

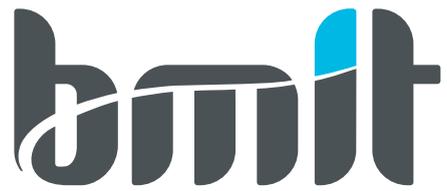
# EOA Intel

Report 2019

## Jurisdictions



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*Introduction*

# Resilience in shifting times

**T**he contributors to this *EGR* Jurisdictions report reflect on the current key issues and challenges being tackled within their respective jurisdictions.

Many of the contributors throughout this report are concerned with uncertainty throughout the egaming sector, caused in part by Brexit, mounting regulatory processes and more. Despite this, many are optimistic, and demonstrate their respective jurisdiction's resiliency and ability to adapt throughout these shifting times.

In some instances, global shifts are spurring more industry players with an eye on expanding their operations into new territories such as Latam, Africa and the US in particular – all the more so in light of the recent PASPA repeal.

The industry's adoption of new technology such as AI is also under consideration throughout, along with the importance of having effective backup strategies in place and the changing nature of infrastructure delivery for the industry.

Overall this report should not only give our readers a sense of what is happening within some of the premier egaming jurisdictions, but how the egaming industry is developing around the world.

By Ross Law | *Report editor*

Featuring: *Isle of Man Government*

# A year in review



## Tony Ure

◆ Head of egaming  
◆ Isle of Man

Tony Ure is the head of egaming in the Isle of Man. His role is to facilitate inbound investment from the egaming sector to one of the world's leading gaming jurisdictions, encouraging diversification, growth and innovation in this industry. Prior to working for the Isle of Man Government, Ure spent over 30 years working in senior roles for some of the most recognisable names in the industry.

Tony Ure, head of egaming at the Isle of Man Government, discusses progress in the past year and changes on the Isle of Man

The egaming industry is well known for innovation and technological progress and the past year has been no different on this front. Our industry is frequently at the forefront of technology and we are witnessing a fascinating evolution of gaming products. Technological progression this year has included developments with VR, AR, blockchain tech, regtech and AI-powered virtual assistants and chatbots. The interaction of these elements will undoubtedly propel the gaming industry forward with new products disrupting traditional aspects of the sector.

We have also seen a number of exciting developments here on the Isle of Man. Most significantly since the last *EGR* report, in November last year, Tynwald, the Isle of Man parliament, approved the Transfer of Functions Order, enabling the Department of Economic Development to transform itself into the Department for Enterprise, with four executive agencies to nurture and develop various sectors of our diverse economy.

Digital Isle of Man is one of those four agencies and has been tasked with implementing a strategy that will support sustainable economic growth, continuing to position the island as a centre of international excellence for the digital economy.

An important part of this strategy is having physical environments that allow businesses to thrive and develop. An excellent example of the work that we have been facilitating is the arrival of two new incubators and landing zones: The Engine House and Barclays Eagle Labs. These community resources offer businesses a place to work, connecting our community and cultivating talent. The spaces also provide an excellent vehicle for creative thinking and will enhance the island's digital offering, helping local businesses and professionals achieve their goals. They are great examples of positive public and private interaction, coming as a direct result

of cross-working and investment from the private sector, the Isle of Man Chamber of Commerce and the now transformed Department for Enterprise.

Of course, we are also always looking at ways to improve our direct egaming business proposition too. We have already made several innovative changes to our regulations over the past year, including developing previous the year's legislation that allows for virtual goods and digital currencies to be deposited, withdrawn and gambled. We have some great operators here utilising new technologies and taking advantage of our business friendly regulatory stance, with several more in the pipeline. We're extremely excited about what the next chapter holds, and we look forward to working with all our partners to create an environment for our digital businesses that is more competitive than ever.

*Technological progression this year has included developments with VR, AR, blockchain tech, regtech and AI-powered virtual assistants and chatbots*

## Looking ahead

Predicting where our industry goes next is always a little tricky. Looking back over the past several years, there have been a few curve balls thrown at the industry: UIGEA, banking issues, the rise of DFS and ICOs for example. However, there are a few trends that look set to become mainstays of the gaming sector, with the rise of esports being one of them with its hugely increased corporate sponsorship and the global market's capacity for growth.

The rise of esports, and its meteoric growth over the past few years, is well documented. What is interesting about the sector is where we go from here, as well as how the industry taps into an extremely lucrative market and an active, passionate fanbase. A key driver of this sector over the next few years will be the continued investment provided by



corporate sponsors. According to the latest *Newzoo* report, sponsorship is expected to contribute \$359.4m to the industry in 2018, compared to \$234.6m in 2016. As with any growing industry, a greater valuation, combined with more viewing figures and fans, will only help to grow the funding available. Competitive gaming in the esports sector is already attracting large corporate sponsorships, as previously niche platforms begin to capture the attention of mainstream market audiences. Over the course of the year, and moving into 2019, we expect to see sponsorship deals increase in both the size of deals that are made and the number of sponsorship contracts secured.

