



## Constantinos Antonopoulos

Chief Executive Officer  
INTRALOT SA

our excellent solutions both in sports betting and racing we have the best solutions in the market. Likewise in Poker, where we have incorporated the assets of CyberArts.

*Internet poker and sports betting are now being regulated in France. Please explain some of the terms and conditions of how that will evolve, and how taxes are collected.*

**C. Antonopoulos:** Our entry in the French market has a mid-long term perspective. The regulatory framework in this first phase of the market opening has created competitive imbalances that favor established operators. We are carefully monitoring these imbalances together with the issue of taxation in the market. However, it is these very results that will lead the Government to reexamine their goals and set a new path for the achievement of a fair and balanced regulatory framework. That will result in a more dynamic market place. And that will be good for the industry in France and also for the beneficiaries of taxes collected on a healthy industry. Some of the biggest players of the industry are presently left out of the market and I am confident that the Government will reconsider the whole procedure in order to attract them.

*How effective will the governments of France and Italy be at enforcing the laws against Illegal operators? Are the mechanisms in place to enable effective enforcement of all laws regulating the markets?*

**C. Antonopoulos:** In Italy, the original model for the opening included the retail and the online markets. The combination of these two, together with a favorable tax regime, has led to the a healthy development of the market. There does not appear to exist an illegal Internet market in Italy. Enforcement of regulatory laws do seem to be working to prevent offshore, unlicensed operators from doing business in Italy. Moreover, the biggest players of the global

Convergence is a big theme in gaming 2.0. The sector of gaming that governments have focused on for decades and longer is lottery. Now that Governments are stepping up to regulate the other sectors of the market, like sports betting, internet gaming, and electronic games, their commercial partners are there to support the integration of these new gaming products and services. And they're taking the long view, helping the lottery operator get positioned to serve a customer base that is changing, with player profiles that used to be segmented now starting to blend together as all different kinds of games become available. These market segments are "converging" as the customer behavior becomes more dynamic, the player being more willing to try new games but also quicker to exit games that no longer excite them.

To talk with me, Constantinos Antonopoulos took some time out from his schedule that includes a most exciting event. He ran in the Athens Classic Marathon the last weekend of October, just like he has many times before. What makes this a most special event is that it is the 2,500 anniversary of the first Olympic event, the marathon. Converting these underground gaming economies into regulated and taxed economies is high on everyone's agenda, and more akin to running a marathon than a sprint!

**Paul Jason, Public Gaming:** *Congratulations on your award of the Sports Betting contract in France. Will you be a supplier of the technology to an operator, or will*

*you actually implement and operate the entire sports betting solution, including processing transactions, etc.?*

**Constantinos Antonopoulos:** We have been awarded a license by the French Online Gaming Regulator, ARJEL, to operate online sports betting. We will submit subsequent requests to the ARJEL for online Horse Betting and Poker licenses, in order to supply the full range of gaming products to the French market. Actually, we are going to follow a strategy similar to the one we have followed in the Italian market, covering both B2B and B2C solutions, offering products and services to consumers and also business solutions to operators. We are confident that due to

market have already received a license to operate in the Italian market. That is not the case in France, where we see only the online market opened, and even that in a rather protective way. Actually, there do exist some grey areas in the Italian market land-based operations; some companies claim to operate in the Italian territory under a European online license, obtained in another country of the EU, and use it also for land-based operations (CTDs). On the other hand, there is also the case of the PDCs or “punti remoti”, which are points of sale that allow access to Internet sites. In practice, these are shops operating without paying the license for the right to operate. In any case, the Italian authorities should guarantee equality before the law for all the operators. They have started the efforts to accomplish this by recently prohibiting the installation of PCs in those grey area POS’s, sometimes even closing them down. We are waiting for some action on the CTDs area as well. Based on their track record for turning this market into a productive combination of being both open and highly regulated, I am confident that the Italian regulators will close all loopholes.

*The governments of Europe have been working hard to prevent sports betting from corrupting the integrity of sports. The first step towards that goal is to regulate it instead of forcing it underground, correct?*

**C. Antonopoulos:** Regulation is a catalyst towards clarity in sports. The industry needs to be effectively regulated for it to grow. Technology is the key enabler of effective regulation in sports betting. The market for sports betting absolutely depends on the integrity of the games. The consumer needs to be confident that the betting is fair and honest otherwise they won’t bet. That fact motivates sports and licensed betting operators to be the best guardians of sports integrity, sports betting integrity, and the biggest supporters of transparency in this industry. INTRALOT is paying very close attention to this subject and committed to act in the interest of protecting the integrity of sports and sports betting. We are one of the first betting operators that have signed a Cooperation Agreement with FIFA’s subsidiary Early Warning System GmbH, becoming a vital part of a global endeavor to preserve and protect the integrity of football.

