WEBJET LIMITED

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Managing Director

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webjet.com.au   ONLINE REPUBLIC   lots of **hotels**   **sunhotels.**   *FIT* **RUUMS** *Always stronger together*
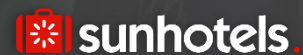
Who is Webjet Limited?

WHO IS WEBJET?

DIGITAL TRAVEL BUSINESS …

spanning both global wholesale markets (through B2B)

and consumer markets (through B2C)

B2B TRAVEL

Online fulfillment of hotel bookings for our travel industry partners

WebBeds Global Coverage:
- Europe - Sunhotels
- MEA – Lots of Hotels (LOH)
- Americas – LOH
- Asia **–** FIT Ruums

5 year EBITDA CAGR of 30%

B2C TRAVEL
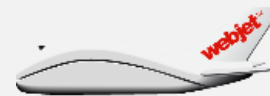
Leading online consumer travel brands

Webjet
- Leading OTA in Australia and New Zealand

Online Republic
- Global coverage in Rental Car hire and Motorhomes
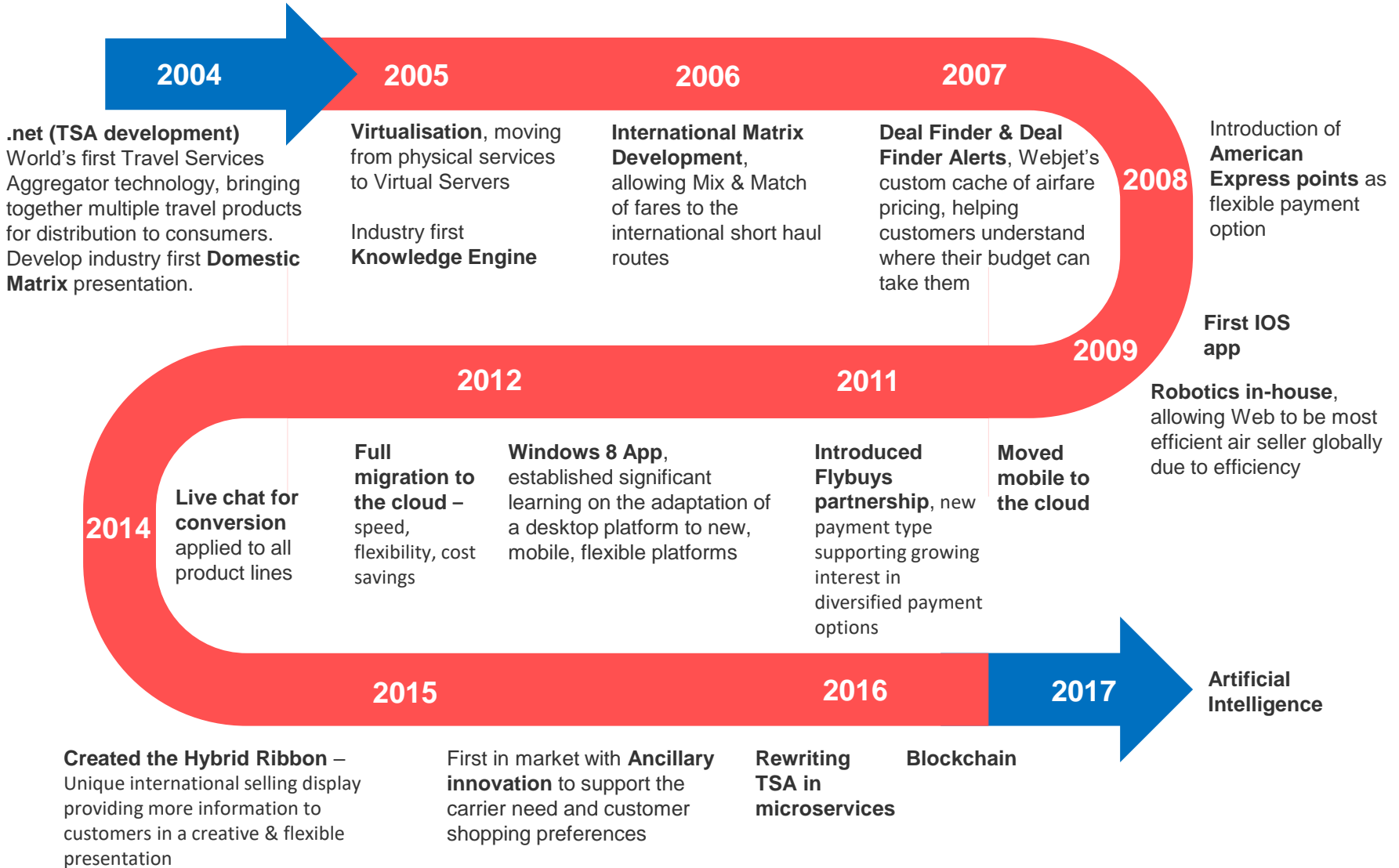- Australasian leader in online Cruise

