latest multi-functional end-to-end systems solutions provide operators with a full suite of products that offer real time business analytics to optimize productivity and give players a seamless, customized gaming experience. Service Window enables operators to market to customers more effectively by leveraging an additional piece of hardware onto existing machines for delivering in-screen messaging. The Company's systems portfolio also extends to encompass mobile solutions such as the Cardless Connect™ app, which offers a cardless, cashless loyalty solution for casino players. Mobile solutions that drive efficiencies and enable floor monitoring for operators while decreasing response time to player needs include Mobile Host, Mobile Responder, and Mobile Notifier.”*

In the first paragraph, note the statement “...providing casino operators with opportunities to increase profits by ... creating operational efficiencies.” That statement is saying that the casino is able to operationally improve profits by being able to control the slot machine’s odds.

Note that they specifically use the word “profit”. If they meant “play”, then they would have used that word instead. They didn’t. By that single word choice, they are stating it is not their intention to get a slot machine to be played more by changing its display.

No. What they are saying is that they are changing the odds of winning to make more profit, more efficiently. So, that means they are controlling the slot machine’s odds of winning relatively immediately as a day progresses. After all, how else do you control profit except by changing the odds of winning?

This analysis is supported by the second paragraph quoted from p. 27 of the annual report. Here, they are stating they offer real-time business analytics to casino operators.

In the first paragraph, they strongly imply they can control the odds of winning remotely. In the second paragraph, they precisely state that their systems offer the real-time ability to monitor actual play results.

Wow. Just ... wow.

## Sports Betting

International Game Technology PLC has a Sports Betting business segment, primarily in Italy and the rest of Europe but also in the U.S. It doesn’t say the U.S. is currently a primary market for sports betting.

That wording will quite likely undergo a shift in the next year or two as more and more U.S. states finalize their sport betting regulations.

## Interactive and Social Gaming

International Game Technology PLC has an Interactive and Social Gaming business segment. Interactive gaming is also known as iGaming, which is real money gameplay via the internet.

Social gaming is also played on the internet but is only for fun. This means it may cost real money to play it, but no real money is generated or returned to the player as a result of gameplay.

In-game money may be generated, yes. But, no take-home real money is every generated. If it was, it wouldn’t be social gaming but instead be interactive gaming.

IGT PLC has more than 20 interactive gaming licenses worldwide. In Italy, it acts as a mobile casino operator for interactive gaming.

IGT PLC also does business with other businesses in the interactive gaming business segment, which is currently intensely competitive. For instance, they are launching their premium brands across various interactive sites and multiple mobile platforms.

As part of this business-to-business aspect, IGT PLC is offering cross-selling and up-selling options to other businesses while players are actively engaged in interactive gaming. This approach apparently leads to effective promotions via in-app purchases.

As an aside, have you seen or read the book *Ready Player One*? If so, do you remember the business plan of IOI if they managed to get control of the Oasis gaming environment? Welcome to the future, I guess.

## Commercial Services

International Game Technology PLC has a Commercial Services business segment. With this, they develop technologies which allow the lottery operators they work with to themselves offer commercial services.

This is done primarily outside of the U.S. and Canada.

## Summary of *International Game Technology PLC 2018*

In summary, International Game Technology PLC is the world's largest end-to-end gaming company. Besides developing and manufacturing all aspects of slot machines, it provides decade-long contracts for the lottery systems in 25 U.S. states.

Of special interest to slots players is the casino management software systems they offer to casino operators. In this annual report, they specifically offer to casino operators the advantages of a central computer system to control slot machines.

With the ability to control slot machine odds remotely, alongside providing real-time business analytics, IGT PLC's systems allow casino operators everything they need to finely control their daily or more-than-once-daily financial performance metrics.

But, in my experience, they're simply not aware of the winning patterns that emerge when casino operators employ this casino cost-saving software.

However, a savvy slots player such as yourself can see the patterns or can be trained to see them with my careful explanations of what to watch for, and subsequently take advantage of them when they do emerge.

## Call To Action #2 (add transition/bed music)

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## Introduction

Up next is American Samoa Slot Machine Casino Gambling 2018. Here goes!

*American Samoa slot machine casino gambling* does not exist. However, American Samoa enjoys bingo, which is not legally considered to be gambling. This U.S. territory is primarily the large island of Tutuila, with its capital of Pago Pago, along with a group of much smaller islands. It is located in the South Pacific Ocean about halfway between Hawaii and New Zealand.

However, casino gambling is allowed at the nearby nation of Western Samoa, which is not a U.S. territory. Its two main islands of Savai'i and Upolu with four smaller islands are a former colony of the British Empire. Samoa, as it is commonly called, is officially known as the Independent State of Samoa.

American Samoa has a population of roughly 57,000 individuals with an industry centered around the U.S. Naval Base located there. Airline access to American Samoa is limited to small airplane flights to nearby Samoa as well as weekly flights to Hawaii.