For companies to continue to attract funding from sponsors, and to sustain growth, they need proper support. Therefore, jurisdictions like the Isle of Man will play a crucial role in enabling businesses to benefit from a market that is embracing the sector. The presence of strong and flexible regulation will also help to allay the concerns around fraud within esports.

A talented player base, domestic rivalries and accessibility to technological infrastructure have helped to create an audience that are tech savvy and passionate about esports. Operators that manage to find new ways of tapping into this revenue stream stand to gain the most, but businesses must act fast. While the region is currently playing catch-up, it won't be long until a number of operational systems and infrastructures are in place and several companies are vying for dominance over this potentially lucrative region.

On an international scale, while the global gaming market has seen changes over the last 18

months, we continue to see sustained growth in Asia. Africa is the fastest growing continent, although it has its own innate challenges, especially within the payments sector. The recent PASPA repeal has seen a huge shift in focus to the US but this still has challenges that may be costly in satisfying individual state regulations and infrastructure requirements.

The recent M&A activity of the last 18 months will likely continue as increased regulation and taxation will pressure operators to look for cost savings. Brexit is still a hotly discussed topic and we are watching to see what sort of deal the UK will negotiate and how business with the EU will evolve as we move forward.

### Conclusion

The question we need to be asking ourselves, as a competitive jurisdiction, is to what extent do these trends and developments influence the way we position ourselves as an attractive place to conduct and facilitate business? We are actively reviewing these elements as we drive forward with our new Digital Agency strategy and multiple work streams in key areas of innovation.

It's certainly set to be an exciting period ahead, and there will undoubtedly be a number of challenges across the sector that the industry will need to navigate. However, as always, I am confident in the industry's ability to meet these challenges head on.

I look forward to utilising the island's fantastic digital eco-system to drive the sector forward and continue refining our expertise in this exciting and dynamic space. ♦

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Featuring: *Government of Gibraltar*

# Gibraltar has always responded to challenge



## Andrew Lyman

◆ Lawyer  
◆ Government of Gibraltar

Andrew Lyman is a regulatory lawyer who, before taking up a position as executive director of the Gibraltar Gambling Division, has enjoyed a long career in the compliance, regulation and public affairs space in both the commercial, consultancy and public sector. In 2013, he completed a Masters in Sports Law and Practice, with integrity and sports betting being a specialist area of study.

Andrew Lyman, of the Government of Gibraltar, emphasises the jurisdiction's resilience in a fluctuating global environment

**B**rexit is something that Gibraltar did not want and did not vote for. It values, and will continue to value, its European ties, but its future is inextricably linked to the future of the United Kingdom and will now, as it has many times before, rely on its historical fortitude and entrepreneurial spirit to adapt, evolve and change.

From the early days of remote gambling, Gibraltar established itself as a Tier 1 hub for remote gambling; establishing a selective and exacting remote gambling regime under which only established brands were licensed.

As they did with the establishment of a UK point of consumption regime, industry commentators have been too keen to write off Gibraltar as a remote gambling centre and, while there are Brexit-related challenges, news of Gibraltar's demise is much exaggerated by those commentators who should know better.

Quite simply the established operators, while making sensible contingency arrangements, for a variety of reasons, do not want to leave. This is partly because infrastructure and people are established within the jurisdiction, but also because the Gibraltar Government values the industry as an integral element of the economy alongside maritime and financial services. Much better to be somewhere you are wanted and, for compliant operators, somewhere where regulatory support can be given.

That is not to say that regulation is benign, far from it, but in pursuing a compliance-led (as opposed to an enforcement-led) approach, Gibraltar, as it has always done, strikes the right balance between business and the wider public interest. Consumer fairness and operators getting it right on

anti-money laundering issues matters very much to Gibraltar and there are a range of sanctions for those who don't.

Gibraltar is a jurisdiction committed to full financial transparency and upholding high international standards. Therefore, anyone applying for a gambling licence in Gibraltar should never assume they are a 'shoo in'. The licensing hurdle is high and the level of due diligence robust.

While making contingency plans, the major Gibraltar-based operators have reaffirmed their commitment to Gibraltar. However, it is right to acknowledge the concern over the continued free flow of goods and people across what is already a hard border. Many of the 3,500 gaming industry employees join many more Spanish nationals every day in

*News of Gibraltar's demise is much exaggerated by those commentators who should know better*

**Andrew Lyman** | Government of Gibraltar

their commute across the tarmac, but while it is not in the economic interests of Spain to be difficult over frontier issues (Gibraltar contributes a significant level of GDP to the local Spanish economy), there is still a residual fear that politics will get in the way before economic sense prevails.

Remaining with the subject of cross-jurisdictional challenges, the delivery of online gambling services is increasingly global in nature with operational infrastructure (including cloud and other technology services), management control and other core services increasingly dispersed. It is important for Gibraltar to adapt.

Had Brexit not occurred, Gibraltar would still have to have adapted its requirements on technology infrastructure. IT architecture is increasingly complex and in a competitive industry cost minimisation, consumer connectivity and system reliability



ty are key. The technology supply industry in Gibraltar are responding to that challenge; understanding themselves that change is necessary.

