



## BETFAIR'S TECHNOLOGY

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### INTRODUCTION TO BETFAIR

Betfair is a European internet success story, comparable with US brands such as Google, Amazon and Facebook. As a result technology is at the heart of everything that Betfair does. It has developed one of the most technically demanding sites in the world.

Betfair's core product is the world leading online betting exchange, a concept which it pioneered. The exchange mechanism uses similar technology to the stock market and allows Betfair to offset its risk perfectly by exactly matching supply and demand in a way not possible for traditional bookmakers. Since its launch in 2000 it has also developed casino and poker products and has used pioneering technology to extend its products beyond the internet to allow them to be accessed on a range of different platforms including TV, radio and mobile. The company obtained its first licence in the UK and holds further licences in Germany, Austria, Italy and Malta, as well as in Australia.

In 2007 Betfair also launched Tradefair. This is the first application of the exchange technology outside the betting industry. Focusing on financial markets, Tradefair is moving Betfair into the online retail financial derivatives market and is expected to achieve FSA authorisation shortly.

Betfair is a revolutionary technology company which believes in promoting integrity, delivering value, operating sustainably and creating an online community.

### BETFAIR'S FACTS AND FIGURES

Betfair is a truly global enterprise:

- Betfair has over 2.5 million registered users worldwide;
- Betfair handles up to 6 million transactions a day processing up to 1,500 transactions per second on the sports exchange;
- Betfair handles more transactions a day than all of the European stock exchanges combined; processing more transactions each year than all previous years combined;
- 99.9% of transactions are completed in less than one second;
- Betfair's site experiences 36,000 page impressions per second during peak times;
- Betfair serves a billion web pages a day from just 80 servers; it also uses innovative industry techniques such as virtualisation throughout its 5 global data centres to achieve optimal efficiency from its other hardware assets.
- Betfair employs more than 1,500 people worldwide. A third of the workforce is engineers and IT specialists; Betfair is currently hiring more technology staff in the United Kingdom, United States, and Romania.

### BETFAIR'S TECHNOLOGICAL CAPABILITIES

Betfair's technology gives it unique capabilities in a range of areas:

- IT Innovation has enabled Betfair to achieve a power saving of 84% through test environment virtualization;
- Storage virtualization has delivered a reduction of 40TB of physical storage and represents a saving of over 60%;
- Betfair's new core platform will have a 10 fold increase in computing capacity coupled with a 50% decrease in computational footprint.

The exchange platform:

- Allows customers to choose their own odds and bet against each other, even after an event has started; It took 1000+ person years to build with over £100 million worth of investment;
- Provides unprecedented transparency allowing customers and the company to analyse betting patterns and prices in a way not previously possible.

Activity on the Exchange is monitored by:

- A secure interactive web-based application developed to monitor all bets taken on the exchange in real-time;

- A system which sends automated alerts and exception reports to monitor accounts and betting activity;
- High tech tools used to analyze computer forensics and linkages between accounts to prevent, detect, investigate and report any potential criminal activity.

Social Responsibility capabilities of the exchange:

- The exchange technology gives customers control over their gambling activities in a way not possible with traditional forms of wagering:
  - It allows customers to limit the total amount of money deposited over a period of their choice, to reduce the risk of customers spending more than they wish to;
  - It gives customers the ability to limit the frequency of their deposits over a given period, again of their choice, to reduce the risk of customers 'chasing losses';
  - It allows customers to limit the amount of time they can spend on one activity, notifying them after certain time periods; and
  - It allows customers to self-exclude themselves from the website for a minimum of six months.