5 year EBITDA CAGR of 10%+

History of Innovation – Webjet.com.au

2004

.net (TSA development)
World's first Travel Services Aggregator technology, bringing together multiple travel products for distribution to consumers. Develop industry first **Domestic Matrix** presentation.

2005

Virtualisation, moving from physical services to Virtual Servers

Industry first **Knowledge Engine**

2006

International Matrix Development, allowing Mix & Match of fares to the international short haul routes

2007

Deal Finder & Deal Finder Alerts, Webjet's custom cache of airfare pricing, helping customers understand where their budget can take them

2008

Introduction of **American Express points** as flexible payment option

2009

First IOS app

Robotics in-house, allowing Web to be most efficient air seller globally due to efficiency

2012

Full migration to the cloud – speed, flexibility, cost savings

Windows 8 App, established significant learning on the adaptation of a desktop platform to new, mobile, flexible platforms

2011

Introduced Flybuys partnership, new payment type supporting growing interest in diversified payment options

Moved mobile to the cloud

2014

Live chat for conversion applied to all product lines

2015

Created the Hybrid Ribbon – Unique international selling display providing more information to customers in a creative & flexible presentation

2016

First in market with **Ancillary innovation** to support the carrier need and customer shopping preferences

Rewriting TSA in microservices

Blockchain

2017

Artificial Intelligence

3

Blockchain

Innovation in the WebBeds World

What is the problem we are trying to solve?

- B2B settlement between hotel suppliers and travel partners is a complex, timely and costly process.

- Multiple IT systems between players pave the way for reconciliation pain and error risk.

- Significant financial exposure exists across the current distribution chain.

Highly Inefficient Process Ripe for Disruption

Background

- Multiple intermediaries in the distribution of hotel rooms to consumers

- Each intermediary has a discrete booking/reservations system and set of practices

- No "*single source of the truth*" and limited validation post initial booking

- Data mismatches estimated to occur in about 5% of all bookings

Traveller → Travel Agent → Sunhotels → Lotsofhotels → Destination Management Company → HOTEL
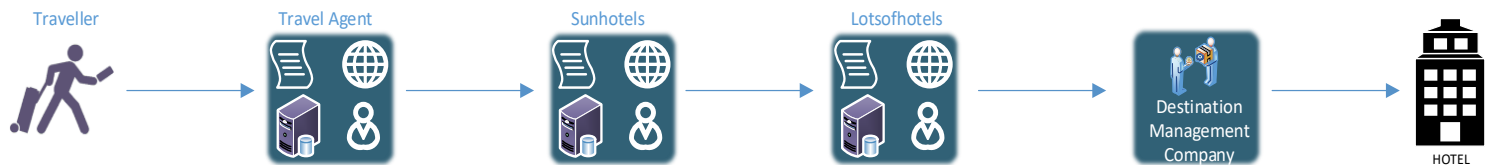
In many instances, there are up to 5 participants in the sale

Industry Issues

1 in 25 Bookings

Breakage – instances where a service is provided but never invoiced

1 in 3 Bookings

The ratio of bookings that are amended in some way

1 in 10 Bookings

Have some sort of manual intervention

Data mismatches including price, currency, and status of booking	Mismatches found months after the booking was originally made and usually after the guest has travelled	Companies incur increased accounts receivable and payable costs to try to reconcile differences	Financial loss occurs if the intermediary cannot claim any mismatch amount from their own customer or suppliers

What has Webjet Built?

