



## Manx e-Gaming Association Survey 2013

Year	2006	2007	2008	2009	2010	2011	2012	2013 Forecast
Total employment	230	360	460	543	645	671	775	854
Total expenditure IOM *	£60m	£70m	£91m	£123m	£153	£159	£175m	£198m
Total taxes paid in IOM **	£3m	£4m	£5m	£11.2m	£15.2M	£15.8m	£16.4m	£17.8m

\* excludes capital spending

\*\* includes payroll taxes, National Insurance and duty paid only

**John Webster**

Manx eGaming Association

February, 2013



## **Manx e-Gaming Association Survey 2013**

4<sup>th</sup> March 2013

MeGA has pleasure in releasing the results of the latest survey of e-gaming business on the Isle of Man. In order to ensure consistent and accurate results the survey comprises responses from companies which have been involved with MeGA surveys from inception in 2006, supplemented by intelligence from our members and contacts within the industry plus additional research that considers new entrants and introducers of e-gaming business to the Island.

While there are many challenges facing the sector, such as uncertainties regarding regulations and access to markets, there is generally good news to report. Prospects for new business remain positive, there has been an increase in those planning to acquire an Isle of Man licence and in those wishing to establish new, non-licensable operations on the Island. Reports from the recent ICE trade exhibition suggest that the quality of leads generated is of a higher quality than in the past and the Isle of Man has established an international reputation for high ethical standards, effective regulation and an environment that is commercially attractive. However, while there will be some increase in income and employment, directly from the new e-gaming entities and indirectly from CSPs and other suppliers of business services, the extent of such growth is not likely to be significant, at least initially. Major contributions tend to be restricted to those large companies that make a real home on the Isle of Man by locating key senior staff and actual operating facilities on the Isle of Man. Such companies with a significant real presence add most to the Island's economy while at the same time are less prone to criticism that they are located here solely for tax reasons. Strategic decisions by several companies committed to the Isle of Man have meant that between 2012 and 2013 there will be a significant boost to employment in e-gaming.

Overall, business prospects are good for competent, well-funded e-gaming companies, but as has been said in previous MeGA commentaries, the industry is maturing, there is increased technical sophistication with the recent rapid growth of mobile and other platforms and the varying regulations imposed by different jurisdictions continue to pose challenges for small and start-up operations. There are some excellent publications outlining the relative merits of jurisdictions, a notable recent publication being by Dr Paul Davies of The Pacnet Services Group, so this review will not stray into these areas except to highlight any points pertinent to the results.



Actual trading in the Isle of Man's domestic market has been tough, with Government spending being reduced and focussed on low prices so there have been a number of redundancies in the local IT market. This emphasises the importance of the new money and jobs that are generated by companies attracted to the Isle of Man but who trade elsewhere. The significant increase in employment by companies that have established their headquarters on the Isle of Man and whose investment and commitment continues to be considerable illustrates a point that has been frequently expressed by MeGA but warrants re-iteration; the most productive and easiest method of marketing is to concentrate on those that are already on the Island. While the returns from the MeGA survey are seen by only one individual and are then aggregated to preserve business confidentiality, the reason for the significant increase in income and expenditure shown in the results of the 2013 survey is clear. It is the organic growth of those companies with an existing sizeable presence on the Isle of Man, coupled with the attraction by them of associated operations and activities.

The latest survey, conducted in January, 2013 shows that the actual numbers employed in 2012 were 775 and this figure is forecast to rise to over 850 during the year. Excluding any multiplier effects, direct expenditure on the Isle of Man by the sector in 2012 was £175 million, this figure is estimated to rise to almost £200 million during 2013, contributing some £18 million in taxation to the Isle of Man Treasury coffers. Wages vary considerably in the sector, the average is above that of other sectors rising by 7% over the year while remuneration of those at the top is high, reflecting their experience and value-added to their employers.

There can be no room for complacency as e-gaming is relatively footloose and business can easily be lost. However, the future for e-gaming on the Isle of Man continues to look encouraging, with a good pipeline of new enquiries from companies in both licensable and non-licensable activities and the clear commitment from established entities being demonstrated by their restructuring plans.

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