



# JACKPOT MODELS

## Insured jackpots: a knockout?

Is the reign of one champion about to be challenged? Nick Lynes, of Topjack Games, discusses the emerging power struggle between traditional and insured jackpots

In the red corner weighing in at two million progressive pounds we have the undefeated jackpot champion of the world. And in the blue corner, weighing in at 10 million pounds, we have the insured jackpot challenger. The battleground is set for a stand-off between these two models, the reigning champion versus the contender, a new breed of insured operator.

Licensed and insured jackpots are now available on all games and I want to consider the impact, if any, that insured jackpots will have on the traditional progressive jackpot model.

Massive jackpots offer heightened performance for acquisition, retention, conversion and revenue generation and, to some degree, the higher the jackpot, the better the performance. I would say the benefits of jackpots are obvious, but what is being discussed less are the difficulties experienced with jackpot mechanics.

**As of now, insured jackpot games** do not have the same number of players as progressive games do. It is therefore logical to assume that fewer players equal fewer jackpot winners. This is a short-term problem and with the increasing popularity of the insured model this will even out over time.

Although both methods deliver mega jackpots, multi-million progressives are different and are restricted only to slots. They require massive liquidity which many operators do not have. Added to the liquidity issue, it is anticipated that within a year the progressive jackpot totals will be surpassed with insured £10m jackpots being made available on all game types.



### NICK LYNES

is CEO of Topjack Games, the world's first insured gaming supplier. It offers its partners access to multi-million instant win casino and lottery games that do not require player liquidity or jackpot seeding. It is insured by Lloyd's of London and licensed in Malta.

It is a shift in regulatory compliance, however, that appears to be the darkest cloud on the progressive jackpot horizon. A stipulation for regulatory compliance in many new territories is that there can be no cross-border liquidity sharing. This is set to divide player liquidity and in the longer term significantly reduce potential progressive jackpot pools. As a result, many operators are considering alternative or additional jackpot solutions.

**The progressive is the champion** and for good reason. For decades this format has provided players the chance to win life-changing sums and operators have manipulated this to full effect. The insured model does not change the progressive model directly, but it does level the playing field. Smaller operators that want massive jackpots and larger operators that want jackpots on all games are keen to take early advantage.

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Is it possible that insured gaming is in fact complementary to the progressive jackpot model? As we know, the question of complementary versus cannibalistic is never straightforward. One way to assess this is to consider whether the two methods could sit within the same jackpot offering.

Certainly slots are structured in a way that lends itself to a jackpot structure and dissenters of the insured model could claim that only slots suit mega jackpots. However, the only way to allow players to consistently play for jackpots over £5m and on games other than slots is through insurance.

The future jackpot landscape will provide for bigger prizes on all games and, as with all new models, it is the people who move the quickest and most intelligently that will benefit the most.

This new format provides differentiation and incremental revenues which would suggest that both jackpot models will continue to flourish. These structures combine to offer a jackpot solution that is compliant, profitable and flexible. Together they should benefit jackpot gaming as a whole. ♦