- A **simple solution** designed to allow any 2 parties to verify that the data they hold on a booking is the same.

- This **"handshake"** occurs each time a booking is made or changed in any way - "do we agree?"

- **If a discrepancy is found**, the parties are notified with information on the elements of the booking that cause the "dispute".

- **Action can be taken immediately to correct** the data that is wrong and to mitigate any potential out-of-pocket losses.

- There is **no integration or coding required** – participants only have to produce a report with the bookings made or amended, and deliver it to an end point – the Blockchain magic happens from there.

- And when the time comes for one party to invoice the other, **there are no surprises, no time wasted investigating disputes, and no out-of-pocket losses.**

The Blockchain solution offers 2 unrelated parties an attractive platform to verify when their data does match…and when it doesn't

Decentralised:
- There is no single owner of the blockchain - processing power can be contributed by any of the participants, leading to a **greater level of trustworthiness**.

Distributed:
- Copies of the "ledger" are held across multiple processing nodes; if one fails, the others keep working and the ledger lives on. It is **inherently robust**.
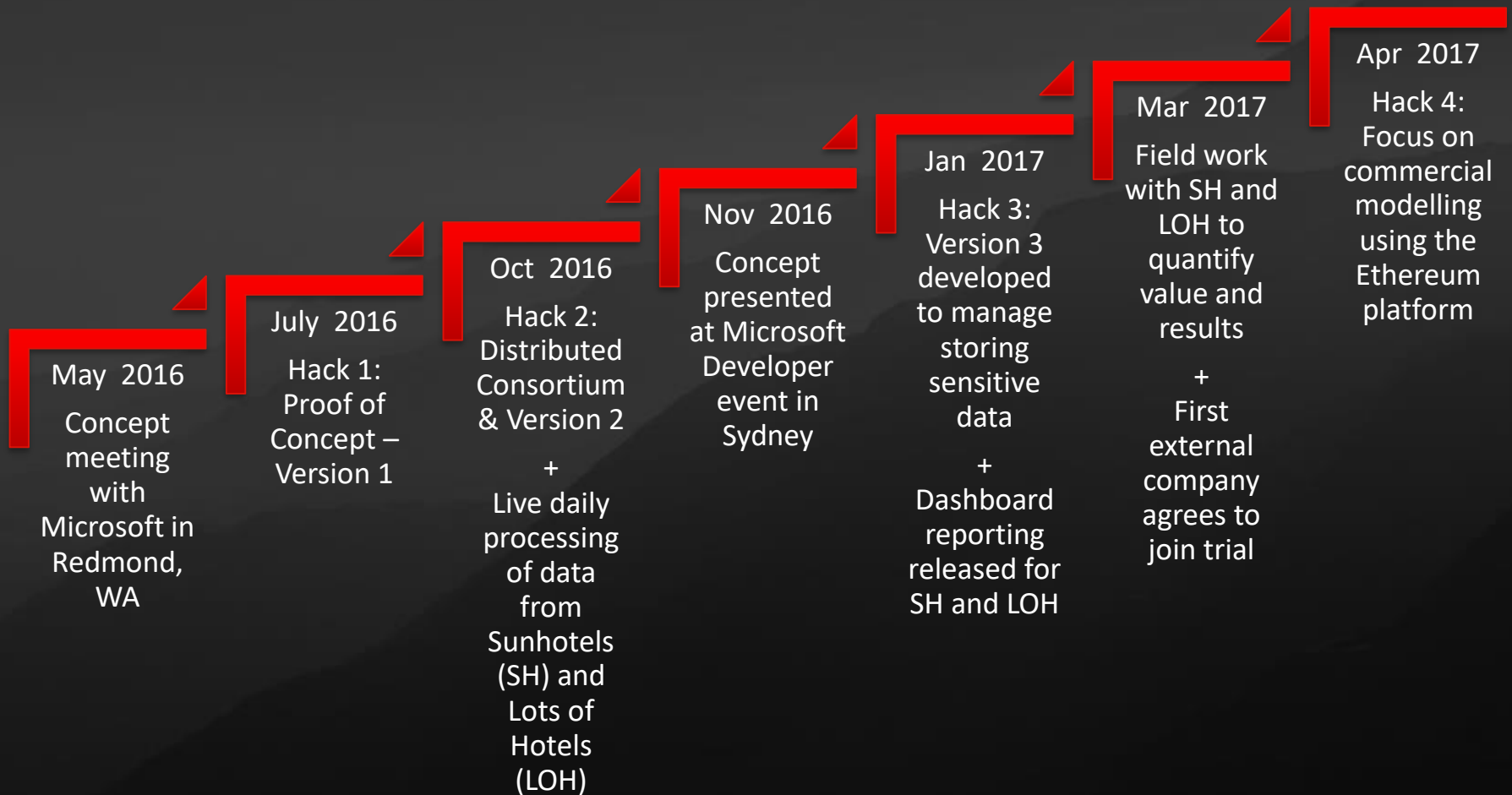
Indisputable:
- The copies of the ledger held by the multiple decentralised, distributed nodes make it **very difficult to distort the truth**.
- More than 51% of the copies of the blockchain would need to be distorted at the same time. If one blockchain copy is corrupted, the other nodes would ignore the results and the integrity of the blockchain remains intact.

