



# Tackling the technology

Keeping up with the fast-moving nature of online gaming technology is a big challenge for Maltese regulators the LGA, but gambling firms must also be mindful that they themselves stay within the laws of the land

Rueben Portanier, CEO of Maltese gaming regulators the **Lotteries & Gaming Authority** (LGA), recently highlighted the attempts by regulators not to fall too far behind the “more innovative” online gaming firms they licence, stating that organisations like his were “at a disadvantage” compared to the companies doing business in the sector. His point is a valid one, but one aspect of this situation which is perhaps overlooked is the potential for this “lag” to cause the more innovative firms problems when their technology outpaces the updating of the rules and regulations which govern them.

As part of the application process gaming firms are required to submit their proposed technological set-up to the LGA for approval. The Third Schedule of Malta’s Remote Gaming Regulations of 2004 lists numerous rules regarding gaming technology, including the requirements for gaming systems to be random, fair and secure while also maintaining certain player, game and financial information. Remote gaming regulations in Malta are technology-neutral which, in the words of Portanier, means that: “as long as the company is using remote communication and is fulfilling all other requirements emanating from the regulations, the technology medium through which such games are offered is acceptable to the Authority”.

Fulfilling the requirements isn’t necessarily a straightforward process however. Alan Alden, director of advisory firm **Contact Advisory**, a company who offer licence applicants a ‘one-stop shop’ consultancy service, says that some firms lack a strong comprehension of the regulations they are required to adhere to. “Our experience has shown that most licensed operators at times do not fully understand the requirements and need assistance in developing their software or customising existing software to comply fully with regulations and other requirements that have been developed over time,” he says.

It isn’t only licensed firms who have to be mindful of Maltese regulations however – other companies involved in the providing of services must also be aware of the rules. One such organisation are audiovisual specialists

**Studioseven**, who entered the gaming industry seven years ago when they provided television studio facilities for the **Malta National Lottery**. Their involvement in gaming developed to the point where they now design and build live casino facilities for gaming firms as part of a consultancy service. “The LGA have always approached the space and solutions we provide to our clients as being well within their requirements,” says broadcast media development manager Timothy Bartolo Parnis. “When we provided live casino environments, we learnt through the client and the LGA what they expected in terms of safety and security, and just built exactly what they wanted. We don’t feel we face any particular difficulties.”

Remote gaming firms are required to notify the LGA of any major alterations to their technology, but these operators and ▶

*“We need to keep abreast of the technology and keep investing to sustain our and our clients’ needs. We cannot afford to be caught off guard” – Timothy Bartolo Parnis, Studioseven*

providers also need to be aware of how their introduction of new technologies may or may not comply with existing regulations, even if they are a long-established licensee. “Since changes in technology are very rapid, and laws take very long to embrace such changes, an operator could implement a new technological solution which is not in compliance with the requirements of the Maltese licence,” says Vladimiro Comodini, partner at audit, tax and business advisory firm **RSM Malta**. He offers the example of cloud computing, which he says took a long time to be accepted by the LGA. “Such developments may not be specifically mentioned in the regulations and may bring about potential legal and taxation issues,” he explains.

The need to keep up with technological advances doesn't stop with those supplying the gaming services, it's also an area that advisory firms and regulators must keep pace with. Acknowledging this, Comodini says that RSM's specialists are “always up-to-date” with the latest online gaming trends, an achievement aided by constant discussion with their clients in the sector. Portanier describes the need to keep up with technological developments as a “great challenge” but one that the Maltese regulator “takes pride” in meeting. He adds that once the LGA are aware of a particular advance in technology being on the horizon they examine it before establishing “whether a particular regulation/directive/policy needs amending to adequately accommodate the particular development”.

The constantly evolving nature of the remote gaming sector is acknowledged by Bartolo Parnis, who says that both the hardware and software solutions involved in his line of business are always altering and updating. When mapping out a new project, especially one that needs to be delivered to a tight deadline, Studioseven will often plan for any technological developments in advance so as to avoid a situation where they are unable to implement the necessary changes later down the line because of a lack of time. “We need to keep abreast of the technology and keep investing to sustain our and our clients' needs. We cannot afford to be caught off guard,” he says.

Referring to new technologies such as cloud computing, distributed servers and mobile, Alden feels that “flexibility and understanding” are required from the LGA, who for their part state that they do not wish their regulations to hamper development in the industry. To aid cooperation the regulators have established within their organisation the Licensee Relationship Management Directorate, a body which acts as the main link between the Authority and their applicants and licensees. Within the Directorate is a team of Licensee Relationship Executives (LRE) who deal with specific licensees and applicants with the aim of building strong relationships



Studioseven's facilities are used to host lottery draws in Malta

while ensuring compliance with legal and regulatory requirements.

Bartolo Parnis is positive about Studioseven's relationship with the regulator, describing it as being of “great quality”. He says that LGA officials regularly visit his firm's premises and the organisations maintain “great respect” for each other's work. “All our services are monitored by them daily, and the fact that we have always sorted any difficulties shows to me that the working relationship is present and healthy,” he says.

Studioseven have been involved in various forms of gaming for some time now and are clearly well-established in the sector, but what of those who are in the early

stages of their journey? Comodini advises potential licence applicants to be “diligent” and “realistic” when working through the technology section of the licensing paperwork, rather than simply seeing it as a form-filling exercise. “The review process of such documentation will undoubtedly filter out such applications and will prolong and unnecessarily extend the licensing process and timeframe,” he says, adding that a preliminary meeting with the LGA is an option for those firms wishing to discuss new technologies.

New technology in the online gaming sector is vital for the health and growth of the industry but it's clear that such evolution and progression needs to be correctly managed by those involved. The Maltese regulator and advisory firms must keep up with developments as best they can in order to be well-positioned to update legislation and their clients respectively. Meanwhile remote gaming firms must ensure that their advancements do not go beyond what is legal and lawful in Malta. At the moment there is a clear desire for cooperation from all sides, something which can only be good for the jurisdiction as a whole. ◀



## “AN EXTREMELY DYNAMIC ENVIRONMENT”

**Christian Sammut, CEO of Malta's largest data centre BMIT, discusses his firm's involvement in the online gaming industry.**

### **What sort of gaming-specific technology services do BMIT offer online gaming firms?**

We have developed a series of services including co-location and associated data centre services, managed services and now also a range of cloud services.

### **What should e-gaming firms applying for a Maltese licence be looking for in their hosting and data centre providers?**

The main considerations are:

*Reliability:* Including service levels, connectivity and resilience.

*Experience and Competence:* Including their track record, product portfolio and relevant certifications.

*Support:* Including the effectiveness of their support, the quality of their professionals and their ability to troubleshoot.

*Flexibility:* Including their ability to deal with specific customer requests.

### **How do the technological requirements of the e-gaming sector differ to other industries that BMIT operate in?**

Two aspects distinguish gaming customers: firstly their total dependence on internet connectivity; secondly the need for us to provide them with customised and flexible solutions in line with very specific regulatory requirements.

### **How quickly are the technologies adopted by BMIT developing?**

BMIT operates in an extremely dynamic environment. Our recent multi-million-euro investment in a cloud platform, coupled with substantial investment in our managed services suite, are proof of the dynamism of the technology that powers the online gaming industry.

### **How much of a challenge is it for BMIT to ensure that their new technologies are compliant with Maltese gaming laws?**

We strive to remain abreast of technological and regulatory developments both in Malta and across Europe. We engage and liaise with leading gaming experts to ensure we are continuously and consistently aware of any new regulatory challenges or opportunities.