Add to the equation the EU legislative roadmap that will herald the death of data localisation, then the requirement for ‘equivalence’ is an imperative; with equivalence meaning jurisdictions will no longer be able to insist on servers in a particular location; provided a proportionate degree of regulatory control is maintained over key functions, governance and operational management.

Gibraltar, having reformed its gambling tax model and updated its AML/CFT guidelines, is now moving to refashion its gambling legislation without compromising its fundamental principles. Even its current legislation provides for flexibility in terms of the location of key functions and the challenge now is to fairly balance the pure commercial interests of operators against what is right for the Gibraltar economy and its people.

Such change requires extensive and bespoke discussions with many operators and the wider support industry; including an ever growing B2B indus-

try of mainly software suppliers and aggregators.

Rather than shrinking, the environment remains vibrant with a string of new licence applications and the recent admission to licensing of a substantial ‘start-up’ B2C operator; specialising in mobile betting and gaming. Don’t take my word for it – others still have confidence in Gibraltar!

In addition, Gibraltar has now become a centre for the regulation of distributed ledger technology (DLT or ‘blockchain’). This is spilling over into the gambling world with growing interest in initial coin offerings by gaming enterprises, use of cryptocurrency and even the development of games using DLT technology. DLT will not fully replace traditional gaming business models, but will be a market disruptor, which I predict will eventually be embraced by the larger and more longstanding operators. Gibraltar will be a leading jurisdiction in this area, working closely with business to develop its regulatory regime, supporting the new technologies, but also guarding its reputation by only allowing operators who are committed to regulatory principles across the threshold. ♦

Featuring: *Rockolo*

# The changing face of egaming infrastructure delivery



**Danny Hook**  
 ◆ Managing director  
 ◆ Rockolo

Danny Hook is managing director of Rockolo, part of the Gibtelecom group. Hook has over 20 years' experience within the IT sector, both as an IT engineer and more recently, over the past decade, leading operational teams and managing the data-centre business for Gibtelecom.

Danny Hook, of Rockolo, considers the development of infrastructure delivery in egaming

**F**ive years ago, when an egaming operator came to deploy in Gibraltar, it was fairly typical to see their technology infrastructure being housed within 10 or 20 standard datacentre racks. With these deployments came many tens of thousands of pounds (often millions) of investment in computer hardware, storage devices and networking equipment. Teams of infrastructure technicians set up locally to build, run and manage their day-to-day health and keep it all run smoothly.

We built best in breed datacentre facilities coupled with the fast and highly resilient internet links needed to drive the end user experience of many thousands of users and clients. Over the last decade or so, we've become very accomplished providers of datacentres services in Gibraltar and we're proud of our track record and service quality.

Fast forward to 2018 and a typical new client deployment is likely to be five datacentre racks, if that. Advances in hardware technology means equipment is much smaller and efficient than it was, requiring less space and power than five years ago. However, the equipment costs are broadly similar to those of five years ago, as are the costs of staff and teams of technicians.

Equally significant is that five years ago, public cloud adoption among the egaming community was minimal for a number of reasons – technical, commercial or legal. From a technical perspective, their requirements are demanding, often needing low latency, high throughputs and running CPU intense workloads. From a commercial perspective, it had become the accepted way of doing things.

From a compliance perspective, five years ago, egaming activities were considered a violation of the acceptable use policies by many of the hyper-

scale global cloud providers, closing them off to the industry. Today, there are very few organisations in the industry that haven't embraced the flexibility of public cloud in some shape or form. Their ability to rapidly scale infrastructure to meet peak demands, control costs and therefore maximise business agility, have been a significant innovation in the online gaming sector.

So what changed? Amazon's cloud platform, Amazon Web Services (AWS), listed gambling activities among a list of "not permitted activities" and egaming businesses were not able to use its platform. In 2016, AWS removed this clause. The move aligned Amazon with its main rivals, Microsoft and Google; however, the significance of what Amazon has to offer the gaming industry marked a turning point in cloud adoption within the industry. In simplistic terms, Amazon's new stance is that if what you're doing on their platform is legal in the jurisdiction in which you're doing it, you can run it on their platform.

*Cloud infrastructure therefore enables innovation and creativity to develop in the Gibraltar egaming market and we are proud to be supporting that*

**Danny Hook | Rockolo**

To comply with the Gibraltar egaming regulations, licensees need to run key elements of their platform within the territory. Gibraltar has become home to many of the big names in our industry who have amassed sizeable physical infrastructures over the last decade, as this has been standard practice, and was the only method available at the time.

**The amazing pace of mindset change**

As recently as 18 months ago, prospective clients would come and ask for datacentre co-location space. At that time, their businesses had no other



alternative of deployment. All they wanted from us was a reliable and secure space to place their equipment. Fast forward to today and those same clients are coming to Rockolo looking for ‘services’ within the jurisdiction, and this doesn’t necessarily mean solely physical rack co-location. They often want something they can simply turn on and pay to use, based on demand and with someone else to take care of all the physical technology. They want infrastructure as-a-service, i.e. the cloud.

