



Survey of Manx e-Gaming Members 2012

Year	2006	2007	2008	2009	2010	2011	2012 Forecast
Total employment	230	360	460	543	645	671	688
Total expenditure IOM *	£60m	£70m	£91m	£123m	£153	£159	£164m
Total taxes paid in IOM **	£3m	£4m	£5m	£11.2m	£15.2M	£15.8m	£16.3m

* excludes capital spending

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

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February, 2012



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The Manx e-Gaming Association (MeGA) Survey has been conducted since 2006. In each of these years every member has given full co-operation providing us with seven years of consistent data for this important sector, which now contributes some 10% towards the Manx national income. MeGA members are to be applauded and thanked for this support because the data provided has become a valuable indicator both of how the industry is changing and the contribution that it makes to the Isle of Man's income and employment growth. Even more important, the detailed analysis of findings and the comments and suggestions made provide a valuable insight into how Government's economic strategy can best be tailored to encourage further growth in this and other industries that are compatible with the Island. The MeGA survey was conducted in conjunction with the Manx Business Connection (MBC) who carried out a survey conducted on behalf of the Isle of Man Government's Department of Economic Development into non-gaming companies that were believed to be involved in using e-business techniques.

It should be noted that while the sample of MeGA members has remained constant and therefore the base information is reliable, the information has been smoothed to take account of unusual fluctuations (such as exceptional one-off spending by a company) and there may be minor rounding or grossing-up errors for various reasons. It is not thought that these factors will have any material effect on the conclusions reached or suggestions made so readers should have a high level of confidence in the results.

The key factors to emerge from the 2012 MeGA Survey are:

1. E-gaming is now a mature industry, so the expected slowing of the rates of growth that were identified last year have materialised. In addition, the varied and complex regulatory regimes have made it difficult to access a number of markets which in any event are suffering depressed economic conditions. Actual numbers employed in 2011 were below those forecast (671 compared with 693) and levels of spending were also lower than forecast.
2. In addition to other spending typically capital expenditure has varied each year from around£5m to £10m.
3. The Isle of Man is home to the headquarters of companies in all the key sectors of e-gaming. MeGA membership includes the world's two largest software suppliers to the sector, the leading global hosting centre, a long-standing provider of online payment systems and one of the top providers of online poker services in the world. The fact that company headquarters are located on the Island is reassuring. Typically head offices of companies are less affected by economic downturns than are outposts, branches and subsidiaries; decision-makers being keen to support their home jurisdiction. The useful strategic advice and comments that accompanied the survey were indicative of the fact that top-level decision makers are located on the Island.

4. Levels of remuneration are considerably higher in head office locations than those found elsewhere. The MeGA survey reveals rewards to their staff to be significantly higher than those in the non-e-gaming survey. The greater stability and higher wages found in head offices means that wherever possible policies should be aimed at attracting head offices.
5. Analysis of the staff profiles of e-gaming companies shows the proportion of skilled, professional, technical and high-level staff is considerably higher than in other companies. This endorses the findings regarding staff costs but also means that such companies are sensitive to the operational, regulatory and tax environment as decision makers are aware of media, public and political sentiment. This sensitivity should be acknowledged, business places a high premium on stability, certainty and the need to be welcomed by the community in which it operates.
6. A particular advantage of having head office staff based in a jurisdiction is that they can be a useful source of advice, valuable sounding boards when policy initiatives are being considered and also effective introducers of new business opportunities; this certainly occurs on a regular basis on the Isle of Man and the close public-private sector co-operation is envied by other countries.
7. If the Island's community is to continue enjoying the stable, harmonious way of living to which we are accustomed, it is essential that business is perceived to be working alongside rather than against traditional resident aspirations. The unwelcome recent rise in unemployment on the Island could represent an opportunity to transfer the skills from existing management so that staff will be encouraged to transfer from declining sectors; there is ample evidence of this having taken place and e-gaming companies now have many key staff that were originally employed in other sectors.
8. The rise in unskilled unemployment means that there is an opportunity for Government to work with the e-gaming companies to encourage organisations to bring to the Island opportunities previously not encouraged, such as back offices and call centres. In order to ensure that the Island continues to enjoy the harmonious social relationships which are symptomatic of life on the Isle of Man, all sectors of the community must consider themselves to be benefiting from economic prosperity generated.

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