

EGBA NEWS

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Unlocking the potential of Europe's digital jobs

Editorial



The EGBA is delighted to dedicate its first 2015 edition of EGBA news to the digital sector's potential in delivering Europe's jobs for tomorrow.

Jeroen Lenaers is one of the European Parliament's youngest MEPs and is a member of the Employment and Social Affairs committee. In his contribution he points to the pivotal role the digital sector can play in creating jobs in Europe. This is a timely reminder as up to 900.000 jobs could remain unoccupied by 2020 in the digital sector and as studies project that the completion of the digital single market could bring gains to the tune of €656 billion per year.

The untapped growth potential is therefore there to be taken. The European online gambling sector is at the forefront when it comes to attracting and training young talented programmers, IT designers and mathematicians. These specialised profiles offer high added value and are in high demand in other sectors. Translating policy into practice, we are honoured to feature a piece from Daniel Lindberg, CEO of Swedish start-up Quickspin, who tells us more about the people he employs and how they are crucial to his company's continued success.

**Maarten Haijer**, Secretary General

The challenges of attracting young professionals to digital careers

**Jeroen Lenaers, MEP and member of the Employment and Social Affairs Committee, talks about his priorities to foster employment in the digital sector.**

As one of the young members of the European Parliament and of the Employment Committee, I have the firm intention to dedicate my mandate to tackling one of Europe's great challenges: the inclusion of (young) professionals in the labour market and identifying the right policies to act upon this. In times of economic downturn, we ought to double our efforts to identify promising sectors, which can deliver both growth and quality jobs to young professionals entering the labour market.

Youth unemployment reached unseen levels in 2013 with an EU average of 23.3%. I strongly believe that the digital sector can deliver a part of the job creation and growth Europe is desperately in need of.

The margin for growth in this area is huge according to a European Commission's<sup>1</sup> estimate. In 2012, 7.4 million people or 3.4% of the active workforce were employed in the ICT sector. However, up to 900.000 jobs in the digital sector could remain unoccupied by 2020 due to the



*"I strongly believe that the digital sector can deliver a part of the job creation and growth Europe is desperately in need of. In 2012, 7.4 million people or 3.4% of the active workforce were employed in the ICT sector. However, up to 900.000 jobs in the digital sector could remain unoccupied by 2020 due to the workforce's lack of digital skills."*

**MEP Jeroen Lenaers**

workforce's lack of digital skills. This looming demand gap calls for urgent action at every level.

**In its cost of non-Europe report, the EP calculated that the GDP gains from completing the digital single market amount to €656 bn per annum.**



**Untapped growth potential: a digital single market for more jobs**

The significance of the digital economy has already been underlined in many studies. One particular figure comes from the European Commission’s Communication “a coherent framework for building trust in the Digital Single Market for e-commerce and online services”, which reported that in the G8 countries, South Korea and Sweden, the internet economy contributed around 21% to GDP growth in the period between 2006 and 2010. It was also reported that the digital economy created 2,6 jobs for each job lost in that same period.

Further, the European Parliament did its own research and arrived at staggering figures as regards the gains to be reaped from a more integrated European digital single market. The research service of the EP calculated in its Cost of non-Europe study that the GDP gains from completing the digital single market amount to € 656 billions per year. If we want our European digital sector to remain competitive vis-à-vis upcoming markets, we need to reform the way our markets work. In order to be more competitive, the right scale for companies has to be created. By making use of the skill benefits of the internal market has to offer, rather than relying on restricted national markets, Europe will be able to keep its competitive edge and generate much needed high value-added jobs.

*“Many European online gambling companies were start-ups merely 15 years ago and have since become global leaders thanks to innovative genius and a good understanding of the new economy.”*

**The online gambling sector as an example**

The European Union must do more than simply ensure that the legislative framework offers the best chance for its companies to thrive. Another key driver in the digital world is the perceived attractiveness of the sector for youngsters. Too often, the image of the sector is associated with tech geeks. This could not be further from the truth as, for example, no modern

company could imagine working without the solutions offered by communication technologies.