These attributes make Blockchain an excellent technology to build a system intended to be used by parties who do not necessarily trust one another.

Blockchain – Key Milestones to Date

May 2016

Concept meeting with Microsoft in Redmond, WA

July 2016

Hack 1: Proof of Concept – Version 1

Oct 2016

Hack 2: Distributed Consortium & Version 2

+

Live daily processing of data from Sunhotels (SH) and Lots of Hotels (LOH)

Nov 2016

Concept presented at Microsoft Developer event in Sydney

Jan 2017

Hack 3: Version 3 developed to manage storing sensitive data

+

Dashboard reporting released for SH and LOH

Mar 2017

Field work with SH and LOH to quantify value and results

+

First external company agrees to join trial

Apr 2017

Hack 4: Focus on commercial modelling using the Ethereum platform

A Case Study - Our Learnings to Date

Labour Costs to Address Disputes

- 40 random disputed bookings selected
- 11 hours of labour could have been saved if the mismatch was known at time of bookings
- Saving **15 minute of labour cost per mismatched booking**

Costs that Could be Avoided Using Blockchain

Using a conservative average booking value (ABV) of $300, this equates to a **potential hard dollar saving of $7,560 on 40 disputed bookings plus labor cost saving**

Calculated as per the below:

- 70% of 40 bkgs will result in hard loss = 28 bkgs
- Hard loss = $300 (ABV) * 28 bkgs = $8,400
- 90% of the 70% could be avoided = $7,560
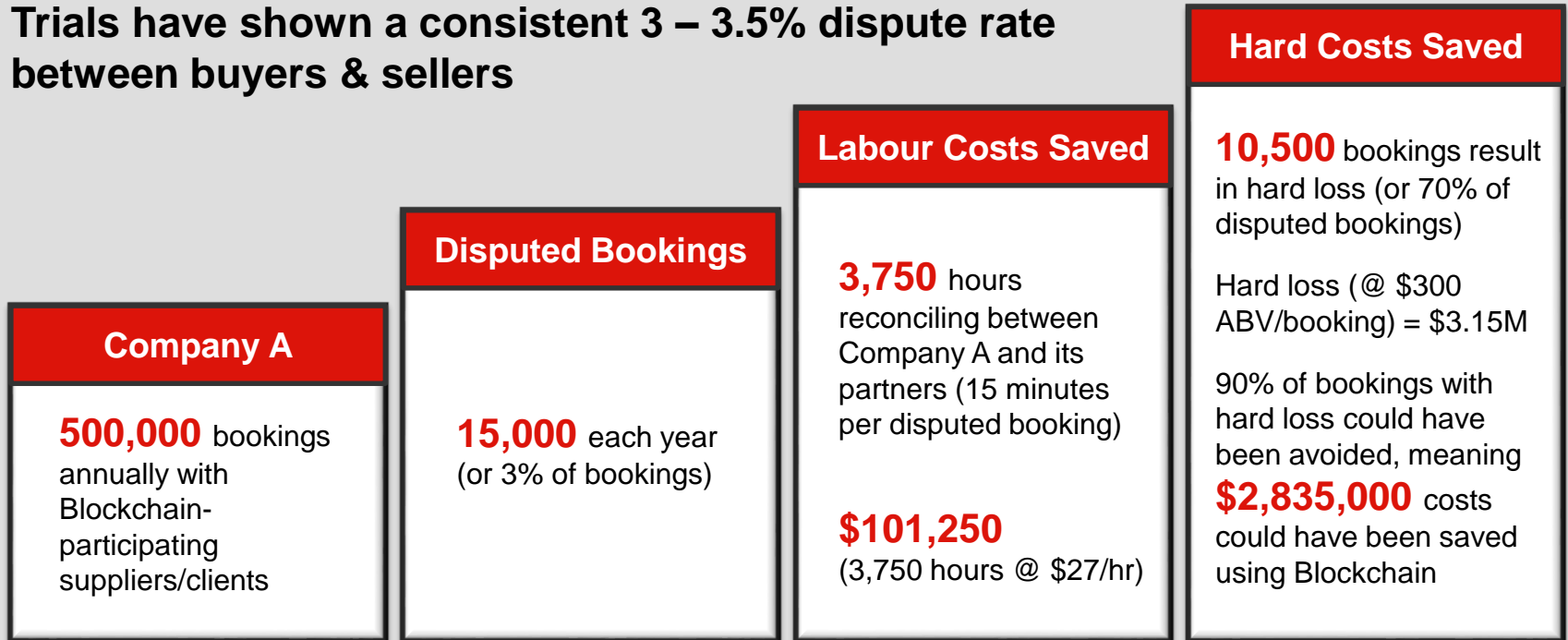- $7,560 of out-of-pocket costs could have been avoided using Blockchain
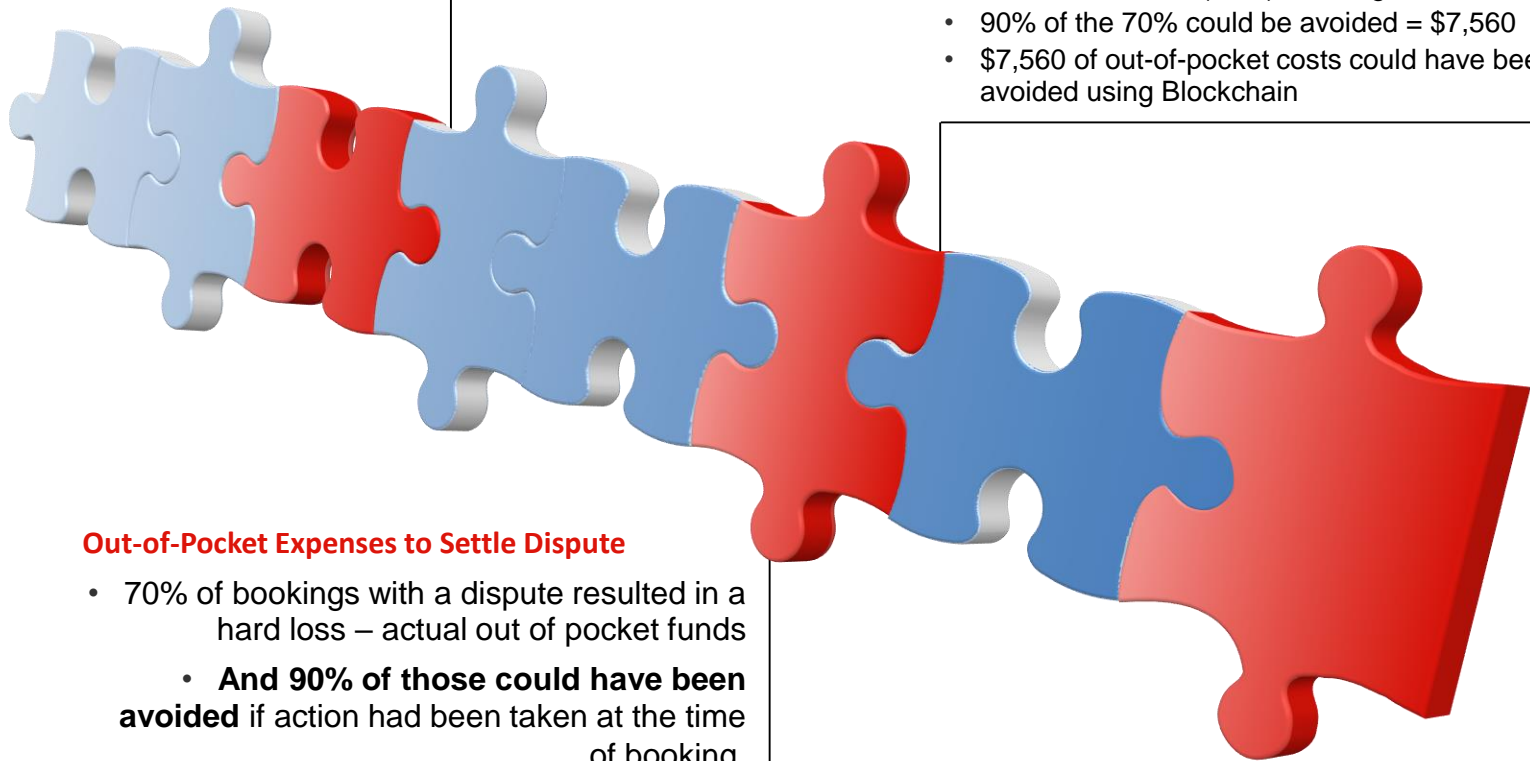
Out-of-Pocket Expenses to Settle Dispute

