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A DESK ANALYSIS OF ICT TOOLS, REGULATIONS AND PERSPECTIVE FOR
ONLINE GAMBLING



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ABSTRACT:

The work starts with the history of online gambling and a summary of market situation and previous researches, and then it continues with identifying four of the successful players of the market and investigating their profile more in details. Using the market analysis and also operators' data, the success factor of the four players has been identified. Finally the problems and future of the industry has been discussed.

Chapter One: Introduction

1.1 Online Gambling, The Background And History

You get up in the morning and you just feel like gambling. But you are too lazy to get ready and drive to a casino. This is no more a problem. Technology had made it possible to be a bit lazier but still do your shopping, manage your bank account and even gamble online just in your bed.

This is just one of the reasons of the growing popularity of online gambling. A study by Nielson Media Research¹ shows that in 2009, 3.2 million people in the UK visited various online casinos, online poker rooms and sports books, which is 40% more comparing to 2008. To have an idea it should be mentioned that, only 2.2 million people visited Facebook and other social networking sites.

A separate study by the National Annenberg Survey of Youth found that the popularity of online poker has increased among college-aged Americans, especially boys. The study reported that 16% of college-aged people play at online gambling sites at least once a month. The percentage was just 4.8% in 2008².

Online gambling industry began to grow, as the Internet penetration rate grew. Online gambling websites first appeared on the mid 90s. In 1994, and after passing the Free Trade and Processing act by Caribbean nation of Antigua, the first licenses for online gambling websites were released. The emergence of online gambling websites was simultaneous with foundation of the online gambling software provider Microgaming, which created the first gambling software in 1994/1995. Then by development of encrypted communication protocols by CryptoLogic, in 1995, secure online monetary transactions appeared. In 1995, there were just a few sites (e.g., Gaming Club) offering casino gambling games online without real money being wagered. Some sports books (e.g., Intertops Casino, Sports Book, Ladbrokes) also created websites to list their odds as well as toll-free numbers to phone to place bets. For the case of sportsbooks, it should be mentioned that, remote gambling was not a new issue, since from years before some of them offered phone-betting services. The first online gambling with money actually being wagered by the general public is the online purchase of lottery tickets from the International Lottery in Liechtenstein for a manual drawing that occurred on October 7, 1995³. During 1997 and 1999 and with the developments in the software, more online gambling sites started to work. The business growth was so remarkable that many land-based famous casinos entered the online gambling industry to make more profits. Online gaming sites continued to grow at a tremendous rate until the October 2006, when the anti gambling law in US, Unlawful Internet Gambling Enforcement Act (UIGEA) was passed, and made it difficult for American citizens to access the money they had in the online gaming accounts. This law caused many online casinos to leave the business. The 2006 law was pushed through in order to protect US-based gambling organizations, not to

¹<http://onlinecasinosuite.org/casino-blog/online-gambling-popularity-increasing-among-youth/2495/>

²<http://onlinecasinosuite.org/casino-blog/online-gambling-popularity-increasing-among-youth/2495/>

³ Internet Gambling: Prevalence, Patterns, Problems, and Policy Options, William and Wood

protect young people from online gaming. In any case online gambling industry continued to grow. Now there are many online casinos, accepting American citizens.⁴

1.2 Online gambling vs. conventional gambling

But what makes online gambling so popular? One thing the players really like about online gambling apart from ease of access and more variety of the games is the bonuses that online websites offer. Since the online gambling industry is really competitive, the online sites offer usually sign up bonuses to players' deposits (sometimes up to even 300% up to \$3000)⁵, to attract more users. Another factor in favor of online gambling is that they usually have simpler rules. Players can play for practice before the game. And the user can control the speed of the game.

Online gambling has even made it possible for users who live in countries that gambling is considered illegal to be able to gamble. The fact is that even in the countries that online gambling is illegal, online players are not usually prosecuted. Thus players can play on a website locating in another country (thus an American citizen can play in an online casino in England for example). This at the same time can be a disadvantage for the player because if sometimes he or she thinks the game is not fair, he/she has no where to take his complaints to. This problem is mainly due to lack of regulations. It happens a lot that the software programmer has written the game in the way to minimize the amount that can be won. H2 (Gambling Capital, the UK online gambling monitor) has published a report on the gross win in the Internet gambling business, which shows a growth by 12.5 percent in 2010. For this reason, the more famous a website for being fair, the more popular the website. Another issue is the customer service. Online gambling websites usually have customer service via email and toll free numbers. But it has happened a lot for players not to be able to contact them in some cases. Players have also complained about the time it takes for them to have the money in their credit card (usually between 2 to 4 weeks). Maybe one of the greatest advantages is for the owners of the websites. There is no need of investing the money for the building and the game machines⁶.

1.3 OBJECTIVES

Online gambling is becoming more socially acceptable and legally available in such a pace that is out of governments and peoples' understanding of the phenomenon. As a result, there's a lack of sufficient knowledge about online gambling even in the most concerning parts of online gambling such as gamblers' profile and their behavior, and the links between online gambling and problem gambling as well as a appropriate regulatory systems. As a result, there are also not enough researches.

On the other hand, there's also another side of online gambling more related to

⁴<http://www.choosinganonlinecasino.com/the-rising-popularity-of-online-casinos.php>

⁵For example Winpalace casino <http://www.winpalace.im/>

⁶<http://www.slotadvisor.com/online-casino-gambling.html>

<http://www.slotsdetails.com/pros-and-cons-of-slots.html>

http://www.gambling-hall-online.com/beginners/pros_and_cons.htm

technology and ICT tools used by the operators present in the market. For which even fewer amount of research is available. Of course, regardless of the number of researches, the related ICT tools are developing everyday. With improvement in internet connections, better software and more secure systems are also more easily available.

In the present work it has been tried to present a complete examination of online gambling situation through a desk analysis. As can be understood by the name, a desk research is a research to collect data from the existing resources, sitting at a desk.

Starting from overviews of the current worldwide condition and market analysis in the first part, the work presents a picture of regulatory frameworks for Internet gambling in different jurisdictions.

Then it continues to overview the existing websites and their ICT tools as well as their strength and success factors and finally it talks about concerns with Internet gambling, what is missing, what are the problems and how it will be in the future.

Chapter Two: Overview Of Online Gambling And Industry Analysis

2.1. Online Gambling General Information

2.1.1 online gambling types

Online Gambling industry can be segmented in different ways. The most common segmentation is according to different types of gambling, which can be online poker, online casino, wagering and sportsbooks, online lotteries and online bingo.

As of June 30, 2010 a study by River City Group reported to have found 2, 679 online gambling web-sites operated by 665 companies, including:

- 865 online casinos,
- 616 online poker rooms,
- 516 sports betting web sites,
- 426 online bingo web sites,
- 187 lotteries and other web sites.



Graph 1: Online gambling websites 2010⁷

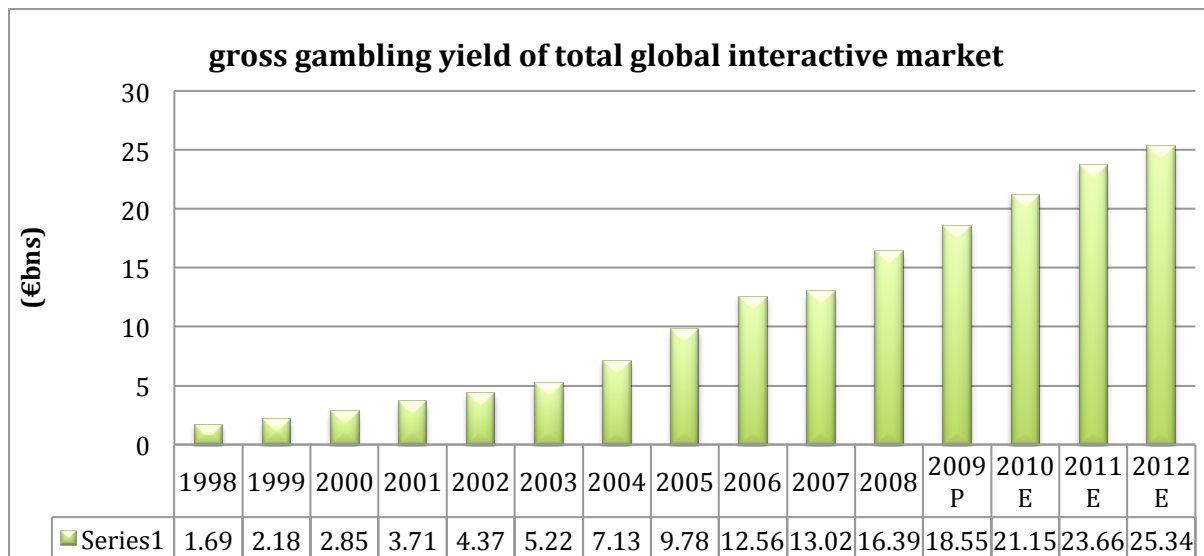
The number of the websites of each gambling type can give an idea about the popularity of each type. As can be seen, by 2010, casino games are the most popular, followed by online poker and sports betting. Online bingo popularity is growing more and is expected to be a very profitable industry in the coming years. According to H2 Gambling Capital, in 2010 the highest growth rate, which was up to 10.8% (\$12.1 billion) belonged to online betting sector, thanks to World Cup 2010. Bingo market had an increase of 28.4% (\$12.1 billion), followed by online casino market 13.3% (\$2.67 billion). Meanwhile, online poker had the growth of just 7.1% (\$5.6 billion) as the slowest growth rate⁸.

⁷ River City Group, <http://adastars.test.viaden.com/products/igaming.html>

⁸<http://www.virtuacasinos.com/Online-Gambling-Industry-Growth-In-2010.htm>

2.1.2 overview of the online gambling market

To say the exact revenues of the online gambling industry is not easy. Different sources estimate it to be somewhere between \$20 billion to \$50 billion per year in revenue. H2 Gambling Capital, says the market for global interactive gaming will grow about 42 percent to US\$30 billion in 2012 from US\$21.2 billion in 2008. H2 forecasts just 15% growth for the whole gambling market at the same time⁹.



Graph 2: Gross gambling yield if total global interactive market¹⁰

The graph above shows the gross yield of online gambling market. As can be seen, the growth rate has increased in recent years. That is to say that the growth of gross gambling yield of online gambling market from 2004 to what it is expected in 2012 is two times more than that of 1998 to 2004. The reason of the small growth from 2006 to 2007 is passage of the anti gambling law in US, Unlawful Internet Gambling Enforcement Act (UIGEA), which caused difficulty for American citizens to gamble online. From that date just a number of online gambling websites accept American citizens. The same law also caused many online casinos to go out of their business, and the gaming companies affected by the law saw their shares drop drastically in price. Most of the online gaming companies affected by the new law were located in the UK. In 2006 in the US market the major companies represented approximately 48 percent of global online gambling turnover. In 2007 however it fell to just 36% as the effect of UIGEA¹¹.

In the following graph the growth of the whole gambling market together with the online market is shown.

Although online gambling still counts for a small percentage of the global gambling yield, it should be noted that it is growing at a much higher pace compared to growth rate of the whole industry.

⁹ <http://onlinecasinogamingnews.blogspot.com/2011/03/rapid-growth-of-online-gambling.html>

¹⁰ H2 Gambling Capital April 2010

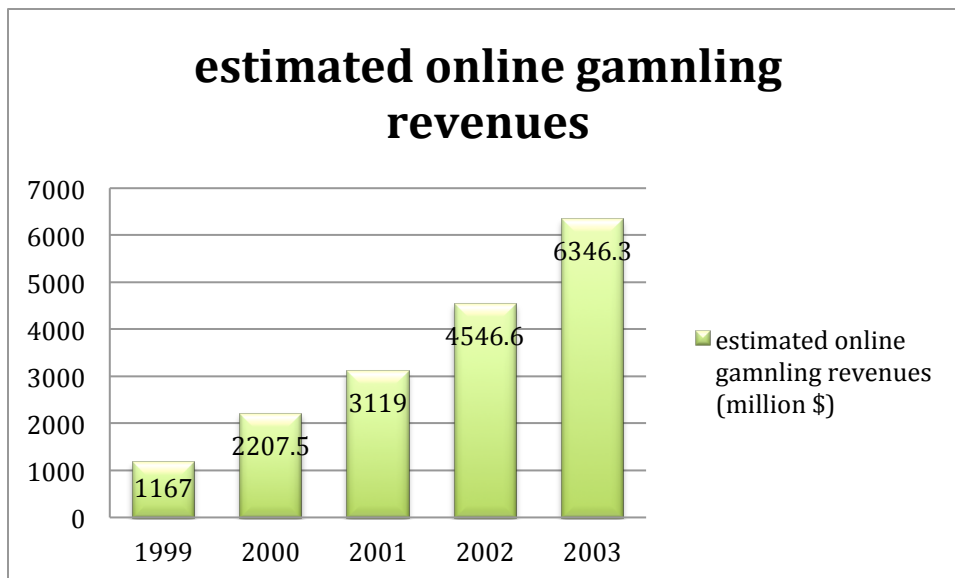
¹¹ <http://www.online-casinos.com/news/news7950.asp>



Graph 3: Global gambling market¹²

While the offline market is expected to grow just about 2.2 percent until 2012, the online market will grow more or less about 10.3 percent per year until 2012, achieving a total market share 6.3 percent and generating \$ 24.4 billion¹³.

The graph below shows the revenues of past years in online gambling market. The data are available just until 2003.



Graph 4: Estimated Revenues¹⁴

Mostly online gambling companies are located and assembled in countries with friendly licensing regulations like Canada, Gibraltar, Costa Rica, Belize and Panama. Currently, and with online gambling considered illegal in US, Europe has the biggest market share (44.9%), followed by central and south America (35.9%), Asia and middle east (24.9), north America (23.6), Oceania (3.8) and Africa (0.7%)¹⁵.

¹² H2 Gambling Capital April 2010

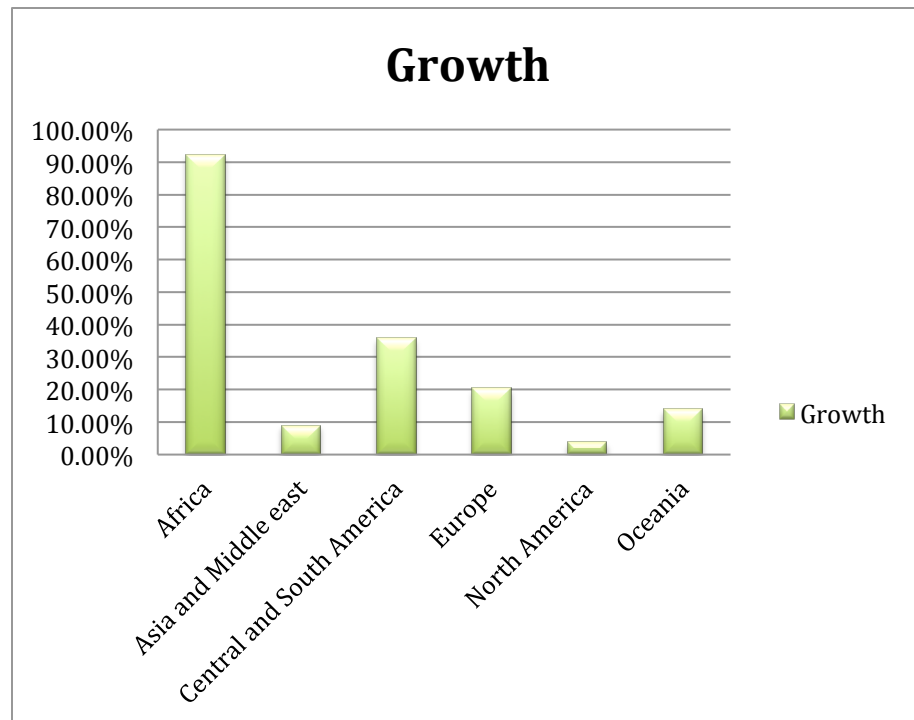
¹³ <http://www.online-casinos.com/news/news7950.asp>

¹⁴ Christiansen Capital Advisors, LLC; River City Group

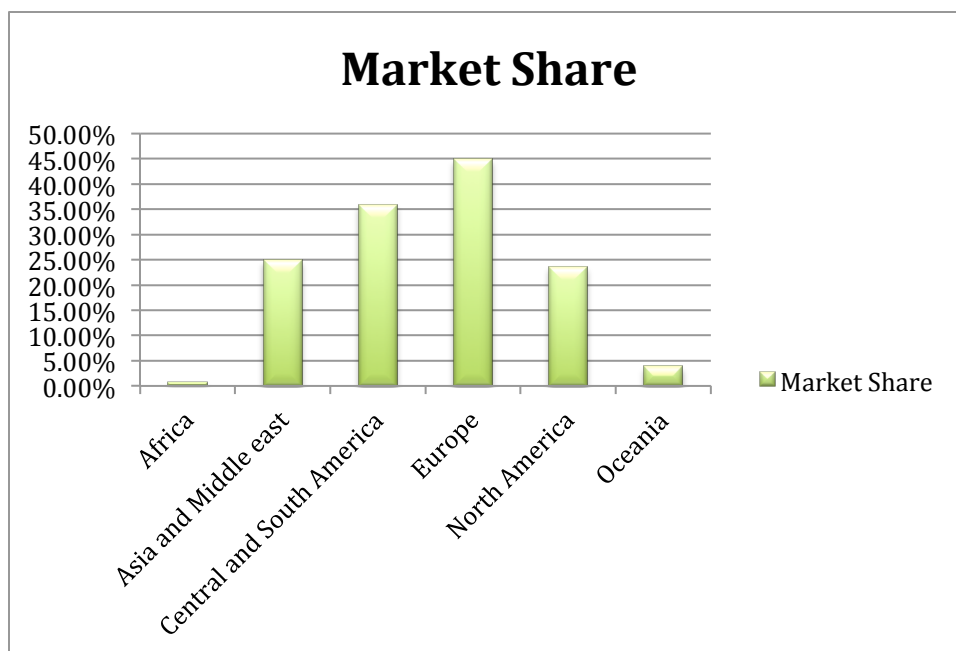
¹⁵ <http://adastars.test.viaden.com/products/igaming.html>

The expanding markets with high growth rates are Africa, central and south America, Europe and Oceania.

The two charts below illustrate the global online market growth tendencies:



Graph 5: Growth¹⁶



Graph 6: market share¹⁷

The online gambling industry can be a major source of jobs especially for smaller countries. Online gambling operators need executives, marketing staff and software programmers as well as a very huge number of support staffs to be available 24 hours a day to handle customer service.