The EU online gambling sector is a good example in this respect. Many of these European companies were start-ups a mere 15 years ago and have

since become global leaders thanks to innovative genius and a good understanding of the new economy. They could only do so by exploring the possibilities offered by the internet but also by using the skills of programmers, IT designers and mathematicians, many of which are now also in high demand in other parallel industries (i.e. digital media, online payments, video games). Additionally, the transferability of IT skills, spill-over effects, and demand for innovative technology solutions are key to Europe’s tech industry.

**Better adapt education to business needs**

Whereas the importance of a leading European digital sector has made its way in the minds of the European leaders, statistics have shown that interest in digital careers has declined. In Germany, for instance, the majority of young people cannot imagine working for a digital start-up (70%) or starting their own business in the ICT sector (77%).

Clearly, more European initiatives need to be set up to address these issues. Greater cooperation between businesses and education providers to attract young people into ICT education comes to mind here. Educational programmes should be modernized and on the job trainings should better match employers’ needs. This is central to boost the digital sector.

My primary concern is to keep Europe as a place where young people can find jobs, which ensures their long-term employability in a sustainable and rewarding way. In order to achieve this result, the many challenges I have described need to be addressed by the EU. Therefore I will strive to create the right framework and push for initiatives backing this vision in the coming five years.



<sup>1</sup> <http://ec.europa.eu/digital-agenda/en/>

## Sweden's Quickspin: a gaming start-up creating today's digital jobs

**One of the newest and most successful companies breaking new ground and redefining the industry standards is the Swedish Quickspin, based in Stockholm, which develops and markets innovative games. Quickspin CEO Daniel Lindberg gives us an exclusive insight on the importance of specific skills for professionals in the IT-related sector.**



is five men strong and they all come from sectors others than the gambling sector but with some having worked in the gaming industry before. Our

product department gathers the "niche" skill-sets needed to start the conceptual creation of the games.

Finally, we have two mathematicians who use their creativity to make the games fun by playing with probabilities.

Now that we are gradually growing we see how desired our employees are in other industries as well. In the digital sector, skills are transferable and

this is also why we also have people who come from outside our industry. Another take-away of the last three years is that universities deliver great minds, but tend to leave out the creative element from the curricula and sometimes fail to (crucial for us!)pick up the newest markup languages such as HTML 5. Despite that fact we hire young graduates and train them into specialist with advanced skills, we feel there's a lost opportunity at an earlier stage during their study.

By now the company employs 35 people full time and expects in 2014 a year-on year-growth of 40% on its turnover reaching 30 million SEK. Next year also looks very promising and promises to deliver sustained growth. We take pride in the fact that we deliver games to the biggest and most respected names in the gambling sector. We continue to grow our client base, which are for

*"We take pride in the fact that we deliver games to the biggest and most respected names in the gambling sectors, which are for the most part operators from all over Europe."*

Quickspin was founded in 2011 by three gaming enthusiasts united by their passion for exciting and innovative gaming. We all had already several years of work experience in the sector albeit in various roles. We felt that we could shape the fast paced and ever changing environment of online games by developing games with a superior gaming experience. What is setting us apart is that we love games and enjoy gambling ourselves, which is reflected in every new gaming experience we offer. Against that backdrop we develop games we would like to play ourselves. Therefore we will only market a new game when we are sure it will be appreciated by the gaming community.

Quickspin is active in a niche of the gaming industry in which creativity and technical expertise go hand in hand. Our company could not thrive the way it does if you were to leave out one or the other. In less than three years we have multiplied our workforce by a tenfold. We employ software engineers who are split over different teams and have different levels of experience. Our graphical artist team

Quickspin's explosive growth in numbers	2014
Headcount	35 (3 in 2011)
Turnover	30 million SEK
Number of awards	5

**"In the digital sector, skills are transferable and this is also why we also have people who come from outside to work in the gambling industry."**



the most part operators from all over Europe. For the sustainable growth and the innovative character of our products the Computer Sweden magazine rewarded us with a 3<sup>rd</sup> place in their HIT list<sup>1</sup> of Sweden's fastest growing IT companies. Together with the satisfaction to be an entrepreneur in a sector we are passionate about, this award is for us really an acknowledgement that we fully contribute to innovation in the European digital sector.

