



Entering the Dutch iGaming market

Legal and infrastructural requirements



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Management Summary

In 2021 the Remote Gambling Act (*Wet kansspelen op afstand*) is expected to come into force in the Netherlands. The new legislation will allow for Online Gambling in the Dutch jurisdiction. The opening of the iGaming market will offer large business opportunities for both incumbent offline providers as international operators, just like new gambling businesses.

iGaming comes with specific digital infrastructure challenges in terms of speed, performance and privacy. Some of the technical requirements and challenges are addressed in this whitepaper.

Interxion: A Digital Realty Company services several international operators with complex technical and compliance needs at different locations. Six of the top 10 global iGaming operators are customers of Interxion. We believe that our gained experience can help operators to be successful when entering the Dutch market. Our experience shows that operators must make industry specific decisions regarding their **IT infrastructure** and **compliance** when entering a new market. Landing in an **existing ecosystem** will accelerate their go-to-market.

IT infrastructure needs to be accommodated locally to ensure an optimal user experience. Connectivity to end users and to the cloud is crucial. The right location to place your IT infrastructure is important for future-proof scalability, latency and security.

In addition, operators must comply with all kinds of regulations and requirements in order to be eligible for a license and to be allowed to operate in the Dutch market. The Dutch Gambling Authority requires the primary gambling system of the license holder to be located in the EU and the Control Database (CDB) to be maintained in the Netherlands. A local data centre in the Netherlands addresses both requirements. Interxion has data vault providers among its customers and can help finding the right control database provider.

In the Interxion data centres, an ecosystem of providers that are important for the iGaming industry are housed to serve the market. This ecosystem mainly consists of providers offering connectivity, public cloud services, managed services, data vault services and more. Not every operator will make equal use of this ecosystem.



From our experience in servicing leading names in the iGaming industry, we see that major international operators have the resources internally to develop and manage their platform. They nevertheless will need connectivity and multi-cloud access, as well as a local data vault in a secured location. The smaller operators and the operators that expand to online gambling for the first time may have interest in a broader array of managed services.

iGaming in the Netherlands

In the second half of 2021, the Remote Gambling Act (*Wet kansspelen op afstand*) is expected to come into force in the Netherlands. Timing and execution may be subject to change, due to the Covid-19 crisis and other reasons. The new legislation will allow for Online Gambling in the Dutch jurisdiction. The opening of the iGaming market will offer large business opportunities for incumbent offline providers such as lotteries, casinos and broadcasters. Operators are also expected to enter the Dutch market to expand their business.

iGaming comes with specific digital infrastructure challenges in terms of speed, performance and privacy. The digital infrastructure, that consists of play and payment platforms, data centres, connections, databases, data vaults and more, must be able to accommodate high volumes of online players on multiple devices and in real-time. This whitepaper addresses some of the technical requirements and challenges.

The whitepaper is offered to you by Interxion. We like to share our vision on the future of iGaming in the Netherlands in general and the role of the data centre in particular.

The legal context*

In the Netherlands, gambling is regulated under the Betting and Gaming Act (BGA - *Wet op de Kansspelen*). Under the BGA, the offering of gambling is prohibited unless a provider has a license granted by the supervisory Dutch Gambling Authority (*Kansspelautoriteit*). Currently (December 2020) it is not possible to obtain a license for online gambling. This will change when the Remote Gambling Act (RGA - *Wet Kansspelen op afstand*) becomes effective. This is expected to be on 1 April 2021. Under the RGA it will be possible to apply for a license to offer online gambling to persons residing in the Netherlands. The principle underlying the regulation of online gambling is to guarantee a safe environment for participants in online gambling, where gambling addiction and (gambling related) crime are prevented. The Dutch government has a channeling objective of 80%: it aims that 80% of the participants in online gambling, that reside in the Netherlands, will in the future do so with an operator that has a Dutch license. In order to reach this goal, the government wants to grant licenses and have reliable operators to refer online gamblers to. There is no limitation set to the number of licenses to be granted.

* the legal paragraphs of this whitepaper are kindly provided by bureau Brandeis, Amsterdam.

Legal framework: main features

The legal framework of the Dutch online gambling market will consist of the BGA, the RGA, the Decree Remote Gambling (DRG - *Besluit kansspelen op afstand*) the Ministerial Decree Remote Gambling (MDRG - *Ministeriële regeling kansspelen op afstand*), the Policy rules license online gambling (Policy rules LOG - *Beleidsregels vergunning kansspelen op afstand*) and the Policy rules responsible gaming (Policy rules RG - *Beleidsregels verantwoord spelen*). Both policy rules include a more practical implementation of the provisions in the RGA, DRG and MDRG.

