

Ways in which technology impacts the regulatory structure:

1. New technology creates equipment and capabilities that the regulatory structure has no provisions for. This involves the actual regulations that pertain to the new equipment as well as test procedures, test equipment, and personnel capable of understanding the equipment. The only way I see to mitigate the impact on the regulatory agency is for manufacturers to discuss new technology with the regulatory agencies so that the regulatory structure can be developing along with the new equipment or capabilities.

2. More technology in gaming requires more people in the regulatory structure who understand technology. I know of no regulatory body headed by technical people. The policy makers in regulatory bodies are typically lawyers, accountants, people with law enforcement backgrounds, politicians, or business administrators or public service administrators. The result is that regulations and other parts of the regulatory structure required to address new technology are not developed as the policy makers do not understand the requirements of equipment to be regulated. For these bodies to manage technology, they must either include engineers and computer people at the highest level or hire this type of person to advise them.

3. Casino operators have the same lack of people who understand technology as the regulatory bodies. Casino policy makers are typically business managers or lawyers or some other non-engineering type of person. Casino operators hear the sales pitches from equipment manufacturers and see the new systems or capabilities as having a positive affect on revenue. They also need to keep up with the competing casinos. The push is to get the technology installed. Whether it works or not is a secondary concern. This desire for new technology causes operators to push the regulatory structure to approve the technology. The result is substandard equipment getting into the field.

All the above problems result from the regulatory bodies being in a continual reactionary mode. Regulators typically wait for technology to be developed before putting a regulatory structure in place. This must change. The industry, particularly the gaming manufacturers, must work more closely with regulators in developing regulations and a regulatory framework for new technology. Nevada is attempting to become more pro-active in developing regulations and technical standards for system based gaming. Time will tell how this experiment works out.

Marc McDermott's three principle observations on technology:

Regulatory View

Industry View

1. It is easier to develop technology

1. Regulators are stupid.

than it is to regulate it.

Corollary: Technology moves fast–
Regulations move slowly.

2. All people selling technology are liars.
 3. It is better to have technology quickly than to have technology that works correctly.
2. Regulators are Stupid.
 3. Regulators are too picky and they are stupid.