Start-up egaming businesses these days have never purchased a piece of equipment to run their platforms. They are ‘born on the cloud’ and they are agile and competitive.

So how has this rapid mindset shift come about? Put simply, experience and confidence. Many in the industry have now evaluated and/or deployed elements of their platforms on public clouds and they’ve learnt how to drive it and benefit from its flexibility. Consequently, they’ve come to trust the technology and the cloud model of operation.

Now they want to adopt the same flexible model for their ‘in jurisdiction’ operational requirements.

### Responding to technology shift and encouraging industry innovation

Spotting the rapidly increasing demand for ‘as-a-service’ platforms, Rockolo initiated plans to broaden its product portfolio with high performance cloud platforms. These platforms offer the same style of pay-as-you-use billing models that the industry now understands. We took the decision from the outset that our offering would be as flexible as possible with true scale-up, scale-down resources so that clients can match their needs (and their costs) to the nearest hour.

Almost overnight ‘in jurisdiction’ cloud for affiliates and B2B providers has become big business in Gibraltar. These typically need to deploy in jurisdiction infrastructure for their businesses to comply with licensing and have the ability to integrate with operators. For these users, cloud avoids the need to invest and deploy physical equipment in locations where they may have no on-the-ground technical staff or other presence, saving them time, cash and allowing them to be agile and quick to market.

The Rockolo infrastructure cloud can also be directly cross-connected with existing data centre colocation tenants. It’s rapidly becoming a ‘meet me’ area where B2Bs and operators come together to collaborate while we provide an always-on, elastic platform which they can quickly set up and scale to their needs.

Contracts no longer necessarily need to have a long-term commitment period. Pay monthly has lowered the barrier to entry for affiliates and B2B deals to happen. Gone is upfront CAPEX investment risk when the success of the venture can’t always be fully understood at the outset. Cloud infrastructure therefore enables innovation and creativity to develop in the Gibraltar egaming market, and we are proud to be supporting that.

In summary, Rockolo’s infrastructure-as-a-service platforms are the first Gibraltar resident cloud platform that is hosting production workloads for egaming licensees and B2B providers.

We’re embracing industry shifts to in jurisdiction cloud deployment strategies by continuing to invest heavily in as-a-service platforms. We’re making Gibraltar the jurisdiction of choice when it comes to getting a technology stack up and running quickly and cost effectively. ♦

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Featuring: *Contact Advisory Services*

# 2018: the year of challenges for the gaming industry



**Alan Alden**

◆ Director  
◆ Contact Advisory Services

Alan Alden is a director of Contact Advisory Services, a corporate services provider that is headquartered in Malta, and provides consultancy services and solutions to a global portfolio of clients.

Alan Alden, of Contact Advisory Services, ruminates on a year of change for the egaming industry

The lyrics of a famous Beatles song come to mind when looking back: “Yesterday, all my troubles seemed so far away...” but now it’s more like “Help! I need somebody. Help! Not just anybody...” Oh well, more regulation had to eventually come but it has not depleted the industry’s spirit and resolve. Let’s not dwell on the past; let us learn from it and look to the future.

Compliance is now an integral function of any online gambling and betting operation. It’s also a major consideration for budgeting purposes for established operators as well as start-ups.

GDPR, AML, the new remote gaming regulations, licence conditions, VAT, income tax, employment, the Companies Act, and new jurisdictions demanding national licences, create statutory obligations that an operator has to consider when setting up or if they want to continue running their operation legally. These obligations cannot be taken lightly as the fines imposed for infringements can be quite hefty. The licence can actually come under threat, and that is the last thing an operator would like to experience.

Is this the end of the industry as we know it? Or is it an expected change we all must adapt to? Let’s not be too dramatic and defeatist. It is a period of change and adaptation, and eventually the new processes and controls that need to be implemented will become part and parcel of the daily operations. I remember the changes at the bank as regulations changed and tightened, and we swore and complained but soon it became the norm.

I would therefore conclude that we have to accept and adapt. Fighting it is a waste of time and energy. Many a time have we heard people say that the industry is doomed, that regulation will kill it, that

it can’t survive this regulatory and political onslaught. But it has, and it’s gone on to become stronger and better. It has defied all odds and continues to do so. How? Let’s have a quick analysis.

## GDPR

All operators protect their player data very rigorously as it’s their most valuable asset. They collect and store data to satisfy legal obligations and to provide a service to their customers. They need to appoint a data protection officer, carry out a data protection risk assessment, and update their policies and procedures and make sure their staff are data protection aware. So, GDPR is really not as devastating a change as one might expect.