¹⁶ <http://adastars.test.viaden.com/products/igaming.Html>

¹⁷ <http://adastars.test.viaden.com/products/igaming.html>

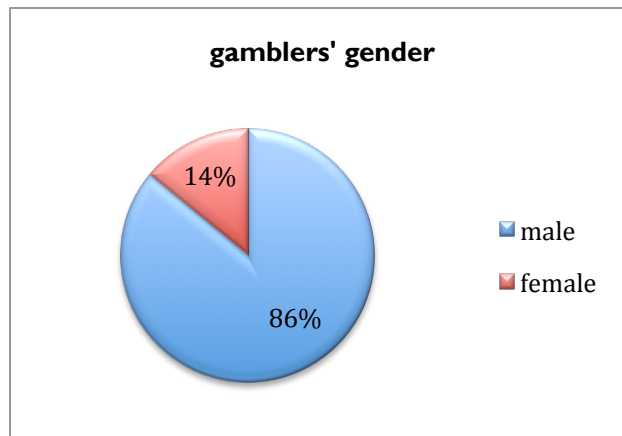
2.1.3. Gamblers' Profile

The popularity of each type of gambling depends on the players. Some types like bingo are very popular among women, and since women are starting to get involve with online gambling more than before, the bingo popularity is also growing.

Still most gamblers are men, with preference for betting, skill games, and casino games.

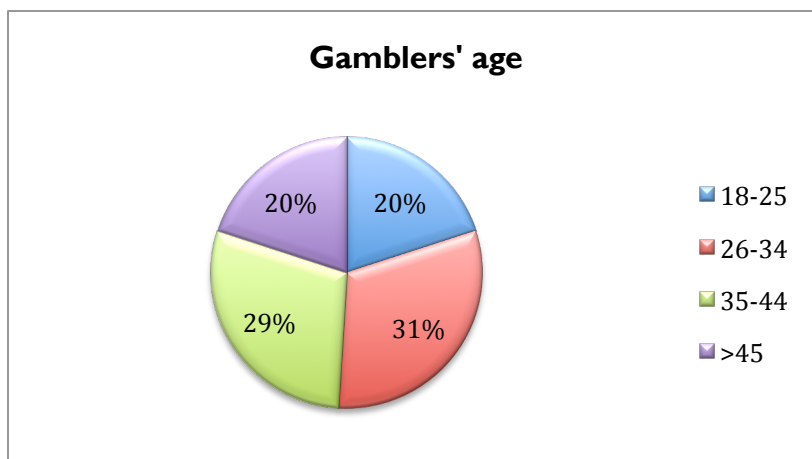
A study by the independent online gambling authority, eCogra showed that an average casino player is most likely to be a woman (54.8%) as compared to a poker room visitor who tends to be a man (78.3%)¹⁸.

The garph below shows the gambelers gender:



Graph 7: Gamblers' gender¹⁹

Types of games that are played online, not only depend on the gamblers gender, but also on their age. Older people prefer usually skilled games. As a study in US shows that, poker players appeared to be much older (46-55) than regular online casino players (26-35). This makes sense because skilled games usually need more experience. Instead young players are looking for more fun and entertainment thus choosing more casino games. The chart below shows the age of the gamblers:



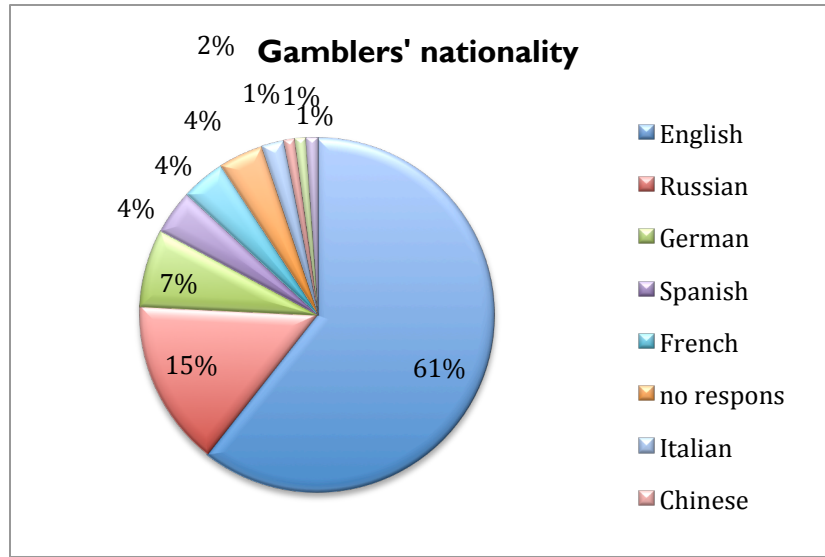
Graph 8: Gamblers' age²⁰

¹⁸<http://www.ogpaper.com/comments/article-0193.html>

¹⁹ Inland Entertainment Corp. survey of nearly 500 customers of kennyrogers.com, casinoaustralia.com and goodluck.com. The questionnaire was in English.

²⁰ : Inland Entertainment Corp. survey of nearly 500 customers of kennyrogers.com, casinoaustralia.com and goodluck.com. The questionnaire was in English.

In 2009 the total number of players involved in online gambling activity was estimated to be between 14 and 23 million people. This graph shows the nationality of the gamblers based on a survey of nearly 500 customers of kennyrogers.com, casinoaustralia.com and goodluck.com. Again it should be said that American citizens are not present because of the UIGEA act that passed in 2006²¹.



Graph 9: Gamblers' nationality²²

The rules in each country have an important impact on the number of players. English players for example are more than 60% of the whole players because gambling is totally legal there. Every country has its own different rules.

2.2 INDUSTRY ANALYSES

After the overview of the market and having a better understanding of the worldwide condition of the online gambling, in the following pages the market is analyzed. For this purpose, PEST and Porters five forces models have been used to analyze the macro environment and the competitiveness of online gambling market respectively, then using BCG matrix, the profitable products for the industry are identified.

2.2.1 PEST ANALYSIS

PEST analysis is used to analyze the macro environment of the industry. The name PEST stands for Political, Economic, Social, and Technological factors of external macro-environment.

2.2.1.1 Political

Current legislation

Gambling rules and regulations differ from country to country. Right now in Europe the legislations are mostly in a way to prevent customers to take advantage and also to

²¹Inland Entertainment Corp

²² Inland Entertainment Corp. survey of nearly 500 customers of kennyrogers.com, casinoaustralia.com and goodluck.com. The questionnaire was in English.

control if there is any issue or problem. While in many other countries online gambling is still considered illegal. In recent years many countries are moving toward regulation of gambling. More details are presented in the following chapter.

Future legislation

It is expected for online gambling to be regulated in many other countries in the future. The market has a great opportunity for growth, and the laws cannot stop totally citizens of any country from gambling. While by regulating the gambling, government can enjoy from the tax profits as well.

International legislation

In the online industries, the borders rarely matter, many hope for an international regulation or an international authority to control online gambling industry. Right now, if there is an issue between the gambler and the operator and they cannot solve it, there is no authority to bring the issue to (Consider an example of a Chinese citizen, gambling on a U.K based website). If there would be an international authority, gamblers would also feel more secure.

Regulatory bodies and processes

Regulatory bodies and jurisdictions are Costa Rica (382 sites), Antigua and Barbuda (366 sites), Kahnawake Mohawk Territory in Quebec (344 sites), Netherland Antilles (Curacao) (334 sites), Gibraltar (170 sites), United Kingdom (103 sites), Malta (87 sites), and Belize (55 sites). It is important for an operator to be licensed by a reliable authority. The jurisdictions with the highest volume of online transactions are, in order, the United Kingdom, Kahnawake Mohawk Territory, Antigua and Barbuda, Gibraltar, Costa Rica, Netherland Antilles, Malta, and the United States (Casino City, 2006).

International pressure groups

European union is trying to make its member regulate online gambling. It also had some conflict with US after introduction of UIGEA act in 2006. There are also many groups helping problem and underage gamblers, pressuring the governments not to legalize gambling.

2.2.1.2 Economic

Economy situation

The market is good from an economic point of view, and revenues are increasing, and as explained before the revenue grows with an acceptable pace. Right now UK is the most profitable market followed by other European countries. More data about the market size, growth and revenues has been presented earlier in this chapter.

General taxation issues

By regulating the online gambling, the governments in countries in which online gambling is legal, can enjoy the profits from the taxes. Since government cannot stop totally the citizens from gambling, many believe that the better way is to regulate the gambling and use a percentage of the profits from taxes for promoting responsible gambling programs.

Seasonality/weather issues

This is especially true for sportsbooks. In big sports tournaments like world cup or Olympic games, as well as important political or social events like US elections, the number of bets increases significantly. If an operator offers casino or poker apart from the sportsbook, it can lead the traffic from the sportsbook and enjoy more profits.

Monetary issues

This is especially important for citizens of the countries in which gambling is illegal. Usually the government put its effort to block money transactions from the banks, than preventing gamblers from playing online.

In any case, each operator offers its own methods of deposits and withdrawal.

Market and trade cycles

In economic downturn costumers become more reserved in their spending. Also interest rates and level of inflation must be considered as threats to the online gambling industry. Generally gambling budget is one of the first to be cut in hard times.

2.2.1.3 Social**Demographics**

According to some studies of Internet gambling with the focus on sportsbetting conducted in Australia in 2001 and 2002, rates of Internet gambling are higher among men, younger adults, people with professional or managerial occupations, and people who earn above average incomes²³. This can be indicative of a "digital divide," with Internet gambling occurring at higher rates among skilled professionals, whose jobs rely upon familiarity with and competent use of the Internet.

Online gamblers are mostly young people. A study in Nova Scotia, Canada found that 6% of 15-17 year olds in the province reported playing poker online for money in 2006²⁴, while another study obtained a rate of 1.9% among U.S. college students²⁵. A recent

²³Woolley, 2003; McMillen & Woolley, 2003

²⁴Gillis, 2006

²⁵LaBrie, Shaffer, Laplante, and Wechsler, (2003)

study found that 9% of Montreal, Quebec high school students reported having gambled for money on the Internet and 6% of a sample of Canadian and U.S. college and university students are reported to have done so²⁶.

An online study of 552 Internet gamblers commissioned by the American Gaming Association in 2006 found that 68% were male; 70% were under 40 years old; 61% had at least a college degree; 41% earned more than \$75,000 a year; almost all of them used the Internet for other activities; and 70% had only began gambling online in the past 2 years²⁷.

Another study in 2004 in U.S. shows also slightly more than half (56%) of the Internet gamblers were male. The average age was 34 years, just over 60% had at least some post-secondary education, and 65% reported being comfortable conducting business and purchasing transactions over the Internet²⁸.

Law changes affecting social factors

One example to show how law changes social factors is the UIGEA act of 2006, after which the number of US players dropped down. Also many operators had to leave US market, which caused a noticeable loss for them.

Brand, company, technology image

In online gambling both operator and technology brand do matter. The software provider is the technology image of the operators. Users either choose a website for the services it offers such as good bonuses and customer relationships or for the software and quality of the games or both. So both the brand and technology image is a decisive factor. Since gambling is involved with money, players don't easily trust any websites. Reliability of the brand plays an important role.

Major events and influences

As mentioned before sports events as well as some important social and political events (e.g. US election) drives millions of customers to sportsbooks. Instead in economic downturns and hard times, there are less customers.

Ethnic/religious factors

In Islam gambling is a sin. In many Islamic countries, gambling is illegal therefore.

²⁶Derevensky, Gupta, & McBride, 2006

²⁷American Gaming Association, 2006

²⁸Wood & Williams 2004

Advertising and publicity

This is an important part especially for new comers. The advertisement usually works as pop up window and through search engines. Social networks in future are going to have more important role in advertisement of online gambling.

Social problems

Gambling addiction is an important issue. Usually casino staffs undergo training in order to identify problem gamblers. In Internet however, there is no obligation for companies to offer this service. On of the way it is done in Internet is to let customers set their deposit limit with a desired time period.

This is one of the things most worrying about online gambling and one of the reasons many government don't regulate gambling. Another problem is underage gamblers. An underage gambler can hardly enter a casino, but can easily play online. The last chapter is more dedicated to the gambling problems.

2.2.1.4 Technological**Competing technology development**

Online gambling technology is dependent on software developments and Internet connections. Software programmers try to write faster and more innovative software with eye-catching graphics.

Security issues also matter. Websites developers try to make the games fairer and all the transactions safer.

Research funding

The operators set aside a considerable part of their budget for researches to improve their software and security, which they know is the most important factor for their success.

Maturity of technology

Online gambling industry is on its beginning and has long way to maturity. The software designs as well as Internet connections are getting better each day and there's still a long way to maturity.

Innovation potential

Innovation is an important factor. For new arriving operators, the best way to attract customers is to be innovative. Since customers switching costs are low, by the time customers see innovative product they change easily. Betfair is an example of the new unknown comer, who got popular because of being innovative in offering betting

exchanges. Operators can be also innovative in the way they offer the services or the promotions.

Technology access, licensing

Setting up an online business is nor difficult neither costly. The software can be proprietary or be provided from the software companies. Licensing can be done in one of the jurisdictions mentioned in regulatory bodies and processes in political part.

Political	Economic
<p>Currently online gambling is legalized in most of the European countries, but it is expected to be regulated in many other countries in future.</p> <p>International regulation is needed because internet has connect the people and online gambling doesn't have any border.</p> <p>The regulating bodies are Malta, Alderney, Antigua & Barbuda (West Indies), The Netherlands Antilles & Curaçao, Gibraltar, Isle of Man Internet, Kahnawake and UK.</p>	<p>Online gambling market is growing in both size and revenues.</p> <p>Countries in which online gambling is regulated, can have the profit from the taxes.</p> <p>During important social/sports event, gambling (betting) gets more popular. Instead in economic downturn, gambling is considered an extra cost and thus less popular.</p> <p>Credit cards have solved the monetary issues to some extent.</p>
Social	Technological
<p>Online gambling is popular among young people and professionals and is getting more popularity especially among women.</p> <p>By regulating the gambling, more people from more nations will try it.</p> <p>Brand is important in online gambling in the way that gamblers trust recognizable brands easier.</p> <p>Underage and problem gambling or addiction is an important issue in online gambling especially because there is not enough control.</p> <p>Major social/sports events bring more gamblers to the websites.</p>	<p>The software technology of the online gambling is developing with a good pace.</p> <p>The technology is on its beginning and has a long way to maturity.</p> <p>The operators and software providers assign a significant amount for research.</p> <p>Innovation is one of the most important critical success factors.</p>

Table 1: PEST Analysis

2.2.2 Porter five forces analysis of the industry

Porter five forces is a framework for industry analysis and business strategy development. Five forces determine the competitive intensity and therefore attractiveness of a market.

2.2.2.1 Threat of new competition: HIGH

Profitable markets are always interesting for new firms. If the barriers to enter such markets are low, new firms will arrive and will finally saturate the market and cause the profitability to decrease. For online gambling the following factors are analyzed to measure how big is the threat of the new competitors.

Legal barriers to Entry: medium

To enter the online gambling market is still not easy because the market is not fully regulated. In many countries not even land based gambling is legal. In many others online gambling is illegal. To enter the market, the first thing is to have a reliable license for players to trust the website. However it is not difficult to acquire a licence form one of the jurisdictions offering the licence.

Brand Equity: Medium to High

In online gambling market brand equity is important in the sense that customers don't trust every website to put their money. The more famous the website, the easier for the customer to trust.

The main advantage of having a well-known brand is being able to charge premium prices from the customers. Which is not very useful in the online gambling industry since the competition is very high and customers switching costs are very low. So even big names have to offer good bonuses to attract the customers.

Switching costs: very low

Switching costs are very low. The competitors are just one click away. Almost all online gamblers have more than one account in different operators, so if they don't feel satisfied by one, they easily switch to the other without any costs.

Capital Requirements: low

One of the greatest advantages of online gambling to that of the land based one is that there's no need for fancy places to build the casinos and poker rooms. In fact to launch an online business is a low cost activity.

Access to distribution: medium to high

For online business, the distribution channels are mainly search engines, social network (Facebook, MySpace), social media (Youtube, Podcasts), Blogs, widget and gadget (iGoogle gadget). Search engines are considered the most important for online gambling industry. The factors such as the power of search engine optimization (SEO) and search engine marketing (SEM) is used highly to bring the traffic to the website. For example, to be ranked high in Google search factors like speed of the page, or total incoming links to the websites matters. In this way, the more good reviews the operator has in the forums, the better the rank. Since the competition is high, a new comer has to put a good marketing effort to get good reviews in gambling forums and thus get a good rank in search engines. Online gambling websites are still not active in terms of advertising in social networks.

Customer loyalty to established brands: medium

As said before, online gamblers usually have accounts on multiple websites. Apart from that, online users are more impatient, so if they are not satisfied even by a famous brand, they will switch easily. However, since gamblers are playing for the money, they would for sure not easily trust less known operators to put high bets.

Profitability of the industry: High

The industry is profitable and is growing fast, which makes it attractive for the new comers. There are also many markets still unreached because of the regulations.

Overall, and considering the above factors threat of new competition is high.

2.2.2.2 Threat of substitute products or services: Medium

Substitute product is the availability of a product out of the boundaries of the industry. For online gambling, the most important substitute products are land-based gambling and social gaming.

The availability of close substitute products can make an industry more competitive and decrease profit potential for the firms in the industry.

Relative price performance of substitute: high

For land based gambling the price is higher than the online gambling. Online gambling also offers better bonuses, doesn't need any transportation. Switching to social games doesn't have any costs.

Buyers switching costs: medium to high

Switching from online to land based gambling costs the time, energy and transportation. While when a customer switches from gambling to social gaming or other types of gaming, he/she won't earn or lose any money.

Product differentiation: medium

For sure land based gambling as a real experience has this advantages over its virtual opponent, but the software programmers are designing the online casinos and poker rooms in a way to give the users the feeling of playing in a real world.

Social games are also different in terms of the types of games and that no money is involved.

Quality of the substitute products: medium

Land based gambling offers better quality in terms of customer experience and customer service, but on the other hand, online gambling provide users with some practice sessions where no money is involved.

The quality of social gaming is more or less at the same level of online gambling.

2.2.2.3 Bargaining power of customers (buyers): High

Strong bargaining power from the customers can shape the competition in the industry by putting pressure on the operators to offer lower prices (for deposits), better bonuses, improving the quality and offering better customer service.

Customers' concentration to firm concentration ratio: high

This means the number of customers comparing to the operators offering the services. The more the ratio, the less the bargaining power of the customer. In the online gambling industry there are more gamblers than the operators. That's one of the reasons that the market is attractive for new operators to enter.

Degree of dependency upon existing channels of distribution: high

The degree of dependency on distribution channel is high, since for online gambling, the distribution channels are the advertisement channels as well. And in order to access the distribution channels, the operators have to spend a noticeable amount of budget.

Buyer switching costs from one operator to the other: low

Customers switching cost form one operator to the other is just a click, since most of the gamblers play in more than one website.

Customer price sensitivity: high

Online gamblers are very price sensitive in a way that offering high bonuses is one of the success factors to attract the players.

