

# TransAct Technologies!

## Thinking Globally and Acting Locally

By JoAnna Wahlund

Most people would see an overheated, jammed up, uncooperative printer as worthless junk. In fact, the oft-quoted 1999 film, *Office Space*, starring Jennifer Aniston and Ron Livingston, popularized the idea of hammering stubborn office equipment to bits.

But, for every printer it sells or services, TransAct Technologies sees an opportunity to change the mindset of millions who have dealt with paper jams and printer errors.

TransAct, headquartered in Wallingford, Conn., manufactures and markets thermal printers under the Ithaca® and Epic® brands. The company recently underwent several changes of initiative that involves maximizing the dynamic of its sales, marketing, technical support, as well as its gaming and lottery markets.

TransAct Chair, President and CEO, Bart Shuldman, believes the company's strategic success begins with the way it listens to client needs.

"We go into the markets and design printers from the ground up," Shuldman said. "We ask, 'what do you need, what are your issues, and what would really solve your problems?'"

Shuldman's words epitomize the TransAct philosophy and provide insight into strategies that have spurred the company's recent growth. But what really helped the company prioritize was, according to Shuldman, its revision of its place in the gaming market, a niche that at one time comprised over 50 percent of TransAct's total sales.

As more and more gaming properties completed the major conversion to ticket in/ticket out, or TITO, Shuldman and his team began to take a closer look at its business, profitability drivers, and long-term initiatives. "What is important for us in every upturn or downturn of a market is to stay focused on what we're trying to accomplish," he said.

One of the company's primary initiatives was the formation of three Strategic Sales Units: point-of-sale and banking market, the gaming and lottery market, and TransAct Services group, a support initiative created specifically for post-sale support.

### Banking and Point-of-Sale

Scott Carter, Senior Vice President of Marketing and Strategic Planning, also heads the Banking and Point-of-Sale unit. "Within point-of-sale, our focus is hospitality. Our focus ranges from credit unions and community banks, which are 20-50 printer opportunities, to companies like BankOne with 20,000 printers."

TransAct's ability to customize products for specific markets differentiates them from other manufacturers. "We really go into the environment where our printers will be used and study what happens and what doesn't," Carter said. "You don't want to build something that is so customized only a few people will buy it, but to really use market knowledge and expertise to customize a product [so that it] solves a problem. It doesn't just print; it takes care of something more important to

the end user, such as ease of use because of high staff turnover."

Further objectives include increasing TransAct's presence in point-of-sale and banking, as well as market share both domestically and globally. "We have very aggressive goals to grow our international presence," Carter said. "We have distribution in many, many countries. We're interviewing distributors in Australia; we think our products are a good fit in that market, and there's a lot of interest."

### Gaming and Lottery

A primary goal of the Gaming and Lottery Strategic Sales Unit, global expansion gaming due to TITO creates new demand on both printers and the necessary supplemental technology.

Jon Berkley, Senior Vice President and Business Manager of Global Gaming and Lottery, and head of the Gaming and Lottery Strategic Sales Unit, highlights their success. "In the next twelve months we're focusing on international character sets in the launch of several casinos, especially The Wynn Macau, which will be the first full TITO slot floor in Macau," Berkley said. "The Wynn Macau will open with 100 percent Epic 950s, and all of those game platforms will be offering Chinese ticket sets."

Berkley's unit wants to unite the marketplace and innovative technologies, thereby providing an enhanced player experience, such as incorporation of two-color thermal



The Epic 950 Thermal Printer.



The Epic 630 Thermal Printer.



The Epic 430 Thermal Printer.



*Bart C. Shuldman is Chairman, President and Chief Executive Officer of TransAct Technologies Incorporated, in Wallingford, Conn. He joined Magnetec Corporation, a subsidiary of Tridex Corporation, in April 1994, and served as President from August 1994 until December 1995 when he was appointed Group President of Printer Operations. In August 1996, he was named President and CEO of TransAct, the newly formed publicly traded company, and elected chairman of the board in February 2001.*



*Steve DeMartino is the Executive Vice President and Chief Financial Officer of TransAct Technologies. He has been with TransAct for eight years, most recently serving as Senior Vice President of Finance and Information Technology. DeMartino also held the position of Vice President and Corporate Controller. Prior to joining TransAct, DeMartino worked as Controller for Copart, Inc., a leading provider of salvage vehicle auction services in the United States. He also worked as Senior Accountant for PricewaterhouseCoopers.*