GAMES OF CHANCE

The BGA qualifies a game as a game of chance, if the following two elements are included:

- Participants are provided with an opportunity to compete for prizes and premiums; and
- The winners are designated through a means over which the players are generally unable to exercise a dominant influence.

TYPES OF ONLINE GAMING

Pursuant to the RGA, a license can be requested for four types of online gambling:

- Casino games where the player plays against the license holder;
- Casino games where players play against each other;
- Sports betting, i.e. events during a match of the outcome thereof; and
- Horse racing and hard trotting.



To obtain and maintain a license for one or more of these types of online gambling, the (first) applicant, subsequently license holder will have to comply with (among others) the following main features of the applicable legal framework.

The Ksa [published](#) a preliminary overview of which documents will have to be submitted with the application. Among these documents are the relevant outsourcing agreements (including service level agreements), and a financial security ad € 50.000 that applicants will have to provide to meet their financial obligations. This financial security can be provided in the form of a bank guarantee, deposit, suretyship, or another equivalent form.

RELIABILITY

The reliability of the license holder will have to be beyond any doubt. This includes the reliability of the directors, policy makers and employees of the license holder, as well as related parties such as financiers, affiliated companies and IT infrastructure providers. The Dutch Gambling Authority will also assess the reliability of the applicant on the basis of (among others) the compliance with the so called 'cooling off-criteria' for a period of (currently, possibly with a month extra given the delay in the entry into force of the RGA) 2 years and 8 months preceding the date on which the application is filed. The cooling-off criteria, now anchored in the Policy rules LOG, are:

- No use of a .nl domain extension;
- No use of the Dutch language;
- No advertising on television, radio or printed media, targeting the Dutch market;
- No use of domain names containing typical wordings referring to the Netherlands in combination with gambling references;
- No references from which a focus on the Netherlands can be derived, i.e. via wordings, symbols or images;
- No use of payment methods that are used exclusively or mostly by the Dutch, such as iDEAL;

- No minors (< 18) allowed to participate in online gambling. Also, the license holder will be required to have integrity and reliability policies in place to guarantee the continuous integrity and reliability of the relevant (legal) persons associated with the license holder.

The Ksa published a (draft) document that applicants will have to complete in the context of the [reliability test](#) and the persons involved in the company.

RESPONSIBLE GAMBLING

To guarantee a safe environment for participants in online gambling, the license holder will have to provide for policies regarding the prevention of gambling addiction, including but not limited to the protection of minors and other vulnerable groups.

Also, license holders will have to appoint a competent legal addiction prevention representative, that (in short) is a bridge between the license holder and the Dutch Gambling Authority in respect of addiction prevention.

Included in the Policy rules RG are furthermore requirements to recruitment and advertising activities, the various addiction prevention experts that will have to be consulted, the required training plan and the addiction prevention representative that the applicant will have to appoint.

Furthermore, the risk analysis on which the addiction prevention policy and the marketing policy will have to be based is explained further. Prescribed is what aspects this analysis should include and how and by whom it will have to be carried out.

The Policy rules RG also specify what the Ksa expects from the 'cooperation' between the applicant and addiction prevention experts and from the 'special attention' that will have to be given to for instance this cooperation, the risk analysis and the addiction prevention courses that will have to be provided to the employees of the applicant.

CRIME PREVENTION

In order to provide for a safe environment for online gambling, the legislator gives high priority to the prevention of criminality. In this respect, a license holder will have to demonstrate compliance with the Act on Prevention of Money Laundering and Terrorism Financing (Wwft - *Wet ter voorkoming van witwassen en financieren van terrorisme*) and the Sanctions Act 1977 (*Sanctiewet*). The first act includes provisions on risk management, client investigation, reporting of unusual transactions, retention of supporting documents and training. The license holder will have to have a policy in place regarding the compliance with the Wwft. In view of compliance with the latter, the license holder will have to declare that he (in short) will not violate laws and regulations related to the Sanctions Act 1977.



INSPECTION

The draft [inspection scheme](#) shows which parts of the game system will have to be inspected by the inspection body.

This inspection scheme is largely based on the Danish standards framework of October 2020, according to the Ksa. Therefore like in Denmark, an inspection body will assess for a large number of application requirements whether these are met. The inspection body will have to take into account other inspections already carried out, in so far as they are relevant for the conformity assessment.