In online gambling industry the customers bargaining power is really high. That's the reason that all online operators even those with the famous brands, always try to offer the best quality software as well as high bonuses and good customer services.

2.2.2.4 Bargaining power of suppliers: High

Bargaining power of suppliers, shape the competition in the industry by affecting the operators' ability to achieve profitability. In this industry suppliers are mainly the software providers. They can pressure operators by raising prices, lowering product quality, and reducing product availability, causing more cost or losing customers for the operators. Factors effecting are:

Degree of differentiation of inputs: medium

The software written by different providers vary in terms of graphic designs, speed and variety of games.

Impact of inputs on cost or differentiation: high

The impact is high, for online gambling, the software is the core and main part. Many users even choose the casino to play based on the software provider.

Supplier concentration to firm concentration ratio: low

The ratio of the operators offering online gambling to software providers is relatively low.

The suppliers' bargaining power is also high in the industry. It is in a way, that the operators using the same software provider make a network known to users usually by the name of software providers (as for iPoker network related to Playtech or the chain of Microgaming casinos). They are so strong that one of the factors for the gamblers to play in a website is to be sure that the software is working well.

2.2.2.5 Intensity of competitive rivalry: High

The intensity of rivalry among competitors in online gambling industry is high. This explains the extent to which the operators within the industry put pressure on one another and limit each other's profit potential by offering promotions and high bonuses. Competitors are trying hard to steal profit and market share from one another. But since the industry is growing, and there are still a lot of markets unreached, the industry has

still the capacity of accepting more competitors. High intensity of competitive rivalry can make an industry more competitive and decrease profit potential for the existing firms.

Sustainable competitive advantage through innovation: high

The operators offering innovative games or innovative features in their software, and also their customer service methods, usually are more preferred by the users.

Level of advertising expense: high

The operators in the market assign a relatively high budget for marketing expenses, this includes advertising, offering different types of promotions and bonuses.

2.2.3 BCG matrix

BCG Matrix is based on the product life cycle theory. It is used to determine which priority should be given to different products in the business unit portfolio. The matrix has two dimensions of market share and market growth. And follows the fact that a product must either has a big market share or be in a market with fast growth rate to generate profit.

2.2.3.1 Stars (high growth, high market share)

In online gambling stars can be online casinos and poker rooms. The demand for online casinos is increasing and the market growth is fast. Online casinos stand for 33% of the whole online gambling websites.

2.2.3.2 Cash cows (low growth, high market share)

Sportsbook and sportsbetting are the cash cows of the industry. Remote sportsbetting has been existing even before Internet and comparing to other sectors the market is more mature with slower growth rate.

2.2.3.3 Dogs (low growth, low market share)

Online gambling industry is a rather new industry and on its way to grow. There is no dog yet. Having no dog in the industry is a sign of a healthy profitable industry.

2.2.3.4 Questions mark (high growth, low market share)

Bingo can be considered as the question mark of the industry. Bingo has the highest growth rate comparing to other products but still has a low market share. Question marks can be either stars or dogs of the future. Bingo is going to be the next star of the industry. Many operators are entering the market with their focus on Bingo. With the insight that bingo is going to be the next star of the industry.

 <p>CASINO, POKER</p>	 <p>BINGO</p>
<p>cash cow</p>  <p>SPORTSBOOK</p>	 <p>breadwin.com</p>

Table 2: BCG Matrix

CHAPTER 3: JURISDICTIONS FOR ONLINE GAMBLING

3.1 Online gambling rules and regulations

It is not possible to talk about gambling but not about regulations. The legality of Internet gambling is quite complex, varying from country to country, from jurisdiction to jurisdiction within countries, and from year to year. Online gambling is considered new and many countries don't have any specific rule for it yet. In many other countries, the law is combined with land based gambling regulations. Other countries have legalized online gambling, permitting both residents and nonresidents to gamble on all forms of online gambling both within and outside the country. Almost all online sites are currently based in one of these countries. In some other countries certain online forms are legal (most typically lotteries and sportsbooks) and other forms are illegal (most typically casino games). Some countries prohibit nonresidents from accessing jurisdiction-based online gambling sites (e.g., Finland, Canadian provinces). Some go further in also prohibiting residents from accessing online gambling sites located outside the country (e.g., Netherlands and Italy previously). Other countries prohibit residents from accessing jurisdiction-based online sites (e.g., Australia prohibits Australians from accessing their online casino site). Several Muslim countries prohibit all forms of gambling, including online gambling (e.g., Iran, Pakistan, Saudi Arabia, etc.). But since Internet had made the world connected, it is not possible to prohibit gambling totally. This is the reason some people believe that it should be regulated worldwide. The other aspect is the taxes. People continue gambling even in countries in which it is illegal. So it is the government who loose the revenues from the taxes. Below some countries have been chosen as an example to be investigated more in details for their online gambling regulations.

3.1.1. Italy

In Italy the laws about online gambling have changed a lot. In the beginning, online gambling considered illegal and Italy tried to ban all IP addresses associated with online gambling sites. When this failed, the Italian government attempted to create an exclusive online poker room. For some years Italian could just gamble on Italian websites or EU websites with a relevant AAMS-granted license (Italian license). Also there was a rule putting restrictions against foreign-based online gaming sites accepting bets from residents of Italy without holding Italian license.

Then The European Commission acted upon receiving a complaint in 2003 about Italy blocking gambling websites. After investigating the case, the Commission started infringement against Italy in 2006 by sending a letter of formal notice. After that Italian authorities began to negotiate with the commission and to apply more EU friendly laws. The commission conditions for dropping the infringement were as follows:

- Removal of the original stipulation that license applicants had to establish a company in Italy; under the new rules, it can be a company anywhere else in the EU;
- Previously, gaming servers also had to be based in Italy; again these can now be located outside Italy in the EU;
- The license fee would be reduced and would continue to decrease for every year the license is renewed.

Now Italian citizens can take part in all forms of online gambling, but just on the websites complying with Italian rules²⁹.

3.1.2 USA

In 2006 US introduced the famous ‘Unlawful Internet Gambling Enforcement Act’, which banned the transfer of funds from banks and credit cards. This means that the banks and gambling websites would face legal action if they were caught accepting payments from American citizens. So although there is no federal law against gambling online, it's against federal law for banks to handle online gambling transactions (e.g., players making deposits or withdrawals into or from an online casino). Also it is against federal law for websites to take sports bet (but not online casino or poker room). The fact is that laws prohibit banks and websites to do activities connecting to online gambling, but they don't prohibit the citizens to gamble online. Actually even some states have laws against gambling online, but players are not usually prosecuted. The 2006 UIGEA caused online gambling websites to withdraw their services from US citizens which resulted in a negative growth rate that year and billions of lost in US online gambling industry. Apart from this U.S.A also faced sanctions due to the previous law and had to award Antigua and Barbuda \$21 million according to BBC News (2007).

In 2007 the law was a bit moderated, that legalized online gambling within US only if the online gambling company complies with the regulation of ‘Internet Gambling Regulation and Enforcement Act’. In this way, there are some gambling websites that accept US citizens to play, but instead there are also a lot of other websites not accepting US citizens³⁰.

3.1.3 INDIA

In 1867, India passed a law called Public Gambling Act, against gambling. The law applied first in ten states under British rules, but later it was applied to more states. The law addressed both gamblers and operators. According to this law, running a gambling house, as well as visiting a gambling house is illegal. In 1957 the Supreme Court ruled

²⁹http://www.viaden.com/products/italy_license.html
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/504&format=HTML&aged=0&language=EN&guiLanguage=en>

³⁰www.gambling-law-us.com/, www.gambling-law-us.com/Federal-Laws/

that skill games are legal and they were protected under Article 19(I)(g). Then with the rise of online gambling, in 2011 another law was passed by Indian government named Information Technology Act/Law for Gambling. According to this law, gambling websites are to be blocked at the Internet provider level. But in India, the states have the power to put laws. As in Sikkim state online gambling is legal, and there are some operators licensed there. Other thing worth to mention is that, although gambling online is illegal, there is no prosecution against players. There are also some European websites accepting deposits and payment in rupees, in this way makes it possible for Indian to gamble online³¹.

3.1.4 CHINA

Since Chinese government believe that online gambling has damaged Chinese young citizens' growth and has hindered their opportunities, they laid down a new law, in which running a gambling website is illegal. It is also against the law to play any type of online gambling. The penalties are 3 years in jail and for serious offences (those involving commissions of over 300,000 Yuan, or over 120 gamblers) it can be even up to ten years. The law and its penalties apply to any website operator, or any online community taking bets, or those who act as an agent for gambling websites. The law doesn't say anything about foreign-based gambling websites. The law has not stopped Chinese citizen from gambling and still there are a lot of people gambling online for instance just in 2006 1.1 million citizens were prosecuted³².

3.2 Jurisdictions to issue Gambling license

As explained before, the laws are totally different from country to country. Some believe that online gambling should be regulated internationally, since technology has made the world borderless so a player from a country in which gambling is illegal can place his bet in a licensed and fully legalized websites. Websites usually acquire their license in jurisdictions fully regulated. One of the factors, before the gambler choose the website in which he wants to play is weather its operator is regulated by a reputable gaming jurisdiction.

The following list of jurisdictions represent the online gambling industry's leading regulators of offshore online casinos accepting bets from players around the globe³³.

³¹<http://casinoonline.net.in/laws>, <http://glaws.in/>, <http://www.onlinecasinoreports.com/school/legality/>, <http://www.onlinebetting.com/india>

³²http://en.wikipedia.org/wiki/Online_gaming_in_the_People's_Republic_of_China
<http://gamingzion.com/gamblingnews/china-introduces-clearly-defined-new-online-gambling-laws-1640>

³³ For the whole list: <http://www.thoughts.com/online-casino/online-gambling-regulations>, http://www.viaden.com/products/gambling_license.html

3.2.1 Malta

Officially known as the **Republic of Malta** is a Southern European country.

In 2000, and under the Public Lotto Ordinance, Malta was the first EU member to regulate online gambling. So far Malta has issued betting licenses more than any other jurisdiction. In 2004, Malta published Remote Gaming Regulations, under which it offers four different license types for different gaming services. In 2005, and following UK Gambling Commission, Malta launched the Remote Gaming Council to stick to the online gambling international standards.

3.2.2 Alderney

Alderney is the most northerly of the Channel Islands. It is part of the Bailiwick of Guernsey, a British Crown dependency. Alderney is a self-governing dependency of the British Crown, but is not a part of the UK or European Union.

In 2000, Alderney established the Gambling Control Commission. In 2006, Alderney introduced eGambling Ordinance of 2006, under which the gaming standards are as those in the UK.

3.2.3 Antigua & Barbuda (West Indies)

Antigua & Barbuda is a twin-island nation lying between the Caribbean Sea and the Atlantic Ocean. It consists of two major inhabited islands, Antigua and Barbuda, and a number of smaller islands. Its governance, language, and culture have all been strongly influenced by the British Empire, of which the country was formerly a part.

In 2007, Antigua and Barbuda amended the online gaming law under the Interactive Gaming and Wagering Regulations. Over 100 operators are currently operating under the Interactive Gaming and Wagering Regulations. Then in 2009 and after a banking scandal that involved the director of Interactive Gaming and Wagering Regulations, Antigua improved its balance and tried to stick to UK regulatory standards.

3.2.4 The Netherlands Antilles & Curaçao Gambling Jurisdiction

The Netherlands Antilles is a part of the Lesser Antilles just off the coast of Venezuela to the Southeast of the Virgin Islands.

Curacao is the largest Island of the Netherlands Antilles. In 2010 curacao gained status of constituent country within Netherlands. Before it was a part of the Netherlands Antilles.

Curacao is one of the first jurisdictions that regulate online gambling (1993). Since that time Curacao is one the most famous, most experienced and most reliable jurisdiction, providing responsible online gambling services.

Curacao offers only one License type that covers all products, operators or software providers for online gambling. Curaçao jurisdictions license covers skill games, chance games and sports betting.

Curaçao offers two formats to be licensed:

- Master license: to license the e-gaming company itself, which provides the possibility to sub-license third parties subject to the responsibility and covenants under the master license
- Sub-license: (under a master license) offers the same rights to run an e-gaming business legitimately, but without the possibility of further sub-licensing.

The Curacao Gaming Control Board regulates over 250 online betting operations, many of which offer services to U.S. players.

3.2.5 Online Gambling Legislation In Gibraltar

The country is situated on the tip of the Iberian Peninsula, north of Morocco and south of Spain. Gibraltar is a self-governing British Crown Dependency; the UK is responsible solely for the external relations and foreign affairs of the territory. Gibraltar is a full member of European Union and it retains complete independence from the UK in matters of taxation.

The UK's Gambling Act 2005 confirmed Gibraltar status as a sector of the European Economic Area (EEA) for the purpose of the new UK gaming legislation. Gibraltar is interesting for online gambling industry, because it is the only member of European union with British common law.

The Government of Gibraltar introduced the Gambling Ordinance in 2005 to define online gambling legislation and its borders in Gibraltar. The licensing authority thus offers licenses in compliance with the Gambling Ordinance. The following types of licenses are granted:

- Bookmaker's licence;
- Betting intermediary's licence;
- Gaming operator's licence;
- Gaming machine licence;
- Lottery promoter's licence;
- Pools promoter's licence;
- Remote gambling licence.

The Gibraltar Regulatory Authority regulates 20 Internet gaming operators as of February 2009.

The gambling Commissioner of Gibraltar is responsible to make sure the license holders have the required conditions.

1.5.6 Isle of Man Internet gambling legislation

Although a British dependency, the Isle of Man is not within the jurisdiction of the UK nor does it form part of the UK. Isle of Man is a reputable offshore jurisdiction that has always been encouraging the development of Internet gambling.

In 2001, the Isle of Man Internet gambling law was published in a way to provide benefits to the operator and protect customers. The benefits include a zero rate of tax for many companies.

In addition, it has been revealed in a research by Hemscott that the Isle of Man is the jurisdiction most preferred by non-UK companies wishing to incorporate when listing on London's Alternative Investment Market³⁴.

Together with the act of 2001 and Gambling Amendment Act of 2006, the Gambling Supervision Commission of the Isle of Man regulates nearly twenty online betting operators as of July 2009.

3.2.7 Online Gambling Licensing in Kahnawake

Kahnawake or The Kahnawake Mohawk Territory is an Indian reserve, which is located in Quebec, Canada, In 1999. The local government taking as an example The Interactive Gambling Act 1998 that was activated in Queensland, Australia, created new online gambling legislation.

Kahnawake Gaming Commission, which is the Kahnawake license authority, issues, licenses for sportsbooks, online poker and casino. Some 270+ online betting sites are regulated in Kahnawake.

The basic principles of the KGC include:

- Fair gaming: All gambling games provided to online players must be delivered on an honest and fair basis;
- Payouts guarantee: Winners must be paid with their gains at all times without exceptions;
- Geographical reference: Only certain individuals and entities have a permission to use gambling services through this jurisdiction.

According to the above principals, there are some considerations to issue the license:

- The operating services to have Suitable persons and entities;
- Games to offer to be fair to the players;
- Winners to be paid.

³⁴ <http://www.telegraph.co.uk/finance/personalfinance/offshorefinance/9007128/Isle-of-Man-increases-market-share-in-AIM-listings.html>

3.2.8 Online Gambling Licensing in the UK

In UK always gambling in all forms has been legal. The primary legislation for betting, gaming, and lotteries were that of the act of 1963. The act had a clear definition for betting and lotteries, also games of chance and skill. It also had clear rules regarding both gamblers and gambling operators. As time passed, individual acts concerning lotteries and other games were added or replaced. With the growth of online gambling and its popularity, UK passed a gambling act at 2005, encompassing all the regulations regarding all types of online and land-based gambling. Under the Gambling Act of 2005, UK resident can take part in all forms of gambling either online or offline. It doesn't have any prohibition against any form of gambling. Players can gamble in gambling operators in or out of UK. There is no restriction regarding the operators neither. The act focuses more on safe and fair gambling by regulating gambling operators that provide their services to UK residents³⁵.

UK Gambling Act 2005 regulates the online gambling activities. According to this law, all online gambling types are legal but the law has some considerations in order to issue licenses:

- Online gambling not to be a source of crime or disorder, or associated with crime or disorder or use to support crime;
- Online gambling business to be conducted in a fair and open way;
- Online operators to prevent underage and vulnerable persons from being harmed or exploited by gambling.

UK issues the following licenses:

- Casino operating license;
- Bingo operating license;
- General betting operation license;
- Pool betting operation license;
- Betting intermediary operation license;
- Lottery operation license.

Licenses issued for online gambling cannot be used for land-base type. A license can be issued for more than one activity. Great Britain's Gambling Commission now regulates over 100 online gambling sites, in addition to over 150 land-based casinos.

³⁵<http://www.gambling666.com/laws/uk>, <http://www.out-law.com/page-4087>

Chapter Four: Overview Of Existing Websites And ICT Tools For Online Gambling

4.1. KEY INDUSTRY PLAYERS

The industry can be divided between three main groups

- Software vendors
- Online gambling business operators
- End customers (users/players)

The above groups are connected like a chain. The software vendors provide operators with the games that they later offer to the customers. Usually the operators who use the same software offer the same services as well. For example the Playtech casinos share the main characteristics of Playtech software but they are different in details and the services or the promotions they offer.

The software that each operator uses has a decisive role when it comes for gamblers to choose the operators. Other factors are traffic of the website, security, player competition, customer supports and site promotions.

4.1.1 SOFTWARE VENDORS³⁶

The software is an important success factor for the websites. It's the software that determines the fairness, speed, stability, security and privacy of the game. That's why the software platforms present software fairness test. The fairness credential test is done by independent testers including Price Waterhouse Coopers (PWC), eCOGRA, Technical Systems Testing (TST), Certified Fair Gambling (CFG), BMM International and Gaming Associates (Australia). They review the software, source code, Random Number Generator (RNG), payout minimums and other aspects. Tests and reviews are done regularly and payout percentage reports are presented monthly.

Here are the main software providers for online casinos. These are considered as the most popular ones, and most of the famous casinos use them as their platform.

PLAYTECH

Playtech was founded in 1999. Its success factor is innovative thinking. It was the first developer introducing features like VIP ratings, camp-point schemes, access to game and transaction histories in real-time, cutting-edge fraud-prevention tools, and much more. But what made Playtech what it is today was introducing the "unified platform" technology. Unified platform technology allows players to take part in different activities with the same account, which means with a single player account the user can take part in casinos or play poker or bingo or other games. The games are easily accessible for the user with just one user account and can be monitored easily by the operator. Since Playtech supports enough gambling websites of different types, it was rather easy for it to

³⁶ <http://www.onlinecasinoreports.com/directory/software/>, <http://www.viaden.com/>

apply the unified platform. Playtech supports many famous casinos, poker rooms, bingo, arcade games and mobile gaming. The most famous of them are: Casino Tropez, Golden Palace, Europa Casino, Vegas Red, Titan Poker. Most important features of the Playtech software are their reliability, security, multi lingual platforms, superb graphics and high speed.