*Is this the end of the industry as we know it? Or is it an expected change we all must adapt to?*

**Alan Alden | Contact Advisory Services**

## AML/CFT

Online gaming is mainly a non-face-to-face business that typically results in a high fraud risk if there aren’t the necessary checks and balances in place. My experience in the industry has shown me that operators are experts in fraud management and suffer very low instances of fraud. Fraud and AML go hand in hand with AML, introducing a few obligations on the operator. As subject persons, operators have to appoint and MLRO, carry out AML awareness training for their staff, carry out a business risk assessment, update their policies and procedures, and adapt policies to cater for some of the obligations. They also need to automate certain processes, as for example managing KYC documentation and profiling can’t easily be done manually. But on the whole, the fraud controls already in place are mostly sufficient to satisfy most AML obli-



gations and even go above and beyond what is required as fraud risk is higher than AML risk.

#### **New gaming regulations**

System audits, compliance audits, and new licences for each new content provider are now mostly a thing of the past. One licence, compliance reviews when deemed necessary, system audits are required when new systems are implemented, or major changes are carried out. Now the subject of regulation is the operator and not each licence, and that makes a huge difference to the demands on operators who previously held numerous licences and had to constantly undergo audits and apply for new licences to increase their portfolio of games. One thing that I hope other jurisdictions copy is the ‘mutual recognition’ that Malta has decided to adopt. Other EU/EEA licences may be recognised by the MGA and allowed to operate from Malta and/or provide services to Maltese registered operators. Wouldn't it be nice if every EU member copied this?

Another challenge that these increasing compliance obligations have created is the need to hire compliance experts. There just aren't enough of them going around. Service providers and operators are struggling to find the resources needed to manage their obligations in an efficient manner. Consultants are being kept extremely busy trying to cope with the demand that has been created just on

compliance matters. Don't get me wrong, I am not complaining about the work, I'm not that crazy! But it takes its toll on the consultants when you don't have enough supply for the demand. The solution is to take on people willing to learn and to teach them. There is a turnaround period, as there always is, but within a year we're going to have a pool of compliance officers in Malta to be proud of, even if they won't all be Maltese. Yes, we need to recruit from all over as the pool has dried out in Malta. Hopefully, the Maltese youngsters are made aware of these needs and opportunities, and make themselves a major part of the compliance pool. Not that I have anything against non-Maltese, but I like to see our youngsters develop and be participants, and not just onlookers.

We've seen a surge in remote gaming licence applications after the new regulations were published as they are positive for B2Cs but especially for B2Bs. Another contributory factor is the road Malta has taken to regulate DLT and Virtual Financial Assets (crypto). There is keen anticipation for the regulations and how they will affect the now global virtual industry and how online gaming and crypto can work together in a secure and controlled manner. With ‘secure and controlled’ being the key words. No rushing into it. Nice and easy. Let's make sure that it does bring new opportunities and not harm already mature and thriving industries. ♦

Featuring: *BMIT*

# Your business needs a data backup strategy, yesterday



**Dale Schembri**

◆ Product marketing executive  
◆ *BMIT*

Dale Schembri is part of *BMIT*'s marketing team, having joined in early 2016 after having previously worked in a marketing agency setup. He's an avid technophile with a particular interest in marketing automation and synergising productivity tools.

Dale Schembri, of *BMIT*, highlights the importance of businesses having backup strategies

If you run a company that relies upon constant access to its data, the phrase 'it's better to be safe than sorry' ought to be more than a cliché to you. It should be a mantra. There are few things in business as frustrating, or as costly, as losing valuable information.

Not only does one have to deal with the reputational risk that comes with losing data, but there is also the financial cost of having to recover it. These costs and the feeling of frustration are magnified by the knowledge that such an incident could have been avoided had adequate precautions been taken.

Even if you believe your business doesn't rely on large stacks of data, the principle still applies, because all businesses generate data in some form or another. This data could include major components of your business, such as product information and specifications, design and production plans, or employee and customer information. Losing such data can prove undeniably costly; this also applies to seemingly minor things, such as email, contact lists, and individual folders containing forms and other documentation.

Data losses occur in several ways. There are physical causes, including hardware failure, and technical issues, such as corrupted files. Then there are more malicious causes like a virus or malware, and research has shown that small and medium-sized businesses make up the majority of targets for cyber-attacks. More common than all of these is the human error: it is not unheard of that employees have accidentally deleted a file or two. It could happen to anyone and at any time.

Therefore, having a form of contingency for these situations, a backup plan if you will, is vital for business owners who want to avoid having their op-

erations come to a grinding halt. Thankfully, there are several options open to you, such as creating an internal backup system or outsourcing backup to an IT services provider such as *BMIT*. Whatever you choose to do, you should make sure that your plan incorporates specific characteristics.

One of the first things to consider is frequency. How often should you back up data? Generally, the more frequently you back up, the better. If your business neither handles large amounts of data nor relies specifically on that data for its day-to-day operations, then a weekly backup may be sufficient.

*A company is asking for trouble if it backs up all its data in a single location*

**Dale Schembri** | *BMIT*

However, if you can manage them, daily backups are always recommended. This is a 'better safe than sorry' situation after all. The safest option would be to back up as often as possible so that if worst comes to worst, you'll only have to make up for a day's lost work and not an entire week.

