

Cash Automation in the Gaming Environment



Reshaping the Future of
Casino Cash Management

Executive Summary

As the gaming industry continues to expand and grow more competitive, operators of casinos and other gaming facilities are faced with a constant challenge to serve patrons better and faster, while lowering operational costs. The process of managing the flow of cash through the casino is one particular area where gaming institutions are making tremendous strides in efficiency. New technologies in cash automation, such as compact cash dispensing and recycling units, present opportunities for casinos to streamline the cash management process by reducing the level of human involvement. And, as with most automation solutions, mechanizing certain tasks and cutting steps from the process allows for greater speed and accuracy. In turn, cash automation enables casinos to improve customer service, increase customer transactions, and reduce overhead costs.

In a typical casino environment, cash automation lends itself to several specific applications, including:

- Automating transactions by slot hosts who pay out jackpots on the gaming floor
- Automating the cage operation where cashiers provide cash to patrons in exchange for chips or tokens
- Automating the process used to create and collect tills from non-gaming casino workers such as wait staff, bartenders, and shop keepers

This paper will examine the potential impact and benefits of each application. While these uses of cash automation devices present the clearest opportunities for improvement, there also may be additional applications as the technology matures and industry acceptance grows. Indeed, in an industry driven by cash, the ultimate impact of cash automation may only be limited to the imagination of the gaming institution itself.

The Challenges of Handling Cash

In general, routinely dealing in large amounts of cash puts a number of stresses on a gaming organization and its employees. To operate at an acceptable level of security and accuracy, traditional manual processes require staff throughout the casino to spend a significant amount of time counting and re-counting cash. That fact alone can present a number of negative effects that reverberate through the operation:

- **Slower customer service:** The more time casino employees take to obtain and count cash, the longer patrons must wait to receive it. During especially busy periods, this may result in long lines at the cashier's cage or patrons waiting to be paid at the slot machines. With a host of competing casinos nearby, patrons may be inclined to take their business elsewhere after receiving their cash.
- **Fewer gaming transactions:** A related consequence of slower customer service is a reduction in gaming activity on the casino floor. When customers are waiting in line at the cashier's cage, they're not playing. Worse, when they're waiting for a slot payout, both the patron and the slot machine are inactive.
- **Less engaging employees:** When cashiers must focus intently on counting cash accurately during customer transactions, they are

distracted from providing friendly and helpful service to customers.

- **Higher overhead:** As more manual processes are involved in managing the flow of cash through the casino, more employee hours are required. Totaling these hours over the course of a month or a year, inefficient cash-handling processes may necessitate paying salary and benefits to at least one additional full-time employee.
- **Higher employee turnover:** The expectation for cashiers and other casino staff to handle customer cash transactions with 100 percent accuracy can create high levels of stress and a correspondingly high level of employee attrition. As turnover rates for front-line employees rise, so do hiring and training costs for the casino.

A New Approach to Cash Flow

With the advent of cash automation technology, an increasing number of gaming institutions are overcoming the limitations of manual cash handling. Compact cash automation machines such as cash dispensers and recyclers allow casinos to handle currency in an entirely new way, simplifying the overall flow of cash through the building. By eliminating manual counting processes traditionally handled by employees, cash automation equipment can reduce the time and man-hours required to pay out slot machine jackpots, make customer transactions at the cage, and manage the cash

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allotment/deposit process for non-gaming casino employees. These applications are discussed in more detail below.