MICROGAMING

Microgaming is the first online gambling software provider. It is present from 1994 till now, and has been successful all these years, providing platform to many famous websites like Spin Palace, Rocy Palace, Prime casino and Casino Splendido. Microgaming is famous for its safety features and product quality and powerful management tools. Microgaming platforms offer the biggest jackpots on Internet. This jackpot network allows user to play in more than 20 games offered by casinos supported by Microgaming. Microgaming also offers networks such as online poker and bingo networks. Its poker network is the biggest poker network in Internet, connecting poker players around the net, offering the most competitive and rewarding poker tournament on Internet.

CRYPTOLOGIC

Founded in 1995, it is one of the old players in the industry. In 1996 it was traded on the Canadian dealer network. The same year it introduced its famous casino called InterCasino. The cryptologic software features are multi-player games, live chat and custom browsers windows. Cryptologic software support 3D graphics too. It has a security system called E-Cash, in which first a PIN is sent to players email, and then they can withdraw the funds using that pin. Cryptologic offers a very good customer service with toll free 24-hour phone support.

REALTIME GAMING (RTG)

RTG (Real Time Gaming) is one of the oldest and most famous as fair certified online casino software platform in the industry, and one of the few reputable licensors of U.S. facing online casinos. So most of the popular online casinos that accept US citizens, use RTG platforms. It has integrated games and systems such as Bingo and multiplayer poker.

4.1.2 ONLINE GAMBLING OPERATORS³⁷

Online gambling can be segmented according to different types of games. In each segment there are different industry players. Gamblers usually put their money in trusted and popular websites. When a user wants to play in a website, before everything else, reads other users reviews about the websites. In the reviews, factors like reliability of the websites, customer service, fairness and bonuses are important. A study by the independent online gambling authority, eCogra showed the top 3 important factors for gamblers when choosing an online casino are: good bonuses (76.2%), variety of games (62.0%) and depositing methods (56.8%)³⁸.

But as people have different ideas, there are also different reviews. Sometimes even totally opposite reviews about the same website can be found. What is done in this part is to read the most popular gambling forums, communities and reviews, selecting the top tens of each of them, then combining the votes and rankings of the different communities, to present the collective top tens here. For some cases, the writer has tried to play in the free sections, to evaluate the reliabilities of the reviews.

4.1.2.1 ONLINE CASINOS

As described before, after introducing the UIGEA in 2006, US citizens can play only on websites complying with the regulation of 'Internet Gambling Regulation and Enforcement Act', so the top rated gambling sites are different from the viewpoints of American or other citizens (especially European). They are some highly ranked casinos by European that do not accept US citizens. And since U.S. gamblers are one of the biggest communities of online gambling, here two lists are made, one for those accepting US citizens and one worldwide.

³⁷The lists are made from each operators websites, also <http://www.onlinecasinoreports.com/directory/onlinecasinos/> <http://www.sportsbookreview.com/>

³⁸<http://www.ogpaper.com/comments/article-0193.html>

TOP 10 ONLINE CASINOS WEBSITES for US users

The top tens websites presented here are not ranked. As said before, they are selected by cumulating the votes and rankings of different online gambling communities and forums.

CASINO	Lunched in	Software	License	Owner	Famous for
 SILVER OAK	2008	RealTime Gaming	Gambling jurisdiction of Costa Rica	BTK Ltd.	Launching new games monthly and rewarding customers with excellent bonuses
 BODOG	1994	Bodog Custom , CTXM, RealTime Gaming	United Kingdom, Antigua	Bodog Entertainment	The software is obtainable in an instant version, a download version, and an on the go version. Available for download to cell phone
 ROME CASINO	2007	Top Game	Gaming jurisdiction of Costa Rica	Dice Partners Ltd	Great variety of games, Easy download, Super promos and bonuses, Live online support
 CASINO TITAN	2008	21GNET, RealTime Gaming	Netherlands, Antilles gaming board	Sonsoral N.V.	a number of great promotions, including a VIP rewards, offering a number of welcome bonuses that change on a regular basis, great customer support
 WINPALACE	2009	RealTime Gaming	Gaming jurisdiction of Curacao	Regalbar Ltd	Reliable gaming experience with superior standards, helpful and flexible Customer Service, any issues or questions can be quickly resolved
 CLUBWORLD	2004	RealTime Gaming	Netherlands, Antilles gaming board	World Online Gaming N.V.	Easy playability, backed up with solid sophistication and great game variety, as well as being exceptionally safe and secure.
 ALADDIN'S GOLD	2009	RealTime Gaming	Curacao online gambling jurisdiction	Aladdin's Gold	Fantastic graphics and animations, Good Slots, Welcome Bonus
 SLOTS JUNGLE	2010	RealTime Gaming	United Kingdom	Regalbar Ltd.	Offering over 110 games, daily slots tournament and special slots bonuses
 RUSHMORE	2006	21GNET, RealTime Gaming	Curacao	Rushpod Investments NV	Providing great games, innovative game design and graphics, and service


 <p>MANHATTAN SLOTS</p>	<p>2004</p>	<p>RealTime Gaming</p>	<p>Gaming jurisdiction of Curacao</p>	<p>Club World Casinos Group</p>	<p>Fantastic theme website, Amazing promotions, Reputable owner</p>
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Table 3: top ten U.S. casinos

Top tens of European users Casino websites

CASINO	Lunched in	Software	License	Owner	Famous for
 888 CASINO	1997	888 Holdings Plc.	Gibraltar	Cassava Enterprises Limited	Offering a rock solid online casino gambling experience, great customer support and ongoing bonuses and events for loyal players every month, Stunning variety of games and categories, High quality graphics and a powerful gaming platform
 KING CASINO	Partly in 1997, Totally 2004	Playtech	Gibraltar	iGlobalMedia Entertainment Limited	Its integrity and service excellence, very high payout percentage on all games, efficient support team
 SPINPALACE	2001	Microgaming	Kahnawake Gaming Commission	Palace group	Available in over 15 languages, Offering over 450 games, lots of bonuses, slot tournaments, and over a 97% payout average
 BET365 CASINO	2001	Playtech	Gibraltar	Bet365 Group Limited	Available in more than a dozen languages and attentive customer service representatives are standing by any time of day or night to assist
 WILL HILL CASINO	2009	Playtech	Gibraltar	WHG (International)	Its leading name in sports betting, and being around for a 70 years, great collection of games, reliable and safe environment, and great support and customer service
 GOLDEN RIVIERA	2000	Microgaming Viper Software	Kahnawake	GO NORTH LTD	Offering big bonus to new players and having some great ongoing promotions to existing players as well, safety, security and customer service
 ALLSLOTS	2000	eCOGRA certified by Microgaming	Lotteries and gaming authority	Jackpot Factory Group	Boasting over 350 download and 140 flash games, being safe and secure
 MUMMY'GOLD	2003	Microgaming	Malta	Palace Group	Offering sign up bonus of \$500 which is almost unheard of in the industry, and wide range and high quality of gaming titles


 CRAZY VEGAS	2000	eCogra certified Microgaming	Malta	Vegas Partner Lounge	Award winning customer support, ongoing bonuses and promotional offerings as well as low betting limits on certain games, offering players big cash jackpots, quick payouts and a variety of action packed games.
 GOLDEN PALACE	1997	Playtech	Alderney Gambling Control Commission	Translink Ltd.	Providing an exceptional gaming experience and outstanding Customer Service. Offering more than 100 games, numerous deposit and withdrawal options, and a highly competitive payout percentage. Also widely known for innovative and often outrageous marketing stunts.

Table 4: Top ten European Casino

4.1.2.2 ONLINE SPORTSBOOKS

Remote sportsbetting has existed long before Internet. Many bookmakers have been offering their services through phone. With growth of Internet, bookmakers entered the online industry. Through years, they offered also other services such as casino. Their experience and popularity as bookmaker cause fast recognition and noticeable market share. William Hill is an example of traditional land based book makers entering the online industry.

4.1.2.2.1 SPORTSBOOK SOFTWARE³⁹

Many of popular sportsbooks use their own proprietary software. But there are still popular software providers.

ACTION SPORTSBOOK INTERNATIONAL (ASI)

ASI provides software for sportsbook management and software. It is mostly famous because of its stability and high performance. ASI system solutions are mature and suitable for any kind and size of operation. ASI has been operating in the industry since 1997 and has high profile clients.



³⁹<http://www.onlinecasinoreports.com/directory/software/>

DIGITAL GAMING SOLUTIONS

DGS offers sportsbook and racing software as well as casino software. In this way, it provides the possibility of unifying the betting and gambling accounts and makes it easy especially for payments. It is an easy solution to integrate products. The payment services are highly integrated and efficient. It has been operating in the industry since 2003.

4.1.2.2.2 TOP TEN BETTING WEBSITES (Table 5)

SPORTSBOOK	LUNCHED IN	SOFTWARE	LICENSE	OWNER	LOCATION	FAMOUS FOR
 BODOG SPORTSBOOK	1996	Proprietary	Antigua (under Coolidge Gaming Ltd.), United Kingdom and Kahnawake Canada	Morris Mohawk Gaming Group	Quebec, Canada	Being the first sportsbook to offer the Instant eCheck method, and one of the most innovative and fast growing sportsbooks in the industry
 5DIMES	1996	ASI	Costa Rica	5Dimes Sportsbook & Casino	San Jose, Costa Rica	Offering attractive reward programs for the small players and great variety of original betting lines for nearly every sporting event. Also having the most extensive selections of betting odds & wager types in the industry
 PINNACLE	1998	ASI	Netherlands Antilles Gaming Commission - Good standing	Pinnacle Sports Worldwide	Curacao, Netherlands Antilles	Operates on the lowest bookmaking margins in the business, which means the best possible pricing for bettors.
 BET365	2001	Proprietary	The Gambling Commission	Bet365 Group Ltd.	United Kingdom	Friendly to punters across the globe with more than 15 language options on the homepage.
 WILL	1934	Proprietary	Regulated and licensed in Gibraltar	William Hill	United Kingdom	An industry pioneer, offering betting odds

HILL SPORTS						on many sports such as American Football, Australian Football, Soccer ...
BOOKMAKER BOOKMAKER	1985	Digital Gaming Solutions	Costa Rica	Book Maker	San Jose, Costa Rica	Being trusted, safe and simple. Offering great customer support
 JUSTBET	2008	ASI	Costa Rica	JustBet	San Jose Costa Rica	Offering a secure and easy access area to the cashier where they provide several ways to deposit into wagering account
 INTERTOPS	1996	Proprietary	Antigua and Barbuda jurisdiction	International Gaming Entertainment Ltd.	Antigua and Barbuda	A wide selection of betting options on all major sports as well as exotic world event wagering
 BETONLINE	2001	Digital Gaming Solutions, ASI	Government of Panama - In good standing	BetOnline	Panama City, Panama	Great betting lines including live in-game action. Great bonuses. Lots of secure deposit methods and hassle free, fast payouts.
 WAGERWEB	1997	Digital Gaming Solutions, ASI	Costa Rica Jurisdiction	Casablanca Gaming	Costa Rica	Offering a vast array of wagering option including live wagering, second chance parlays, fun props, and all the major sports.

4.1.2.3 POKER ROOMS

TOP TEN EUROPEAN POKERROOMS

POKER ROOM	Lunched in	Software	License	Poker Network	Owner	Famous for
 POKER STARS	2000	Poker Stars	Costa Rica	Poker Stars	Rational Entertainment Enterprises Limited	Average traffic of 60,000, having excellent customer service and security and the best game selection, offering less popular poker games like Razz and Badugi
 PARTY POKER	2001	Party Gaming	Gibraltar	Party Poker Network	ElectraWorks Limited	Average traffic of 50,000 players, offering a good selection of poker games and its payment methods, high terrific of players.
 888 POKER	2010	888 holding PLC	Gibraltar	CryptoLogic Poker Network	888 holdins PLC	Permitting multi tabling that is to play one or more game at the same time, also softness of competition
 TITAN POKER	2000	Playtech	Kahnawake	iPoker Network	FastengineL imeted	Special emphasis on customer service and live chat support, rewarding loyal players with great bonuses and invitations to dotted freerolls.
 WINNER POKER	2009	Playtech	Antigua and Barbada	iPoker Network	Redfinger Trading Limited	Average traffic of 33,000 player, good selection of games and easy navigation in the website.
 bwin poker	1999	onGame Network	Gibraltar	onGame Netwrk	bwin International	Its credibility, payment method and selection of





BWIN POKER					Ltd	games
 WILL HILL POKER	1998	Playtech	Gibraltar	iPoker Network	WHG (International)	Credibility, selection of games and payment methods and banking
 PKR POKER	2006	Proprietary	Alderney Gambling Control Commission	PKR Network	PKR Ltd.	Good promotions, high quality 3D graphic, banking, and selection of games
 BET365 POKER	2001	Playtech	Gibraltar	iPoker Network	Hillside Gibraltar Limited	Great competition, Good promotions and high credibility.
 BETFAIR POKER	1999	Independent	Lotteries and Gaming Authorities		The Sporting Exchange Limited	Huge sign up bonus, multi table playing and security

Table 6: Top ten European Poker Rooms

TOP FIVE FOR US PLAYERS

POKER ROOM	Lunched in	Software	License	Owner	Poker Network	Famous for
 CAKE POKER	2006	Cake Gaming NV	Curacao Internet Gaming Assosiation	Cake Gaming N.V	Cake Poker Network (CKPN)	Fun games, detailed stats, bonuses and knowledgeable support
 BODOG POKER	1996	Bodog	Antigua	Bodog Ltd.	Bodog Network	Average traffic of 1,200 players, sleek game play, customizable screen layouts, and clear instructions
 CARBON POKER	2007	Merge Gaming Network	Kahnawake	Merge Gaming Network	Merge Poker Network	Offering great selection of games, deposit methods, even considerable traffic, while keeping a friendly, family-like, boutique feeling
 JUICY STAKES POKER	2009	Cake Gaming	Curacao	IP Holdings Ltd	Cake Poker Network	Average traffic of 3,000 players, great support, great promotions, terrible opponents
 LOCK POKER	2010	Merge Gaming Network	Kahnawake	Lock Gaming	Merge Gaming Network	Average traffic of 7,000 players, providing exclusive promotions, a monthly \$100,000 guaranteed tournament and a large variety of games for real money and free play

Table 7: Top 5 U.S. Poker Rooms

4.2 ONLINE GAMBLING OPERATORS PROFILE

In this part, four operators have been chosen to be investigated more in details. These four operators may not necessarily be the best four of the industry but they are present in all online gambling segments offering all the services such as casino, poker room and sportsbook and they are doing a good job. Besides, to investigate all top ten players in detail needs a lot of time. Even out of these four, just William Hill and 888 are listed in stock exchange and publish their data publicly which makes it easier to gather data about them.

4.2.1 BODOG

4.2.1.1 How Bodog became Bodog?

Bodog is an online entertainment brand launched in 1994 by Calvin Ayre. Calvin lunched Bodog just with \$10,000 as a small gaming startup. In the beginning, Bodog was present just in U.S. market. Over the years, Bodog grew and added online sportsbook, casino, poker and reality TV. When Bodog gained enough reputation in US as one of the best online gambling companies, it started to go global.⁴⁰

Originally Bodog operated on the website www.bodog.com but as it will be explained later the brand was consolidated in Bodogbrand.com.

In 2007, Bodog lost \$48 million in a lawsuit when 1st Technology LLC sued Bodog over illegal use of its trademark, as result of which its site could use less bandwidth. Bodog refused to pay this amount, so it lost its domain Bodog.com that was transferred to 1st Technology. Bodog promptly lunched newbodog.com and then bodoglife.com. To resolve the dispute permanently, Calvin Ayres came to an agreement with 1st Technology and take the ownership of bodog.com again. Millions of dollars was paid to Google and Yahoo for the loss in the search engine rankings⁴¹. A month later, in September 2007, Bodog came to an agreement with Morris Mohawk for North America marketing rights. Bodog gathered all the Bodog websites on the same brand bodogbrand.com and changed its business model in a way that instead of operating the gambling websites directly, started to license the right to the websites to operate under Bodogbrand. Bodogbrand license was given exclusively to Morris Mohawk Gaming Group in Canada. Pursuing globalization, Bodog granted its license to operators in Europe and UK, and to Haydock Entertainment to operate in Asia.

In 2008 Calvin Ayres announced its retirement, which never considered a retirement since he still acts as Bodogbrand global ambassador and tries to find new markets and opportunities all over the world.

⁴⁰www.bodogbrand.com

⁴¹<http://www.gamblingsites.com/history/bodog/>

In 2010, Bodog acquired the Slots.com, which is a global gaming brand. This acquisition helps Bodog with more licensing opportunities in many jurisdictions.

Now Bodog operates almost worldwide and accepts players from US as well.

4.2.1.2 BODOG BUSINESS MODEL

Bodogbrand.com is an intellectual property licensing enterprise. It is an example of venture partner business. As indicted before, Bodog doesn't operate anymore directly with any gambling websites, but give the right to the websites to operate under Bodogbrand name. In this way, Bodog had gathered a collection of different quality gambling websites and unified them under Bodogbrand. This model lets each website to have its own way and growth which leads the whole group to be more innovative. Bodogbrand grants license across all sectors with the focus on online gambling industry, but also TV, music and space production, which is not as successful as online gambling. Bodog licensees operate with solid business plan, which shows the ability of growth at global level whose visions are towards Bodog ethic. The operators will bring the knowledge and innovation to the group, while Bodog help them with global recognition, potential findings, creative assets and marketing consulting.

4.2.1.3 Brand Licensees

Bodog began issuing licenses first in 2005 to "Bodog Music" and "Bodog Fight". Since that time Bodogbrand has continued licensing principally in online gambling space, of which the first was to the Morris Mohawk Gaming Group to run the website www.bodog.eu in US, then later to Europe gaming organization for operating www.bodog.co.uk and www.bodog.ca in Europe and Canada respectively, also to Haydock Sports to operate the website www.bodog88.com in Asia and last but not least to a poker network to operate the website www.bodognetwork.com.

The licensees' engagement depends on business model, market maturity, and brand synergies. The engagement models include a straightforward IP licensee model (as the one used for online gambling, and the licensees just license the brand from Bodogbrand.com for an agreed fee), as well as a fully funded partnership with active management role. For licensees, participation in board of director is required but still Bodog doesn't take control of the business. Bodog usually holds 10 to 45% of the minority share.

4.2.1.4 Portfolio of the brand licensees

Morris Mohawk Gaming Group (MMGG)

MMGG is located in the Mohawk territory of Kahnawake, outside Montreal, Quebec, Canada. MMGG is licensed by the Kahnawake Gaming Commission and offers services globally from Kahnawake.

