

A second-to-none telecoms service

Lawrence Isola of Sapphire Networks tells *eGaming Review* how the company offers a high-quality telecoms service to egaming operators in the jurisdiction, which has seen a huge rise in egaming activity



Lawrence Isola is a founding member of the Fiduciary Group of Companies. He is managing director of Fiduciary Property Services and BMI Property Matters and is a founder member and managing director of Broadband Gibraltar, trading as Sapphire Networks.

SINCE SAPPHIRE WAS established in 2005, the face of Gibraltar's telecommunications industry has completely changed. No longer controlled by a monopoly, the Rock's connections are evolving far more effectively than ever before. Lawrence Isola discusses the healthy competition that continues to challenge local pricing, service standards and what online gaming operators should expect from their telecommunications partnerships.

eGaming Review (eGR): How, in your opinion, is Sapphire perceived as a telecommunications company? Has this changed over recent years?

Lawrence Isola (LI): Sapphire is a relatively young telecommunications company. We only really got started five years ago on the back of the surge in local egaming activity. As landlords of Gibraltar's biggest commercial complex, we were in regular contact with important gaming tenants who were complaining about the incumbent's service, including regular outages.

We now see ourselves as a boutique provider focused on businesses demanding a high level of service quality. The key is resilience and we've developed a strong reputation with many industry leaders for delivering on our service promise.

Our network also delivers in other important areas of service performance including packet loss and lowest possible levels of latency – outages are a non-issue for our customers who get to focus on what they do best!

eGR: How much emphasis does Sapphire place on industry feedback and what role has this played to the company's continued success?

LI: We communicate almost daily with our gaming customers at all levels. This is the best way to improve, not just on the service front but also to help us pre-empt trends and help us develop new products and services.

We look to evolve continuously and I believe our customers recognise that our approach is different to our competitors' – several major clients genuinely consider us their telecoms partners.

This is exemplified by our recently announced membership of internet exchanges in London (LINX) and Amsterdam (AMS-IX) with new peering arrangements at these locations. This initiative was based on industry demand to get us closer to their customers while reducing the number of hops between their customers and Sapphire – there are important advantages to simplifying this routing.

We have also recently announced a new service called Event Bursting. Design was kicked off after analysing the different usage patterns of e.g. poker operators and sports books, the latter being more peaky and obviously tracking major sporting events.

With 2010 being a big year for sports (including the FIFA World Cup and Ryder Cup), we sounded out our major sportsbook clients and determined that they would welcome the ability to burst well above existing committed bandwidth levels but retaining Sapphire levels of quality and service guarantees.

Bandwidth is relatively expensive in Gibraltar yet we have customers who may, for example, on Grand National Day, require five times their normal peak bandwidth. Event Bursting reduces the need to commit to extra headroom just for peak business days and thus delivers improved value overall. We currently offer fixed packages of up to an extra 750% of bandwidth for just two days.

eGR: What are the main challenges facing businesses looking to expand into the egaming sectors and what role can Sapphire play in helping to overcome them?

LI: One of the challenges for us is price. As a start-up in a small, strictly regulated jurisdiction where business flows are constrained due to licensing, for example, pricing has had to reflect the limited economies of scale, yet we remain significantly cheaper than the incumbent and with a better product.

Over the past three years, there's plenty of evidence to demonstrate that our performance has been unmatched locally and we also get this feedback from customers who work with more than one provider. However, the



Gibraltar proposition involves more than just telecoms costs and is evidently attractive for the right type of egaming operator.

For what is, in gaming industry terms, considered an offshore jurisdiction (albeit part of the EU and with a well-regarded regulatory framework), Gibraltar has really established for itself a strong international brand.

For egaming operators, an obvious challenge is in selecting a jurisdiction which can offer the best combination of access to markets, tax benefits and regulation while having the capability to meet their other requirements in premises, HR, professional services, for example. We believe that Gibraltar offers an excellent proposition but part of our strong reputation is a consequence of the number and quality of our licensees.

Sapphire's main role is to make sure that our customers can get on with their business without having to lower their service expectations because they happen to be based in Gibraltar.

eGR: How do you ensure that you provide maximum value to your customers?

LI: Through the whole package – listening and evolving, developing innovative and fit-for-purpose products, delivering on our service promise, not requiring customers to commit to excessive bandwidth levels to cater for worst (or more realistically best!) case scenarios. So, really a combination of all the factors I've mentioned.

eGR: How does the design of the Sapphire network enable maximum resilience and how important is this with regard to the egaming sector as a whole?

LI: This is absolutely crucial – we staked our future on the design of the Sapphire network when we launched because resilience is probably the most commonly stated requirement in this industry. We have built our own fibre infrastructure in Spain, obtained a Spanish telco licence, built a 10km fibre ring around Gibraltar and rented two fully resilient and high-capacity circuits up to Madrid from Telefonica and ONO, with more capacity than anyone else in Gibraltar. We have effectively got four separate lines to Madrid and no more than one of these has ever been down at one time. This 'hammer to crack a nut' is what guarantees our uptime with no outages since this model was implemented in March 2007.

We also have industry-leading DDos protection located at the edge of our network. How important is this design? It's everything – it's the most important part of this business.

eGR: In what ways is Gibraltar evolving as a telecoms jurisdiction? How do you expect the expansion of commercial property over the next few years to impact on the egaming sector?

LI: These are quite different questions really because the telecoms industry in Gibraltar is evolving very successfully yet at a careful pace. At Europort, we offer modern offices with fully redundant power and

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cooling – also unmatched in Gibraltar. Many of the major egaming companies are our tenants, as well as banks, industry regulators and government departments. This development is fully occupied but we have recently made available similar facilities at Atlantic Suites and these are moving quickly.

We must take some of the credit for egaming's success here because, let's not forget, before us there was a monopoly in Gibraltar. Sapphire set up this resilient network and entered the market with a different culture and approach to customers. On the back of this, the incumbent also had to gear up. Competition has obviously improved the jurisdiction as a whole and helped the local telecoms industry to improve hugely.

It is still of great benefit to the government to own 50% of the incumbent. However, they were very supportive of our venture because they recognised it was more important that 'Gibraltar PLC' offered a genuine choice than the singular benefit they derived from a monopoly. Our presence has helped Gibraltar raise its game.

eGR: What new innovations are on the horizon for Sapphire and what impact do you think these will have on Gibraltar as an egaming jurisdiction going forward?

LI: Our current model has been successful and we continue to develop with this boutique approach. We are also now doing more business with international banks as financial services are another important part of the local economy. To this end, we have consolidated existing links with a longstanding international telco and have recently entered into a new relationship with another, especially with regard to international leased lines.

We are also currently reviewing our co-location/data centre offering and developing new VOIP-based telephony services so we expect these to be areas where we can deliver more benefits to our egaming customers.

On the connectivity front, I believe any future developments will be subtle and incremental. Price is the main area to work on to move things forward and, as we continue to grow, hopefully this will continue to come down. That's where everybody wants to get to! ❖