



JACKPOTMEN

How do you beat low liquidity, seed a jackpot without cost and offer a multi-million jackpot without risk?

Two ex-PartyGaming staff have launched a concept that is set to shake the foundations on which today's online gaming sector stands. Until now, the world's largest online jackpots have been the sole domain of the mega-operators offering slot games linked to progressive jackpots fed by thousands of players. It's a proven concept, but a limiting one. Low liquidity games fail to drive progressive jackpot prizes, which cyclically fail to draw further play. Access to mega-jackpots is controlled by the mega-operators, with smaller operators left with little alternative but to sign-up to a narrow selection of prize pools offering a Henry Ford-like game selection comprised of anything, so long as its slots.

Managing liquidity and risk

Topjack Games, the company founded by Nick Lynes and Stanislav Nikolov has removed liquidity, risk and seeding from the jackpot equation. The company does not offer traditionally seeded, populated and progressively grown jackpots. Its jackpots are insured by Lloyds of London, its license approved by Malta's LGA, its jackpots are instant and they are massive.

In terms of perspective, the Topjack concept is ground-breaking. It breaks all the current rules. You don't need to go with the biggest operators in the online market to offer massive jackpots to players. You don't need to link jackpots to slot games to ensure liquidity for multi-

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million prizes. You don't need to seed the jackpot to set the wheels of the prize in motion. There is no pooling of funds since the risk of the win is not shared, it is insured. In creating a jackpot in this way there is no need to drive players to a site to feed liquidity or, in the case of Topjack's unique instant online lottery jackpot, delay the draw to ensure volume on the site is synchronised at the point of the draw. The fixed odds nature of the jackpot means that every player has the same chance of winning the top prize as the next. This is player to house gaming



jackpots within a short space of time. It's a revolutionary product that's going to change everything. Operators with their own games can use Topjack's jackpot system as a White Label sitting on top of their titles, while the company also offers its own platform and licence for the complete end-to-end solution.

Building the foundations

The creation of Topjack Games has taken four years from initial kernel of an idea, through the incubation process, licensing, contracts and finally to the launch. Both Nick and Stan are formerly employees of PartyGaming. A chance seating change placed both men in contact with each other for the first time. As Nick describes, heated debate, technical ideas and their execution quickly followed. "Stan's background is in what I describe as 'proper maths,'" explains Nick. "My background is in marketing and sales promotion, having spent a long-time in the gaming industry across numerous different roles. We could both see that liquidity had become the biggest barrier to the continued growth of the industry,

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and it was through these discussions that we identified what we saw as a solution - a bridge to the liquidity issue forged by indemnity insurance."

Four months into a process Nick describes as cooking a 'barbecue idea,' the putting of the world to rights while flipping burgers and drinking beer, a level of detail was being added to what was quickly hatching into a project, with a business and investment plan of its own. Time became a limiting factor for both men and as circumstances within PartyGaming created an opportunity to exit without acrimony, both Stan and Nick made the frankly reckless choice, to abandon terrific jobs for the unknown in order to follow the kernel of an idea to its conclusion.

"We spent 15 months in a villa in Spain, working every moment of every day on this idea," explains Nick of the mania

driving both men at that time. "It shocked us both what we were able to achieve in this period, the level of detail that we could process. That's not to say that we couldn't have achieved everything in three months, but we were so obsessed with creating a completely 'clean' model that we constructed and deconstructed the model over and over until we knew that it was flawless. It sounds arrogant to say that, but when you're dealing with compliance, with licensing and insurance at this level, there can be no compromise. We followed the idea from the legal perspective through to the product, the player, the promotion, retention, licensing, insurance and back to the beginning again. If each element wasn't 100 per cent clean, then we started from scratch all over again. We were almost complete at five months into the project, practically there at six, but we knew that we couldn't have a single question we couldn't answer. So we started again, over and over."

It's this level of obsessive compulsive drive that immediately hits you when you speak to Topjack. It's a laser-focus of detail, of expressing the mechanics of the idea, the clarity of its execution. The original idea had to withstand all the rigours that were about to be unleashed upon it, by regulators, investors, customers, insurers and most importantly, the players. Everything had to work from a player perspective otherwise all would have been for nothing.

"We knew that we had to get the right level of investment to drive this project, secure the insurance indemnity and achieve a white licence from the Lotteries and Gaming Authority in Malta, but beyond all the hype it had to fundamentally work for the player," states Nick. "Retention, acquisition and converting players had to be at the core of the proposal. We could have approached Lloyds and the LGA much sooner and would probably have met their requirements, as no one has asked for the level of detail to which we drilled down. However, ultimately your idea has to stand not only their scrutiny, but that of the most difficult audience, the player. I believe that we're now reaping the benefits of that level and depth of detail. We know how exactly our product functions at all levels, we can answer every question. That's not arrogance, it's a fact."

In adopting such a microbial level of scrutiny, both men knew that their concept could navigate the stages that were to come, where the risks were higher, both at the personal and corporate level. The next phase involved raising the investment they needed to indemnify the

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in which players believe they are playing a lottery game, but where in fact the risk is insured.

It's a concept that brings down the barriers for smaller operators who can now offer massive jackpots without the need for liquidity. Low liquidity games can offer massive prizes without risk to the operator, who can offer casino style games of their choice, rather than slavishly sticking to slots. From the outset Topjack clients can offer players £2m jackpots, rising to £10m and £15m



Nick Lynes – In 2003 Nick moved to Gibraltar to work for 888 Plc as Brand Manager of Pacific Poker. In 2005 he moved to Costa Rica to take the position of Head of Poker at BetOnSports Plc. In this role he re-launched and grew BetOnSports Poker by 600 per cent in 15 months (3K to 18K per day). In 2006, Nick spoke at World Poker Congress on the subject of poker operations. In 2006 he commenced work for PartyGaming Plc where he launched the PartyBets brand, nine ITV gaming brands and multi-currency, which was their biggest initiative for two years.

product with Lloyds and secure the licence with Malta's LGA. Each was not only a complicated process, but chicken and egg too - what comes first as each is dependent on the other?