Bodog made an agreement with MMGG to offer online services to US users with the website www.bodog.eu, after the passage of UIGEA of 2006. At that time Bodog, which

was originally licensed in Antigua, withdraw from US market. Then followed by the agreement with MMGG, MMGG negotiated an exclusive license to offer services just to US users.

In the beginning the operating website of MMGG was bodog.com, but on May 23, 2011 the group announced expiration of bodog.com and migrated to www.bodog.eu.

BODOG EUROPE

Bodog Europe (www.bodog.co.uk, www.bodog.ca and www.slots.com) is the Bodogbrand licensee to offer services to Europe and Canada users, which is regulated by Atigua and Barbuda Financial Services Regulatory Commission. Bodog Europe offers sportsbook, poker rooms and online casino. Bodog Europe does not accept US players.

HAYDOCK ENTERTAINMENT

This licensee (www.bodog88.com) offers services to Asian users. Haydock is located in Manila, Philippines. The websites is in English and Chinese and includes sportsbook and online casino.

BODOG ENTERTAINMENT

Bodog entertainment includes an international television production part, producing TV shows and series (such as Bodog Fight) and an event department organizing chic and celebrity filled parties.

Bodog Fight

Bodog fight is a mixed martial art and event production enterprise since 2005. It produces live events, PPV fights, a clothing line and a television series of the same name Bodog Fight, which aired on The Score Television Network, Ion Television, and The Fight Network. Bodog Fight ceased operations in 2008.

BODOG BATTLE OF BAND

Bodog Battle of Bands is a reality TV show searching new music band worldwide. It shows the new talented band backstage and competitions.

Bodog Poker Network

Bodogbrand had its first B2B brand license in 2009 with Patrick Selin, former CEO of the Ogame Poker Network. Bodog network acquired the source code to proprietary poker products and licensed MMGG, Bodog Europe and Haydock to join Bodog Network.

Bodog Network usually sent great poker players in poker tournament such as Jamie Gold and Matt McCullough. In 2011 Bodog signed a contract with Tatjana Pasalic, European poker player and commentator, to join Bodog Network as a team member.

Bodog Network links players to an international client base with a good traffic and offers many poker tournament.

It also offers a network of medium to large sized operators and safe customer database and a fully licensed gaming software provider.

Bodog Coffee

Bodog Coffee is a food and beverage start up that distributes Illy cafe and coffee technology in Philippines. The license agreement with Bodog Coffee took place in 2011.

In an interview Calvin Ayre had indicated that Bodog Coffee can be like that of Starbucks coffee, combining Bodog-branded kiosks and shop fronts and a Bodog-branded coffee line.

BUK Ltd. / Bodog UK

Bodog UK is the latest brand license of Bodogbrand. Bodog UK has gambling license from UK Gambling Commission. Its services are limited to UK (www.bodog.co.uk).

In the following sections, Bodog Poker room, Sportsbook and casino will be reviewed. The reviews are written by summarizing reviews of different users from different gambling communities and forums as well as taking part in the free sections of some of the games by the writer.



4.2.1.5 Bodog Poker

Bodog launched its poker room after its success in online gambling industry thanks to its sportsbook and online casino. Bodog accepts players of almost all nationalities including US residents, which is one of the reasons of its popularity. Overall Bodog pokers has the advantage of accepting US players, offering live tournaments, promotions and taking the advantage of its sportsbook players to provide higher traffic and softer competitions. However and even with the sportsbook player, the traffic is still considerably low and its innovative table layout is sometimes confusing. Mac version of the poker room just supports cash game tables and not the free games.

Security

Bodog system server is RSA secured with 1024 bit key SSL encryption⁴² that is an algorithm for public-key cryptography.

Transactions run easily on the deposit and the personnel usually solve the problems as quickly as possible.

Competition

Bodog poker room has an acceptable traffic of players. In early evening it has a peak of 1500 players just in US. The traffic drops to a few hundred in the early morning hours⁴³. The globalization of Bodog poker room has helped the traffic to increase. Having connected accounts with its sportsbook and casino has also helped Bodog poker to gain more players.

Bodog poker room offers several disciplines of poker such as Omaha, Seven Card, Razz, etc.). The ring games offered are both Limit and No Limit. The players competition is rather lousy and below the average of the big names in online poker. The reason can be that many of the Bodog's poker players are the bettors in Bodog sportsbook passing to the poker room who are not professional poker players.

Tournaments

Bodog's tournaments are rich in variety, style and structure. The prizes are however lower comparing to other players in the industry. The tournaments are held everyday; the buy-ins starts from \$1 to several hundred dollars⁴⁴.

Bodog hosts a \$100,000 tournament every week, which is famous for wining big amounts for small buy-ins. This is besides the free or almost free tournaments held every day.

⁴²<http://www.sportsbookreview.com/Reviews/bd/>

⁴³<http://www.pokernewsdaily.com/bodog-poker-review>

⁴⁴www.bodogbrand.com

Software

Bodog's software graphic design is intuitive and good looking. The software is secure and fast. Bodog offers different variations of poker such as Hold'em, Pot-Limit Omaha, Omaha Hi-Lo, Seven-Card Stud, Seven-Card Stud Hi-Lo and even Five-Stud.

Bodog poker room is designed mostly for casual players (those who want to play just a few tables at a time) as it supports four tables simultaneously and three in picture-in-picture view. New comers usually complain about lack of animated player at the table since just a box with the critical information is present. Bodog's visual is good enough. It offers all standard options such as four-color deck and different display options for showing the data.

Customer Service

Bodog offers two toll free numbers, and also email options. Contacting by phone, one should be patient since the phone might be busy, while for receiving a response through mail; it usually takes at least one day.

Bonuses And Promotions

Bodog offers a 10% sign up bonus on players' deposits with enough time to play to earn necessary points to release it⁴⁵. It has also loyalty bonus/promotions. Bodog lets new comer to start with 50 points that can be used and accumulated by playing in tournaments, or contributing in ring games. To promote Bodog poker, there are bonuses up to \$100 at 20% deposit for referring to a friend⁴⁶.

Besides every week Bodog offers \$100,000 tournaments. It also offers the chance to take on one of the stable of pros (poker pros Jean Robert Bellande, Justin Bonomo, Evelyn Ng and David Williams)⁴⁷.

⁴⁵www.bodogbrand.com

⁴⁶<http://www.pokerlistings.com/bodog-poker>

⁴⁷<http://www.pokernewsdaily.com/bodog-poker-review/>



4.2.1.6 Bodog Sportsbook

Bodog sportsbook is one of the premiers of online betting, established in 1995. Being one of the first in the industry (first mover advantage) helped Bodog a lot to grow. Also Bodog sportsbook was the first offering Instant eCheck as payment method. Bodog's talented marketing team is another reason of its growth. But bringing the players to the website is just half of the way. Bodog sportsbook's simple and easy design along with the automatic bonuses and absence of fine prints, and free of charge payouts has make it easy for Bodog to keep its players. The aim of Bodog sportsbook is to keep betting fun.

Bonuses And Promotions

The new comers bonuses is 10% initial bonuses up to \$1000 when they first sign up. Their rollover requirement is 1x rollover (deposit + bonus) for other deposit methods before any withdrawal. There is no maximum bonus amount. The minimum deposit is \$20 online and \$50 by phone. Bodog sportsbook doesn't offer any special promotion or loyalty program⁴⁸.

Customer Services

Bodog customer service is available 24/7 all days of the year. The customer service staffs are highly qualified since Bodog offers best employee incentives in the business. The service includes phone, email and live chat. The only common complaint is that lines are put up late for non-mainstream sport events. The claims of missed payments by Bodog have rarely been submitted. The transactions are usually fee free.

Software

The software provider is Bodog Proprietary. The security level is RSA secured with 1024 bit key SSL encryption. The website is reliable and user friendly. The graphic is good.

Transaction Policies

Deposits methods:

- Click2Pay (non-US customers)
 - Immediate funds transfer
- NETeller (non-US customers)
 - Immediate funds transfer

⁴⁸<http://www.sportsbookreview.com/Reviews/bd/>
<http://www.gamblingusa.com/sportsbooks/bodog/>

- Moneybookers (non-US customers)
- Immediate funds transfer

- Speedcard (Non-US customers)
 - Immediate funds transfer
- Paysafe Card (Non-US customers)
 - Effective May 1, 2008
- eWalletXpress
 - Deposits only
 - Immediate funds transfer
- Credit Card
 - Visa and MasterCard
- Virtual Pin
 - for deposits only, US customers

Withdrawal methods:

- NETeller (non-US customers)
- Moneybookers (non-US customers)
- Credit Card (non-US customers)
- Click2Pay (non-US customers)
- Check by Courier (US customers)
 - Must be physical address, no PO Box deliveries

The deposits are free from any costs. For withdrawals Bodog covers payout fees for one payout per month. Any additional payout in the same month results in a \$40 processing fee⁴⁹.

⁴⁹www.bodogbrand.com

<http://www.sportsbookreview.com/Reviews/bd/>

4.2.1.7 Bodog Casino



Bodog is one of the leaders among online casinos. The casino offers more than 70 online games and is one the few online casinos having a mobile version for cell phone, PDA, and Blackberry. The casino is multi language and is available fro US players. Still there’s no Mac version is available for download.



Software

Bodog uses an in house version of RealTime Gaming software available online, for download and on the way (mobile version).

Bodog takes advantage of RealTime Gaming famous Real Series Slots and innovative Auto Play function. For online and instant options however not all games are available. And there is no download version for Mac users yet



Bodog Casino Games

Bodog Casino offers over 70 online casino games starting with such table games as Tri-Card Poker, Three Card Rummy, PaiGow Poker, Roulette, Blackjack, Caribbean Hold'em, and Baccarat. It also offers video games, Dbldbl Bonus Poker, Bonus Poker Deluxe, Bonus Deuces Wild, Dbldbl Joker Poker, 52-Hand Jacks or Better, and Loose Deuces.



For online slots Bodog Casino has an extensive list including but not limited to Tiger Treasure, Sevens and Stripes, Diamond Dozen, Aztec's Treasures, Lion's Lair, Dirty Martini, Super Diamond Mine, Crystal Waters, Rain Dance, Shopping Spree, Food Fight, and MisterMoney.



Bodog Casino also features specialty games Keno and Mystic Shuffle Hi-Lo.

Bodog's casino is quit impressive; the games look like realistic and give a fair chance of winning. The casino is

rich in table games, but slots fans may be a bit disappointed. But Bodog is the best place for those who search the opportunity to play poker, casino games and bet.

Promotions

As its poker and sportsbook, Bodog casino also offers 10% bonus for initial deposits. Refer a friend has a 20% deposit bonus on all friends' initial deposits of \$20 or more up to \$100 per friend.

4.2.2 Bet365

Bet365 is one of the leader companies in online gambling industry. It offers sportsbook, online casino, poker and bingo. Bet365 was founded by Peter Coates in 1974 and had been run by Denise Coates as Managing Director from 1995. In 1999 it moved to online gambling industry in a portakabin in Stoke-on-Trent by Denise Coates. In March 2001, in order to develop an online sportsbook platform, the business borrowed £15 million from RBS against the family's betting shop estate. Later in 2005 bet365 sold its betting shop chain for £40 million to pay off its loan to RBS⁵⁰. Being regulated by UK Gambling Commission, Bet365 acquired an instant credibility in the industry. Since its entrance it has grown to be the 7th largest private company in UK, serving over 6 million customers in 200 different countries. Bet365 has over 1,700 people. And is the largest private employer in the city of Stoke-on-Trent. By March 2010 the reports showed amounts wagered on Sports to be £5.4 billion, revenues to be £358 million, and an operating profit to be £104 million⁵¹.

Denise Coates is still running Bet365 as Joint Chief Executive, holding 50.1% of the shares together with her brother John, as Joint Chief Executive, and with her father Peter holding the position of Chairman.

Bet365 sportsbook is licensed by UK Gambling Commission while its online casino and poker room and bingo are regulated by government of Gibraltar. The website is available in over 17 languages and by opening an account, it is possible to play in poker room, casino, bingo and also to bet. The group is one of the first sportsbooks to join affiliate program with the IBAS (Independent Betting Adjudication Service) to ensure fair wager and to abide by its decision on any dispute that may not be resolved, apart from being already regulated by the UK.

Recently Bet365 has provided a Live Streaming service to customers with a funded account for Live Streaming in which it broadcasts over 20,000 live sport event each year among them was the first ever live steamed England football match in October 2009⁵².

⁵⁰<http://en.wikipedia.org/wiki/Bet365>

⁵¹<http://help.bet365.com/home/mainpage.asp>, <http://en.wikipedia.org/wiki/Bet365>

⁵²<http://en.wikipedia.org/wiki/Bet365>

Site Promotions:

Bet365 has an enormous sign up bonus as high as 200% on the initial deposits up to \$1000 with a minimum deposit of \$190. By inviting a friend to special free rolls, users can earn cash, and loyalty points. If playing with real money, players can earn merit points and for each 1000 merit points earned, there's a \$10 bonus. For every 100 qualifying raked hands (\$0.25+ rake) that a user participates in, \$5 of the bonus will be credited to the account. Players have 8 weeks to collect as much of the bonus as they can. Other promotions are Bonus Mondays (where any bonus that is released on a Monday is doubled), Bonus Hand and Bad Beat Jackpot, Rake Free Week Tournament Leaderboard Challenges, \$100K WSOP Freeroll, \$500K Cash Race, Casino Games Freeroll (where user can play online casino games and will also qualify for the \$2.5K freeroll tournament). Play the Pro (Get a chance to get in the game along with one of the popular professional poker player such as Jesper Hougaard on the cash tables) and several others.



4.2.2.2 Bet365 Sportsbook

Bet365 offers live stream service for users to watch while betting. It offers betting on more popular sports such as soccer, baseball, basketball, football as well as martial arts, cycling, darts, table tennis and many others. The Live-In-Play section on the Bet365 website provides users with up to

date information which is very useful while placing a quick bet. It reports sports events taking place at the time.

Customers Support

Bet365 offers customer support in 15 different languages through phone call and e-mail 24 hours per day. There's also a 24/7-callback option, to avoid ending up with a huge phone bill!

Promotions

Sign up bonus is 100% up to \$200 extra. The maximum bonus amount is limited but it is hard to beat it anyway.

Transaction Policies:

Currencies accepted: EUR, CZK, GBP, USD, CHF, DKK, HKD, HUF, JPY, RON, THB, SGD, SEK, ZAR, ISK, MYR, MXN, NZD, NOK, PLN, TWD, INR, RMB, CAD, ARS, AUD, BRL, BGN

Deposit methods:

- Maestocard: free
- Visa: free
- Mastercard: free
- Neteller: free
- Moneybookers: free
- Paypal: free
- Click2Pay: free
- U-kash: free
- Paysafe: free
- Entropay: free
- Bank Wire: free
- Bank Transfer: free over £300
- Cheque: free
- Instadebit: free
- BPay: free

- Poli: free
- Neosurf: free

Withdrawal methods:

- Maestr: free
- Visa: free
- Neteller: free
- Mastercard: free
- Moneybookers: free
- Paypal: free
- Click2Pay: free
- Bank Wire: One free every 28 days
- Bank transfer: One free every 28 days
- Cheque: free



4.2.2.3 Bet365 Casino

As in poker and sportsbook, Bet365 offers also a first class casino to complete the gambling experience. Casino is available in both instant (flash) mode with 65 games or download mood with almost 200 games.

Games



There are a lot of games to play including 10 different versions of roulette, each of them unique. There are also multiple different versions of blackjack to play with different rules and table limits. Other games such as craps, baccarat, video poker, keno, slots and progressive jackpots plus many more are also available.



The casino is also rich in slot games such as Diamond Valley, Fruit Mania, Wall Street Fever, Cinerama, Golden Tour and even more. The jackpots build rapidly and are won frequently thanks to Playtech users pool.

Transactions Policies

Bet365 operates a "single wallet" system across Sportsbook, Casino, Games, Bingo and Poker giving great hassle-free flexibility.



Deposits

Bet365 uses the following methods:

UK Debit Card (Solo, Switch, Delta, Electron), Credit Card (Visa, MasterCard, EuroCard), Neteller, Instadebit, 1-Pay, Stone-Pay, MoneyTT, Moneybookers, paysafecard, Ukash, Western Union Money Orders/Money Grams, EntroPay, Click2Pay, Fast Bank Transfer, Cheque via FedEx, Bank Wire. New methods added often.



Withdrawals

Withdrawal can be done at any time; there are a few rules, applicable regulations & charges depending on the method and home country.

Withdrawal to credit cards or bank drafts, etc. incurs a small fee usually (charged by the bank) but net services such as Moneybookers, Neteller or Click2Pay, are all free. Operators are available 24x7 via chat for any payment queries.

CUSTOMER SUPPORT

Bet365 is good at customer service. All enquiries are managed professionally. Emails are responded fast and numbers to call are toll free.

4.2.3 888

In May 1997, 888 Holdings Plc. was founded by Avi and Aaron Shaked and Shay and Ron Ben-Yitzhak as virtual holding limited by launching casino-on-net, while the administrative part was located in Antigua. During the time, 888 launched Reef Club Casino and Pacific Poker in 2002. In 2003 the headquarter was moved to Gibraltar. The 888 Group owns an operating subsidiary Cassava Enterprises (Gibraltar) Limited which operates under Gibraltar jurisdiction. In 2005 the 888 Group offered its shares in public and was listed in London Stock Exchange with the goal of becoming a global leader in the online gambling industry. Later in March 2007 the 888 Group acquired Bingo business of Globalcom Limited for up to \$43.4 million in cash⁵³. Since 2 October 2006, 888 suspended its business from US residents because of the passage of the Unlawful Internet Gambling Enforcement Act of 2006 by the US Congress three days before.

Brothers Avi and Aaron Shaked own almost 50% of the parent company while brothers Shay and Ron Ben-Yitzhak control 11% through family trust⁵⁴.

The support is available in eleven languages and there are more than 880 full time members of staff employed in 888 all around the world serving over 25 million users⁵⁵.

888 is a popular casino and poker room in Europe and U.K. It is also very popular among Chinese auditory, because 888 is considered a very lucky number by the Chinese.

4.2.3.1 888 Group Operations

888 owns Cassava Enterprise which operates a number of gaming sites as follows:

888.com

888 is known as the largest casino website on the web though it doesn't offer any game of its own but it is the known brand and it connects the users to Casino-on-Net and Pacific Poker websites.

Casino-on-Net / 888casino

Casino-on-Net is Cassava's main and first casino, which launched in 1997 and has 13 million users. The casino offers traditional casino games including slot machines, blackjack, baccarat, roulette, craps, pai gow poker, keno, and video poker. The games are available both in cash and free version to practice.

