

What makes the globalization of GLI a most interesting story is that the nature of their business spans a confusing array of technological change, cultural and political diversity, and regulations and licensing requirements that differ throughout the world. GLI is an innovator in so many different ways, and now we can add to that the area of business process engineering. And the thing that drives this company so steeped in technology is the customer – making everything easier, faster, better for the customer.

Public Gaming: *I read an article describing GLI's recent efforts to integrate international operations, and identifying you as making a special contribution to this initiative. Lots of companies have offices on different continents. What does it mean to integrate international operations?*

Phillip Barow: Like you mentioned, it's easy to set up sales and admin' offices all around the world. Integrating operations in a way that empowers each office with the full capability of the company's resources is where the challenge lies. There are really two objectives which can be difficult to implement hand-in-glove. One purpose of having a local office is to inform your operation and customer service with the culture and perspectives of the local market and jurisdiction. The other purpose is to bring to the local market the resources of the large, global corporation. Your staff and business processes need to integrate a deep knowledge of the local markets with the world view of a global industry and corporate enterprise. "Think globally, act locally" is the cliché, and it can be very challenging to achieve.

That would seem especially so with GLI. Your business is so data intensive with very complex IT requirements. And your corporate mission involves making sense of a huge variety of complicated regulatory frameworks.

P. Barow: It's true that GLI's brain-trust and information resources are immense. Organizing

it so that the right information and support are effectively disseminated to the right places at the right time is the challenge. GLI has done an incredible job over the past 20 years in the North American market serving regulators, developing a robust internal IT system, developing tools that make life easier for our customers like GLI Verity and GLIAccess. All that information is disseminated to every regulator in North America. They know how to use it, they're trained on it, they get regular updates. But enabling our international offices and customers to efficiently access the full extent of these capabilities and resources was challenging. I started working with James Maida (President and CEO of GLI) about three years ago to create the fully integrated, seamless platform that now supports all aspects of GLI's global operations.

The way the regulation of the gaming industry has evolved, there is an endless variety of different rules and regulations governing this industry. How does your focus on integrating operations internationally help your customers get more information and data more quickly and cost-effectively?

P. Barow: What you're referring to is an important point. It's a subtle thing that not everyone is aware of. Markets are developing without an adequate awareness of what's happening in adjacent markets; and without always assessing other markets that share some characteristics and

Phillip Barow

Managing Director of GLI Europe,
Gaming Laboratories International (GLI)



taking advantage of being able to use the experiences of one jurisdiction to inform the process of building a new regulatory framework in another. Regulators all around the world are working with the parliamentary and legal bodies that are creating the regulatory laws and licensing requirements. Sometimes they go about this process without benefit of referencing the ten or fifteen other regulators who have dealt with the same issue. This is exactly the kind of thorny problem an effectively integrated operation addresses. Our local people speak the local language, understand the local political and legal frameworks and mechanisms, interface with the local regulators, and inform all this with the database of GLI knowledge and global resources. So we're able to describe how your particular problem or dilemma was handled in a different jurisdiction. We can even give them the contact info for them to talk with their regulator colleagues in a different jurisdiction who have dealt with the same circumstance. Similarly, we are able to help regulators understand how they might evolve their frameworks as the markets mature. All this is made possible with our broad experience with countless jurisdictions from all around the world. But it's made a reality with the effective business processing and IT infrastructure, along with smart staffing, that has come to bear with our focus on truly integrating our global operations.

...continued on page 28

GLI has long been recognized for its expertise in testing and regulatory matters. What we've now added is a super high level of data-driven analysis and process engineering to enhance the impact and value that ultimately reaches the customer.

I would think that governments and regulators would want to streamline the licensing process and look for ways to rationalize the regulatory frameworks. Wouldn't there be a set of regulatory requirements that are shared by at least more than one jurisdiction? Couldn't jurisdictions get together and create a common set of regulations that enables a licensee to operate in all the different jurisdictions? Is there any aspect in which GLI can leverage its incredible database of regulatory specs and conditions to help regulators streamline and expedite the licensing process?

P. Barow: There's actually two sides to this question. First, there is the technical side. GLI has always been very strong on this side of the business. We actually help manufacturers leverage the regulated technology they've developed in one market and bring it to another market. Regulators recognize the value, quality, and credibility of a GLI certified mark. They understand that it's been thoroughly vetted, the technology works reliably, the players are protected, the game operates to spec', etc. So in some ways we do help with the harmonization of technology.

