

## Comment

## CHANGE WE CAN BELIEVE IN



ANOTHER YEAR of momentous change for the online gaming and betting industry comes to a close. Maybe less spectacular than in 2006 and 2007, the changes and events that affected the sector in the past 12 months were no less significant than those of the previous two years.

Some major European markets are considering regulation, the industry has started consolidating and finally, momentum seems to be gathering in the US for regulating online gaming. But if some are feeling like US politics have moved out of the Dark Ages when it comes to dealing sensibly with issues related to our industry, one shouldn't forget that necessity is the mother of invention.

Indeed, this potentially era-defining change of tack by the interested parties stateside would not have happened had the economy or the land-based sector been struggling so much.

As for Europe, the monopolists in Greece, Germany or Holland will also have their word to say about any opening of their markets. Of course, operators will keep on taking bets from those countries without being regulated at a national level, yet it is right that they should aspire to be so. But beyond the speculation, and to use a well-known slogan, talk of regulation from Europe or the US must represent change we can believe in.

Jake Pollard, editor

**Editor:** Jake Pollard

Tel: +44 (0)20 7269 7593 Email: j.pollard@pageantmedia.com

**Reporter:** Stephen Carter

Tel: +44 (0)20 7269 6405 Email: s.carter@pageantmedia.com

**Staff writer:** Tony Griffiths

Staff writer: Adam Saville

**Production editor:** Melanie Rockett

Senior sub-editor and design: Claudia Honerjager

**Sub-editor:** Matthew McLean

Art editor: Toni Giddings

**Associate publisher:** Caroline Steele

Tel: +44 (0)20 7269 7584 Email: c.steele@pageantmedia.com

**Senior publishing executive:** Michael Cleavelly

Tel: +44 (0)20 7269 6409 Email: m.cleavelly@pageantmedia.com

**Advertising manager:** Gemma Young

Tel: +44 (0)20 7269 6407 Email: g.young@pageantmedia.com

**Publishing director:** Sebastian Timpson

Managing director: Charlie Kerr

**Circulation manager:** Fay Muddle

Tel: +44 (0)20 7269 7590 Email: f.muddle@pageantmedia.com

**Subscriptions:** Kate Smith

Tel: +44 (0)20 7269 7582 Email: k.smith@pageantmedia.com

eGaming Review is published monthly by Pageant Media  
First floor, Dunstan House, 14a St. Cross Street,  
London, EC1N 8XA UK



Pageant Media Limited is a certified member of the  
Periodical Publishers Association ISSN 1742-2450

To receive two free issues of eGaming Review, email your name, job title and address to: egr@pageantmedia.com  
Printed by Sterling Greenaways © 2008 all rights reserved.  
No part of this publication may be reproduced or used  
without the prior permission from the publisher.



Some stories we heard while being told that when it comes to international business (read, online gaming), the US always makes the right decisions, eventually...

## Tour d'opérateur

GOOD TO SEE BWIN and French media group Amaury put their differences behind them and agree a partnership that will see Bwin provide its sports-betting platform to Amaury's flagship titles *L'Equipe* and *Le Parisien* from next year onwards. Amaury also organises the Tour de France and other major sporting events. Indeed, the Austrian online bookmaker could not have got a more relevant demographic in terms of readership than those of Amaury's newspapers and events. But as mentioned earlier in this month's issue, there must have been a few disbelieving smiles from other industry executives who have had experience of dealing with French law enforcement officials.

One thinks of course of Unibet chief executive Petter Nylander's Dutch experience at Amsterdam's Schiphol air-port just over a year ago, or the year before former 888 chief executive John Anderson spending a day debating his company's activities with the 'courses et jeux' [we particularly enjoyed an enquiry from a *Financial Times* journalist at the time asking if it was true one of eGR's staff was accompanying Anderson as a translator].

But of course we can't forget the arrest of Bwin's two chief executives Manfred Bodner and Norbert Teufelberger in September 2006 at the training ground of Monaco football club [although as

Monaco is technically an independent state, weren't French police trespassing? Anyway, we digress].

But back to the Bwin-Amaury agreement, TSG has come up with a great idea to promote pan-European cooperation: a blanket ban on, that's right, state-licensed European gambling monopolies taking part in the Tour de France. As payback for the Unibet team's ban from participation in last year's edition of the Tour, Amaury would prevent Française des Jeux, or others such as Spain's Once or Belgium's Lotto-Domo squads from taking part in the Tour. Instead, only teams sponsored by private online gaming companies would be allowed to compete in the Grande Boucle. Of course, this will never happen but imagine the uproar, 'what about the European Treaty and freedom of movement and trade and services across European borders?' the monopolies would cry, only to be told, with a Gallic shrug, that such is business.

On a more serious note, it will be interesting to see if Amaury does allow European operators such as Unibet, Sportingbet or Betsson to enter sponsored cycling teams in the Tour should French legislation allows it. If it doesn't, cries of 'poacher turned gamekeeper' would surely be aimed at Bwin.