*There has been much litigation over what is allowed under EU law with respect to the member states’ rights to regulate gaming. This confusion has impeded the growth of the gaming markets in the EU because governments did not want to be told by the ECJ that they were out of compliance, hasn’t it? Is it becoming clearer what is expected of the member states with respect to staying compliant with EU trade and commerce laws?*

**C. Antonopoulos:** Europe is one of the most advanced and evolved markets in the gaming sector worldwide. The regulated opening of a number of European markets, such as Italy and France, and the integration of the private sector under this new regulatory framework, has led the gaming market to new highs. All the big players are carefully monitoring the developments in the EU market. There are a number of decisions of the ECJ that provide guidance by interpreting the scope and the applicability of EU law on the basis of questions raised by state courts. But after the ECJ issues its decision on the basis of the guidance provided by ECJ. Also, the decisions of the ECJ are used as jurisprudence by courts in other member states, and will be very influential in the numerous legal cases currently open in various countries. In fact, each local court has the discretion to draw its own conclusions, on the basis of each EU state national legislation. This creates a kind of “legal Babel,” with different results that are not always compatible with each other.

I think that the governments either should safeguard the operational framework of the national monopolies in their territory, which may lead to the decrease of sales, or they should move on with the opening of their markets in order to allow more operators to participate.

As far as the member states of the European market are concerned, I think that more countries will follow the example of Italy and France. Spain and Germany, among other countries, are seriously considering the opening of their markets. Moreover, we have to bear in mind that the new member states of the Central-East Europe are trending towards opening their markets. They are not attached to a legacy system of monopoly in gaming and so are more able to move forward with opening up the markets. Of course, the UK market has been opened in many gaming categories for

a long while and provides a good looking glass into what an open market looks like. Therefore, if the majority of the Member States ends up opening their local markets, that will cause their neighboring countries to reconsider their regulatory framework.

In this new world order, the need for a common legal framework for all the member states of the European Union is more necessary than ever. INTRALOT is one of the first organizations in the industry to recognize and be an outspoken supporter of rationalizing the regulatory framework in Europe. The new Commissioner for Internal Markets, Mr. Michel Barnier, has announced that he is going to issue a Green Paper in the coming weeks. We welcome this initiative and think that it will be of much interest of all stakeholders in the gaming industry (governments, lotteries, vendors, operators, etc.).

*Much discussion surrounds skill games and their potential. Where is the line drawn between skill games and games of luck? What are the drivers behind skill games? Is there true potential and how do you see the future of this segment?*

**C. Antonopoulos:** Every game has its own market share. Whether it is a skill game or a game of luck, it’s all about user experience and entertainment value. We are now experiencing convergence in technologies, including video streaming as well as new 3D video games. These new technologies promise to enhance the user experience in very interesting ways that will accelerate this convergence. The younger demographic is responding positively to these new products, causing us to feel that the future gaming environment will need to appeal to the player preferences of these new demographics for the markets to continue to grow and prosper. For example, we see that card games, which require skill, are very popular. But slot machines and VLTs, which do not require any skill, are increasing in popularity as well. Operators have to provide a full range of all games and have games that address all different lifestyles and preferences. The challenge for us is to make the most of all of these different sub-markets by providing the games that appeal to everyone.

*What do you see as the future of the Private Management Agreement (PMA) in the U.S. market? Will other states need to take time to*

*observe the IL implementation of the PMA, or do you expect some states to move more quickly than that?*

**C. Antonopoulos:** The whole procedure of Illinois, irrespective of the details for which we have officially expressed our protest, is overall very positive for the gaming market.

In Europe, which is in a more advanced life-cycle stage than the US, the private sector plays a pivotal role. So it is a natural step for the U.S. market to also evolve in this way. That is what is happening now in Illinois. It's not, by the way, that the people of the private sector are more effective than those of the public sector. It's just that the operational structure of the PMA is more supportive of innovation and entrepreneurial action. Of course, regulatory decisions and enforcement remain under the public control, in order to guarantee

the transparency and the credibility of the entire process for the citizens.

There is no doubt that no matter which company is awarded the contract in Illinois, all the people involved agree that sales and public income will increase substantially. All the States will now have a real example to look at and they can decide if they want to follow it. This is no longer a theoretical possibility. It has become a reality for everyone to learn from and build upon to create an even better future for lotteries and their beneficiaries.

*U.S. state lotteries are beginning to move forward with bolder initiatives in internet gaming. Do you think the end result might be that the regulation of i-gaming in the U.S. be recognized as a states' rights issue and the i-gaming space will finally take off like it has in Europe? Maybe now that Canada is imple-*

*menting on such a grand scale, the U.S. will see how vital it is that they regulate and tax the internet gaming industry? What do you think are the best opportunities for lotteries to exploit in the i-gaming space?*

**C. Antonopoulos:** I-gaming is a global trend and the US is one of the leading markets in the lottery sector. The state governments should not ignore that. And the federal government should make crystal clear that states have the legal right to regulate all gaming including i-gaming. I think that the successful examples in other countries, mainly in Europe but next in Canada, might inspire the US governments to regulate the interactive markets. INTRALOT has the technology and the know-how to play a pivotal role in this new market, and look forward to a time when governments and regulators meet the demands of this important market. ♦