Streamlining Slot Payouts

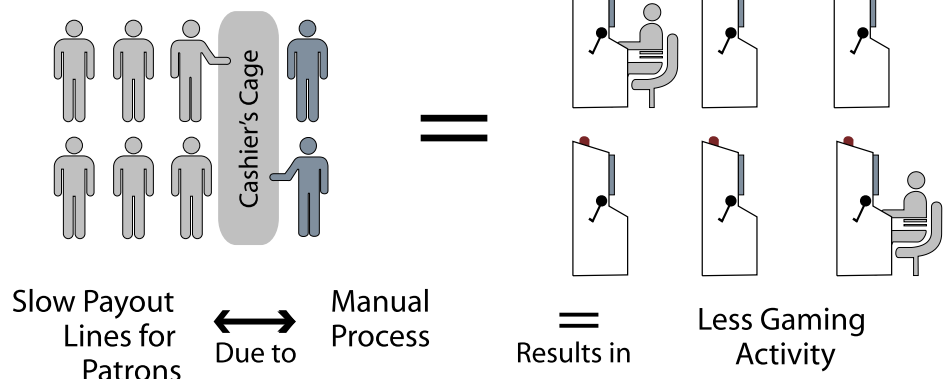
Challenge: In most slot machine transactions, the patron is paid directly from the machine in the form of coins or tickets to be redeemed elsewhere. However, when a patron wins a particularly large jackpot, a casino employee or slot host is required to visit the machine to verify the jackpot and pay the customer in cash. To facilitate these transactions, the slot host traverses the casino floor with a cart carrying thousands of dollars in cash. Several times per shift, each slot host visits a cashier or vault manager to: 1) start a new cash cart at the beginning of his/her shift; 2) replenish the cash cart when it nears empty; and 3) reconcile with the vault at the end of his/her shift. These processes require the time and attention of cage cashiers or vault managers to serve the slot hosts

and ensure accurate transactions are made. Cash coming in and out is counted by hand, usually more than once.

Solution: With cash automation technology, the slot hosts' transactions with the vault are virtually eliminated. A single cash recycling unit located in a secure area on each floor of the casino can serve as the slot hosts' hub to initiate, replenish, and close out their cash carts. At the beginning of each shift, slot hosts simply insert a personal key card into the cash recycler, and are then able to manage their own transactions throughout the day. The unit dispenses cash quickly and accurately, accepts bundled currency at the end of the shift, and re-dispenses the same cash for subsequent employees. Every transaction is logged by the machine and synced with the casino's cash management system.

Impact: As manual cash counting processes are removed, efficiency

Figure 1



improves for slot hosts as well as for cage cashiers or vault managers. These employees now have more time to focus on serving customers or tending to other matters, which in turn reduces the casino's overall headcount requirement. The more slot hosts a casino is required to employ using traditional methods to manage cash payouts, the larger its opportunity for savings through cash automation.

Quickening the Cashier's Cage

Challenge: After receiving chips, tokens, or coins from slot machines or gaming tables, patrons visit the cashier's cage to convert their winnings to cash. Cashiers accept these various forms of credit and manually count out cash to the customer. Performing hundreds of transactions every shift, cashiers are under constant pressure to distribute cash accurately, requiring them to methodically count every bill by hand. While well-trained and experienced cashiers make few errors, the time

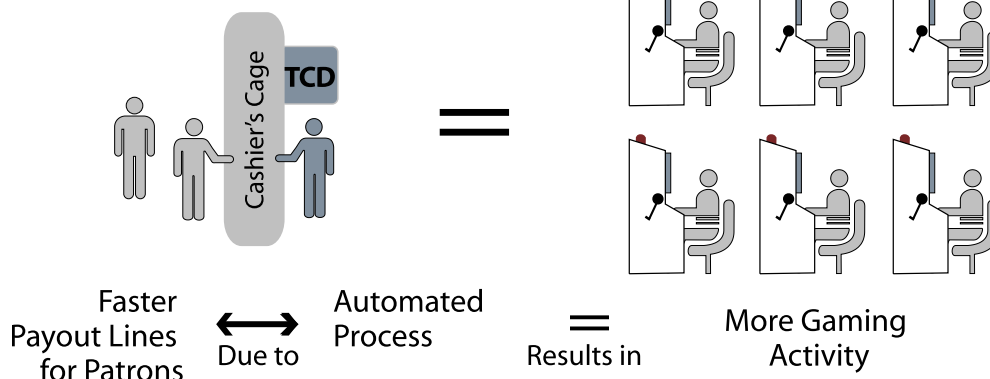
commitment to manage these transactions effectively is less than ideal. In busy times, lines may form at the cashier's cage, resulting in unhappy patrons and reduced gaming activity. (Figure 1 on page 4)

