

Interview with Prof. Johann F. Graf – Founder and Owner of the Novomatic Group of Companies

[key:IC] speaks with Prof. Johann F. Graf, founder and owner of the Austria-based Novomatic Group of Companies.



The general distributorship for the English manufacturer JPM and the development and production of the first own gaming machines marked the beginning of a corporate success story rarely seen anywhere else in the industry worldwide : Today, Novomatic Group of Companies derives a turnover of approximately Euro 280 million, employs some 2,400 people and has operations at 350 locations in more than 30 jurisdictions.

With 30 casinos and a large number of other operational engagements, the vast range and diversity of state-of-the-art gaming machines, multi-player systems and bingo and keno installations of the manufacturing division and the market leadership as an operator of sports bets in Austria, Novomatic Group of Companies has established itself as a global player in the gaming industry as one of the largest integrated gaming groups on an international level.

Professor Graf, you have been presented with a special honour bestowed on only a few citizens of your country: you were awarded the title of „Professor“ by the Austrian President. [key:IC] extends its sincere congratulations.

Personal data: Professor Johann F. Graf, born in Vienna, 56 years, 3 children.

[key:IC], Editor of Chief, Reinhold Schmitt: The recognition

of your efforts which culminated in the award of the title „Professor“ is also very much an acknowledgement of your scientific research engagements in other countries in Europe. Together with Spielbank Berlin Potsdamer Platz, your company supports a research project involving a number of universities in Berlin. What is the objective of this project?



Prof. Graf: I believe that the gaming industry must share the responsibility for security of the individual and the society. A research project is being funded by Novomatic AG, in close co-operation with Spielbank Berlin/Potsdamer Platz, for the advancement of current knowledge for the prevention and cure of pathological gambling. The research is being carried out

at the Institute of Medical Psychology at the Centre for Humanities and Health Sciences of the Berlin Hochschulmedizin Association, Charité Universitätsmedizin Berlin and is headed by Dr. Sabine Grüsser. Dr. Grüsser started a scientific research project to investigate various phenomena including workaholism, „adrenaline junkies“ among athletes in extreme sports and problem players.

We are committed to responsible gaming and offer prevention measures for at-risk players. Profound and scientific data of independent scientists are an essential foundation that can be built on internationally. That is why I consider it an honour to be able to support this field of research.

[key:IC]: What was the particular motive for you to support this project?

Graf: In its casinos, slot arcades and sports betting offices, the Novomatic Group offers high-end entertainment to allow guests to relax from a stressful day, to enjoy new gaming and betting challenges, to immerse into the phantastic virtual worlds created by the new possibilities of leading-edge technology incorporated into interactive live games, multi-

player installations and gaming devices and to gain a prize in addition to an enjoyable evening or night. However, a small percentage of gaming patrons is so fascinated by the games that gaming is turning into an ever greater focus of interests and life for them, which could be a first sign of a looming gaming problem. This is where we want to offer aid, without manipulating anybody, but based on a profound scientific foundation and with the highest quality in the support we offer.

[key:IC]: How does Novomatic AG benefit from the results of the research project?

Graf: The entire gaming and leisure industry benefits from this research project. The industry has been dealing with this problem very responsibly in different ways. The innovation is that there is not only theoretical training of employees, information flyers offering helplines, and integration of local aid systems, the research team of Dr. Grüsser also conducts studies and can thus gain essential knowledge on syndroms and evaluate the prevention and intervention project on a continuous basis. This program is currently being established nationally and internationally and as a unique service worldwide can provide scientific information on various suppliers of gaming, places and help programs. Another very impressive innovation are studies of brain activity of pathological players which allow more profound insight into addiction mechanisms.

[key:IC]: You appear never to grow weary of scientific research and looking for new paths and solutions?

Graf: Novomatic is once again a pioneer in the scientific field. We have established a joint venture together with the University of Engineering of Cracow in Poland from which ATSI emerged as a developer and supplier of high technology with over 200 highly-skilled employees. However, this is not about gaining a technological lead but about introducing a new

quality and culture into gaming and using scientific research and knowledge to minimize the danger of the excessive attraction that betting and winning can exert on some players.

[key:IC]: Let us talk about your company now: Novomatic AG is no unknown partner among casino operators. What exactly do you offer?

Graf: As a manufacturer, our focus is on the development of advanced casino technology and our 100% subsidiary Austrian Gaming Industries (AGI) invests around 10% of its annual turnover into research and development. We are a world market leader in interactive live games and multi-player installations such as Novo Touchbet™ Live Roulette, Novo Flying Roulette™ or the most recent developments that include Novo Triple Hot™ and Novo Flying Sic Bo™. Our latest generations of slot machines that are based on multi-screen technology™ and the Novo Streamline™ series are just beginning to reshape the design of international casinos. Taken as a whole, AGI offers the most comprehensive line of products in the industry with more than 350 different games, devices and patents. In addition our subsidiary NIS offers Novomatrix™ and Novoware™ for leading-edge management information and jackpot solutions.