Reef Club Casino

Launched in 2002, Reef Club Casino the fancy style Casino-on-Net offers more or less the same games as Casino-on-Net but in an eye catching fancy graphics.

⁵³<http://en.wikipedia.org/wiki/888>

⁵⁴www.888.com

⁵⁵www.888.com

Pacific Poker/ 888poker

888poker is Cassava's main poker room launched in 2002. It offers all traditional poker variants including Texas Hold'em, Omaha, and Seven-card stud in both cash and free version to practice. The software is available in instant and download version and compatible with both mac and windows.

888ladies

888ladies.com is Cassava's online bingo room launched in February 2008 after acquiring online bingo company "Globalcom" and offers 75-ball and 90-ball bingo games.

888bingo

888bingo.com launched in 2009 as the second bingo network by Cassava. The graphics and design is completely different from that of 888ladies and offers more variety of games including 75 and 90 ball bingo, team bingo, slots, instant games, video poker, table games and more.

888sport

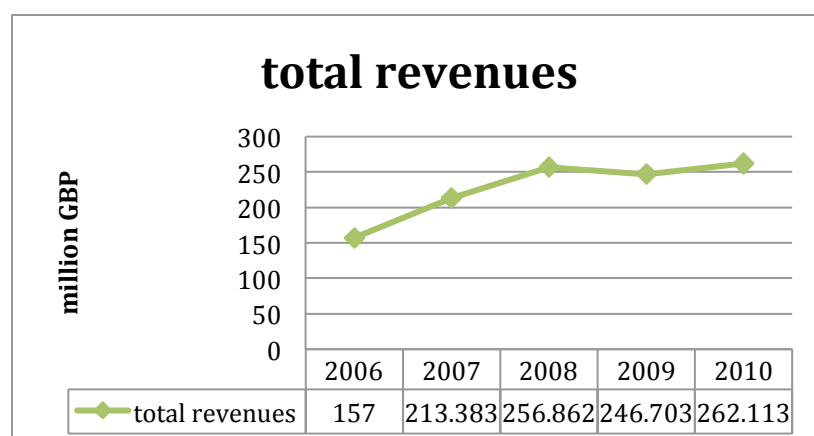
Cassava launched 888sport in March 2008 as its online sportsbook. Users can bet on variety of popular sports as well as events such as Big Brother television programs. 888sport is currently available in the following six countries: Germany, Spain, Denmark, Sweden, Austria and the United Kingdom.

888games

888games.com is Cassava's non-download platform casual gaming site, which offers a variety of games, from video slots to scratch cards, table games and classic casino games available just in Germany, Spain, and the United Kingdom.

4.2.3.2 888 Revenues⁵⁶

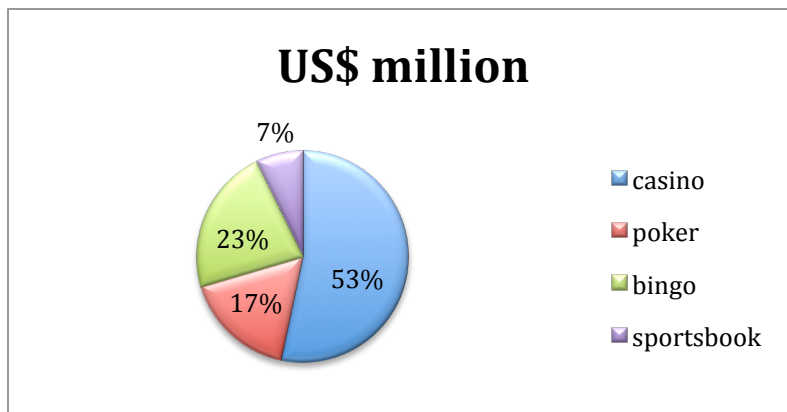
888 revenues has been increasing except for year 2009 which has gone down because of both the economic downturn and adverse currency movement especially during the first three quarters.



Graph 10: Total Revenues

⁵⁶all financial data are taken from the company annual reports

Of the above revenues in 2010, 53% comes from casinos, 23% from Bingo (20% growth with respect to 2009 which was \$10.7 million), followed by poker and sports betting.



Graph 11: Revenues per Sector



4.2.3.3 888Poker Review

888Poker or Pacific Poker is one of the largest online poker rooms. It was launched in 1997, and offers users a fair and safe poker environment. Pacific Poker offers the majority of popular poker games including Texas Hold'em, Omaha and Seven Card Stud.

888Poker bans permanently anybody caught while colluding. In order to reduce cheating, it uses its proprietary technology designed to catch colluders and cheaters.

Popularity

888Poker is really popular in Europe. Before the act of UIGEA it served also a lot of players in US and it was one of the room, which was hit hardest after loosing its customer base in US. The players traffic is usually over 2000 for cash games and more than 8000 players taking part in the tournaments during peak hours.

Security

888.com offers more than 20 different methods for deposit including credit cards, debit cards, wire transfers and various e-wallets. The 888 group's subsidiary Intersafe Global Limited processes the transactions, which is one of the best providers of online transactions. Intersafe Global uses advanced SSL and PGP protocols and public/private key encryption to make data transfer more secure. Also 888 random number generator is certified by eCOGRA, which is another proof of having a safe deposit.

Player Competition:

Many of 888Poker players are the same users of its network of casino, bingo and sportsbook playing casually and ending up with disastrous results. So the poker room is famous for soft competition and suitable for fishing. Players playing for money can always find a lot of crowded tables regardless of the preferred game.

Site Software

The software has improved a lot recently. The graphic is eye catching and is in 3D. Some new features have been added like beginner's lobby, animal tags, pokercam (which allows players to see each other through webcam), and ghost hand (in which the player can choose to have your cards remain in view after fold, thus to improve in future games). The software is available in eight languages: English, Spanish, French, German, Russian, Dutch, Swedish, Danish, Portuguese, and Italian.

Customer Support:

The customer service is offered via toll free phone, email, and lives chat. The phone number is different depending on the region. The support is in multiple languages including English, German, French, Spanish, Italian, Danish, Dutch, Swedish and Portuguese. Support questions are answered fast and efficiently while cash outs take a few days. The service is available 24 hours a day and all days of the week.

Site Promotions:

The start up bonus is 100% up to \$400. But 888 gives player 25% of the bonus up front so they can start playing before spending any money. Also there's a point for every \$10 wager and for every 100 points, player can earn \$1. The bonus for each friend a user brings to 888Poker is \$150 for the user and \$50 for the friend.

888Poker has a selection of daily and weekly guaranteed tournaments. There are two \$10000 and two \$5000 tournaments each day and one %75000 each week. 888Poker is present in land-based tournament with its sponsored players Paul Wasicka and Rhett Butler.



4.2.3.4 888Sport

From horses to football and more, 888Sport covers every major event to bet. The website is well designed and user friendly and offers a good selection of deposit and withdrawal methods with good promotions. It is available in English,

Spanish, German, Swedish and Danish. It offers many varieties in pre event markets but in running or live betting is poor compared to other sportsbooks. 888Sports does not offer services to citizens of America, Turkey and Israel. In spite of limited countries to operate, the 888Sports offers betting transactions through several currencies. The main currencies that are accepted at 888 Sports include; GBP, Swedish Korona, Euro, Danish Krone and US Dollar.

Bonuses and Promotions

The sign up bonus is \$50.

From September until November, it gives away a free football shirt of choice to all users who place 20 bets x £20 or more!

A bonus of £50 is offered to the new account holders as their risk free bets. The bonuses offered to new as well as old account holders are subject to the residential country of account holders. Hence, the amount of bonus is dependent over players' geographical location.

Transaction policies

Deposit methods include: Visa debit or credit card, Ukash, Master debit or credit card, Pay safe card, Diners club, wire transfer, E- cheque, bank transfer, money bookers, personal cheque and many more.

Similarly there are several withdrawal options available at 888Sports such as Bank Draft, Check, Diners Club Card, EcoCard, Entropay, MasterCard, MoneyBookers, Neteller, Solo Card, Visa, WebMoney, Wire Transfer, Maestro, and PayPal.

SPORTS TO BET ON

Online tutorials are provided, which are really useful to new players or those new to online betting. A wide variety of sports are covered, including horse and greyhound racing, football, cricket, tennis, golf, rugby union / league, snooker, boxing, darts, hockey and US sports. A number of event bets such as US Presidential Election, Eurovision Song Contest etc. are also offered.



4.2.3.5 888 Casino Review

Casino On Net is one of the biggest online casinos since 1997; 888.com is also one of the most trusted online gambling websites. It is also famous in terms of high bonuses and good promotions.

The ongoing popularity of 888.com is a result of its powerful software gaming platform, exciting gaming selection and generous bonuses and promotional offers.

Software And Graphics

The casino graphics is attractive and simple. The website is fast and software is available in instant and download version. The instant version however has some problem in loading which forces the user to download the software.



888Casino tries to focus more on quality than quantity but still it offers wide variety of games including Blackjack, Craps, Roulette, Slots, PaiGow Poker, Baccarat, etc.

Bonuses and promotions

- 200% sign up bonus up to \$400 on the first deposit.
- Matching first deposit bonuses
- New games promotions
- Comp points
- Happy hours
- Big money tournaments in poker, roulette, slots, blackjack, keno and more
- Welcome package first deposit bonuses

Customer support

888Casino is offering a good customer services. Everything is user friendly which reduces a big part of the customers' service job. The service is offered 24/7 in 19 languages through email, phone, fax and live chat.

Payout percentages are 97.31%. Which means that every

\$1 wagered \$.9731 will likely return to the punter in the long term.



4.2.4 William Hill

William Hill is one of the largest and oldest bookmakers in UK with its headquarter located in the north London suburb of Wood Green and in Leeds, West Yorkshire.

William Hill is an international company, with 16,600 employees. Its offices locate mainly in the UK, Republic of Ireland and Gibraltar, and offers betting by phone and Internet as well as 2300 UK-wide Licensed Betting Offices⁵⁷. In its online business, apart from sportsbook, the company offers online casino games, 'skill games', online bingo and online poker.

William Hill founded the company in 1934 as a postal/telephone betting service where customers would bet with a cheque weeks in advance. 29 years later, when gambling was regulated in UK. William Hill gained reputation for paying customer's winning bet even in the absence of any law and regulation. In 1971 the company was acquired by Sears Holdings, then 1988 Grand Metropolitan ruled it until finally Brent Walker in 1989 took control of the company. In 1996 Brent Walker got back £117m of the £685m that had paid to Grand Metropolitan because he found out that he had exaggerated company's profit by the time of sale.

In 1997 the company had the debt amount of over £1.3bn after an investigation of Serious Fraud Office that led to jail sentence of two of the directors. This resulted in a £700m leveraged buyout of William Hill by Japanese investment bank Nomura.

In 1998 William Hill launched its online sportsbook and due to its land base popularity, it gained attention from the beginning. In 2002 the company was listed on the London Stock Exchange. The same year the company bought Greyhound Stadium. Then one year later it purchased also the Brough Park Greyhound Stadium.

On 2005 William Hill purchased Stanley Leisure PLC's retail bookmaking operations in Great Britain, Northern Ireland, Republic of Ireland, Jersey and the Isle of Man for £504 million, which ranked the company number one in terms of shops but not revenue in UK betting market.

In October 2008 William Hill went into partnership by purchasing assets of online software company Playtech, to create William Hill Online. The assets included several online casino sites, which continue to run under the name "WHG. Playtech". A month later it launched the new sportsbook with Orbis technology. Then in 2009 and due to lower taxes compared to UK, William Hill moved Sportsbook and online fixed odds games to Gibraltar.

As a result of the changes in 2010, William Hill Online revenue grew 24% and the operating profit increased 22%. New accounts had 22% growth and unique active players increased by 4%⁵⁸.

⁵⁷http://en.wikipedia.org/wiki/Will_Hill

⁵⁸<http://www.williamhillplc.com/wmh/about/aboutourindustry/>

4.2.4.1 William Hill in UK market

According to data available for 2007 the UK gambling market was estimated to be more or less £2.5bn in gross win (the amount remaining once all customers' winning bets are paid) based on Government Betting Duty revenues from betting shops, telephone betting and UK based online businesses of £373m at a rate of 15%⁵⁹.

Since many customers use more than one operator and each customer may use different competitors, estimating the market share of each operator is not easy. As for online betting, it is estimated that 26% of regular online bettors had a William Hill account meanwhile they may have accounts with other competitors as well⁶⁰.

For retail William Hill is the largest in UK market that owns around 25% of the betting shops and 45% of the customers⁶¹.

William Hill Online has 25 translated and localized sites, with around 500,000 betting opportunities per week, with applications available for iPhone and Android.

William Hill Online portfolio is consisted of the following websites:

- Casino, casino.williamhill.com
- Vegas, vegas.williamhill.com
- Games, games.williamhill.com
- Skill, skill.williamhill.com
- Bingo, bingo.williamhill.com
- Poker room, poker.williamhill.com
- Sportsbook, sports.williamhill.com
- Day Trader, financials.williamhill.com

4.2.4.2 William Hill Revenues⁶²

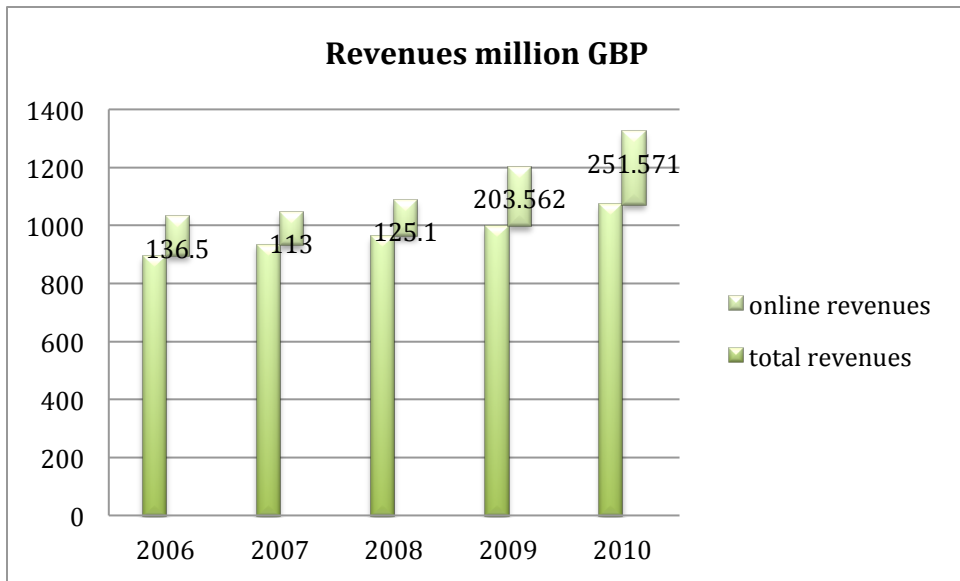
According to William Hill's financial report, it is on its way to make revenue. From 2006 to 2010 the revenue has increased. The percentage of William Hill's revenues out of its online operation has increased in the last two years (2009 and 2010) comparing to years before from almost 12% to above 20%.

⁵⁹<http://www.williamhillplc.com/wmh/about/aboutourindustry/>, HMRC

⁶⁰global research company research TNS in 2007

⁶¹<http://www.williamhillplc.com/wmh/about/aboutourindustry/>

⁶²data available on William Hill's annual reports



Graph 12: Revenues



4.2.4.3 William Hill Poker

After going through partnership with Playtech, William Hill joined iPoker network as well, which is the largest poker network in the world. William Hill is almost unrivaled in terms of credibility, security and customer support.

Popularity:

William Hill is by itself a popular name. It has been present more than 70 years. Apart from this, William Hill is a part of the largest poker network iPoker with more than 8,000 real money players at any time, and over 13,000 in peak hours.

Security:

There has been no major cheating scandal neither from iPoker network nor William Hill. William Hill Poker uses 128-bit encryption technology to keep players account information and hole cards secure. The online poker site is certified by VeriSign, to ensure that all monetary transactions between the players and the poker server remain safe from hackers. It also uses one of the best Random Number Generators in the industry, TST (Technical Services Testing) certified, to make the customers sure that their cards are unknown and undetectable by other players.

Player Competition

William Hill enjoys a good traffic from UK players alone, but it is also popular among Europeans. At peak hours there are around 10,000 players at ring games and above 50,000 players at tournaments.

Though William Hill offers also casino and sportsbook which provide ample beginner players, the poker room is not as fishy as one would think. The beginners بخش عدى دنت زشد on micro and low stakes table but from medium stakes the competition tends to get tougher.

Customer Support:

William Hill has dedicated three fax lines, two 24/7 toll-free hotlines, three support email addresses and an FAQ section and live chat for customer support.

Site Promotions:

The sign up bonus is 200% up to £1250 or \$2000. Each 350 WH points (William Hill's player point system awarded to players at the rate of 30 per pound) leads in 60 days in which the player can clear as much as bonus as possible.

William Hill Poker offers the members a \$13,000,000 in guaranteed prize pools each month. William Hill Poker hosts also \$250,000 Guaranteed tournament held every Sunday. In addition it runs Monster Tournament with prize pools of between \$20,000 and \$40,000 that take place every Monday through Friday.

Users in William Hill Poker can enjoy a great selection of freeroll tournaments that includes their New Depositor freerolls, Summer Breeze, Daily Freerolls, Beginners Freerolls, VIP Freerolls and their Casino "Side Games" Freerolls. Freerolls provide beginners with an excellent opportunity to get the feeling for real tournament play without any of the risk.

Software

The software is fast and user friendly. It offers features such as auto-top up, a quick seat option, hand-for-hand near the bubble in tournaments and a buddy list for online friends. The graphic is normal but the animations and sounds are all good with plenty of customization options.



4.2.4.4 William Hill Sportsbook

This sportsbook was first licensed in the UK then was moved to Gibraltar. Orbis Technology provides the software. In 10 years of online experience, it has won eight Gambling Online Magazine awards, including 2008 Top Sportsbook and 2008 Best Sportsbook Customer Service.

William Hill is undoubtedly the most reliable land based and online sportsbook in UK.

The sportsbook offers a great selection of UK, US and European sports to bet on. It also offers special bet on American Idol and American election. William Hill Sportsbook offers the best prices for football, horse racing, and greyhound racing.

Promotions and Bonuses

Sign up bonus is 100% matchup on their first deposit up to £25. It also awards players continuously as daily free bet and coupons. But overall and comparing to other sportsbook the bonuses are not that amazing.

Variety of Bets

Almost all major sports are covered such as American football, ice hockey, basketball, baseball, football, golf, and tennis. It also offers odds on racing including horses, greyhounds, and motor sports plus cycling, darts, Gaelic football, Rugby League/Union, Snooker, volleyball, water polo, winter sports.