*Tracey Chernay, Senior Vice President of Marketing at TransAct Technologies, Inc. is responsible for developing and executing TransAct's global marketing strategies to achieve the company's business and sales objectives. Chernay joined TransAct in May of 2005 after a 22-year career at Xerox Corporation. At Xerox, Chernay held the position of Worldwide Marketing Manager, Production Color Marketing. Prior to that assignment, Chernay was the Manager of Sales Operations in the Greater Pa./Del. Valley Sales Operations Unit of Xerox.*



*Jon Berkley is Senior Vice President and Business Manager of Global Gaming and Lottery for TransAct Technologies and a member of the Board of Directors of the Gaming Standards Association. Prior to joining TransAct, Mr. Berkley acted as CEO for companies Tech-I-Bank, Wellzone.com, and Display America. He was also Advanceman for Secretary of Labor Bill Brock, Director of Campaign Plane Logistics for former Senator Bob Dole, and Director of Intergovernmental Affairs for USTR during the Reagan Administration.*



*Jim Stetson, Senior Vice President and Business Manager of TransAct Services Group, is responsible for developing and executing TransAct's Global Services, Technical Support, and Supplies strategies. Stetson joined TransAct in October 1997 as Vice President of Latin American Sales, advanced in 1999 to Senior Vice President Worldwide Sales, and to Executive Vice President of Sales and Marketing in 2001. Stetson is a graduate of the United States Naval Academy, with a BS in Engineering and a specialty in International Affairs.*



*Scott Carter was appointed Senior Vice President of Global Point of Sale and Banking in 2004. Prior to joining TransAct Technologies, he was president of Financial Matrix, a software company providing data-mining solutions to retail banks. Carter has also held various executive positions at MasterCard International, where for ten years he managed retail relationships across North America. Carter holds a BA in Communications from Muhlenberg College in Allentown, Penn.*

technology. "We're seeing more and more casinos marketing pizzazz on their tickets," Berkley said. "We patented dual-port technology that allows for promotional coupons on the slot floor, enabling real-time marketing efforts that utilize an existing player-tracking system."

Technology, Berkley believes, is beyond filling a need. "Robust technology enables Original Equipment Managers (OEMs), system manufacturers, and operators to communicate in a more effective manner with their players."

TransAct's participation in the Gaming Standards Association (GSA) extends this philosophy. "By creating technological standards and operating platforms all OEMs and equipment providers can access, it's a better, more robust platform for operations, which allows for greater innovation."

#### TransAct Services Group

Senior Vice President and Business Manager of TransAct Services Group, Jim Stetson, stresses the importance of effective communication with TransAct's customers.

"The TransAct Services Group, or TSG, was commissioned because our market penetration was not nearly as high as we thought it should be," Stetson said.

His top goal for TSG is to increase TransAct's presence in supporting, servicing, and providing supplies to the million-plus printers that are currently in the marketplace.

"In the domestic market, there's a tremendous expectation that we'll operate within the time zone of our customers," Stetson said. "One of our first initiatives was to open up a western regional facility that houses a sales office, service, and technical support enterprise. A customer who has a problem can call and they're going to get a TransAct employee who can be in their marketplace, dialoging with them in their own region."

An additional advantage to a facility in the western United States is faster service to customers. "From a service and supply standpoint, customers in California, for example, are reluctant to send a printer across the country to be serviced," he said. "Having a location in the western United States was critical to having an opportunity to service printers. That cuts the amount of time the printer is out of the marketplace by servicing them locally."

The new western location also increases savings for customers. "Supplies shipped out of Las Vegas are more efficiently delivered than those shipped out of Ithaca, N.Y. or Wallingford, Conn.," Stetson said.

Stetson's sales unit takes advantage of advanced telecommunications to better serve customers. "We've implemented technology that gives us the capability to manage our knowledge database, so if a customer in Macau has a problem, there's going to be a knowledge database article written, and if that same issue pops up in a Tribal casino in southern California, we're going to immediately know how to solve that problem because we've already seen the problem elsewhere," he said.