### BETFAIR'S AWARDS AND ACHIEVEMENTS

Betfair is one of the top 25 internet companies in the world and has amassed numerous awards establishing it as a leader in its field:

- Betfair won two UK Queen's Awards for Enterprise in 2003 (Innovation) and 2008 (International Trade);
- In 2004 and 2005 Betfair was named the Confederation of British Industry's (CBI) 'Company of the Year' – the only company to ever achieve this accolade;
- In 2005 Betfair was named the UK's seventh fastest-growing technology company in The Sunday Times Tech Track 100;
- In 2006 Betfair was named winner of the 'Citrix Customer Innovation Award' which is awarded to the company who demonstrate an innovative approach to transforming their business through access technologies;
- Betfair won numerous eGaming Review Industry Awards including 'Operator of the Year' in 2007 and 'Socially Responsible Operator of the Year' in 2006;
- In 2007 and 2008 Computer Weekly Magazine named Betfair as the 'Best Place to Work in IT';
- In 2002 and 2009 Betfair's founders, Andrew Black and Ed Wray won Ernst & Young's Entrepreneurs of The Year Awards;
- Betfair is the only online gaming company to have achieved ISO 27001 accreditation for its security processes.

### BETFAIR'S REGULATORY CHALLENGES

From the outset, Betfair's domestic and international trading strategy has centred on engaging with governments to contribute to defining pragmatic and workable frameworks for open and regulated markets. Gambling by nature attracts a fair amount of controversy, which Betfair recognises, but it also means that governments have a duty to take a pragmatic approach to protect their citizens, in part by recognising the universal nature of the internet. Betfair has a long-standing policy of operating only in countries where it is legally able to do so, enhancing its reputation of placing integrity at the heart of its business.

Betfair is working with several governments to define regulatory frameworks for gambling which take into account the reality that most large internet gambling operators in the world are based in the EU and operate to the same reporting, transparency and accountancy as any European company. The real danger to consumers, arising from a lack of coordinated policy-making, comes from online operators based outside the EU with very little in way of consumer protection, social responsibility or anti-fraud policies.

Within the fragmented landscape of regulation within the EU for the online gambling industry, Betfair faces a series of challenges which potentially place severe limitations on its technological capabilities:

- Internet Service Provider (ISP) Blocking: Via ISP blocking policy-makers in several EU jurisdictions, including France, Germany, Holland and Sweden are implementing, or sympathetic to the idea of, restricting consumers access to connect with certain websites. Blocking ISPs as a means of regulation is damaging to both

the internet industry and to consumers. Crucially it is completely unworkable - most evident by the US failure to prohibit online gaming since its ban in 2006<sup>1</sup>.

- Financial Transaction Blocking: Several EU countries, most noticeably Holland, are seeking to prohibit credit institutions and financial service providers from taking deposits and paying-out to and from what they deem to perceive as unauthorised gambling providers. This interferes with one of the most fundamental freedom principles of European law, specifically the free movement of capital and payment transfers as established in Article 56 of the EC.
- Lack of understanding of internet capabilities: A significant proportion of consumers are concerned about being able to trust websites from other Member States due to being unaware of their rights when accessing these sites. This needs to be addressed by the EU establishing a unified licensing system for gambling websites which would ensure basic minimum standards for all EU-licensed operators. This would allow a true single market to develop which would safeguard consumers and ensure that EU companies are placed on a level-playing field and can compete throughout Europe and the rest of the world.

### CONCLUSION

The internet is essentially a borderless place. The main challenge to Betfair, and the online industry as a whole, is the belief of governments and regulators that borders and national boundaries can be placed on the internet, as it can be with land-based services. This is simply not the case as the internet gives consumers the capabilities to seek out the products and services they want regardless of where the product originates from. Users of gambling services are increasingly sophisticated and will seek out cutting edge products, currently provided by regulated and licensed European companies, elsewhere if their ability to access their favoured providers is restricted.

Betfair believes policy-makers should focus less on trying to ban and limit the online sector and more on establishing recognised international standards and regulations to ensure consumers can have trust and confidence in the products and services they seek online regardless of where they or the product are based.

### CONTACT DETAILS IF YOU REQUIRE FURTHER INFORMATION:

For further information on any of the above please contact Tim Phillips, Betfair Director of European Public Affairs, on +44 20 8834 8479 or [tim.phillips@betfair.com](mailto:tim.phillips@betfair.com).

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<sup>1</sup> The Unlawful Internet Gambling Enforcement Act 2006 prohibited online gaming yet recent figures from H2 Gambling Capital reveal that 34% of the world's online gamblers come from the USA.