There are money lines and total points plus competitions, fixed odds, over/under, combos, live in-play betting, correct score, specials, outright, and futures. And, for added convenience, all of these odds can be displayed in decimal, fractional, or American style.

Accepted Players

William Hill Sportsbook accepts players from all over the world; accept players from Bulgaria, Cuba, Hong Kong, Iran, Israel, Italy, Myanmar (Burma), North Korea, Philippines, Sudan, Syria, Turkey, and the USA and all its territories.

The sportsbook operates in US Dollars, UK Pounds, and Euros. It is available in several different languages, including English, German, French, and Spanish.

Transaction Policies

Deposits methods are:

- Credit/Debit Cards: Visa, Visa Electron, Solo, MasterCard, Maestro
- eWallets: ClickandBuy, Click2Pay, Moneybookers, NETeller
- Other: PaySafeCard, Paypal, Check, Wire Transfer

Withdrawal methods:

- Credit/Debit Cards: Visa, Visa Electron, Solo, MasterCard, Maestro
- eWallets: ClickandBuy, Click2Pay, Moneybookers, NETeller
- Other: PaySafeCard, Paypal, Check, Wire Transfer

Customer Support

Similar to its poker room, William hill sportsbook also offers a section for frequently asked questions which makes it easy and fast to solve most questions before contacting the customer support. In any case customer service is available via fax, telephone, instant chat and email 24/7.

Software Features & Graphics

The software is Pretty and functional, which makes betting a seamless experience. The site never takes user more than a few clicks away from the homepage. Placing a bet is simple, even for the first-time visitor. Online sports audio, live betting as well as mobile services and independent tips are other features.



4.2.4.5 William Hill Casino

William Hill's reputation is back to a time when internet was not even thought about let alone the online casinos!

After moving to Playtech software, William Hill Casino offers several new casino games and a bigger variety of promotions, including special banking bonuses and a loyalty scheme.

William Hill casino is a trusted name, with innovative games, generous bonuses and attentive customer support.

Games

There are over 100 casino games available from slots to blackjack, roulette or craps. There are more or less 20 progressive jackpot games including; 10-line Jacks or Better video poker, Caribbean Stud poker besides a ton of progressive jackpot slots, such as the excellent Queen of the Pyramids. The progressives at William Hill casino sometimes even reach million pound mark.

Promotions

There are several welcome packages as sign up promotion. The selection includes a £150 welcome bonus, a £350 Mid-Roller bonus, a £500 high roller bonus or a £1,000 VIP bonus. Also on players' second deposit, there will be a 60% match bonus up to £500 and regular players can also claim a £100 monthly bonus.

The banking methods and customer support is the same as sportsbook and poker room.

Customer Support

This service is available through phone, fax, Email, live chat and FAQ section.



4.3 SWOT Analysis Of The Four Players

SWOT analysis, which stands for strength, weaknesses, opportunities and threats, is a useful technique to analyze a business unit and its environment. Strengths and weaknesses are internal factor, while opportunities and threats refers to external factors.

A SWOT analysis is used to analyze the four companies identified earlier in this chapter. The external situation has been examined in chapter two, while a deeper internal examination was presented in the same chapter.

Since the operators are all in the same market, they have some common opportunities and threats that are listed first.

4.3.1 Common Oppertunities

The market is new and still growing and revenues are increasing. The market has a long way to maturity.

More countries are going to regulte gambling. This will provide new markets for the operators.

Mobile gambling is getting populare. The operators investing on this part can have a better future.

4.3.2 COMMON THREATS

The barriers to enter online gambling markets are low, which means more new comers and harder competition.

The world's economic situation is uncertain and is predicted to stay tough. The bad economic situation affect areas of discretionary spend, such as gambling.

The regulatory framework of online gaming is dynamic and complex. Change in the regulatory regime in a specific jurisdiction could have an adverse effect on business volume and financial performance of the operators.

Changing in countries regulation includes changing the tax regimes as well. Tax regimes can have adverse effects on the operators. In the current economic climate, governments may seek to tax the gambling industry more to increase their revenues. This threat is common for all four players.

Underage and problem gambling are inherent threats associated with the online gaming industry.

The information technology used by the operators should be up to date. The technology is developing so fast that sticking to old softwares means being eliminated from the market

4.3.3 BODOG

STRENGHS

Bodog has been present in the online industry with its sportsbook almost from the beginning and has the first mover advantage. Bodog is one of the operators that accept US citizens after passing the UIGEA in 2006. This is one of Bodog's strengths because

US market is a big market and has few players.

Apart from sportsbook, which is Bodog's core business, Bodog offers casinos and pokers as well which are all available with one account.

Bodog uses proprietary software and is not dependent on the software provider.

WEAKNESSES

Bodog is famous mostly because of its sportsbook. Sometimes even the traffic of its casino and Poker network is supported by bettors. Also since Bodog is using its proprietary software and network, it cannot drive the players from other casinos or poker rooms of more famous and bigger networks.

Another weakness of Bodog mentioned in most of the reviews is the low amount of bonuses Bodog offers.

OPPERTUNITIES

Bodog has been recently licensed Bodog UK and Bodog Asia to be present also in these markets. Going toward Asia is a great opportunity for Bodog to have the first mover advantages.

THREATS

A threat for Bodog can be legalization of gambling in US. In this way, many other operators can enter and Bodog will have more rivals.

STRENGTHS	WEAKNESSES
First mover advantages Presence in US market Offering all the services Having the proprietary software	Lower traffic for casino and poker Offering low bonuses
OPPERTUNITIES	THREATS
Reaching the market in Asia Growing market New countries being regulated, new market to enter Mobile market	Changing US regulations The challenging economic climate Increasing regulation in online gambling New regulated countries new tax rules. Low barriers to entre the market Problem gambling Fast improving technology

Table 8: SWOT Analysis: Bodog

4.3.4 Bet 365 Strength

Bet365 is doing a good and almost unique job streaming live some tournaments and games for its users for free. Which can drive a good traffic to its website as well.

Using Playtech and being connected to all other Playtech casinos is another point of strength. Bet365 sportsbook is licensed in UK, and even though it means higher taxes, Bet365 hasn't changed the license, since a sportsbooks licensed in UK is more reliable to customers.

Bet365 affiliate program with the IBAS (Independent Betting Adjudication Service) to ensure fair wager is another plus.

Bet365 offers all range of services and has a complete website. Customers can access all services using just one account.

WEAKNESSES

Depending on software provider (Playtech) is weakness for Bet365. As in Porters five forces shows that software providers has the most bargaining power in the industry.

Another weakness mentioned in many reviews is low traffic for the stud poker variant.

STRENGTHS	WEAKNESSES
Streaming live sports tournaments Using Playtech software Launching mobile application of iOS and android Offering all range of products Being Licensed in U.K. Affiliate program with IBAS	Low traffic for their stud poker variant Absence in U.S market Being dependent on external software provider
OPPERTUNITIES	THREATS
Growing market New countries being regulated, new market to enter Mobile market	The challenging economic climate Increasing regulation in online gambling New regulated countries new tax rules. Low barriers to entre the market Problem gambling Fast improving technology

Table 9: SWOT Analysis: BET365

4.3.5 888

Strengths:

888 is one of the best gambling websites in search engine optimization (SEO). 888 websites are top in Google searches for ‘casino’, ‘online casino’, and ‘bingo’, helping customer acquisition and the ongoing growth of 888 brands. 888 team is well aware of the growing popularity of Bingo. To be a leader in the online bingo field, following its acquisition of Wink Bingo one of the most popular in the UK, 888’s share of the UK bingo market was further increased through the addition of two new offerings — Tasty Bingo and Red Bus Bingo. It also has signed new deals with operators in Italy, France and US to enter more markets. 888 offers all range of products and uses proprietary software and is not dependent on a third party.

WEAKNESSES

Using proprietary software, 888 is isolated and has the traffic just by its own. While casinos and poker rooms using common software can share the customers as well.

OPPERTUNITIES

Setting up a joint venture with Endemol Italy, the prominent independent TV production Company in Italy, 888 is targeting the market in Italy after being regulated. This market is a great opportunity because the market is recently regulated and the operators in the market are usually Italian. 888 is also planning to enter France and US through a partnership with Interactive Entertainment (CIE) to launch a free play World Series of Poker offering for the United States.

THREATS

888 is planning to enter France but France has made up with new tax rules higher than before which can be a threat.

STRENGTHS	WEAKNESSES
Acquisition of Wink Bingo and launching some more bingo websites Offering all range of products Google top search result for ‘casino’, ‘online casino’, and ‘bingo’ Using proprietary software.	Low Traffic Absence in U.S market
OPPERTUNITIES	THREATS
Signing deals to enter the market in Italy, France, USA Growing market New countries being regulated, new market to enter Mobile market	France and other new regulated countries new tax rules. The challenging economic climate Increasing regulation in online gambling New regulated countries new tax rules. Low barriers to entre the market Problem gambling Fast improving technology

Table 10: SWOT Analysis: 888

4.3.6 Willian Hill

Strengths:

William Hill core business and its biggest strength is its sportsbook. It has been present in UK for more than fifty years and always offering betting services.

To be present in all range of product and offering good quality services, William Hill went through a joint venture with Playtech, William Hill (71%) and Playtech Limited (29%) to help growing international.

William Hill is also working hard on offering mobile software for its online products and specially its sportsbook.

THREATS

Going through joint ventures has its own risks. Differing views could inhibit growth, potentially by slowing down or removing options that could be preferred choices.

As countries regulate gambling, they also implement new tax and regulatory rules that make accessing the market harder. Approximately 25% of William Hill On line's revenue was derived from unregulated countries in the second half of 2010. Regulated markets can make the existing ones unattractive, either in terms of the tax regime or if the appropriate products are not regulated.

WEAKNESSES

Dependency on a number of suppliers for key operations and systems and their failure can cause significant damage to the business. Multiple supplier failure would be a catastrophic issue for William Hill.

OPPORTUNITIES

Investing to establish a leadership position in new regulated markets, which can impact short-term profitability.

Mobile gambling is one of the new opportunities. And not all operators offer mobile services. William Hill has a good opportunity in this area for being one of the first operators offering this service.

The UK currently accounts for approximately 75% of William Hill Online revenues. Increasing UK market share is a key growth driver in short- and medium-term strategy. While international growth is a key part of online strategy.

STRENGTHS	WEAKNESSES
The oldest sportsbook in UK The Brand name Joint venture with Playtech and forming William Hill Online Offering all range of products Offering mobile bet	Over-reliance on third parties.
OPPORTUNITIES	THREATS
Mobile gambling Growing market New countries being regulated, new market to enter Mobile market	Failure to manage the joint venture with Playtech effectively Adverse changes in UK taxation and duties The challenging economic climate Increasing regulation in online gambling New regulated countries new tax rules. Low barriers to enter the market Problem gambling Fast improving technology

Table 11: SWOT Analysis: William Hill

5. Chapter Five: Perspective On The Market Of ICT Tools For Online Gambling

In this chapter future of online gambling has been discussed. But before going to the future, online gambling problems are being investigated more in details. To have successful future, it's important to know today's problem and try to remove them or turn them to opportunities. There are probably more problems than those mentioned here.

5.1 Problems with Internet Gambling

5.1.1 unfair business and unsatisfactory responsible gambling practices

The honesty issue toward players is one of the key questions of the industry. In the heart of this problem lies the problem of regulations. Online gambling sites are not as well regulated as their land-based counterparts. Many reports of unpaid winnings and unfair games are recorded. The online gambling websites usually provide favorable odds on free sections to encourage the player to play for real money. The problem is that players don't know where to put their complaints. Many of the websites have the license of the foreign jurisdictions, which limits the power of players and governments.

A study on 2,167 U.S. poker players showed that security concerns (51%) and legitimacy (49%) were the main reasons for not playing online⁶³. Another study among people who play online revealed that 55% believe that online casinos cheat players⁶⁴.

One solution that the industry has developed, concerning this problem, is launching an industry organization called "E-Commerce and Online Gaming Regulation and Assurance" (eCOGRA) in 2003. The online sites certified by eCOGRA have prompt payments, safe storage of information, random games, honest advertising, and responsible gambling practices.

It worth mentioning that by searching the gambling forums, it is more common to see reviews regarding unfair games from the loser. It's in the human psychology to attribute success to himself but explain failures with outside forces. The point is that the online sites do not just make use of simple mathematics, but the most practical of its applications, namely, the theory of chances. However in online website rules the mathematical odds will be a little shifted to its side.

5.1.2 Players Cheating

Cheating in online game is defined as an activity that changes the game experience in favor of the player. A survey conducted in America showed that 46% of online gamblers believed that players have also found ways to cheat⁶⁵.

There are different ways to cheat in online gambling. One way of doing this is by means of collusion between online poker players playing at the same table. Another technique is employing computer programs using optimal play (poker bot, which is defined as a standalone program that acts as a simulator for a player. The program can participate in

⁶³Ipsos Reid, 2005

⁶⁴American Gaming Association, 2006

⁶⁵American Gaming Association, 2006

one or more lots and shall take its decisions based on predefined algorithms) against other players. And there are always hackers too that have been reported to successfully alter online sites to pay wins.

Another type of reported cheating is individuals and criminal organizations blackmailing and asking payments not to disrupt the websites' services before major events. Online gambling sites have spent millions of dollars to prevent such things happening⁶⁶.

An additional serious concern is money laundering. There are several ways in which this can be done either by the player or the site itself. There is a potentiality to launder large amounts of money through unsupervised electronic funds transfers inherent in online gambling.

However, Banking and gaming regulatory officials don't believe that online gambling can be a source for money laundering, especially when most sites accept reliable credit cards, which create a transaction record and are subject to relatively low transaction limits, as payment method⁶⁷.

Tracking this problem to the root is also lack of clear legislation.

Again and because of lack of official regulations, enforcement or supervision if someone is caught cheating, it won't be any special punishment except that some sites put him/her on their black list.

5.1.3 Underage and Prohibited Groups

Prohibited groups are employees of the site, underage gamblers (individuals younger than 18), and people who have banned themselves from playing on the site. However online websites haven't been successful in banning these groups because it is easy to make a fake accounts. The sites usually make check through address and bank account information which in some cases is useful to detect fake profiles.

Underage gambling is of particular concerns of those opposing online gambling, alongside problem gambling. Especially because Internet is mostly used by teenagers, which makes many people worrying that minors, will start gambling and then become addicted.

As a study shows almost 50% of high school and college/university students in a North America reported having played on free play online gambling sites⁶⁸. Another study in Europe found out that 17% of visitors to online gambling sites were aged 17 or under⁶⁹. It is still not clear how big is the underage gambling problem. The availability of possessing debit card by under 18's and the acceptance of these cards by the online sites while setting up an account is the most important cause of this problem. Currently banks such as Natwest, Lloyds, Bank of Scotland/Halifax, RBS, Barclays, HSBC offer debit cards to underage youth. And the websites usually don't employ ID or age verification systems.

Current figures from APACS (Association for Payment Clearing Services) estimate that

⁶⁶Current Digest, 2006; Ksherti, 2005; RSeconsulting, 2006

⁶⁷United States General Accounting Office—"Internet Gambling: An Overview of the Issues"
<http://www.gao.gov/new.items/d0389.pdf>

⁶⁸Derevensky et al., 2006

⁶⁹NetValue, 2002

45% of all 16 and 17 year olds own a debit card, which is around 675,000 young people. This figure does not include young people between 11 and 15 who may also own a solo or visa electron debit card. The overall figure is therefore more likely to be nearer to a million under 18-card holders.

Currently there are several age and ID verification systems available which is unfortunately used by little number of online sites. Examples of these verification systems are Experian and Verify Me. These systems search the available databases both financial and governmental to find the evidence that the registered user is in the address that is claiming and is over 18. In case of lack of evidence the user is asked to send a visual proof of ID. Currently just the jurisdictions of Alderney and the Isle of Man require their licensees to use age and ID verification systems.

As one study shows that just 7 sites out of 37 surveyed, have effectively blocked the player at point of registration⁷⁰. From which 4 sites were based in Alderney, these were

www.luckyme.co.uk

www.skybetvegas.com

www.virgingames.com

www.hardrockcasino.com

Besides there were 2 sites (UK Based) successfully implementing an age verification system, these were

www.nationallottery.co.uk

www.ladbrokes.com

And finally there was one site didn't accept Solo debit cards, this was

www.cyberslotz.co.uk

The remaining unsuccessful Sites at blocking the access of underage players were:

www.888.com

www.bet365.com

www.betdaq.com

www.betdirect.net

www.betfair.com

www.bluesq.com

www.casinoonnet.com

www.celebpoker.com

www.coral.co.uk

www.galacasino.co.uk

www.gamingclub.co.uk

www.jackpotjoy.com

www.littlewoodsgameon.co.uk

www.meccagames.com

www.paddypower.com

www.paradisepoker.com

⁷⁰Study into underage access to online gambling and betting sites, Michael Smeaton, Andrew Poole, Andrew Chevis, John Carr

www.punt2punt.com

www.racingpostcasino.co.uk

www.skybet.co.uk

www.sportingbet.com

www.sportingodds.com

www.stanjames.com

www.stanleybet.com

www.totalbet.com

www.tote.co.uk

www.ukbetting.co.uk

www.vegasvilla.com

www.victorchandler.co.uk

www.victorchandlercasino.com

www.willhill.co.uk

5.1.4 Problem Gambling

There are enough proofs and good evidences that an online gambler is more likely to be problem gambler. First of all it is easier to gamble online. The ease of access may cause more frequent gambling and longer plays. A study shows that the longer and the more frequent one gambles, the more the losses. The fact that all transactions are electronics and that electronic cash worth psychologically less than real money cause the losses to be underestimated⁷¹. The other issue is the possibility to gamble online while under effect of alcohol or drugs. This case is not that easy for land based gambling and is an important causes of problem gambling⁷².

In a report prepared for Ontario Problem Gambling Research Center at 2009 it was stated that online problem gamblers are three to four times more than non-Internet problem gamblers. The report also concluded that risk of problem gambling is 37.9% if playing online, comparing to just 7.7% for land based gambling⁷³.

To overcome the problem it is suggested for jurisdiction to use both public and private safeguards such as establishing public awareness and educating the public about problem gambling and taking away the fear of getting treatment along setting up some requirements for licensees in a way that the websites have to advertise and warn about problem gambling by posting information about how many times the player has played besides the number of wins and losses and require player to confirm reading the alerts. Also not accepting payments from credit cards and setting maximum wagers and loss limits. There should be the possibility of players banning themselves from playing when they think they are problem gamblers.

⁷¹Griffiths & Wood, 2000

⁷²Baron & Dickerson, 1999; Ellery, Stewart &Loba, 2005; Kyngdon and Dickerson, 1999

⁷³ Www.problemgambling.ca/EN/Documents/FA_InternetGamblingCanada.pdf

5.1.5 Absence of Responsible Gambling

One of the most important reasons of all the problems mentioned above is lack of enough safeguards and supervisions for online gambling comparing to land based one.

