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Q & A: Jesper Kärrbrink

by Rob van der Gaast

After a record year on the books, IGN sat down with Svenska Spel's outspoken CEO Jesper Kärrbrink, 43, who candidly discussed the company's operations, plans for international expansion and uneasy domestic relations.

IGN: How did you get in touch with the gambling industry?

Jesper Kärrbrink: By a \$1,500 dollar win at the roulette table in Las Vegas in 2000, and after that a head hunter asked me if I was interested in managing Svenska Spel.

IGN: Svenska Vice President Jan Stocklassa also hails from Metro (the pan-european free daily news paper). Is that a coincidence? [Kärrbrink previously served as a managing director at Metro International in Prague. -Ed.]

Kärrbrink: No, when we started Svenska Spel international, I called Jan right away to see if I could get him from Prague to Stockholm.

IGN: The Svenska Spel agglomerate--(sports) betting, lotteries, number games, casinos, gaming machines, bingo (halls), poker and so on--was launched in January 2005 as Svenska Spel International, a company focusing on commercial co-operations with state-controlled or regulated lotteries and gaming operators. Could you discuss three of these new projects?

Kärrbrink: We are constantly developing new products and projects to keep up with the customers' demands and interests. We have currently seven to 10 new projects running. These projects cover new products and new business areas as well as non-gaming, but gaming-related, products. Unfortunately we have been forced to dismantle some of the international project due to political reasons.

IGN: Does Svenska Spel still have aspirations to operate outside Sweden, especially in the Baltic region?

Kärrbrink: No, as a matter of fact the new government is not that keen on us entering new markets outside Sweden, not even if we are invited. So that part of Svenska Spel International is closed (and is also the reason why Jan Stocklassa left the company). Instead, we are only focusing on finding and developing different pool co-operations between World Lottery Association (WLA) and European Lotteries (EL) members. Playing in pools is one of the advantages we have compared with the Internet companies.

IGN: Or, is this subject taboo, with the upcoming privatization of Svenska Spel?

Kärrbrink: The subject is taboo, but not for the reason of an upcoming privatization--these are just rumors--rather for the sake of the infringements cases that are pending at the moment.

IGN: Will your state-run monopoly be dismantled into smaller, segmented companies?

Kärrbrink: There are people who think that would be a good idea; personally, I think that would be one of the most stupid things one could do. One of the reasons for our success

and a large part of our value for the owners is the fact that we are large and a one-stop-shop for gaming. And with our efforts in offering tools for the players to keep track of all their gaming and by that avoiding playing too much, the larger we are the more responsibility we can take.

IGN: In 2006, Svenska reported increased sales and record profits, which led to increased revenue from gaming--and at the same time, you want to become world leader in responsible gaming. That should be a balancing act?

Kärrbrink: Absolutely not. Responsible gaming is a prerequisite for commercial success. Not being responsible in the gaming industry will be like not making safe cars in the car industry: you will be out of business. Or if we should take a more recent example from the car industry--manufacturing big cars which consume huge quantities of gasoline and with high levels of carbon dioxide is perhaps not the smartest business decision in 2007 . . .

IGN: Svenska Spell has enlisted the help of Sweden's ICU Intelligence, a company that has designed a system that detects when an online gambler is in danger of becoming a problem gambler. Could you tell describe how this works, exactly?

Kärrbrink: This is our first responsible gaming product. We call it Playscan. The idea and the system is ours, but based it on the ICU technology. Playscan is founded on the player's own unique gaming data linked to Svenska Spel's customer loyalty card, Spelkortet. Playscan measures changes of the gaming behavior both increase and decrease. If the player's gaming is stable and with no traces of risky behavior, Playscan gives a green signal. A yellow signal indicates risky gaming. Serious problems with the gaming are shown by a red signal. What is so special about Playscan is, however, that the device prognosticates future gaming behavior. Thus Playscan can detect potential problem players and in due time make them take actions in order to control their gaming. To make use of Playscan is voluntary, but we strongly recommend our customers use it.

IGN: Is this already operational anywhere in the world?

Kärrbrink: Yes, in Sweden at Svenska Spel and it not only works perfect, but it is also a "talk about" that strengthens the perception that we are a world-leading gaming company with a high level of responsibility.

IGN: Some months ago Svenska Spel was accused of deliberately placing gaming machines in low-income areas. One Swedish MP made the discovery and went to the media. How did you deal with this matter?

Kärrbrink: First, I called him and congratulated him on a smart media move, and then I met him and told him how stupid his reasoning was. By law, our VLTs can only be placed in certain bars and pubs. The number of such bars and pubs in Danderyd is close to zero, and, more importantly, by the laws of economics (and since one of our missions from the government is to canalize gambling from illegal actors to Svenska Spel, we have a limited number of machines to do that), it would be pretty awkward or close to stupid to place VLTs in suburbs where the interest for spinning wheels is nada--in Danderyd they prefer gambling on the stock market--and by that leaving the markets for illegal actors in areas where the gamblers are.

IGN: Poker has emerged as a hot product, especially in Sweden.

Kärrbrink: We launched poker at Svenskaspel.se a year ago and today we have 35 percent of the market and are by that one of the largest poker operators in the world. And

once again, the main reason for that is the fact that our poker is considered more responsible with or mandatory (but individual) budgets for time and losses, collective sit outs and so on. The next step is to offer our successful poker solution to other WLA members and eventually start a regulated poker network. That would be a real Internet company killer.

IGN: Sweden's Tax Board will initiate a program targeting real-money poker and gaming Web sites. What do you think about that? Not another monopoly?

Kärrbrink: Perhaps.

IGN: Sweden has also yet to respond to the reasoned opinion sent by the European Commission on June 27. Do you know when a reaction will be issued?

Kärrbrink: Any day. [Kärrbrink spoke with IGN prior to news of Sweden's announcement to the European Commission. -Ed.]

IGN: What do you think will happen?

Kärrbrink: I have a hard time seeing how the EC would let go at this stage. But for us it does not change a lot. The infringement case is about sports betting and Article 49 (not 43) and we have lived with international competition in this area for five to six years by now.

IGN: How often do you meet with Board Chairman Anders Gustafzon?

Kärrbrink: I talk to him every week and we meet once a month. He is a really cool guy with a great sense for the lottery business.

IGN: In which restaurant do you meet?

Kärrbrink: In the Svenska Spel cafeteria.

IGN: What is your biggest passion or hobby?

Kärrbrink: I'm an adrenaline junkie. During the summer, that means multi-sport races (running, kayaking and mountain biking) and the winter, bandy (a very Scandinavian sport), and skiing. I have also written two books, so that has to be considered a passion as well.

IGN: Besides journalists, what irritates you the most about the gambling industry?

Kärrbrink: Any one who does not understand the reason for having a regulated gaming market (which is not the same as a monopoly, as a lot of people on both sides of the battle tend to think).