The inspection bodies will have to [meet](#) the following requirements:

- meet the requirements in the Decree;
- be accredited in accordance with the Regulation against one or more accreditation standards for carrying out inspections with regard to the organization of remote games of chance in at least two Member States of the European Union / European Economic Area;
- the inspection results and inspection reports of the inspection body are accepted by the competent authorities in those Member States;
- be accredited by an institution that is a "full member" of the International Laboratory Accreditation Forum (ILAC) or the International Accreditation Forum (IAF); and have carried out inspections of online gaming systems in at least two Member States of the European Union in the past 3 years.

Although the current draft version of the Policy rules license remote gambling still indicates that all of the testing reports will have to be submitted together with the application, word already came out that instead they will have to probably be finalized by either June or July of next year. We expect this to be finalized in the final version of the Policy rules license remote gambling.

SUPERVISION BY THE DUTCH GAMBLING AUTHORITY: CONTROL DATABASE

The legal framework will provide for strict provisions regarding reporting to the Dutch Gambling Authority by the license holder, so that the Dutch Gambling Authority is able to exercise its supervisory powers. One way for the Dutch Gambling Authority to do this, will be via the CDB. The CDB will comprise a vault where data will be stored that is relevant for supervision ("Data Vault").

Data in the CDB

The data that will have to be included in the CDB will relate to payment transactions, changes in gaming accounts, overruns of the player profiles and the application of intervention measures. The data will have to be stored near real-time and may not be overwritten. The data will be privacy sensitive, reason why only pseudonymised data will be stored. The data will be linked to a unique indication that cannot directly be traced to the identity of the

player. If there is reason to do so, for example because an analysis of the data in the CDB led to suspicion of fraud, the Dutch Gambling Authority will however have the power to force the license holder to reveal the identity behind the unique indication.

Location and accessibility

The license holder will be required to locate the CDB in the Netherlands and have it physically separated from its gambling system. Both may be located in the same data center, however the data stored in the CDB will have to be logistically and safely separated from any other data. The license holder will be required to take appropriate technical and organizational measures that guarantee the access to the CDB by authorized officials, e.g. officials from or appointed by the Dutch Gambling Authority, officials appointed in respect of the compliance with the Wwft and officials from the Dutch Tax Authorities. Each must have independent access from the other (i.e. different credentials, separate file folders). This will only be via a digital interface, except for the Dutch Gambling Authority. The Dutch Gambling Authority must also have physical access to (elements of) the CDB environment to properly perform its duties, for example in the context of seizure. The CDB will however in principle be remotely accessed by the Dutch Gambling Authority, which reduces the reporting efforts for a license holder. Also the license holder itself must have remote and physical access to the CDB. The CDB can thus not be stored in a house or other space to which for (for instance) The Dutch Gambling Authority and other persons cannot immediately have physical access.

Data loss protection

In order to protect the data that is stored in the CDB, the license holder will be required to keep a backup system that will ensure availability of the data while allowing recovery in case a file is deleted or corrupted. The license holder will need to inform the Dutch Gambling Authority about the location, the specifications and operation of the backup system and any changes thereof. If a mirror repository or similar solution must be available, this must preferably be on a secondary location (i.e. physically separated from the

CDB and separated from the gaming systems). This mirror allows the CDB to keep working in the event of hardware failure, reducing lost availability. Such a mirror may however not also serve as the back-up solution.

Specifics and testing

The specifics for the CDB are [published](#) on the website of the Dutch Gambling Authority. On the basis of these specifics, applicants can start setting up the CDB. The Dutch Gambling Authority indicates that it will regularly update the information published on its website, among which the publication of test materials and frequently asked questions and answers.

Prior to the use of the CDB, the license holder will have to test the CDB with the Dutch Gambling Authority. Once the testing is completed and the Dutch Gambling Authority has approved the test results, the further use of the CDB is allowed. The exact testing requirements in this respect have yet to be published on the website of the Dutch Gambling Authority. Among others, such test will consist of connection tests (volume, bandwidth, latency, availability, protocol, etc.), encryption tests (key exchange, decryption, decompression, etc.), data transport tests and data quality tests. The Dutch Gambling Authority will provide a central point of contact for license holders to send questions, change notifications and requests. The license holder is also expected to provide a central point of contact for the Dutch Gambling Authority.

Application form

Together with the application, applicants will have to submit a completed [form](#) including questions regarding, among others, the experience of the applicant in offering online gambling, the status of a design of the CDB, management measures, access to the CDB, data mapping, a test plan, the conformity assessment and the termination of the CDB.

In this context, where applicable supporting documents will have to be submitted, regarding:

- the characteristics of the applicant and its offer, such as an overview of the experience with regard to the licensed offer of games of chance: when, where and



in what form;

- the setup of the CDB, such as a descriptive text in Dutch or English about the design of the CDB;
- Data mapping and testing, such as the data mapping result;
- the existence of the CDB, such as proof of a conformity assessment; and
- The termination of the CDB, such as an exit plan.

