Webjet and Microsoft build first-of-a-kind travel industry blockchain solution

8 November 2016 – Sydney, Australia – Webjet today announced it has built a first-of-a-kind blockchain proof-of-concept (PoC) solution with Microsoft that has the potential to transform the way the entire travel industry processes and manages online payments for hotel bookings.

Responsible for managing thousands of hotel bookings daily across its travel brands – including Lots of Hotels and Sunhotels – Webjet is Australia and New Zealand's leading online travel agency, looked to blockchain's potential to add efficiencies in the booking process.

"Globally, hotel room wholesaling is a hundred-billion-dollar marketplace.[1] Every day there are millions of transactions taking place and a single hotel stay could involve five or more transactions in the distribution chain. This marketplace can be prone to data discrepancies due to the volume of bookings passing through multiple systems. Between five and 10 per cent of bookings can be impacted or, in other words, up to 10 billion dollars' worth of transactions," said John Guscic, Managing Director, Webjet.

"Working together with Microsoft, we discussed the challenges faced in our wholesale hotel environment and decided to explore blockchain as a solution to meet the needs of our business. Microsoft's ongoing investments in building the industry's most trusted cloud platform around the principles of security, privacy and control, compliance and transparency, along with its deep heritage in guiding businesses, including Webjet, through periods of significant IT transformation made the decision to go on this journey with Microsoft a no-brainer."

Blockchain is an emerging way for businesses to almost instantaneously make and verify transactions in order to streamline processes, save money and reduce the potential for fraud. It is a digital transaction ledger shared among a distributed network of computers, showing all historical updates in the transaction chain – providing a solution to the data mismatch challenges faced by Webjet. Once widely adopted, blockchain is expected to fundamentally change the way businesses exchange value and assets, enforce contracts and share data across industries.

Webjet's and Microsoft's blockchain PoC is the first project of its kind in the travel industry to date. It has the potential to create a new industry standard, improving customer experiences and reducing costs across the travel industry, as well as inspiring companies in other sectors to follow

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[1] Hotels Market (Type – 1-star, 2-star, 3-star, 4-star, 5-star and unrated) – Global Industry Analysis, Size, Share, Growth, Trends and Forecast 2015–2021. July 2015. http://www.transparencymarketresearch.com/hotels-market.html

its lead. According to Gartner's predictions for 2017 and beyond, blockchain-based businesses will be worth US$10 billion by 2022.[2]

Initially, Webjet aimed to boost efficiencies in its own supply chain through the blockchain PoC. However, it quickly became apparent the technology had the potential to transform transactions across the entire travel industry.

"Blockchain eliminates transaction errors by having an indisputable record of truth," John Guscic added. "As we've tested the technology, we quickly realised it had the potential to improve processes with the rest of our travel partners who face similar complexities. It didn't just benefit the Webjet environment; it could potentially assist every one of our partners in the supply chain to improve their efficiency.

"We realised facilitating bookings in the travel industry through blockchain could become an additional business we could enter in the future, and the same technology could also help solve problems outside the travel industry. Undoubtedly, the blockchain technology built with Microsoft is an exciting opportunity for us over the next few years."

The blockchain PoC between Webjet and Microsoft has built Smart Contracts that resolve issues created by data mismatches. It has proven the ability to create shared, independent and trustworthy documents that:

- **Remove the risk of data inaccuracies** – ensuring all parties are paid the correct and agreed amounts and boosting customer experiences as bookings are not lost or inaccurate
- **Streamline payment processes** – invoices are captured and paid in a timely manner with significantly reduced reconciliation costs
- **Boost data security** – made of individual data nodes and as a read/write-once database, blockchain reduces fraud and establishes trust and accountability
- **Resolve pain points in the payment process** – wholesalers and hotels can focus on improving the customer experience, rather than addressing issues in the booking process.

Webjet is rolling out the blockchain platform in three phases. The first phase involves the PoC now live, with Webjet's Lots of Hotels and Sunhotels brands trialling the platform. The second will see the same brands trial blockchain's automated features, processing thousands of transactions weekly. Following this, Lots of Hotels and Sunhotels will invite selected external parties to use the platform to demonstrate the benefits it delivers to the industry.

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[2] Gartner Reveals Top Predictions for IT Organisations and Users in 2017 and Beyond. October 2016.
http://www.gartner.com/newsroom/id/3482117

"Webjet's success as the leading online travel agency in Australia and New Zealand is driven in part by ensuring we partner with the best, and that is what we did when we began our relationship with Microsoft in 2004. Since then, Microsoft has played an ongoing role in the innovation of our business, making our technology platforms infinitely scalable, secure and efficient. It means Webjet has a long runway ahead for growth from our core business and from building out new industry offerings, better servicing customers and expanding into new global regions," said Guscic.

Microsoft Azure Chief Technology Officer, Mark Russinovich, speaking about Microsoft's relationship with Webjet said, "Microsoft is uniquely positioned in this era of massive business and societal transformation. We're the company that cares most deeply about computing technologies for both people and the organisations they build. By working with Webjet to use our digital platform, together we have created an innovative blockchain solution in Australia that has the potential to not only transform the travel industry but many other industries as well."

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