But the other side to this question is more subtle. From a public policy point of view, regulatory frameworks may appear to share some commonalities. But from a purely technical point of view, there are going to be far fewer commonalities than you might think. The Italian regulatory environment is going to be much different than the French regulatory environment from a compliance perspective. So companies will have to overcome many different hurdles in terms of anti-money laundering regulations, reporting, responsible gaming, compliance in terms of

background checks, and whole host of other issues in one country than they would in another. Terms, conditions, technical specifications are all set nationally and so all differ from one jurisdiction to another and that basic system will not likely change. Each government has a rich history of hundreds of years of operating with a focus on the individual needs of its citizens. They each have their own culture, their own political systems and moral sensibilities and customs. I think you'll find that the enlightened operators and manufacturers respect that fact. GLI has been able to help them harmonize on the technology side. There are very similar technologies all across Europe as in North America and there are ways to harmonize the technological platforms and gain some efficiencies in the process of making the product be compliant with multiple jurisdictions and different specifications and requirements. Manufacturers all want to expand abroad and need to have efficient, cost-effective ways to become compliant and get licensed in different jurisdictions. GLI is positioned well to facilitate this process.

What about harmonization on the regulator side – do you envision the regulators getting together and creating a certain minimum standard that could serve as a foundation upon which they would each then build their own additional requirements?

P. Barow: I don't, really. As I mentioned, there are just too many characteristics unique to each system to make that possible. Granted, the technologies and even regulatory issues may not be 100% unique to each jurisdiction. But when you add in the variety of cultural, political, and legal aspects that go into the formulation of a regulatory framework, you really end up with very little that is actually common to all jurisdictions. There are lots of things that regulators do to rationalize the process. They just can't do the short-cut that you are suggesting. Regulators can

and do learn from each other's experience and GLI does what it can to facilitate the process of communication and sharing to help regulators build the most effective framework. For example, we are the only company of our kind to hold regulators roundtables to help bring about these types of conversations. And we hold them in North America, South America and in Europe. It happens all the time that regulators describe a new issue and our input is almost always to refer to how others are dealing with a similar issue and help them assess what works best based on how things have worked in other markets.

Two technical issues that seem to be at the heart of disputes between remote internet gaming operators and governments: IP Blocking and the requirement to locate the transaction-processing server in the place of consumption, i.e. where the players are located as opposed to where the operator is based. Is IP blocking technically difficult?

P. Barow: Those are questions that a lot of people are wondering about, including me! First, there is a large component of public policy to these issues which is not our place to comment on. For instance, technologically there may not be much of a difference to where the server is physically located. Most of the reporting and auditing functions can be conducted effectively no matter where the server is located. But there are other considerations to having physical access to the server and it is likely that some jurisdictions will deem them to be perfectly legitimate concerns. Same thing with IP blocking. Sure, the technology is there to effectively block your citizens from accessing banned websites. But there are a number of public policy issues that need to be addressed, and that is done by the individual jurisdiction based on a broad range of factors, more to do with public policy than with technological capability. It comes down to the will of the people and the government of each jurisdiction. ♦

Vlaemminck & Yves ...continued from page 16

would be the case, it provides the States with an important potential to increase the return from gambling services as long as the main objective is to prevent the risk of fraud and crime.

The Betfair and Engelmann cases need to be put into this context. In both cases the question at stake is how the States can grant a licence to operate games of chance in a restrictive environment to a private operator. In both cases respectively Advocate General Y. Bot and Advocate General J. Mazak consider that the allocation of licenses must be done through a non-discriminatory and transparent procedure accessible to all EU based operators.

To the extent that the European Court would follow Advocate General Y. Bot in his opinion in Sjöberg and if States would decide to replace a total prohibition of Internet gambling by proper regulation to prevent the risk of fraud and crime connected to Internet gambling and as such confine the opera-

tions within controlled channels, this could be done under economic terms.

To do so, one needs to realise that transnational cooperation, initially at EU level, is required to keep control over an essential transnational market. Combining a strict residence requirement and rules for an adequate national control mechanisms such as the obligation to operate some local servers with the potential of a coordinated approach with licensed operators operating in other jurisdictions, based upon the model of certain multi-jurisdictional lottery games, could create an economically valuable solution allowing to continue the expansion of gambling operations within a controlled and safe environment.

It could turn out to be a lucrative market...also for the State and provide a path for a transatlantic approach. ♦