## THE FUTURE OF POKER IS CEREUS

### Let's get Cereus

**TOKWIRO ENTERPRISES**, the parent company of Absolute Poker and Ultimate Bet, has launched Cereus, its new poker platform. Apart from the seriously clever word play at work here and following on from the cheating scandals at the two poker sites earlier in the year, it was good to see the company say it wanted to show its "unwavering commitment to rebuilding our brands with security and fair play as the foundation". AP and UB "will retain the unique brand identities players enjoy from the two sister sites - just absolutely bigger, ultimately better, and that's a CEREUS promise". One wonders if just like in politics, poker players have short memories.

#### Let's all do the TaiKai

**BETFAIR IS** launching its new product TaiKai, a mix between a football prediction game and peer-to-peer betting, at the end of November. The London-based company launched it with an ingenious stunt whereby the first Premiership footballer to celebrate by doing the 'TaiKai' dance (pictured)

would have Betfair donate £10,000 to the charity of his choice. TSG didn't notice any footballer doing the dance the first weekend straight after the launch, but we reckon there should be an egaming dance-off between different operators. Imagine, Betfair versus Ladbrokes, time to settle old scores...



## And finally...

"IT WOULD BE BETTER to do away with the entire scheme (UIGEA), of course, but at least the regulations are weak enough that they won't have a significant impact. I'll be curious now to see if some of the poker sites start doing business with American customers again."

Ed Brayton, a freelance journalist on Scienceblogs.com's Dispatches from the Culture Wars, takes the UIGEA apart in a technical dissection of the Act, saying the rules will basically be impossible to implement. As for his concluding sentence, err... where have you been for the past two and a bit years Ed?

#### Columnist



Andre Wilsenach, chief executive of the Alderney Gambling Control Commission, asks whether egaming jurisdictions are ready for international cooperation

## ACROSS THE BORDER

**THE ISSUE OF THE** cross-border nature of our industry is in my view one of the biggest challenges facing regulators of remote gambling jurisdictions across the world.

The reason for this is because as opposed to terrestrial gambling where transactions take place under one roof in one jurisdiction, this is not so in remote gambling and increasingly poses cross-border challenges to legislators and regulators.

In the past, it was general practice for online consumers to play all games against the house, offered on a single platform from a single jurisdiction. The cross-border nature of the industry was not of much concern. However, it was generally acceptable and quite popular to agree that the game takes place where the gaming server is based. Thus international best practice (with one or two notable dissensions) was that the jurisdiction was determined by the location of the gaming server and the regulator's job was largely focused within his own territory.

#### Regulatory questions and future problems

With the advent of community games (for example poker and bingo) this has changed. Players owned by operators in one jurisdiction are now exported to other jurisdictions where the poker/bingo room is based. In today's open systems, operators offer players a broad range of products often based in multiple jurisdictions, implying that the player is being exported/imported across borders all the time. This raises a number of regulatory questions:

- If the game no longer takes place in my jurisdiction, what is it that I am regulating?
- Should I allow the players of my licensee to be 'exported' without having any knowledge of the background and operating practices of the entity that offers the game?
- How do I ensure that the game offered elsewhere is fair, secure and auditable?
- What benefit does it have to require that the gambling and related server be in my jurisdiction and is it in view of the developments in the industry still logical to require operators to base their servers in my jurisdiction?

The above scenario requires a network of cross border relationships between operators, platform providers and content providers. Conversely, if I am expected to deal with the public's concern in respect of fairness and player protection, I need to have a certain level of comfort about what is on offer to the player registered with an Alderney licensee and how it is being offered. This raises the clear and urgent need for international cooperation at regulatory level and the adoption of common standards internationally. Without international cooperation and agreement on common standards for the industry, I can see:

- The cost of using multiple content providers rising significantly as providers will be required to be licensed and monitored in each jurisdiction where their products are being used;
- The cost of doing business in different markets will also increase significantly as operators will be required to have multiple licenses to conduct gambling in jurisdictions across the world. From discussions with the American Gaming Association the issue of regulatory equivalence will be an important factor in deciding the future regulatory structure of remote gambling in the US.
- Lastly, the cost of doing business will be artificially high as operators will be forced to locate their servers in jurisdictions where the telecommunication infrastructure is not necessarily competitive in terms of efficiency and price.

This begs the question of whether remote gambling jurisdictions are ready for regulatory cooperation. Secondly, jurisdictions tend to first and foremost consider the local political and economic impact that a likely change in regulatory standards might have. Thirdly, once jurisdictions get over this second hurdle, issues related to staffing and having sufficient expertise will arise.

Following from the above, I am of the view that operators and trade bodies within the industry can play a valuable role in motivating the regulators in the jurisdictions that they do business with to cooperate with other jurisdictions in establishing common standards for the remote gambling industry. Within the International Association of Gaming Regulators we have over the past four years worked on the development of common standards/ guidelines; which means that at long last we now have a draft in a format which can be further discussed and built on.