Unfortunately a little parts of gambling sites practice responsible gambling. Besides it is no easy way to measure to what extent the sites are practicing these merits.

Right now there is no general rule to oblige websites to implement safeguards. The way they promote safeguards is widely different. On one hand, some sites just post a statement about age limits, on the other hand there are sites providing self-banning or online counselor or setting up time and bet limits.

Apart from websites each jurisdiction has its own requirements too. Alderney in the Channel Islands jurisdictions, allow banning a player due to a petition signed by a family member⁷⁴. Netherland jurisdiction, which is one of the toughest jurisdictions regarding responsible gambling, has a maximum play limits and visit frequency limits apart from money limits. It also allows intervention in case of sudden increase in expenditure or frequency⁷⁵.

Finally the eCOGRA list of recommended responsible gambling practices is as follows⁷⁶:

- Presence of mechanisms to try and ensure that people under 18 do not play.
- A clearly identified self-exclusion program that operates for a minimum of 6 months with no promotional materials going to that person during that time period and the option of a third party making an application.
- A link to a Player Protection and Responsible Gaming page which provides an accepted and simple self-assessment process to determine problem gambling risk and other details about self-exclusion, deposit limits, and other responsible gambling practices offered by the site.
- The ability for players to make limitations on their daily, weekly, or monthly deposits.
- A clock on the screen at all times.
- The denomination of each credit clearly displayed.

5.2 Legalization: yes or no?

The problems mentioned above, all show the importance of laws and regulations regarding online gambling. When talking about law, there are good arguments in favor of both legalization and prohibition of online gambling.

Those who are in favor of legalization believe that:

- It is almost impossible to prohibit online gambling effectively. There are different Countries in which gambling is illegal but still citizens can access the online sites.
- The economic benefit of online gambling if it is under regulation is the other reason. Especially small jurisdictions with small population will enjoy more profit

⁷⁴American Gaming Association, 2006

⁷⁵Holland Casino, 2006; Williams, West, & Simpson, in press

⁷⁶<http://www.ecogra.org/>

- from legalizing online gambling because the most part of the revenue is most likely coming from outside, representing influx of wealth. Many believe that government can use this revenue in the programs helping problem gamblers.
- Legalization makes it easier to protect players. Right now, and because of lack of enough regulations, players don't know where to bring their complaints if they are unable to resolve it with the website.
 - Government doesn't have the right to decide about how people spend their money.
 - Online gambling revenue is less aggressive comparing to that of other types of gambling because the average income of Internet gamblers is above average.
 - Regarding problem gambling, although legalization increases the rate in the beginning, it will be stabilized or even increased as time passes. Their proof is that the same happened in land based gambling. For example in jurisdictions like Netherland in which addictive products are widely available, the rate of addicts are less than the average of other jurisdictions.

Instead the arguments against legalizations are:

- The laws should help people's behavior to shape toward social values. In this way prohibiting online gambling is preferable over legalizing. Especially since still there are not many people involving in online gambling.
- Most of gambling sites don't have enough responsible gambling practices. Also there's no clear measurement to see if they have the minimum standards of a fair business.
- Legalizing online gambling makes it easier and more available for problem gamblers to gamble more and more. Almost 27% of online gambling revenue comes from problem gamblers. Generally it is believed that legalization and problem gambling go hand in hand. Jurisdictions know the lesson from land based gambling that legalization increases legitimacy and availability that increases both gambling and problem gambling in the general public and once it's done, it is not easy to make it as before.
- Internet gambling is the most harmful form of gambling in its nature (like heroin versus alcohol) and thus should be prohibited.
- Even dedicating the revenue of online gambling to help problem gambling does not offset the harm it has caused.

There are also some approaches in the middle such as legalizing just some forms of gambling such as lottery tickets. Or prohibiting the access to foreign based websites or vice versa which means that just non-residence can use the domestic sites.

5.3 Future of Online Gambling

Gambling has been around since 1500 and even before but online gambling starts growing in late 90s. During the past years online gambling popularity has grown so fast that in future it might even outgrow the land based gambling. As technology and social

habits are changing, online gambling is gaining more and more acceptance by people in different countries and different backgrounds. With the emergence of online gambling, both the social mix of gamblers and the industry have changed.

The more or less 1700 operators present in the market offering bonuses and free games, alongside technological improvements have attracted a wider market of players to gamble online.

But how will be the future of online gambling? Although it is hard to predict the future, but some trends have already been established.

5.3.1 Revenue growth to be continued

Strong growth is predicted for newly (or future) regulated markets especially Asian market. Gambling, although illegal in most Asian countries, is really popular. The reason of smaller growth in Asia is lack of sufficient telecommunication infrastructure and difficulties in moving the money in and out of certain countries⁷⁷. As the rate of using Internet is growing, online gambling is also getting more attention.

The other section of the market that is growing is women. Bingo is one of the most popular games among women and has attracted lot of women to gamble online.

Legality of Internet gambling will increase the confidence and trust and familiarity of players.

Improving infrastructures, Internet connections and software quality is another reason to attract more players.

5.3.2 Strong growth in Betting Exchanges

The most recent additions to online gambling have been betting exchanges and skill game sites. Betting exchanges are sites that create a marketplace for bettors, whereby they post potential wagers on certain events (with accompanying odds and stake size), in the hope that someone will take them up on their offer(s). These wagers are primarily on sporting and horse racing events, but also include wagers on politics or reality television events, etc. Several of these sites have expanded to include person-to-person gambling on traditional casino games. Skill game sites offer a wide range of skill-oriented word games; puzzle games; strategy games (e.g., mahjong, chess); sports games (e.g., billiards, mini golf); card games (e.g., solitaire); arcade games (e.g., carnival shootout); trivia games; and video games. Most typically, players pay a fee to enter a tournament, with the winner(s) collecting the majority of the entrance fees. Sometimes the contest can be with another specific individual and sometimes it can be against your own previous high score. Part of the expansion of skill game sites is rooted in the belief that these sites do not violate gambling prohibitions in jurisdictions that define gambling as games of chance.

With betting exchanges offering better odds to customers and less cost for operators, it is foreseen to continue having a strong growth.

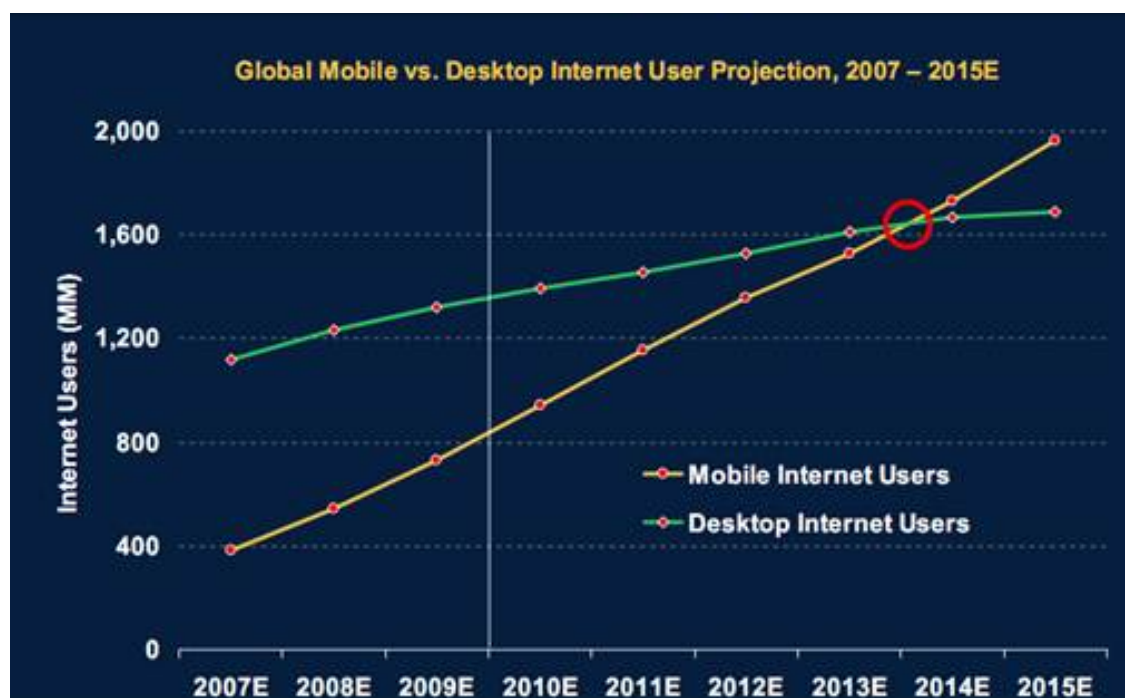
⁷⁷RSeconsulting, 2006

5.3.3 Market consolidation

When markets get mature, usually larger players acquire more power through mergers and acquisition. Online gambling market is now growing, but in future it will be a time that it matures and it will experience more mergers. As an example in 2005 there were 32 instances of market consolidation, compared to just 9 in 2004⁷⁸.

5.3.4 Mobile gambling

As a study by Morgan Stanley's analysts based on the current rate of change and adoption of smartphones, the mobile web will surpass desktop Internet use by 2015⁷⁹. With the growth of mobile web, it is natural to expect the growth of mobile gambling as well. Smartphones and tablets are contributing to this growth to a great extent. Currently some operators offer mobile versions of their casinos or poker rooms. This is one of the areas that can create a lot of opportunities.



Graph 13: Mobile vs. Desktop Internet user

According to a Research report in September 2010 the total sum wagered on mobile casino games is expected to be more than \$48 billion US dollars by 2015. The forecast is based on the high growth rates of mobile casinos, lotteries and sports betting providers, liberalization of mobile gambling regulations in Europe and United States moderating the UIGEA Act of 2006, in which gambling will be legalized again⁸⁰.

⁷⁸RSeconsulting, 2006

⁷⁹http://www.morganstanley.com/institutional/techresearch/mobile_internet_report122009.html

⁸⁰<http://www.juniperresearch.com/viewpressrelease.php?pr=204>

5.3.5 More Legalized And Regulated Markets

The pros and cons of regulated markets have been discussed in details before. It has been said also how it is almost impossible to block people gamble online and to prosecute offshore operators. Also issues with problem gamblers that is almost the main reason for government prohibiting gambling.

But still more markets are being regulated to avoid loss of revenues to offshore jurisdictions and to bring it under their own control.

What is now happening in U.S can show if it is feasible and efficient to prohibit online gambling. Although the rate of U.S players and especially operators has decreased noticeably after 2006, there are still websites accepting U.S players. Also there has been some movement to moderate the UIAGE law. As in some states online gambling is not prosecuted.

In the past thirty years, jurisdictions have followed new regulations introduced by one of them. So as some of the larger jurisdictions have started the regulations, it is expected to see others following. Because as it has been said before, it is not possible to ban people in a country in which gambling is prohibited, from gambling in an operator fully legalized in a regulated country.

In any case being regulated in a reputable jurisdiction with more rigid rules and tougher age verification measures and better responsible gambling policies is a competitive advantage for the operators.

5.3.6 Increasing rates of problem gambling

Online gambling's nature makes it seem more suitable to increase problem gamblers. Regardless of whatever the more reliable jurisdictions do to promote responsible gambling, there are always less regulated jurisdictions without enough safeguards. With the growth of online gambling, the rate of problem gambling will grow too, though some researchers believe that the rate will stabilize finally.

5.3.7 Online counseling services

Right now, online counseling is offered in U.K. it provides gamblers who can not control their activities or those who want to better understand responsible gambling's concepts with real time and instant assistant. Some early researches shows that only 1% of online gamblers have used the link in the participating gambling websites and that women are more satisfied with this service⁸¹.

5.3.8 Software

Game graphics and sound will continue to improve. There will be more 3D themes and players can see themselves in 3D playing by scanning simply their photo.

⁸¹Internet Gambling: A Comprehensive Review and Synthesis of the Literature

5.3.9 Games:

The classic games will continue to be but there will be more movie and lifestyle themed games. Interactive and multiplayer games will be more popular.

5.3.10 Social Communities:

It is so probable to see online gambling Facebook type social networks and more social interactions such as live chats (not only type based). Individuals will be able to create their own group games or tournaments in which they can decide who to participate.

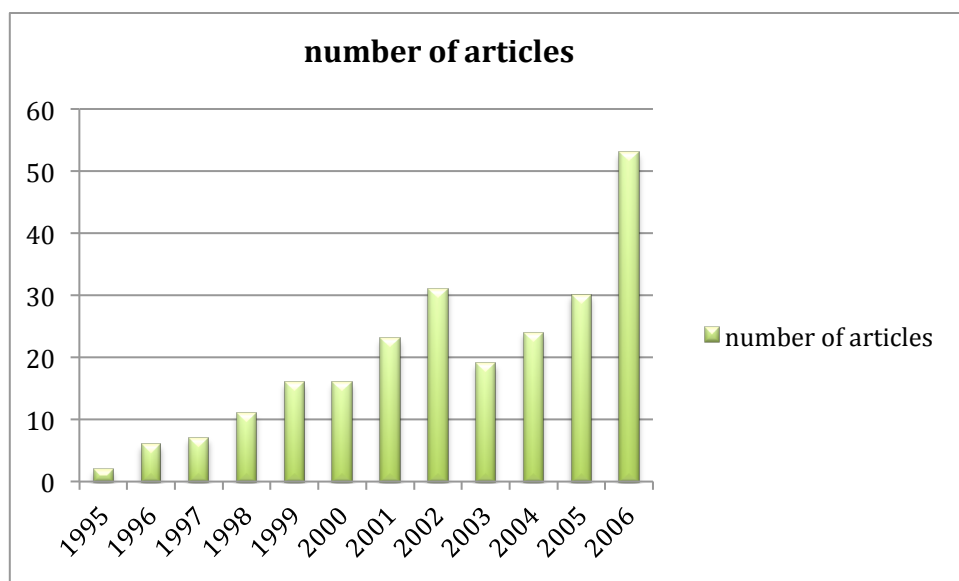
5.3.11 Trust issue and live streaming:

Still many players cannot trust totally the online sites. No matter how much the operator emphasis that the results are randomly generated, many players still prefer not to spend huge amount of money when they cannot see the dealers handing the cards.

One way to combat this problem is live streaming, which is being used already by some sites. Live streaming allows players to watch casino staff deal cards or spin the roulette wheel. Live streaming creates a live environment and more interactive experience for players and is expected to grow more in future.

Conclusion

Still the data and information about online gambling is limited and still there are many areas of online gambling to be analyzed more in depth. There are not enough researches about nature of online gambling, gamblers profile, advantages and disadvantages of different regulatory structures, fair and legal business practices and to measure them yet. Moreover there are so few articles about the operators, their market shares and revenues. As the graph below suggest the number of articles in this area has barely passed fifty articles per year in 2006. But as more people turn to play online gambling and more markets are going to be regulated, more unknown aspects, problems and opportunities will be noticed and will be discussed.



Graph 14: Number of Articles⁸²

In the present work, it has been tried to cover most of the issues of online gambling using previous researches when available. The work starts with a short history of online gambling, followed by defining the concept and nature of online gambling and how different it is from the land based gambling. Then it gives the data and statistics about current situation such as revenues and growth of the market and also demographics and characteristics of the gamblers. The online gambling market is growing and profitable, and as more markets are getting regulated, more opportunities and more gamblers will show up. After presenting a picture of the current situation of the market, the market external analysis has been done using different models. Using PEST analysis, the microenvironment of online gambling in the four political, economical, social and technological areas has been investigated. Then by Porter's five forces, the attractiveness and intensity of the market has been evaluated. The profitability of each segments, casino, poker, sports betting and bingo has been identified by BCG matrix. The outcome of the external environment analysis indicates the growth of market in size, revenue, technology, new operators and new players.

When it comes to online gambling, it is not possible to ignore the laws and regulations. There is this question about online gambling whether there is one optimum form of

⁸² Internet Gambling, A Comprehensive Review and Synthesis of the Literature, Williams, Wood

regulation to minimize the gambling problems. In this work some countries with different rules about online gambling have been introduced. It is interesting that the World Wide Web has provided this opportunity for almost anybody from anywhere who has an access to Internet, to gamble online, no matter of his/her country's regulations. But still it is strictly prohibited in some countries or totally legalized in some other or half regulated in the rest of the countries. Then apart from the countries, the most famous and reliable jurisdictions have been introduced. These are the jurisdictions that give licenses to operators.

The desk analysis then moves on to identify the players of the industry and ICT tools they use. One aspect of this work that makes it unique comparing to previous researches and articles, is that it tries to identify the most popular and successful players in the market. Most of the pervious works are either presenting statistics or talking about the market situation either in past or present or trying to analyze the gamblers profile (especially problem gamblers). There are indeed few researches about the operators present in the market and how they are doing their business, what business strategies they use and whether they are successful in their strategies. Of course considering the fact that most of the operators keep their data private, it is not easy to do a complete research.

To do so, the market is segmented based on the type of the games. So it is segmented into poker, casino and sportsbooks. Although there are also bingo and lotteries, but right now the other three are the most important and profitable segments. Then each segment is divided in sub segments based on the countries. Right now the majority of gamblers are either European or American. Since after UIGEA of 2006 just some operators accept U.S. citizens, the sub segments in each category are European and American operators. Then the top ten players are identified through reading the different reviews and gambling forums. The writer tried to play in the free section of some operators to know more about their differences too. For each player, the jurisdiction and the technology in use have been identified. Then out of them the four players who are present in all market segments are chosen for deeper profile review. And here showed up another problem. The operators don't offer much information in their websites. There are just a few of them as listed companies and for the rest it is not possible to access their annual reports and other data. This makes hard to define the successful or profitable operators of the market. Having access to some data like that could be also really useful to gather more information about the market opportunities and structure as well.

And finally combining the analysis and information about the external market with the internal data of the four players identified before, the strength and weaknesses, as well as the opportunities and threats of each operator has been identified through SWOT analysis.

The closing chapter is dedicated to problems regarding online gambling with an eye to future. Problems such as lack of fair practices by both operators and players, cheating and problem gambling, all stem from lack of enough supervision over online gambling. Which arise the argument of legalization or prohibition. With gambling being regulated

in most European countries and the fact that online practices can never be totally blocked, the worldwide legalization of online gambling is not so far.

The present work is the summery of the previous researches on market data plus an overall review of the operators present in the market followed by market analysis and finally the related problems and some ideas about the future of online gambling.

Online gambling will get more attention and importance in future. There will be more researches and articles dedicated to different aspects either from the social or political point of view or in forms of a business study.

One the topics that can be of interest is how to regulate online gambling to minimize the bad effects such as problem gambling.

Then on the other hand and from the point of view of technology, studying the new ways for secure transactions and detecting problem or underage gamblers are of high value.

Also new options that can improve the trust issue between gamblers and the operators are important to be investigated deeper.

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