Solution: Cash automation removes manual counting from cashier transactions. Instead of retrieving and counting cash from a drawer, the cashier simply keys in the required dollar figure and a cash dispensing machine quickly outputs the bills with 100 percent accuracy. One cash dispensing unit inside the cage can serve two cashiers at a time. (Figure 2 below)

Impact: Without the need to count and recount cash by hand, each customer transaction takes less time. Customers spend less time waiting in line and receive their cash faster, which can translate to increased gaming activity as many patrons will be eager to get back to playing. Ultimately, as cashier productivity increases, fewer cashiers may be

Even considering only the proven capabilities of cash automation, the productivity and cost-savings benefits generally outweigh the expense for most casinos.

Figure 2



In the right conditions, cash automation can play a powerful role in revolutionizing the cash management process for gaming institutions.

required to serve the casino's needs. And as an added benefit, cashiers may be able to provide a higher level of customer service when freed from the stress of counting cash.

Removing the "Retail Bank"

Challenge: In addition to the array of dealers, slot hosts, cashiers, and other staff members who handle cash flow through the gaming operation, most casinos also employ a set of workers who support secondary revenue streams such as food, beverage and retail. These non-gaming employees – wait staff, bartenders, store keepers, etc. – handle cash on a daily basis. Typically, these employees begin and end each shift by making transactions with a central cash management station in the casino, often referred to as the "retail bank." At least one employee is required to control these transactions, counting and distributing cash to create a till for each retail worker, then collecting and counting cash from the tills as the retail shifts change. In large casinos, where hundreds of tills per day are exchanged, managing the retail bank operation requires a significant staffing commitment.

Solution: Cash automation technologies allow casinos to replace the retail bank operation with a cash recycling machine. Much like the slot host solution discussed in *Streamlining Slot Payouts*, non-gaming employees are able to create and close out their own tills. Using

a personal key card to access the cash recycler, they make transactions directly with the machine, which logs a detailed audit trail for every employee. The same cash taken in from one shift may be dispensed to the next.

Impact: The cash recycler can reduce the number of employees required to manage non-gaming cash transactions, or even completely eliminate the need for human involvement. And again, a casino's opportunity for overhead savings is directly tied to the number of non-gaming employees who transact with the vault each day.

The Frontier of Cash Automation

While cash automation equipment is already proving its value in the aforementioned applications, the complete potential of the technology may still be unknown. Undoubtedly, gaming institutions will find additional processes that can be automated and hence create additional savings opportunities.

For example, some gaming companies are considering the potential benefits of using automation equipment in their central cash rooms. Surprisingly, many of the most modern casinos still rely on rather antiquated methods to store large amounts of cash in preparation for bank deposits. It is not uncommon in major gaming establishments to find workers manually stacking blocks of cash against a wall, and preparing a bank

deposit when the stack reaches a line drawn on the wall. The benefits of using cash automation in this scenario are being studied, as it stands to reason that significant improvements could be made in accuracy and efficiency.

Analyzing Return on Investment

Even considering only the proven capabilities of cash automation, the productivity and cost-savings benefits generally outweigh the expense for most casinos. Of course, every organization must carefully evaluate its specific processes to determine the true impact that cash automation might have on the operation as a whole. As decision-makers seek to illustrate a return on investment and payback period in their own business cases, a unique analysis should be performed for each casino in an attempt to quantify the potential benefits.

To review, dramatically reducing the manual nature of cash transactions by casino workers can result in a number of tangible and intangible improvements, such as:

- Higher employee productivity
- Enhanced customer service
- More accurate cash management
- Potential for staff reduction

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About Pendum

Pendum, Inc. is the nation's largest independent provider of cash automation solutions, including sales and service of ATMs, kiosks, cash dispensers and recyclers, and armored cash transport. Pendum's single-source solution for hardware, software, equipment maintenance, cash management and delivery simplifies the vendor management process and creates unmatched value for clients. The company services more than 100,000 transaction terminals in 43 states, enhancing profitability and performance for more than 2,000 customers. For additional information, visit www.pendum.com.



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