BENEFITS OF THE NETHERLANDS

From a compliance perspective, Dutch supervisory bodies such as the Dutch Gambling Authority typically are willing to enter a dialogue with licensed parties to assure compliance. Market parties can reach out to the regulator on regulations and compliance.

Being licensed in the Netherlands may reflect positively on license holders, as the Netherlands are known for their transparency and well respected governmental institutions and supervisory bodies. Therefore, being licensed in the Netherlands demonstrates the reliability of the operator. Lastly, there are adequate safeguards that cover the judicial process under Dutch law.

iGaming Ecosystem

iGaming operators are typically the linking pin of a 'Community of Interest' of partners that provide key elements of the end-to-end iGaming experience. The services of the specialist partners in the typical iGaming ecosystem include online software for gambling, casino games, identity management, security services, anti-fraud / money laundering KYC software, data vault, payment services, content services, video streaming, hosting services, firewall services, middleware, CRM, marketing & advertising services and many more. The bigger operators with international presence and experience already have inhouse capabilities and resources for developing and managing their platform. They will leverage hand-picked services in the iGaming ecosystem. Yet, they will also need connectivity and multi-cloud access to reach their users and partners. Also they need to have a data vault in place in a secured location.

For new market entrants and for incumbent operators - like offline casinos - that want to extend their existing offerings with iGaming, and for smaller operators, the entire ecosystem will be relevant as they are more likely to work with managed service providers or software platform providers, in order to free up internal resources and focus on their business.

For optimal and easy management, connectivity, security and cloud-access, the whole ecosystem best lives within a single (distributed and dedicated) iGaming data centre environment.

Succes factors for iGaming

USER EXPERIENCE

In the iGaming market, technical requirements are more and more driven by the user experience (UX) demands of players. Players expect visual attractive applications that are easy to use and that run seamlessly on multiple devices, ranging from mobile and desktop to smart tv and gaming console. Interactions and transactions must be fast, secure and private. No matter the number of concurrent players. Therefore, UX is a strong competitive advantage that impacts revenues and the bottom line. The platform and its underlying infrastructure must be able to deliver that optimal UX under all circumstances, in a fast-changing environment and during spikes and bursts of the number of players and the volumes of data. Low latency is crucial as it is one of the main factors defining UX.

COMPLIANCE

iGaming in the Netherlands comes with an elaborate legislation and regulation framework. The gambling authority will define a set of technical and operational requirements that the IT infrastructure of the iGaming operator must meet.

An important element in the legal framework is the Control DataBase (CDB), containing consumer data and payment and transaction information. The CDB is vital for KYC (fighting addiction, age control, anti-fraud and anti-money laundering - ALM) and for taxation purposes. The CDB must be physically housed in the Netherlands. For housing the CDB every iGaming operator will therefore need a Data Vault placed in a highly secure location. Also, casino games must be hosted in the EU. Read more about this topic in the Legal Framework paragraph of this whitepaper (see The legal context).

When applying for a license to operate after January 1st, 2021, the iGaming operator must identify the housing and data vault providers that it will contract with, to prove its compliance. Transparency across the ecosystem of the operator is therefore crucial.

CLOUD

As one of the most innovative industries, iGaming is leading in the adoption of the cloud. More and more operators and game developers use the public cloud, as this allows for scalability and fast time to market. Many operators already live in a hybrid multi-cloud environment, just like the partners in their ecosystem. The IT infrastructure must be ready for a hybrid environment that consists of a set of highly connected and integrated software and services, delivered from on-premises, public and hosted systems. Cloud enables the operators to handle bursts of all types of data running through their systems. Cloud also enables the operator's ecosystem to increase the scalability, efficiency and time-to-market of their game and product software development, including testing. By running a hybrid cloud environment, the iGaming operator can balance workloads and data flows across their infrastructure to optimize costs, scale and speed.

ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING

Casino operators are experimenting with Artificial Intelligence and Machine Learning to learn how to create better in-game user experience and how to better serve ads to current or potential clients through real-time personalization. AI and big data are also used in preventing addiction.

These technologies significantly impact the technical infrastructure requirements of iGaming systems. Operators that want to successfully use these technologies will choose datacenter and IT-partners that can support the underlying technical requirements and are offering future proof services.

CONSOLIDATION

We expect a consolidation in the high-end iGaming market, as big mergers and acquisitions are in the pipeline. Operators will turn to the larger data centre providers for housing their IT because of their geographical reach and their ability to execute.