<sup>1</sup> <http://computersweden.idg.se/2.2683/1.595917/har-ar-sveriges-hetaste-it-bolag?queryText=quickspin>



In each issue of **EGBA News**, Professor Dr. Dr. h.c. Claus-Dieter Ehlermann provides his opinion on legal questions at the heart of the online gambling debate.



**Professor Dr. Dr. Ehlermann, Senior Counsel at WilmerHale and a former Director-General of the Legal Service of the European Commission.**

For the first time the European Commission has taken a Member State of the EU to the Court of Justice of the European Union (CJEU) over its gambling policy, with Sweden subject to two Court referrals on 16 October 2014<sup>1</sup>.

The CJEU has built up considerable jurisprudence on the application of the EU Treaties specifically on the gambling sector and has set clear red lines, which Member States cannot cross in their gambling legislation. However, this has been on the basis of preliminary questions so far, which means that the national Court asks the CJEU for guidance on the interpretation of EU law, but the final judgment is made by the national Court.

By contrast, for the two Swedish cases, the CJEU will, for the first time, rule on the substantive question whether the national law is in compliance with the Treaties. The significance of a CJEU ruling on substance should not be underestimated, not just for Sweden, but for all Member States.

The obvious case of the non-compliance



## The legal view

The European Commission moves to ensure that the established red lines are not crossed

of establishment requirements is well accepted. Essentially requiring providers of online gambling services to establish a subsidiary, branch, locate a server or appoint a representative constitute obstacles to the freedom to provide services (Article 56 TFEU, see inter alia *Engelmann*<sup>2</sup> and *Dickinger and Ömer*<sup>3</sup>). Indeed, in all of the recent infringement cases opened by the Commission, apart from the cases against Sweden, establishment requirements have been criticised.

The second clear red line, which the CJEU has extensively developed, is the principle of consistency.

In the crucial *Carmen Media*<sup>4</sup> judgement the Court established that national gambling legislation must ensure proportionality between the degree of regulatory restriction and the degree of achievement of the policy objective. This consistency requirement

is generally and widely applied by the CJEU and encompasses as a matter of principle all aspects of the national gambling policy. The Commission has recognised this and has thus referred Sweden to the CJEU on grounds of lacking compliance of its legislation with EU law inter alia because “the

way that the Swedish exclusive right system for sport betting is organised is inconsistent with the aim of achieving the public policy objectives of preventing problem gambling and criminal activities and lacks the necessary state control”<sup>5</sup>. Other examples of inconsistency are excessive advertising and insufficient control over the exclusive rights holders.

The breakthrough decision to refer Sweden to the CJEU was preceded by the November 2013 decision to open new infringement cases against 6 other Member States (Belgium, Cyprus, the Czech Republic,

Lithuania, Poland and Romania). Given that the Commission has now started taking enforcement action on the clearly defined legal red lines, similar decisions can be expected in the near future for those Member States that persistently fail to comply with the EU Treaties.

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1 [http://europa.eu/rapid/press-release\\_IP-14-1150\\_en.htm](http://europa.eu/rapid/press-release_IP-14-1150_en.htm)

2 Judgment of the CJEU of 9 September 2010, Case C-64/08 *Engelmann* [2010] ECR I-8219, paragraph 37

3 Judgment of the CJEU of 15 September 2011, Case C-347/09 *Dickinger and Ömer* [2011] ECR I-8185, paragraph 82.

4 Judgment of the CJEU of 8 September 2010 in Case C-46/08 *Carmen Media* [2010] ECR I-8149, paragraph 71.

5 [http://europa.eu/rapid/press-release\\_IP-14-1150\\_en.htm](http://europa.eu/rapid/press-release_IP-14-1150_en.htm)