

AGGREGATION AT POKERNETWORK

INTRODUCTION

This document outlines PokerNetwork's Aggregation Strategy - giving aggregation licensees the ability to offer poker to their existing customer base and to new customers through branded poker facilities.

The following aims to provide an overview of the tasks involved in launching the service and the business model for sharing profit from the game.

AGGREGATION

The principle of aggregation is to provide a branded front-end to the existing PokerNetwork. This way it would be possible for a partner site to add players to their existing customer base.

TERMS AND DEFINITIONS

Here is a definition of terms for system aggregation:

- **Affiliated Player** – A player signed up through the Game Virtual Operator.
- **Deposit Account** – An account at the Game Network Operator where the Game Virtual Operator can deposit funds corresponding to the net deposits the Affiliated Players do.
- **Game Network Operator** – owns and operates the backend of the system, including the games.

- **Game Virtual Operator** – is licensing the use of the game from the Network Operator. The virtual operator has its own site and a branded version of the software.
- **Licensee Administration Interface** – interface for the Game Virtual Operator to access compiled data and logs from the Network through a secure connection.
- **Net Deposit** – Total deposit, plus deposit bonuses, minus withdrawal.
- **Net Result** – Total win minus loss.
- **Rake** – Fee paid to the house by the winner of each pot in poker
- **Rake Contribution** – how much each player around the table is contributing to the rake.
- **System Developer** – is manufacturing the actual game software.

BUSINESS MODEL

The business model for aggregation would be to share revenue from the poker games in accordance that:

- PokerNetwork provides the **interfaces** and develops the system to make it possible to run from the Game Virtual Operator.
- PokerNetwork will provide **continuous updates** of the game servers and clients to ensure that the games stay state-of-the-art.
- All **branding** of the front end will be done on the client expense, either by the Software Provider, the Game Virtual Operator or third party.
- Marketing will be done by the Game Virtual Operator.
- **Revenue** from rake will be split between the Game Network Operator and the Game Virtual Operator.

- There will be **promotions** within the game (tournament prizes, spot cash give-away etc.) that are mandatory for the Game Virtual Operator.
- Minimum support fee – is payable for the maintenance of the system. This is deductible from the revenue split.
- A set-up fee is payable for the technical integration

PLAYER PERCEPTION

The players will still be customers of the Game Virtual Operator. They will deposit and withdraw funds from there and have the same support contacts.

The games will be branded to the existing look and feel of the Game Virtual Operator to create a feeling of uniformity. The level of adaptation is defined on a per case basis.

The player will get a new poker account with money he/she can use at the poker tables. The account will be In \$US and all games will be played in \$US. The conversion from another currency to \$US is managed by the Game Virtual Operator.

The player shall feel that he/she is playing poker at the Game Virtual Operator.

UNIQUE OFFER

The Unique offering from PokerNetwork is the following:

- Strong evolving development of the software.
- Large sites attached ensuring full tables at any time.
- Web based poker client, with no need of download or leaving the site.

OFFER

The Poker Games is the core part of the offer, but to create a running operation, there is a need for additional services. This complete offer is what makes up the complete offer to ensure a successful poker operation.



GAMES

Games on offer for the poker network are:

- Texas Holdem
- Omaha
- Omaha Hi/Lo
- Seven Card Stud

The different structures are:

- Fixed Limit
- Pot Limit
- No Limit
- Raise/Fold

TOURNAMENTS

- Single Table Tournaments running around the clock with 2 to 10 participants and a buy-in ranging from \$5 to \$100
- Multi Table Tournaments scheduled with a weekly schedule published on the site. Buy-in ranging from \$3 to \$300
- Satellite qualification to get access to the big tournaments for a low entry fee.
- Monthly finals with prizes to major land based tournaments.

PROMOTIONS

Taking part in PokerNetwork gives the operator access to a first class promotion system which can be configured to fit existing business. It is also possible to add additional promotions to the players of a specific Game Virtual Operator.

