

## Chapter One

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# Introduction

*'The first time I saw someone playing poker online, I couldn't believe it. I'm watching Mary, my normally quiet and reserved friend, jumping up and down in front of her computer, screaming. "I just beat someone from Hong Kong!" Right then, I realised the Internet would revolutionise poker.'* Mike Caro – the 'Mad Genius of Poker'

### What is Internet Poker?

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In the past dozen or so years the Internet has transformed many aspects of our lives. E-mail, Instant Messenger and the World Wide Web have all had a major effect on how people communicate with one another and exchange information. The Internet has changed the way we shop, carry out research and entertain ourselves, so it is hardly surprising that it has an impact on poker as well. It has created a new frontier for the game, not only enabling players to exchange knowledge with one another, but also introducing a new medium for game play which has brought in thousands of new poker players and provided existing ones with much greater playing opportunities.

Although even players who have no wish to actually play online will find much of benefit on the Internet, it is the ability for players to compete against each other online that is by far the most significant development. Nowadays you can sign up at an online site, deposit funds into your account and, in a matter of minutes, be playing in

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real-time for real money against other people from all over the globe. The software handles everything: dealing, indicating whose turn it is to act, making sure that the correct amount is bet, determining the winner of the pot and assessing each player's wins and losses for that hand. The player merely has to focus on how best to play his hand!

The phenomenon of playing real-time poker online with other players began in earnest with Inter Relay Chat (IRC) poker back in the early 1990s. On IRC an automatic program handled the dealing and controlled the action, and various graphical interfaces were available to make the game more user-friendly. Naturally this was not 'real money' poker, but players still had a bankroll of 'etherbucks', which they carried forward from one session to the next. As was the case in many early Internet projects, the IRC pioneers enjoyed great camaraderie in breaking new ground and laying the foundations for online poker as we know it today. Although IRC poker enjoyed some popularity in the mid-1990s, the launch of real money cardrooms in the late nineties rapidly eroded its player base, and by the end of 2001 it was no longer operating.

In place of IRC, there are now over 250 online cardrooms of varying sizes, all vying with one another for a place in what is a multi-million dollar industry. The very nature of offshore gambling is such that any attempts to quantify its scale can only be approximates. However, it has been estimated by Dennis Boyko of [pokerpulse.com](http://pokerpulse.com) that 1.82 million people played online poker in March 2005 (which represents a year on year increase of nearly 250%). According to European investment bank Dresdner Kleinwort Wasserstein, online poker revenues will reach around \$2.9 billion in 2005, and will double in size by 2008.

Many of these people had never previously played poker in a casino or home game before they joined an Internet cardroom. However, having realised how much fun poker can be, a number of them have taken their new-found skills into brick and mortar cardrooms and become part of the next generation of live-action players. In this way Internet poker, while attracting a huge number of players in its own right, may also act as a kind of 'farm system' for live-action games. And of course many experienced live-action players have been attracted to the online game as well; some of them have even set themselves up as online professionals!

## Recommended Further Reading

The primary goal of any cardroom is to generate rake income (typically in the form of a percentage taken out of each pot or a registration fee added to a tournament buy-in). The day-to-day challenge faced by each cardroom is building (and sustaining) a critical mass of players – the more full tables there are, the more the cardroom can expect to earn. Cardrooms may seek to bring in players through advertising, fast and reliable software, attractive promotions and efficient customer service. In many cases this is a virtuous circle – the more players there are who play at a site, the more players will want to play, drawn in by the fact that they can always find a game at their favourite limit or variation of poker. However, this circle can turn the other way as well, and poorly attended sites sometimes find themselves on a downward spiral. A loss of players can be self-perpetuating, since once a player has visited a few times without being able to find a game, he may well take his business to a site where he is guaranteed to be able to play.