Automation is also a critical quality that should be integrated into any backup system. One of the primary factors you're trying to avoid is data loss caused by human error, such as inadvertently deleting files. Putting the backup system in the hands of a person, therefore, seems counterproductive. With an automated system, there is no risk of someone forgetting to perform the backup due to other tasks. Automating the process provides additional reliability and safety.

It is not good just being safe; your information needs to be secure too. If you keep sensitive data and customer details on your backup, you want to make sure that they are protected. Adding layers of security truly is vital. That is where outsourcing your backup to a service provider can go beyond the



capabilities of an internal backup system. Backups can also be protected by high-grade encryption and are far harder to compromise than any other conventional systems.

Another effective backup solution is to distribute your backups across multiple sites. By spreading your backups across several physical centres, in different locations, you mitigate the risk of losing your data due to natural disasters. A company is asking for trouble if it backs up all its data in a single location. Should a disaster strike at that location, the company is back at square one, without data, as if it had never backed it up in the first place. Spread it around, and you give yourself a much better chance of recovering everything when needed.

Frequency comes into play again, but this time in the form of frequent checks that the system is work-

ing. It's not enough just assuming that everything is fine, you have to be sure. Regular inspections of the backup data are needed to ensure that recovery is possible when needed.

Last but not least, you need to consider costs again. Having an effective plan is supposed to help you mitigate the cost of losing your data. By outsourcing your backup operations to a dedicated service provider, you'll not only receive expert advice, but you'll also find a more cost-effective solution that offers increased capabilities and security measures that go beyond what most organisations can achieve by setting up their own internal systems.

Act today before it's too late. Don't get yourself – and your business – in a frustrating and expensive situation that could have easily been avoided with a suitable backup plan. ♦

Featuring: *BDO*

# Malta: the obvious choice



## Mark Attard

◆ CEO  
◆ BDO Malta  
Mark Attard is the CEO at BDO Malta and is responsible for the development of business strategies which are in line with short and long term objectives of the firm. He oversees all operations and business activities to ensure they produce the desired results which are consistent with the overall strategy. Mark is responsible for making high-quality investment decisions which are in line with the firm's growth strategy.

Mark Attard, of BDO, outlines their approach to working with their clients, along with the virtues of Malta as an egaming jurisdiction

**EGR Intel:** What is BDO's approach to the gaming industry – how do you differentiate your offering for your clients?

**Mark Attard (MA):** Our tried and tested process flow ensures that our clients can effectively apply for, and obtain, a licence within the shortest time frame.

At BDO Malta, clients interact directly with our Remote Gaming Desk – a team of multi-disciplinary professionals equipped with the necessary technical knowledge to understand business models of B2B and B2C gaming operators, and how to guide these operators through regulatory matters that apply to such licensable activities. Companies operating in the gaming industry typically have complex cross-border structures. We excel in assisting clients navigate tax laws and regulation changes related to particular operations within the gaming sphere.

Over the years, we have gained in-depth experience and knowledge in what is required to ensure that the process runs smoothly during the three main stages of a remote gaming business: pre-licencing, application period and post-licencing statutory obligations.

Being an active player within this industry, we are lucky to be able to draw feedback from our extensive client base, which in turn helps us to continuously refine our offering in line with our customers' expectations.

In-house technical competencies range from corporate services, including taxation, accounting, audit, legal, risk & compliance, licensing and advisory; to complex advisory such as: analysis and due diligence for acquisitions, debt restructurings, international tax planning, strategic planning, IT controls and environment reviews.

Managing different professionals – lawyers, tax advisors, auditors, IT advisors and others – may sometimes prove challenging in terms of time frames and coordination. So we built our own busi-

ness process to provide a seamless and integrated workflow, focusing on a project team drawing on different professional skills available under one roof. Our clients are very satisfied with the benefits of the BDO integrated approach to relocating a business to Malta and the short time frames for obtaining the necessary licences.

To ensure even higher degrees of efficiency, we have dedicated Remote Gaming Desk coordinators, whose sole objective is to deliver an exceptional service to our gaming clients.

**EGR Intel:** What are the advantages of Malta's legal framework for gaming companies, and what new legislative framework came into force in 2018?

**MA:** Over the last decade, egaming in Malta has flourished. Apart from creating a global reputation as a jurisdiction of excellence, the industry also employs thousands of local and foreign workers while contributing to around 12% of Malta's GDP. As a result, it has significantly incentivised the Maltese government to create an innovative regulatory framework that sustains the regulatory and compliance obligations while driving Malta's competitive edge further ahead.

There are many reasons why Malta has been the jurisdiction of choice for hundreds of gaming operators and service providers. It mainly remains a leading jurisdiction due to its robust regulatory framework, a well-structured and highly responsive regulator, an attractive fiscal regime, fast company and bank account opening processes, highly skilled workforce. Furthermore, the high value attached to the seal of approval from the Malta Gaming Authority is synonymous with compliance, legitimacy and trust.

This, combined with the fact that the new Malta Gaming Act officially came into force on 1 August, means that not only is the country even more attractive for operators, but it offers an even better level of protection for businesses and consumers.