Requirements and challenges to the iGaming digital infrastructure

iGaming in Europe resembles the telecommunications, financial and media industries in many ways.

They share the same business critical needs for:

- Compliance with regulations in different regions and jurisdictions
- Real-time transactions and intelligence (KYC - Know Your Customer)
- End-to-end, straight-through processing
- High volatility in scaling
- Army grade security and privacy
- High-performance, low-latency connectivity
- Time-to-market of new functionality
- Real-time bidding for marketing & advertising
- Transparency
- Integrity
- Suppliers that are able to support their multi-region requirements

Next to that, iGaming operators also have specific needs and requirements, related to their industry and their market.

#1: SUPPORT OF BUSINESS GROWTH & NEW MARKET ENTRY

Solution: Geographical presence and scalability of the suppliers of infrastructure services.

When entering a new market, success in terms of market share and number of players is still uncertain. But the operator is likely to expand and enter new markets when it is successful. As a member of the Digital Realty family, Interxion has the **global reach that matches the needs of global operators** and their partners **for local support in many locations**.

#2: CONTROLLING COSTS AND OPTIMIZING PERFORMANCE & SECURITY WHEN USING THE PUBLIC CLOUD

Solution: Optimized hybrid cloud, layer 2 connection to the public cloud providers (avoiding the internet).

The capability of managing hybrid and multi-cloud environments is crucial for addressing the challenges related to additional complexity, costs and vulnerabilities. It should be considered that data egress fees are one of the public cloud's biggest hidden costs, much higher than via a layer 2 connection. Interxion data centres provide a private connection enabling operators to optimize network performance and security. Using one platform to access multiple cloud providers also eliminates the need for several network connections.

Interxion Cloud Connect interconnects operators directly to the cloud providers of their choice via a private and secure connection for building scalable Hybrid IT solutions in a cost-effective way. Cloud Connect offers managed private, high-performance, and secure interconnections to multiple clouds through a single interface, including Google Cloud, Amazon Web Services, Microsoft Azure, IBM Cloud, and Oracle Cloud. Transparency of costs and migration lead times (no overbooking) help iGaming operators to enhance their business case.

#3: COMPLIANCE AND ABILITY TO PROVIDE OPTIMAL AND SAFE USER EXPERIENCE

Solution: Security and transparency.

Interxion is certified by many important norms such as ISO270001, PCI DSS, SOC2 type 2. Our quality data centres support **compliance** with the requirements of the Netherlands Gambling Authority (KSA). The data centres are highly secured and trusted locations where operators can place their IT infrastructure including the Control DataBase (CDB) to meet compliance requirements and to avoid downtime on their platform.

#4: OPTIMIZING TRAFFIC ROUTES/ REDUCING CONNECTIVITY COSTS

Solution: Low latency access to users/players in the market through local network operators and international/backbone carriers.

The Interxion data centres will guarantee a **fast and seamless experience for the Dutch end users** as they are located in their close proximity. Interxion offers connectivity and network control and access in the Netherlands to 200+ local - such as KPN, Ziggo, T-mobile, Vodafone - and international connectivity providers - such as euNetworks, Telia, Colt - to reach players and to connect multiple locations and regions.

Also the iGaming platforms of international operators are generally distributed. The operator will be looking to interconnect its locations through international/backbone carriers, using 1 to 100Gb connections.



Interxion and iGaming: the perfect pair

When evaluating the business needs and technical requirements, one can only conclude that a dedicated iGaming data centre is the way to go for businesses that consider entering the Dutch iGaming market. Many leading companies in the iGaming industry rely on Interxion data centres. In fact Bwin and 5 other top 10 operators are customers of Interxion. Also companies like GreenTube, Shadow and Gamanza trust Interxion for housing their digital infrastructures.

Interxion is the iGaming expert offering you flexible, scalable solutions for business agility. The company was established in Amsterdam over twenty years ago and has unparalleled knowledge of the local markets and jurisdictions. Working with Interxion will give iGaming operators a flying start in the Netherlands.

Interxion: A Digital Realty Company has 13 data centres in the Amsterdam Metropole Region and more than 275 data centres worldwide. All data centres use 100% sustainable energy.

Learn more about our iGaming customers.

www.interxion.com/why-interxion/igaming



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Cofounder: Uptime Institute EMEA chapter. Founding member: European Data Centre Association.
Patron: European Internet Exchange Association. Member: The Green Grid, with role on Advisory Council and Technical Committee. Contributor: EC Joint Research Centre on Sustainability. Member: EuroCloud.

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