

Online Gaming company is a dot com success

BY LAWSON HUNTER

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OAKVILLE — Rather than call himself a dot.com survivor, Scott White, President & CEO of dot com Entertainment Group, says he's just an "entrepreneur" with a good business model. dot com Entertainment Group (dceg) is an Oakville-based software company that licenses Internet gaming technology to off-shore companies that in turn run on-line, interactive versions of Bingo, Keno, Slots and other 'casino-type' gaming programs.

"When I was young, I had three paper routes," recalls the under-40 White. "I learned to be an entrepreneur at my father's knee. He brought me into his business deals while I was a teenager and taught me the ingredients to become a successful businessman."

A founding partner in the Toronto law firm Bush, Frankel White, dceg's CEO felt he got distracted by the practice of law and yearned, for ten years, to get back into the business world.

That entrepreneurial spirit, along with the desire to spend time with his young family in Oakville, led White to open discussions with high school friends Ted Colivas (now Director of Operations) and Perry Malone (now

Chief Technology Officer) both software engineers looking for business opportunities. In 1997, the trio hit upon the untapped niche of on-line bingo and founded dceg.

"Bingo brings in about 50 percent of all revenues for charities," explains White. "It's an international game, easy to understand, and involves large groups of people." His company creates that feeling of being in a bingo hall through the multi-player experience (all players

hear or see the selected number at the same time) and through the innovation of a chat line that online players can log onto and discuss a variety of topics while playing bingo.

The company's first operations were free, offered no prizes, and had less than a dozen people playing at a time. That model has been expanded to 10 licensees operating some 17 Internet bingo and casino web territories with players from around the world joining at any time of the day or night.

White estimates that traditional bingo operators, worldwide, haul in between \$70 and \$90 billion (US) each year. "If online bingo captures just 1 percent of that market then our market is \$700 million and up," says

White. According to White, dceg has some 70 percent of the current online bingo market due to the company's 'first-to-market' status. But the company isn't satisfied with that market and is going after other forms of 'low-level gaming.' Online versions of scratch-and-win tickets, and other casino-type games have been developed with a 'Vegas' look and feel, courtesy of a room full of graphic web-site designers at dceg.

Other revenue streams for the young company are technical support and servicing for game operators and web site integration and design. Total revenue for the publicly-owned company in 2000 exceeded \$1.8 million. dot com Entertainment Group is listed on the NASDAQ OTC exchange under the symbol DCEG. When the company went public, it raised \$250,000. Since then it raised another \$500,000. That money has gone untouched and remains in reserve because of the success of the business. White says that dceg has grown in every quarter, a rarity for a dot com company these days, and he sees no end to the growth of the company.

In 1999 dceg had three employees.

Today the company has 40 employees and is bulging at the seams. "We prefer to grow organically," said White. "We avoided raising millions of dollars just to prop up another dot com company. We meet on a regular basis with management and the Board, examine the risk of bringing in partners with resources and expertise and compare the financial benefits and the non-tangible benefits to see if it fits in with our original plan". White anticipates the day when his company will have to grow exponentially to keep ahead of the competition, and companies based in countries like the U.S. that are moving towards making online gaming legal in that country.

Online gaming is illegal in Canada and the U.S., but that doesn't prevent companies incorporated in other countries like Antigua or the U.K. from 'hosting' the online service. dceg is careful to make known that the company itself doesn't run the games, it merely licenses the technology to 'operators' from other countries who pay a licensing fee and a small percentage of the net revenue for the proprietary software to dceg.

When asked his secret to success White explains, "Our success is based on reliability of the game and ease of the back-end operation." TBE

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