- 70% of bookings with a dispute resulted in a hard loss – actual out of pocket funds
  - **And 90% of those could have been avoided** if action had been taken at the time of booking.

How Does That Translate in the Real World?

Trials have shown a consistent 3 – 3.5% dispute rate between buyers & sellers

Company A

500,000 bookings annually with Blockchain-participating suppliers/clients

Disputed Bookings

15,000 each year (or 3% of bookings)

Labour Costs Saved

3,750 hours reconciling between Company A and its partners (15 minutes per disputed booking)

$101,250
(3,750 hours @ $27/hr)

Hard Costs Saved

10,500 bookings result in hard loss (or 70% of disputed bookings)

Hard loss (@ $300 ABV/booking) = $3.15M

90% of bookings with hard loss could have been avoided, meaning **$2,835,000** costs could have been saved using Blockchain

If the savings benefit is split 50/50 between Company A and its partners, Company A would save approximately $1.5m annually using Blockchain

THANK YOU

April 2017

Artificial Intelligence

Artificial Intelligence

"If you don't have an AI strategy you are going to die in the world that's coming."

--- eBay President and CEO
Devin Wenig

Artificial Intelligence – Why?

Leisure travel is about fantasy.

It is about the realisation of dreams and aspirations. It may be escape. It may be adventure. It may be a quest. It may be about a reinforcement of a person's sense of tribal or society position. Or it may be simply about recharging the batteries.

How can we create the ultimate leisure travel experience online?

Artificial Intelligence – Why?

Currently - the perfect leisure travel experience does not exist, online or offline.
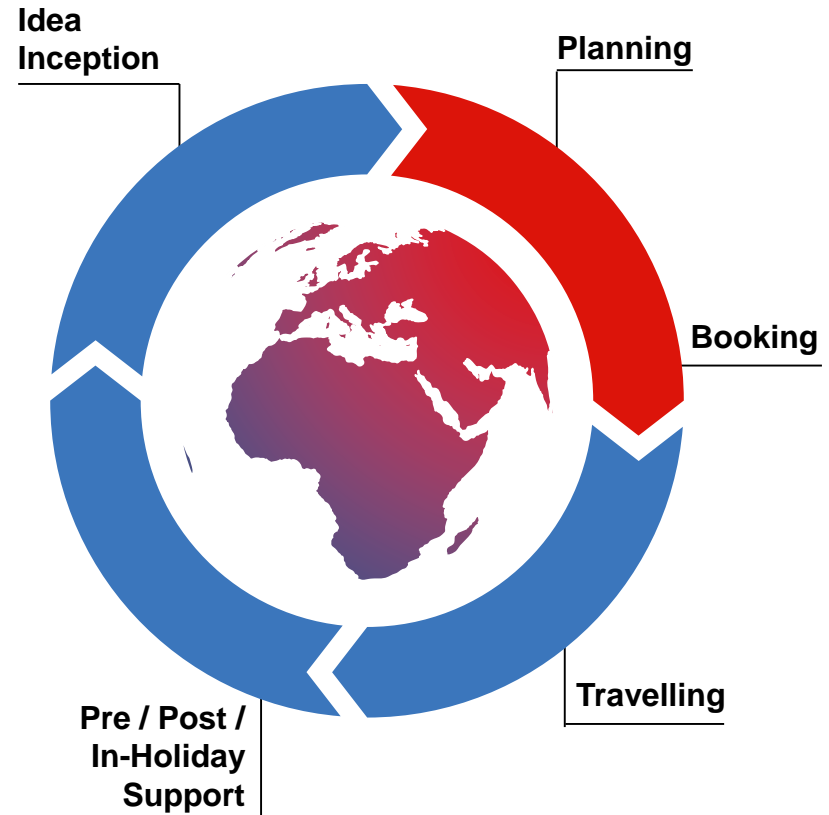
Offline travel agents are limited by whatever tools, processes, and content are made available to them - as well as their own experiences, knowledge and commercial drivers. This information, content and tools vary greatly by agent.

Online travel sites today focus mainly on the mechanics of travel and less about the overall experience. While efficient, comprehensive and convenient, they assume that the traveller inherent knowledge of travelling and what they need.

A solution is needed to assist the traveller in truly realizing their holiday dream…from beginning to end…

Artificial Intelligence – The Future

- By using artificial intelligence and machine learning to build on the transactional online travel experience today, we have the opportunity to transform the existing leisure travel shopping experience to something exceptional.

- Artificial Intelligence will bring together a fast and more comprehensive solution for leisure travellers.

- It will allow us to bring a new range of possibilities tailored to the travellers specific preferences.

- It will provide both the transactional and the inspirational – guiding the traveller from idea inception, to booking, to experiences throughout the journey, until they are home and ready to travel again.

- It will create the ethereal confluence of fantasy and desire in conjunction with convenience and choice, wrapped in a compelling user interface.

And __that__ is our next challenge!

Idea Inception

Planning

Booking

Travelling

Pre / Post / In-Holiday Support

THANK YOU

April 2017