

Subject Matter of Motion	<b>Online Contracts with Bridge Service Providers</b>
Issue Statement	<ol style="list-style-type: none"> <li>1) Exclusive contracts interfere with fair, free competition.</li> <li>2) The lack of competition hinders innovation (no pressure to compete).</li> <li>3) Businesses do not compete for players. Users are locked into one platform.</li> <li>4) The current contract excludes pigmented Masterpoints from any other platform (except black for SwanBridge). Worse, it surrenders control of the marketing strategy for ACBL games and ACBL tournaments to a third party whose interests are not aligned with the ACBL.</li> <li>5) The current exclusive provider has its own rating system that competes with ACBL Masterpoints for importance and loyalty.</li> <li>6) The lack of price and distribution controls has resulted in a race to the bottom for online bridge where low-price, large games are the only survivors.</li> <li>7) The current concentration among 4-6 large “clubs” inhibits competition and drains resources away from clubs working to create new bridge players.</li> </ol> <p>This situation is great for consumption and for a very few large suppliers, but bad for the infrastructure that creates members and volunteers. Online bridge has had a negative impact on the recovery of in-person clubs, down to 1600 from 2566 in 2019. Membership has also dropped about 40,000 as we lost 900-1000 clubs. How many new members have these 5-6 large providers created since 2020? The dues loss exceeds the online play gains.</p>
<b>The Guidance:</b>	<p><b>The upcoming renegotiation of the Online Bridge Service Provider contract should:</b></p> <ol style="list-style-type: none"> <li>1) <b>Eliminate exclusivity.</b></li> <li>2) <b>Enable other platforms that meet ACBL requirements to award ACBL masterpoints.</b></li> <li>3) <b>Other platforms should have the ability to compete for ACBL Silver and Gold Point Games. The ACBL should award Sectional and Regional events and Robot events to other qualified platforms.</b></li> <li>4) <b>Enable competition and innovation that improves the online bridge experience.</b></li> <li>5) <b>Recognize best-in-class performance by best platforms.</b></li> </ol>
Material impacts	<ol style="list-style-type: none"> <li>1) Online table counts approach 3.5 to 4.0 Million annually. BBO owns ~63% (~80% if we include their role in VACB games). For their exclusivity, BBO pays the ACBL an annual amount in the neighborhood of \$400,000. Losing this fee can be made up by higher seat charges per game (\$0.10 per person covers the lost payment at current table counts).</li> <li>2) The ACBL must create online data, performance, capability, and user experience standards, as well as requirements to be met for all aspects of ACBL Marketing Strategy. Any Online Bridge Service Provider (OBSP) meeting these requirements shall qualify to participate in offering ACBL Masterpoint games online.</li> <li>3) Meeting ACBL data and ethics requirements will simplify managing games from a range of providers.</li> <li>4) Preferred providers create compelling reasons for players to join the ACBL.</li> <li>5) Managing change might require a glidepath for an orderly transition from the current market to the desired end-point.</li> </ol>

Reasons why the Advisory Council should adopt the motion	<ol style="list-style-type: none"> <li>1) ACBL must discourage Online Bridge Service Providers (OBSP) from owning online club games. The competitive advantage from extreme scale makes competition among providers almost impossible.</li> <li>2) The current market is an unacceptable oligopoly that has drawn necessary income away from the very infrastructure who creates new members. 93% of new members prior to Covid came from clubs.</li> <li>3) The ACBL should actively discourage disproportionate scale or market share that limits competition for club tables.</li> <li>4) The ACBL should stop competing directly with clubs in club and STaC games.</li> </ol>
Risk if the motion is not approved	<ol style="list-style-type: none"> <li>1) When exclusivity is granted to a business who then controls your product and price as well as appearance and branding, you have lost control of your business. <b>The ACBL must regain control of its marketing strategy in online games.</b></li> <li>2) The value and importance of the ACBL Masterpoint will decline unless the ACBL controls how it is used. Competing platforms that reward loyalty are competing with ACL Masterpoints and the ACBL Marketing Strategy, and must be discouraged.</li> <li>3) The club infrastructure will not recover from continued price competition from online play.</li> <li>4) The current Oligopoly shows that a free market is detrimental, serving only the few first movers, and destroying clubs who are the membership pipeline.</li> <li>5) The change can be income positive. The income lost from dues (-40,000 members) is larger than the exclusivity payment from the current arrangement (\$1.6-2 MM in lost dues compared to \$400,000). Tables now played online that would have been played in person have no negative impact. Better online user experience might lead to an increase in table counts.</li> <li>6) With the current online market as-is, the ACBL faces a clear prospect of fewer members and lost volunteers. No one volunteers to support online play.</li> </ol>

Respectfully Submitted,  
Steve Moese K082411  
Chair, Teachers and Club Managers Committee  
ACBL Advisory Council