SECURITY

PokerNetwork contains the most sophisticated anti collusion and fraud detection software. An artificial neural network analyses all hands in real time to detect anomalies in the play and immediately flag possible cheating attempts.

SUPPORT

Skilled staff will handle second line support for the games. Their knowledge ranges from software related issues to game rules.

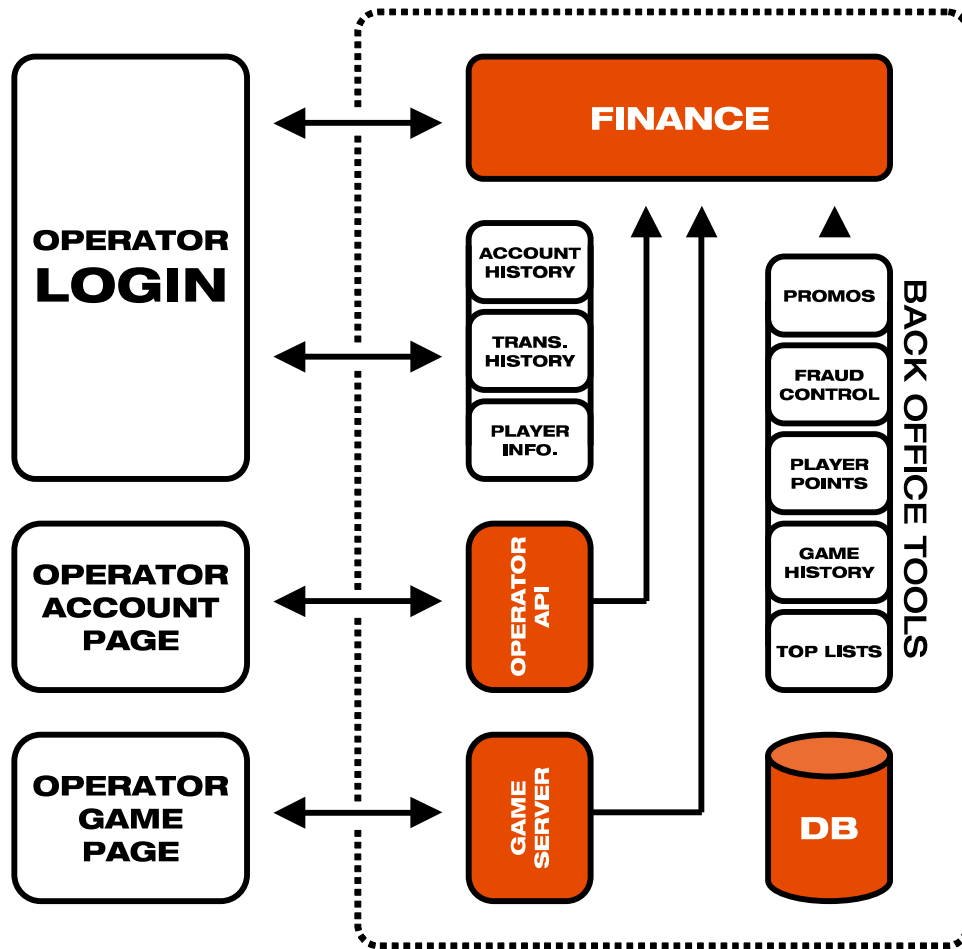
SERVICES

Besides the game, there are other services that enable us to provide a better service to the Game Virtual Operator customers. These include access to top list information, game history and access to player information.

FINANCE

The finance system will handle all the transactions of funds between the players and calculate rake generated.

ARCHITECTURE OVERVIEW



OPERATOR SITE

The operator Site will provide access to all the vital information the player will need to play the game. From the player's point of view, he will find a uniform and familiar look to the pages. The adaptation of the pages is done per new Game Virtual Operator together with the software/design team. The pages will be:

- An **Account Page** where the player shall be able to view his/her statistics and transfer money to or from the poker account.
- A **Game Page** where the player can access the online games.