The current gaming act provides for a simplified licensing procedure while still ensuring that the process is stringent and fully compliant with legal requirements; there are now just two licences available

with the option of adding bolt-on licences for different game types. The taxation regulations regarding proceeds from gaming have also been altered to provide more flexibility for operators. This new structure is particularly attractive to B2Bs, who will benefit from significant fiscal incentives. A lot of effort has also been put into the clarification and categorisation of game types, as well as a shift away from a prescriptive approach to a more objective one. The MGA has also taken steps to tighten compliance and to bolster rules around responsible gaming and fair advertising; in short, all of the previous regulations have been improved, updated, tightened, and where needed, simplified and streamlined.

**EGR Intel:** How are you assisting clients in transferring to the new framework?

**MA:** New or existing businesses transitioning to the new licence regime in Malta will find the process very straightforward.

Since the coming into force of the new Malta Gaming Act, we have received considerable requests from new and existing operators seeking compliance with the new requirements. We advise prospective and current clients on what necessary steps need to be taken, we take care of all of the paperwork, and we deal with the necessary authorities to ensure that no stone is left unturned. From licensing and categorisation matters to tax, company law, accounting needs, and ongoing maintenance of the licence, our team of professionals are able to ensure that the process is as swift and effective as possible.

**EGR Intel:** What further services do you provide to your clients?

**MA:** With over 40 years of practice in Malta, we have learnt to take the time and make an effort to understand our clients' business models as a first step. Our partners and staff are specialists in their fields and have a proactive, flexible approach to helping clients to overcome the challenges they face.

Through our own professional expertise and by working directly with businesses, we've developed a unique insight into what makes a business successful. It's this insight that makes us true business advisors, rather than mere financial consultants.

We offer specialist expertise in most aspects of company management, including corporate services, taxation, accounting, legal, auditing, administration and our recently set up service lines, blockchain and fintech advisory and technology advisory. Our clients are serviced by a multi-disciplinary team, organised

into eight support units: audit and assurance, corporate services, legal, risk & compliance, business outsourcing and accounting, tax consultancy and compliance, client relationship management, technology advisory and fintech.

**EGR Intel:** Where is the gaming industry headed in 2018 and beyond?

**MA:** Evidently, the impact and growth of the internet has bolstered the remote gaming industry and helped turn gambling into a casual past time. With the ever increasing proliferation of mobile devices, an online casino is now always at our fingertips or in our pockets. In the coming years, gaming companies will undoubtedly leverage this to continue maximising their profits. We are also witnessing developments in the social casino scene, where several start-up gaming companies have invested heavily to weave elements of social platforms and live TV into a casino environment.

We are really eager to see how the industry is going to develop over the next decade, especially with the fintech, crypto and blockchain revolution knocking on our doors.

Blockchain technology has been slowly but surely tiptoeing into our modern day lives, and today its presence can be felt like never before. Certain industries have connected very early with blockchain technology and cryptocurrencies on a deeper level than others, and gambling is one such industry. I think that the blockchain sector offers a lot of possibilities for evolution within the egaming sector and I am keen to see where collaborations between key players in each sector will take us. Even from a regulatory and legal standpoint, a lot remains unanswered and watching this innovative technology grow, in much the same way that the egaming industry did, is going to be something really special. Malta has done a fantastic job at becoming the world leader in providing a regulatory framework for DLT related platforms and blockchain-enabled structures.

In terms of BDO, I expect to witness exponential growth as our portfolio of local and international egaming and blockchain clients continues to expand. Through our dedication to excellence and our commitment to providing the best legal and corporate solutions, we anticipate that we will have the opportunity to assist with some truly ground-breaking projects and ventures.

These are exciting times for BDO in Malta and we look forward to assisting more clients develop their success stories out of Malta. ♦

# Access new markets. Reach your potential.

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Featuring: *Alderney eGambling*

# Helping the industry thrive

Susan O'Leary, of Alderney eGambling, examines how the Alderney Gambling Control Commission functions to make clients' regulatory obligations as straightforward as possible

**T**he global online gambling industry presents tremendous opportunities for operators and suppliers, but the current market is full of challenges and uncertainty.

Things are difficult for businesses – on the one hand the regulated markets they're used to are inconsistent and more volatile lately, forcing them to find other avenues of growth. On the other hand, while pre-regulated markets do not pose the same issues, businesses are less sure how to navigate them.

To address these challenges, operators and suppliers must work with established and trusted regulators, and the Alderney Gambling Control Commission (AGCC) has been providing a safe harbour for egaming companies for nearly 20 years, delivering steady, consistent counsel to its licensees and supporting them to thrive. It's this consistency that operators and suppliers need in uncertain times.

Alderney's approach is to regulate fairly and appropriately to mitigate the risks and protect the players. Most importantly, their approach and method works. Licensees know that if they apply the Alderney framework to their business model, they will be protecting players and running their business in line with internationally recognised best practice. Each licensee has an industry-experienced, designated relationship manager and a bespoke and tailored framework to mitigate the specific risks of their offering. This is invaluable in navigating the uncertainty posed by other licensing jurisdictions.