The challenge for any poker site is to incorporate the key traditional poker elements that players are familiar and comfortable with, while at the same time taking advantage of the additional possibilities that the new medium provides. An effective online poker platform must have the ability to handle thousands of users at once, playing, chatting, joining and leaving tables, visiting the lobby, transferring funds to and from their accounts etc. However, just as important as volume is speed – people expect immediacy in their online experiences and quickly become disillusioned if they encounter persistent delays.

Most sites invest a substantial proportion of their rake income on advertising and marketing aimed at attracting new players and retaining existing ones, and some even employ ‘prop’ players to start up new games and hold up existing ones (see the section on ‘Online Props’ later in this book). Naturally, the major online cardrooms advertise in poker magazines such as *Card Player* and *Poker Europa*, and much of their budget is spent on banner advertisements at both general and poker-specific websites. Sometimes the banner host (or ‘affiliate’) is paid a monthly fee, but often remuneration is directly related to how many new clients are generated by the ad, with the host either receiving a flat fee for each new client or an ongoing share of that player’s contribution to the rake. Indeed, it has been suggested that in general each new client that a site recruits initially costs them over \$100.

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Starting up a new online poker site is a far from straightforward operation. Apart from the expenditures involved in creating, maintaining and enhancing a poker software client, there are also major costs involved in hosting the game servers, marketing the site, employing a customer support team and other backroom staff, paying transaction charges, etc. Fast, reliable software, good customer support and extensive advertising are essential to the success of any new online poker site, but it also helps to have a 'killer' feature, which may be either a marketing device (such as the PartyPoker.com Million) or a software innovation (such as the powerful multi-table tournament software at PokerStars). However, the rewards of a successful launch are obvious – a share of an expanding billion dollar industry that is attracting more and more players every day.

## **A Brief Chronology of Online Poker**

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### **January 1994**

First IRC hold'em program is released

### **August 1995**

Internet Casinos Inc. launches the world's first online casino

### **August 1997**

Planet Poker opens for play money games

### **January 1998**

Planet Poker becomes the world's first real money Internet poker cardroom

### **September 1999**

Paradise Poker opens for real money games

### **November 1999**

Planet Poker deals its 2nd millionth hand

### **February 2001**

Paradise Poker deals its 50th millionth hand

### **July 2001**

Pokerspot ceases running online games

### **August 2001**

PartyPoker opens for real money games

Paradise Poker deals its 100th millionth hand

## Recommended Further Reading

### **December 2001**

PokerStars opens for real money games

### **March 2002**

Final of the first PartyPoker.com Million

### **May 2002**

Highlands Club ceases running online games

### **June 2002**

Paradise Poker deals its 200th millionth hand

### **July 2002**

PokerStars runs first World Championship of Online Poker

### **November 2002**

PokerStars organises world's first 1500-player online tournament

### **March 2003**

World Poker Tour premieres on the Travel Channel. Debut series includes PartyPoker.com Million and UltimateBet Aruba Classic

### **May 2003**

PokerStars satellite qualifier Chris Moneymaker wins World Series of Poker

### **June 2003**

PartyPoker overtakes Paradise Poker to become the biggest online cardroom

### **October 2003**

PokerStars announces that it is joining the World Poker Tour with its PokerStars Caribbean Adventure

### **January 2004**

UltimateBet organises the first-ever million guaranteed online tournament

### **February 2004**

PokerStars organises its one millionth tournament

### **May 2004**

PokerStars satellite qualifier Greg Raymer defeats huge 2500+ field to win World Series of Poker

### **October 2004**

Paradise Poker acquired by Sportingbet plc for around \$300 million  
PokerStars sponsors first-ever European Poker Tour

## **Poker on the Internet**

### **June 2005**

PartyGaming launches on London Stock Exchange with market value of over \$8 billion

### **July 2005**

World Series of Poker attracts over 5,500 players, 1,116 of whom qualified online at PokerStars alone. Joseph Hachem wins \$7.5 million first prize.

Paradise Poker announces first-ever million dollar freeroll tournament