POKERNETWORK PORTAL

The PokerNetwork portal will give the Game Virtual operator access to all the data and statistics relevant for the game operation.

- Account History will provide overview information regarding the account, how many players are seated, rake contribution etc.
- Transaction History - with all the transactions made by the Game Virtual Operator Clients to the poker network.
- Player Intelligence - information regarding the players

Each operator will have their own secure login and access.

GAME SERVERS

PokerNetwork manages the game servers. The servers are hosted in Canada ensuring high reliability and maximum 'up-time'. The Players are automatically connected and logged in to the server from the Game Virtual Operator Site.

BACK OFFICE TOOLS

The Back Office Tools provides supporting functionality to the game servers. This is managed in the background as part of the poker network service, providing

information to both the Game Network Operator and the Game Virtual Operator. The functions in the Back Office Tool suite are:

- **Promos** - A system running taking care of the ongoing promos. This includes paying out restricted bonuses, hand bonuses and spot cash give-aways.
- **Fraud Control** - The Artificial Neural Network that analyses all hands play and notifies support of suspected dumping of money or collusion play.
- **Player Points** - Player points are awarded for all raked hands played at the poker tables and the player points service registers this and reports to the game virtual operator who is responsible for any promotion associated with this.
- **Game History** - History of played games is accessible through the operator API for the players to review their play.
- **Top Lists** - Top lists are compiled for tournament play and play-money results. These are published through the operator API for the game virtual operator to possibly publish on the site.

FINANCE

Having players play in a common network means that money will be transferred between different aggregated accounts. All the player accounts belonging to a specific Game Virtual Operator are compiled into one virtual account, which has to be settled periodically.

The Game Virtual Operator has a deposited amount and a credit limit defined in the contract and each time a player transfers money to his/her poker account, money is reserved from this amount.

If a player associated with a game virtual operator loses money at the tables, this amount is automatically noted in the finance module as this money physically

resides on the player account at the game virtual operator but shall be paid out to other players.

Any rake contribution the associated player is entitled to will be credited to the game virtual operator account.

Periodically, the balance on the account shall be regulated. The game virtual operator shall receive:

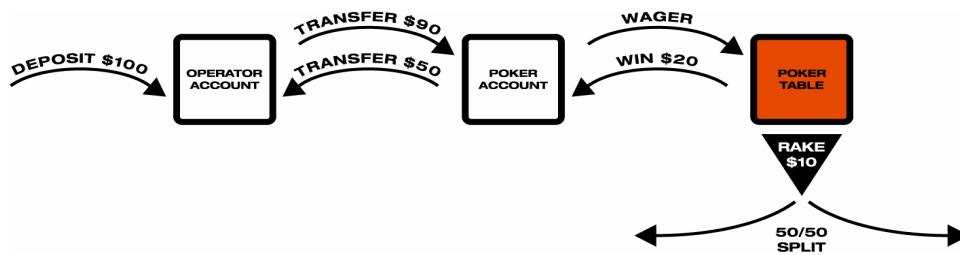
Total rake contribution for all players

- Total deposits

+ Total withdrawals

EXAMPLE:

Player deposits \$100 at the operator and transfers \$90 to the poker account. He then plays at a table and wins \$20, generating a rake contribution of \$10. The rake is split according to contract (in this case it's 50/50). He then withdraws \$50. In the weekly settlement, the virtual operator shall cover the net deposit of \$40 minus the rake of \$5.



Rake	\$5
Deposit	-\$90
Withdrawal	+\$50
Total	-\$35 (to be paid to PokerNetwork)

CONCLUSION

To create a poker site, the operator needs in excess of 100 thousand registered customers to reach a critical mass. If this is not quickly reached, there is a major risk that the players abandon the site anyway. To start up this way requires an enormous and risky investment.

PokerNetwork provides the facility to play a variety of poker games including tournaments to the aggregation licensee. With existing customers the critical mass is already there and the new poker players can immediately start playing and you generate income.

PokerNetwork can provide fully branded clients.