Choosing the right partners

"We started with the simplest explanation of the idea - a jackpot without the need for liquidity," describes Nick. "We knew that we had to get a lotteries and gaming licence to secure the insurance contract, which we needed for the investment, which was needed to fund the first two parts. It's a vicious circle, but we had to start somewhere. We began by pitching the idea to 15 investors, with 13 agreeing to finance us, which was amazing in itself. We went to venture capitalists at the 15 month stage of the project to receive clarification that we could get to the go-live stage. They invested in the concept and in Stan and myself."

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What's remarkable is that Topjack formed just at the point that the recession hit its lowest ebb, right in the middle of the credit crunch. That investors were willing to back such an unproven software project to fruition is testament to the strength of the initial idea and the bullet-proofing and galvanising both Stan and Nick conducted from the point of conception. When you consider that 60 per cent of software projects don't even make it to launch and 80 per cent run out of money, Topjack would go on to perform another miracle, launching on budget. "We had the schematics of how the system would be built and gathered all the quotes from suppliers well in advance," says Nick. "We launched on budget with additional features and games to those we'd originally envisaged."

Despite gathering investors behind them, Topjack needed to still convince both the LGA and Lloyds, explaining the brand new concept of prize indemnity insurance and the kind of infrastructure the two creators were looking to put into place. "The LGA accepted the idea in principle at a very early proposition stage, while in the background we were speaking to





Stanislav Nikolov – In 2004 Stan established a business and with the acquisition of one big customer it was then diversified to provide service to end users, where it quickly grew to over a thousand customers. Stan also worked for the Bulgarian state lottery on new products and marketing. From there he worked for a year at PartyGaming on new products, promotional products and process development. Stan left PartyGaming in 2008 to commence work on Topjack Games full time. He is a natural mathematician and has won first prizes in one major international (out of 500,000 people) and two national Bulgarian mathematics competitions.

Lloyds, something that grew into a two year contract process. It sounds as though we faced enormous difficulties, but in truth Lloyds really understood what we were trying to achieve from the start. However, the process of drawing up such a detailed contract took lots of time, energy, lawyers and even more detail. The concept took a battering, but emerged the other side. Contracts are everything in this business and we secured ours with the very highest level of assurance."

The decision to select Lloyds was both practical and purposeful. "We went to Lloyds as it's not only the biggest, it's also the most flexible," explains Nick. "We didn't want to explain the concept to an intermediate insurance company, we wanted to deal with the company making the decisions and taking the risk. Trust is so important from a partner perspective

THAT THESE TWO MEN COULD CREATE THEIR OWN PLATFORM, INFRASTRUCTURE AND PAYMENT PROCESSES FROM SCRATCH IS REMARKABLE.

and Lloyds delivers that for us. They have given us room to evolve the project too, helping in terms of raising capital and have considered all of our proposals. The same applies to the LGA. We wanted to apply for a Class 1 white licence, the very top approval bracket. We knew that if it was good enough for Lloyds and Malta's Lotteries and Gaming Authority then we'd met and cleared the highest bar."

Growing pains

The most painful part of the process for Topjack has been the speed of progress. Each element eats its own amount of time, swallowing huge chunks as part of a larger machine over which no one can wield overall influence. "We were absolutely in our element when we were working alone and creating together," enthuses Nick, "but the rest of the time you are waiting for others and that's hugely frustrating. The thing I'd change if I could is the amount of time taken to get to this stage. You can jump up and down all you like, but everything has a pace over which you have little to no control. That was maddening."

Topjack has been live for just six months, but already the reaction has been

spectacular. Nick describes the time from launch to the present as 'sheer madness,' with the company speaking to everyone from lottery giants and gaming operators to enormous media empires, each seeing the immediate benefit of the proposition; liquidity-free, seeding-free, risk-free multi-million jackpots. What's not to love?

"We're launching with major companies a series of huge casino games with multi-million jackpots on keno, video poker and hi-lo," describes Nick. "These are traditionally games that sit below the liquidity level required to offer massive jackpots in the past, relegating the games to a lower tier. In six weeks time all the sites will be offering €2m jackpots, in six months it will be €5m and by the end of the year the jackpots will total €10m."

The reaction from the online gaming industry has been one of shock. That these two men could create their own platform, infrastructures and payment processes from scratch is remarkable. In purely technical terms, it's the difference between using an iPhone and actually making one. It's the combination of countless components, supplies and legal issues, which is why the industry has responded so positively. Nick describes both men as enjoying the process of running the company following the 'excitement' of the journey to launch. "It's been a once in a lifetime project," he states. "We are doing something completely new and to see the signs that this is going to be a success is deeply rewarding after all that effort."

What's next for Topjack?

The next stage in the development of Topjack includes the expansion of the company, with a new Managing Director joining imminently, while Nick and Stan focus on the evolution of white label sign-ups, the addition of new games infrastructures and insurance flexibility to offer more applications, while at the same time really pushing marketing and promotions. Accommodating this expansion will see TopJack's 10 current employees locating to Gibraltar over the summer as the company takes its unique offering to wider markets, with the potential to change those markets forever.

Does Nick have advice for others currently brooding at the coffee machine with a killer idea? "You can't compete on an even keel - so don't try," he advises. "You have to find a gap that provides value to operators, which means that you're not launching an 'improved' vision of what's existing already. If you're on the same train track in front of the competition, ultimately they will have gone past you by the time you launch. You have to be on a different track altogether."