This approach is only possible because Alderney has an established framework in place based on practical industry experience that has demon-

strated its capacity to keep pace with the rapid rate at which the industry has, and continues, to change and evolve. Most of the team at the AGCC and all of the licensee-facing managers have worked in-industry so they 'get it'.

## Commitment to embracing new developments

The framework is so flexible that it covers all aspects of gambling and does not need to be adjusted to cater for new trends or fads. It's so good that other major gambling industry regulators have modelled it and adopted it recently. So, while other jurisdictions are reworking their frameworks to ensure they are fit for purpose, there has been no need to reinvent Alderney's all-encompassing

*The AGCC approach ensures consumers are properly protected while allowing operators and suppliers to thrive by not stifling them with over-regulation*

**Susan O'Leary | Alderney eGambling**

model. For example, while others are making knee-jerk reactions to responsible gambling, social gambling and esports betting to name a few, the AGCC is already able to embrace these new developments within the existing licence framework.

As one of the most experienced regulators in the world, the AGCC really understands the full egaming ecosystem. The AGCC appreciates that the network of operators, suppliers and players work symbiotically and that factors such as responsible gambling and technical and social issues must all work in harmony. If one of these elements runs off course, the knock-on effect is felt through the entire system. It is crucial to consider the complete picture in order to be able to effectively regulate operators and suppliers; the only way to do this requires hands-on experience.



**Susan O'Leary**

◆ CEO  
◆ Alderney eGambling

Susan O'Leary is a lawyer who has represented some of the world's leading egaming operators and gambling service providers including many of Alderney's licensees. She has a keen sense of what they require from a jurisdiction: a strong pragmatic regulator who understands the commercial environment, a resilient technical infrastructure, a favourable tax system, excellent support services and a fees system that allows businesses to grow.



Alderney's experience also allows it to take a risk-based approach to regulation and licensing. This means we can ensure the regulations being applied to a business are proportionate and prevent the licensee from becoming tangled up in unnecessary red tape.

#### The collaborative approach

An example of this is our innovative Asia Betting Model that accommodates the 'agency' wagering system used across the region. The model ensures that operators and suppliers are working to the highest possible standards, but in a way that allows them to offer the products and services the market needs. We have only been able to deploy such innovative licensing models due to our ongoing presence and collaborations with key decision-makers in new, re- and pre-regulated markets such as Asia, Africa and the US. We have spent a lot of time on the ground in these jurisdictions, sharing our experience with lawmakers, regulators and governments.

In India, for example, the AGCC has been working very closely with the All India Gaming Federation to help put a self-regulatory framework in place for operators and suppliers looking to enter the market prior to the government enacting its own laws. We are doing the same with organisations in Africa, taking a collaborative approach to building robust, future-proof regulatory models.

While widespread regulatory harmonisation is a long way off, we hope by working with regulators

in other markets and sharing our experience and knowledge we can help them ensure their frameworks meet the industry's demands and are flexible enough to adapt to the ever-changing landscape of the sector. This, in turn, helps our licensees enter these markets as we know the state of play in each, and what it takes for them to be compliant. We can also help them better understand the market, and whether their proposition and product is the right fit.

The AGCC approach ensures consumers are properly protected while allowing operators and suppliers to thrive by not stifling them with over-regulation. This makes us different. The concern, of course, is that if other regulators are not taking the same approach, there is a risk operators will be pushed back towards the black market.

It goes without saying that operators and suppliers must meet the highest possible standards, but with increased scrutiny and rising compliance costs, it must be achieved in a way that encourages them to embrace regulation and not shy away from it. By working with the AGCC, operators and suppliers can adapt to and capitalise on any challenge faced.

Our licence uptake is better than it has ever been, and there are plenty of reasons for us gaining licensees while other regulators are losing them. We are the only regulator that can provide the stability and consistency operators and suppliers need to navigate uncertainty while driving growth in egaming markets around the world.

It really is an exciting time for the whole industry; in Asia, Africa, Latin American and the US, we are seeing jurisdictions approach regulation with commitment and determination. Lawmakers in these markets are keen to learn from experienced regulators, and the AGCC is thrilled to be playing such a central and collaborative role in shaping their rules and requirements.

We have been regulating egaming operators and suppliers for a long time now, and we have built a formidable reputation for helping our licensees enter key markets around the world in a way that ensures players are properly protected while also allowing the organisation to push boundaries and drive innovation.

This is only possible because of the consistent and steady foundation we provide our licensees from which to grow their egaming businesses, regardless of what verticals they offer and what markets they operate in. ♦



# REFLECTION IS KEY TO A STRONG BUSINESS

For the past 40 years, BDO Malta has acted as auditors, tax advisers and consultants for numerous Maltese and international companies, including online gaming companies. We have extensive knowledge in managing the remote gaming licence application process on behalf of our clients and accordingly assist with all of the information and documentation required by the Malta Gaming Authority. BDO Malta currently also assists clients in blockchain, virtual currencies and DLT related areas.

Call us on +356 2131 3060 or email us on [info@bdo.com.mt](mailto:info@bdo.com.mt)

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