The independent nation of Western Samoa consists of roughly 200,000 individuals with a busy tourism industry. Tourists travel here via flight options from the U.S., Australia, New Zealand, Fiji, and more.

## Relevant Legal Statutes on Gambling in American Samoa

None are available.

There is no minimum age for gambling in American Samoa as all gambling is illegal. However, bingo is not considered to be a gambling activity in this U.S. territory, and is a popular pastime on the island.

## Slot Machine Private Ownership in American Samoa

Regarding slot machine private ownership, no information is available as to its legality.

## Gaming Control Boards in American Samoa

No gaming control boards are known to exist in American Samoa.

## Casinos in American Samoa

There are no land-based casinos, other than bingo halls which are not legally considered to be a gambling activity.

## Non-Tribal Casinos in American Samoa

None are available, other than the cruise ship options mentioned below.

## American Indian Casinos in American Samoa

There are no tribal casinos in American Samoa.

## Other Gambling Establishments

Typical international cruise ship gambling is assumed to exist on visiting ships to the international seaport of Pago Pago on the island of Tutuila in American Samoa.

Tautua Hall, located in Pago Pago, holds bingo games on Mondays thru Saturdays each week.

As an alternative to enjoying *American Samoa slot machine casino gambling*, consider exploring casino options in the nearby island nation of Samoa. For example, its capital of Apia offers a single major horse racing track.

Further, Western Samoa approved gambling as well as created a gaming control commission with the Casino and Gambling Control Act of 2010. The gaming commission is called the Gambling Control Authority.

The principle notion for casino operation in Samoa is based on the operator running a “junket” based business. Junkets are when an operator brings guests in from another location, houses them, looks after their daily needs while they gamble at his establishment.

Provisions of the Act do not permit locals entry to the casino. Casino entry is predicated upon fulfilling two pre-requisites, namely, being the holder of a foreign passport and being a registered guest at a resort or hotel.

## Payout Returns

No payout return legal limits or actual statistics are available as casino gambling is illegal in American Samoa.

## Summary to American Samoa Slots 2018

In summary, *American Samoa slot machine casino gambling* does not exist. It is located in the heart of the Pacific Ocean, about halfway between Hawaii and New Zealand. American Samoa does not have a significant tourism industry, and flight options to visit are extremely limited.

There are no casinos, with the exception of international cruise ships at Pago Pago on the largest island Tutuila. However, nearby Western Samoa offers significant tourism as well as gambling junkets options.

Finally, over the last year, there has been no change in the illegal status of slot machine casino gambling in American Samoa. However, this 2018 article on American Samoa has been updated to include available gambling options at nearby Western Samoa.

## Call To Action #3 (add transition/bed music)

Remember to visit [professorslots.com/subscribe](http://professorslots.com/subscribe) to get my Free Report Revealing ... The top 7 online resources for improving your gambling performance, including the one I've used as a top-tier slot machine casino gambler.

## Introduction

Up next is the second of two states comprising this episode segment: Arizona Slot Machine Casino Gambling 2018. Here goes!

*Arizona slot machine casino gambling* consists of 25 American Indian tribal casinos located on tribal reservations throughout the state. All tribal casinos offer slot machines, video poker, and video keno with a few additional offerings being optional. Pari-mutuel racing is also available, but these facilities do not offer slot machines.

Payout return statistics are not provided by Arizona's tribal casinos, but the legal limits for slot machine payout returns are a minimum return of 80% and a maximum return of 100%.

## Relevant Legal Statutes on Gambling in Arizona

In Arizona, the maximum slot machine bet is \$29 per play. The minimum gambling age in Arizona depends upon the gambling activity:

- Land-Based Casinos: 21;
- Poker Rooms: 21;
- Charity Bingo/Pull-Tabs: 18;

- Lottery: 21;
- Pari-Mutuel Wagering: 21;

Arizona's Governor legalized the state's tribes through negotiated tribal-state compacts to offer slot machines on their reservations in 1993. All tribal casinos in Arizona offer slot machines, video poker, and video keno.

There are currently 16 American Indian tribes operating 25 casinos offering Class III gaming in Arizona. Another 5 tribes do not have casinos, but have slot machine rights they lease to other tribes. Only Arizona's Hopi tribe has not successfully negotiated a state-tribal compact.

As defined by the state-tribal compacts, a maximum of 18,158 slot machines is allowed in the state. At this time, only 15,390 slot machines are currently in operation. Further, the maximum number of slot machines allowed in any one casino is 1,301. Finally, there is a wager limit of \$29 per play for most tribes.

## Slot Machine Private Ownership in Arizona

Regarding slot machine private ownership, it is legal to own a slot machine in Arizona.