"The combination of understanding a customer and supporting a customer in a fast way that allows us to take knowledge and use it elsewhere is really critical," Stetson added. "We think we're doing that differently than other people while supporting the gaming industry."

### Printers of Epic Proportions

TransAct offers a complete product line for gaming with its Epic series of printers. The Epic 950 includes many attractive features for slot manufacturers, including two-color printing for promotional coupons, technology that eliminates potential player interference by ensuring a ticket is completely printed and detached before presenting it, and hot-swap ability for simple repair.

Additional offerings in the Epic line include the Epic 630 and the Epic 430, designed to target needs not met by the Epic 950, such as fixed-odd betting terminals in the U.K., German fun-games, amusement-with-prizes, and skills-with-prizes games across Europe. Both products premiered at the 2006 International Casino Exhibition.

"As we expanded in the international markets, we learned of technology that moves beyond ticket printing into other types of off-premise gaming that we don't have

here in the U.S.," Shuldman said. "We like to say 'think globally but act locally.' We look at local venues and say, what do those customers need there?"

"The Epic 430 product launched at ICE was a direct result of growing customer requirements in the European market," Tracey Chernay, TransAct's Senior Vice President of Marketing, said. "Whether it's amusement-with-prizes, skills-with-prizes, or fixed-odds betting terminals, they required a printer that wasn't TITO but a receipt printer with the reliability they needed for unattended applications."

In order to accelerate market penetration, TransAct Technologies partnered with industry leader JCM, a bill validator manufacturer. Last September, the two companies signed a letter of intent bringing the sales efforts of their leading brands together. Today, the two companies have exclusive product placement at Wynn Las Vegas, where the gaming floor is equipped solely with JCM's bill validators and TransAct's Epic 950 printers.

In addition to an alliance with JCM, TransAct partnered with Tovis Monitors. "Our relationships with JCM and Tovis Monitors don't mean consumers have to buy those products at all times or that they have to buy all three products," Shuldman said. "We're out there supporting products. They see how the best companies come together to service the industry in the best way we know how."

### Global Initiatives

TransAct's global initiatives in the gaming and lottery sector include using technology to accommodate different languages across slot floors. "We see the technology going beyond just offering multiple character sets, by actually having the printer change languages along with what the player speaks," Berkley said. "That information is captured by the player tracking system, allowing us to adjust the printer to translate for the game and 'speak' in the player's language."

About five years ago, TransAct established a network of providers that cover the international marketplace. "Through world-class third parties we've established a presence worldwide," Stetson said.

TransAct's providers include EuroCoin (gaming) and ScanSource (point-of-sale), which cover all of Europe; Bright, in Australia, covers the entire Far East and all of New Zealand and Australia; and more recently, JCM, covers Latin America as well as the growing gaming market in the Far East.

Chernay reiterated TransAct's personable, global philosophy. "Our strategy is to work with our partners and support their efforts in their local market," she said. "For example, EuroCoin is really expanding their presence within European casinos, and we're working with them to provide marketing programs and collateral initiatives that will help support their efforts."

### Looking Forward

"My main goal as the financial officer for TransAct is, of course, to increase shareholder value. We are working to support our company's ambitious growth plans," Steve DeMartino, Executive Vice President and Chief Financial Officer, said. "We're making significant investments back into our systems."

Another long-term goal for TransAct, according to DeMartino, is to reduce product cost. "Over the last few years we've pretty much made the transition to sourcing many of our components overseas," he said. "What that has allowed us to do is to lower our product cost, but we still maintain assembly in the U.S. We get the benefit of having lower-cost components from overseas, but we have the advantage of still controlling product assembly, where it's closer to our customers."

In terms of gaming, TransAct is developing printer technology that will be integral to player enjoyment and interaction. "What we see over the next five to seven years are printers used in slot machines as a critical element of a player's experience," Shuldman said. "We're focusing on new technologies that allow the printer to take an unattended transaction and make the player experience even better," such as using the printer in tandem with player-tracking software to provide real-time rewards as a customer plays.

Beyond the gaming market, TransAct considers technology's role in various industries. "Transactions have always existed and always will, regardless of technology, whether beads or biometric transfers," Carter said. "The technology needed to support the transaction is what will evolve. We'll never be out of business because there will always be transactions, and so there will always be TransAct."