[key:IC]: Novomatic AG is not only involved in the slot machine business but relies on a number of other pillars as well. Could you tell us more about these?

Graf: We operate some 30 casinos worldwide and more than 120000 slot machines in slot arcades, bingos and route operations in more than 30 jurisdictions. These are either our own operations or we work together with various partners. I am particularly proud of Admiral Sportwetten AG which is listed on the stock exchange and which with its approximately 80 outlets has become the market leader in sports betting in

Austria. In addition and besides many other engagements, the Novomatic Group includes a beautiful 4-star hotel in the spa resort of Baden just outside Vienna.

[key:IC]: You founded a company that has become a gaming imperium. Looking back to the beginnings, what was the driving force for Novomatic AG?

Graf: An immense enthusiasm for the technological possibilities of our days on the one hand and an unhappiness with the games on offer in the late seventies which had not seen much advancement since the days of Charles Feys' Liberty Bell of. The will to create new games and to be technologically innovative has become the drive for the development of the Group. Another goal was to improve the security of gaming – both in technological and operational aspects. The commitment to be a pioneer again and again, the courage to do new things and accepting the limits of the technologically feasible as a challenge rather than an obstacle together with an unrestricted commitment to excellence have, in essence, been the basis for this success.

[key:IC]: If you could turn back time is there anything you would do differently?

Graf: We are a product of our up-bringing, education, skills, social relations and desires. Every situation and every person we have met and come to appreciate, every opportunity we managed to act on or missed, they are all part of our path. And when I look back on this path, no, there is not a lot I would do differently today.

[key:IC]: If you had three wishes, irrespective of what is feasible, what would you wish for most?

Graf: I do not think very much of „What if“ scenarios or reveries. What fascinates me most at this moment is the integration of Europe. After centuries of armed disputes and the insanity of the Second World War we have been living for

nearly 60 years now in a peaceful Europe committed to the protection of human rights, we witnessed the fall of the Iron Curtain and the Berlin Wall, and are joining hands in the diversity of European cultures to build more than just a common market. We have overcome the geographical borders within Europe, our children experience freedom and democracy as something self-evident. What I would wish for most is to overcome the borders that still exist in the brains of people and together to build a unified Europe of reciprocal respect and appreciation where people can live in prosperity. This would be a positive example of living European culture.

[key:IC]: Because of the continuing recession worldwide, casinos are increasingly subject to economic pressure. If you could influence the European governments, what are the measures you would propose?

Graf: The issue here is not casinos – even though they are a great concern to me – neither is it giving good advice to politicians. European democracy is strong enough for that. It is essential, however, that we maintain or regain an employment rate that is as high as possible. Employment is the basis of prosperity and national peace. Employment provides the values we need for our education and social systems. Despite all the economic constraints and monetary considerations we must never allow ourselves to lose track of what it all is ultimately about: the individual people.

[key:IC]: You are a supplier of slot machines and this sector is gaining more and more popularity within casinos. The „half-life“ of gaming devices is getting shorter and shorter. What are the new developments we may expect from your company in the near future?

Graf: We do not usually make announcements of spectacular products, we present them. But what I can reveal is this: In view of the fast developments, any pause in the research and development area would be a retrograde step. We have certainly

taken no pauses.

[key:IC]: Do you sell your products, or lease them and how does your customer service work?

Graf: Our commitment to customer service has become well-known in the entire gaming industry, just like our flexibility and the ability to quickly react to customer requirements and to fully reply to their special needs.

[key:IC]: How do you see the recent development of online casinos?

Graf: Online casinos are a huge legal challenge with respect to player security and supplier integrity. National efforts will not suffice to address this challenge. A medium-term objective will be to create a regulation extending at least to all European jurisdictions providing clear requirements, control and responsibilities. However, such regulations should not lead to reinforcing existing gaming monopolies but should be a challenge to create a modern gaming legislation that meets both market and security requirements.

[key:IC]: [key:IC] is about to present a Europe-wide job market. Do you think that this could be interesting for Novomatic AG and would you be prepared to participate as an offeror of employment?

Graf: Gaming has gone international for a very long time. For the benefit of the casinos and the manufacturers, but in particular of the employees, a European employment centre for qualified staff on all levels and in all sectors would be a worthwhile initiative which we would happily support.

[key:IC]: Thank you for the interview.