## Gaming Control Board in Arizona

The state legislature established the Arizona Department of Gaming in 1995. This occurred after Arizona recognized

- The growth of tribal gaming in the state; and
- The need for an independent regulatory body with expertise in gaming.

Relatively recently, in 2015, the state legislature expanded the responsibilities of this gaming control board to include oversight of all pari-mutuel wagering and racing as well as regulation of boxing and mixed martial arts events conducted in Arizona.

The Arizona Department of Gaming has established its Mission as:

- "To protect the public, ensure compliance with the Arizona tribal-state gaming compacts and regulate the gaming industry;
- To regulate and supervise pari-mutuel racing and wagering conducted in Arizona in order to protect racing participants and the wagering public;
- To regulate and supervise boxing and mixed martial arts events conducted in Arizona to protect all participants in those events; and
- To provide and support effective problem gambling prevention, treatment, and education programs throughout Arizona."

Tribal gaming in Arizona is governed by the tribal-state gaming compacts and the Department partners from Arizona's 21 American Indian tribes to oversee the casinos.

## Casinos in Arizona

Arizona has 25 American Indian casinos, all of which are located on tribal lands. All of these casinos provide slot machines, video poker, and video keno. A few more optional electronic games can be legally made available, and sometimes are at tribal casinos.

The largest casino in Arizona is Casino Del Sol Resort in Tucson, having 1,300 gaming machines and 22 table games.

The second largest casino in Arizona is Harrah's Ak-Chin Casino in Maricopa, having 1,089 gaming machines and 23 table games.

## Non-Tribal Casinos in Arizona

Pari-mutuel racing is available in Arizona, but do not mistake these facilities as racinos as they do not make slot machines available to their patrons.

## American Indian Casinos in Arizona

A list of the 25 American Indian tribal casinos in Arizona is available on my website blog article for this state at [professorslots.com/AZ](http://professorslots.com/AZ).

## Other Gambling Establishments in Arizona

As an alternative to enjoying *Arizona slot machine casino gambling*, consider exploring casino options in a nearby state.

Arizona is bordered by:

- North: Utah
- East: New Mexico
- South: Mexico's states of Sonora and Baja California
- West: California and Nevada

Each of the links above will take you to my state-specific blog for that bordering state to Arizona. It's worth mentioning that Las Vegas, Nevada is just across the state line from northwestern Arizona.

## Payout Returns in Arizona

Arizona's tribal casinos are not legally required to provide actual payout return percentages, so these statistics are not publicly available. However, the terms of their state-tribal compacts require the following minimum and maximum payout return limits:

- Slot Machines: Minimum return of 80% and maximum return of 100%
- Video Poker and Video Blackjack: Minimum return of 83% and maximum return of 100%
- Video Keno: Minimum return of 75% and maximum return of 100%

## Summary to Arizona Slots 2018

In summary, *Arizona slot machine casino gambling* consists of 25 tribal casinos operated by 21 federally-recognized tribes. All of these Arizona tribal casinos offer slot machines, video poker, and video keno plus a few additional but optional games.

Pari-mutuel racing is also available, but these are wagering facilities without slot machines. In other words, they are not racinos.

The legal limits for slot machine payout returns are 80% and 100%. The tribes are not legally required to provide actual payout return statistics.

Finally, in the last year, the number of tribal casinos in Arizona has increased to 25 casinos offering Class III gaming in Arizona, up from 23 tribal casinos in 2017.

## Call To Action #4 (add transition/bed music) [Optional]

Remember to visit [professorslots.com/subscribe](http://professorslots.com/subscribe) to get my Free Report Revealing ... The top 7 online resources for improving your gambling performance, including the one I've used as a top-tier slot machine casino gambler.

## On the Next Episode of Professor Slots

Part I of the next episode of the Professor Slots podcast is on slots manufacturer Scientific Games Corporation.

Part II of the next episode of the Professor Slots podcast more brief overviews of the current state of gambling in two U.S. states, territories, or federal district. Next time, I'll be talking to you about the great U.S. states of Arkansas and California.

## Closing (closing music)

That's the end of another great episode of the Professor Slots podcast. Thanks so much for listening!

Show notes for this episode are now available within most podcast Apps, but are also available on my website at [professorslots.com/e39](http://professorslots.com/e39).

I plan to have the next episode come out very soon for you, where I'll have more amazing content for the show.

Until the next episode: Have fun, be safe, and make good choices! Bye.

### 320-character description:

International Game Technology PLC is the world's largest end-to-end gaming company. It offers operating systems designed to remotely control all slot machines within a casino with real-time business analytics. Even better, it enables my winning slots strategies. Plus, American Samoa and Arizona slot machine casino gambling 2018.

### 156-character description:

Slot manufacturer IGT is the world's largest end-to-end gaming company and enables my winning slots strategies. Plus, American Samoa and Arizona slots 2018.