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On-line gambling firm eyes bingo jackpot

Software developer is leading the game out of parlours and onto the Internet

By TED KRITSONIS

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The word "bingo" tends to conjure up images of smoky halls and throngs of seniors armed with ink-filled card-dabbers, but the traditional parlours are coming under pressure from the Internet.

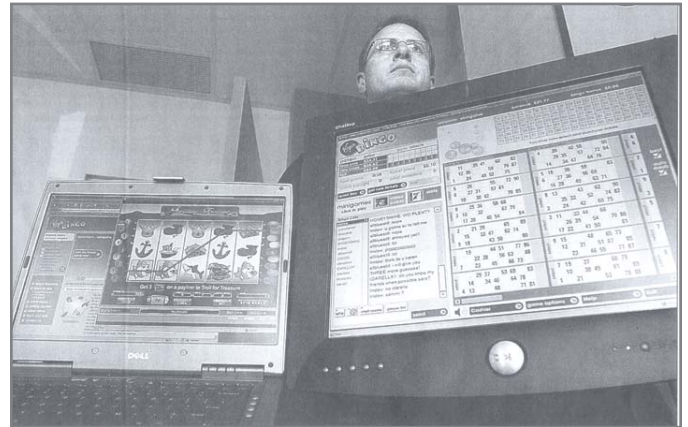
Oakville, Ont.-based Parlay Entertainment Inc., which has been in the business of developing gambling software for on-line casinos for almost a decade, is quietly capitalizing on the trend. Competing with firms such as the Globalcom network, Chartwell Technology Inc. and Playtech Cyprus Ltd., it's the leading developer and licensor of Internet bingo systems.

Andrew Branscombe, vice-president of sales for Parlay, says the company's business model is an initial installation fee followed by a trailing royalty stream. With 45 employees and satellite offices in London and Barbados, Parlay has seen steady growth, with more than \$1-billion (U.S.) in wagering now done on-line annually through merchants that use its software. Parlay's 2004 revenue was \$3.8-million, and it reports revenue for the first six months of 2005 was \$2.6-million.

Its products include Parlay Casino, Parlay Lottery and Parlay House Edge, as well as the flagship Parlay Bingo. While its systems support all the games on-line casinos offer, bingo is the area Parlay is keen on.

"The protocol we use to allow synchronization of all the players in a bingo game is really what we've patented," says Perry Malone, chief technical officer for Parlay. "One of the issues with a game like bingo is the synchronization with multiple players, because timing is very important on the Internet. You want to make sure that the game is fair and that whomever has the winning card wins the game."

Parlay also uses J2EE Java technology, developed by secure e-commerce software expert Sun Microsystems Inc., in its bingo system.



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"Parlay was targeting customers that would potentially be serving millions of users," says Frances Newbigin, software practice manager at Sun Microsystems of Canada Inc. "The reliability that Java delivers means that the Parlay applications can serve any environment."

Security and consistency remain key issues, but Mr. Malone says as a software provider, Parlay's role is limited. "We've designed the software interfaces, management tools and game applications themselves to be secure in that they can't be tampered with by end-users or hackers. But since the client hosts our software on their infrastructure, they're responsible for making sure they have quality [security] protocols, and any additional third-party security packages in place to ensure that systems are protected."

Mr. Branscombe says Internet bingo accounted for roughly \$200-million in revenue for on-line parlours over the past 12 months -- a relatively paltry figure when compared with the \$70-billion to \$80-billion that land-based bingo halls are estimated to generate worldwide each year. But he says the majority of current Internet bingo players are in Britain, so there's lots of growth potential in North America and other markets.

"[Internet bingo] is such a small portion of the worldwide bingo market that if 1 per cent comes on-line over the next 12 months from the land-based market, that still amounts to seven- or eightfold growth in our current market."

He expects to see Internet bingo grow in markets where the traditional game is popular, such as Italy, Spain and all of South and Central America. Here at home, it is illegal to operate an on-line bingo hall in Canada without a licence, and backers of on-line bingo halls have generally set themselves up in jurisdictions outside of North America where Internet gambling is either tolerated or legally accepted.

Parlay's first Internet bingo customer was Bahamas-based Cyber Bingo, and since then it has dealt mostly with British-based companies such as Gala Bingo and Virgin. Parlay now has 30 international corporate licensees and 60 websites using its patented system.

When Virgin chose to add bingo to its on-line games, "we decided to recreate the experience of an actual bingo hall," says Oscar Nieboer, managing director of Virgin Games. He adds that his company is "very pleased" with Parlay's software and the virtual bingo hall it allows Virgin to offer. "More importantly, so are our customers. Since its launch in May, Virgin Bingo has proven to be one of the most successful games in our on-line casino."

As for the older demographic associated with traditional bingo halls, he says the rise in popularity of Internet bingo, predominantly among women, is bringing in fresh players. The age of on-line players currently averages between 25 and 45 years, he says -- a group coveted for its disposable income -- which should bode well for the Internet bingo industry's future.