



# Financial Times Deutschland Start Interactive Online Prediction Markets

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*"Financial Times Deutschland" as the first national newspaper in Germany is implementing prediction markets as a regular part of its online offering. The service will be made available in collaboration with "ECCE TERRAM".*

PR9.NET May 17, 2007 - Germany/Oldenburg. – The FTD-Strategy bourse is a virtual stock market, where participants express their expectations about future events through the selling and buying of virtual shares. Several prediction markets relating to different issues about economic and political developments are being offered in parallel. The new service starts with topics like the DAX30, Hillary Clinton as presidential candidate for the Democratic Party in the USA, the local elections in the city of Bremen in Germany in 2007, the market share of mobile phone manufacturers, the presidential elections in France as well as the increase in GDP and the market share of luxury cars in Germany.

The "Wisdom of Crowds" is considered to outperform expert knowledge in dimensions like topicality as well as width, depth and references of knowledge. A principle of prediction markets, as of any electronic exchange, is that those who buy cheap and sell at a higher price benefit.

Empirical evidence suggests that prediction markets are at least as accurate in forecasting events as other instruments used by polling institutes on similar demographic groups. This concept, part of a field of study called collective intelligence, is the ideal tool for market and event forecasts. "The partnership with "Financial Times Deutschland" will give this forecasting method new dynamics. Our company is honoured to partner with such a highly regarded broadsheet", states Frank Simon, Managing Director of ECCE TERRAM.

The closer a participants forecast matches the real event, the more rises the value of the virtual account. This stimulates forward strategies and therefore using quality information and experience in these virtual investments is paramount. The FTD-strategy bourse also rewards closely matching expectations when dealing with rate fluctuation and diligence.

"Due to the positive experience gained with the prediction market for the German General Elections in 2005 and the prediction market for the (soccer) FIFA World Cup 2006 we decided to provide our users continuously with the opportunity to participate with their knowledge and experience in forecasting events of interest", says Dr Anton Notz, Head of Electronic Media at the "Financial Times Deutschland".

## Electronic Stock Markets (ESM)

The prediction market is based on the "Electronic Stock Market Technology" (ESM) developed by ECCE TERRAM Internet Services GmbH. It is based on theses by Friedrich von Hayek, who in 1974 was awarded the Nobel Prize in Economics. From Professor von Hayek's findings it derives, that more accurate prediction of future events can be made, if people trade shares about them with the opportunity to derive a profit. Frank Simon, Managing Director of ECCE TERRAM: "ESMs in the form of prediction markets provide surprisingly accurate results for opinion research and serve as a prognostics instrument to generate forecasts". The user's interest in trading shares and the chance for personal gain as well as the opportunity to create accurate forecasts bind the user into the online service and increase traffic to the website. The technology starts from a base different to traditional opinion research. Interviews, polls and e-votes use questions like "how would you vote?" The Electronic Stock Markets ask "what do you expect the outcome to be?" Traders therefore buy and sell based on their expectation of the outcome. These reflect in the prices, at which shares trade. The system can then, based on the share price, calculate forecasts.

ECCE TERRAM has used prediction markets already in the run up to the German federal elections of 1998 with great success, achieving the second best forecast after Allensbach, one of Germany's leading public opinion poll institutes. In recent years ECCE TERRAM has organised more than two dozen prediction markets on a great variety of events.

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## About ECCE TERRAM Internet Services GmbH

ECCE TERRAM was founded in Oldenburg by Frank Simon in 1996. Its web applications are used in the photo processing industry and beyond by blue chips like chip maker Infineon or German publishers like "Die Zeit" or "Gelbe Seiten" (German Yellow Pages). Since 2001 ECCE TERRAM has been owned by the ECCE TERRAM Holding GmbH, the In-Venture.Net GmbH, the Pilet International S.A. and the afs Holding GmbH.

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