Pointmark

The traveler loyalty fabric

数字旅游奖
CHINA DIGITAL TRAVEL
AWARDS

Applicant name: Michele Ruberl

Company name: Pointmark Solutions, Inc.

Contact (email): mik@pointmark.io

Contact (mobile): +39 3357733347

Company website: https://pointmark.io

1. Objectives, product positioning and design logic, budget and resource allocation

Travel Loyalty programs don't meet millennial needs...

- Millennials are the **perfect Loyalty target**: inherently social, price / deal sensitive, demanding

- **But they're not loyal** to travel supplier brands (especially for leisure)

- **But they hate accumulating** points, expecting instant gratification

  - Long gestation period to accrue meaningful rewards as they are spread across 10-15 programs
  - Only 25% of Loyalty members are very satisfied with the level of effort needed to earn a reward, 57% of respondents abandon a program because "it took too long to get points or miles"
  - Purchase frequency is a factor in travel, affecting perceived utility of points and time to redemption

- **But they want recognition** and a personalized experience on a consolidated platform

  - OTA Loyalty is based on package price due to business model / low margins on airfare, and is perceived as one-size-fits-all
  - Millennial consistency voice a desire to have greater autonomy and unbundle their travel purchase
  - 63% of TripAdvisor users want one place where they can read reviews, compare prices and book

Source: COLLOQUY, Skift, TripAdvisor, The Boston Consulting Group, Arival

...and Loyalty Management shows structural fatigue

- **Financial**: high degree of account inactivity + low redemption rates
  - Unclaimed rewards are liabilities on company's balance sheet, and an estimated $100 Billion in points are left unredeemed by Members
  - Difficult interoperability (conversion) across partner networks

- **Technical**: software mostly borrowed from retail industry or coupled to legacy (CRS, GDS), business logic not easily customizable

- **Marketing / branding**: innovation by intermediaries is generating problems for suppliers
  - 57 Billion HHonors points lost by Hilton guests by booking with OTAs or other intermediaries in 2015, enough to redeem 1.6 Million room nights. At growth in suppliers Loyalty membership YoY (+15%) does not correspond growth in room nights booked with points (+2%)
  - Big supplier umbrella program affiliation is a big branding problem for smaller hotel chains or independent suppliers

- **Operation**: transaction, management & customer acquisition costs
  - $35 Billion fees paid yearly to 3rd-party processors for servicing loyalty points, up to 80% savings could be gained by issuing tokens

- **Privacy**: increasingly a key concern for the tech-savvy consumer
  - 500 Million customers' data leaked in Starwood Nov 2018 incident

Source: Bond - VISA, Bloomberg, Marriott, ResearchAndMarkets

A bold vision

Imagine as a traveler being able to choose the holiday that best matches your desires and state of mind for that specific trip, and being able to get answers to the question "what next?" while you're traveling

Imagine as a supplier being able to offer and compete in an open travel marketplace driven by fellow suppliers and not governed by aggregators / intermediaries

Where travelers are matched to hotel, airline, tour according to a distributed recognition and reward fabric, where alliances between partners are as opportunistic or tight as necessary, and where geography, vertical or niche leaders can emerge

All powered by a blockchain giving partners the tools to exchange and monetize points and traveler profiles in an optional, secure and auditable way, to combat Loyalty fraud, while letting travelers own their identity to comply with privacy rules and, well, because it's just fair

A pragmatic strategy

How to disrupt the flawed status quo? We are pragmatic and don't aim to replace the current ecosystem. Travel suppliers: keep doing your own online marketing, inventory / rate distribution on channels, all of it

But once you get that web visit, then **Pointmark empowers you to know and serve that traveler better during the online experience, and then enables you to extend the reach of your Loyalty by cross-offering the best experiences in destination or after stay, and benefit from it in terms of money and traveler profiles / leads**

And if you are or grow into a big / anchor player, **Pointmark enables you to become the platform where this interaction happens and data is gathered**
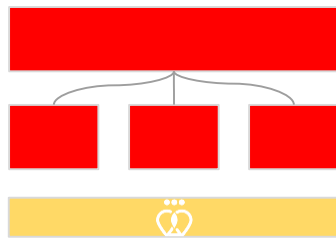
Multiple alliance scenarios
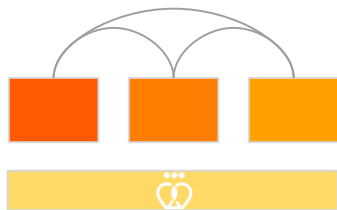
1. Suppliers exchanging Loyalty points and profiles / leads. E.g. hotel chain 1 + hotel chain 2 + independent hotel + destination tours + local restaurants

Topology: islands

2. Anchor player minting Loyalty points and governing traveler profiles for its partners. E.g. airline + hotel chains + rent-a-car + local online merchants

Topology: archipelago
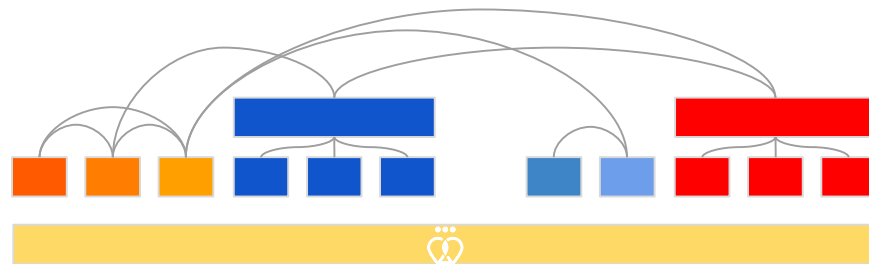
3. Multiple travel Loyalty programs interchanging points and profiles in a regulated and secure way across geographies and verticals, eventually extending to other industries to enable cross-industry scenarios (e.g. holiday sim cards with roaming in destination, on-demand insurance polity for destination, on-demand travel purchase loan)

Topology: ocean

COMPETITIVE LANDSCAPE

Loyalty as a currency — Offerings portfolio — Loyalty as a reward

Loyalty & wallet
qiibee qb
points
More together®

Loyalty & e-commerce
aMaDEUS
IBM
SAP
SWITCHFLY
ORACLE

Loyalty, wallet & mint
Pointmark

Loyalty & analytics
AIMIA COMARCH
TIBCO KOBIE MARKETING ICF
SailPlay EPSILON
Maritz®

Loyalty
loyyal

Traditional ——————— Blockchain

8
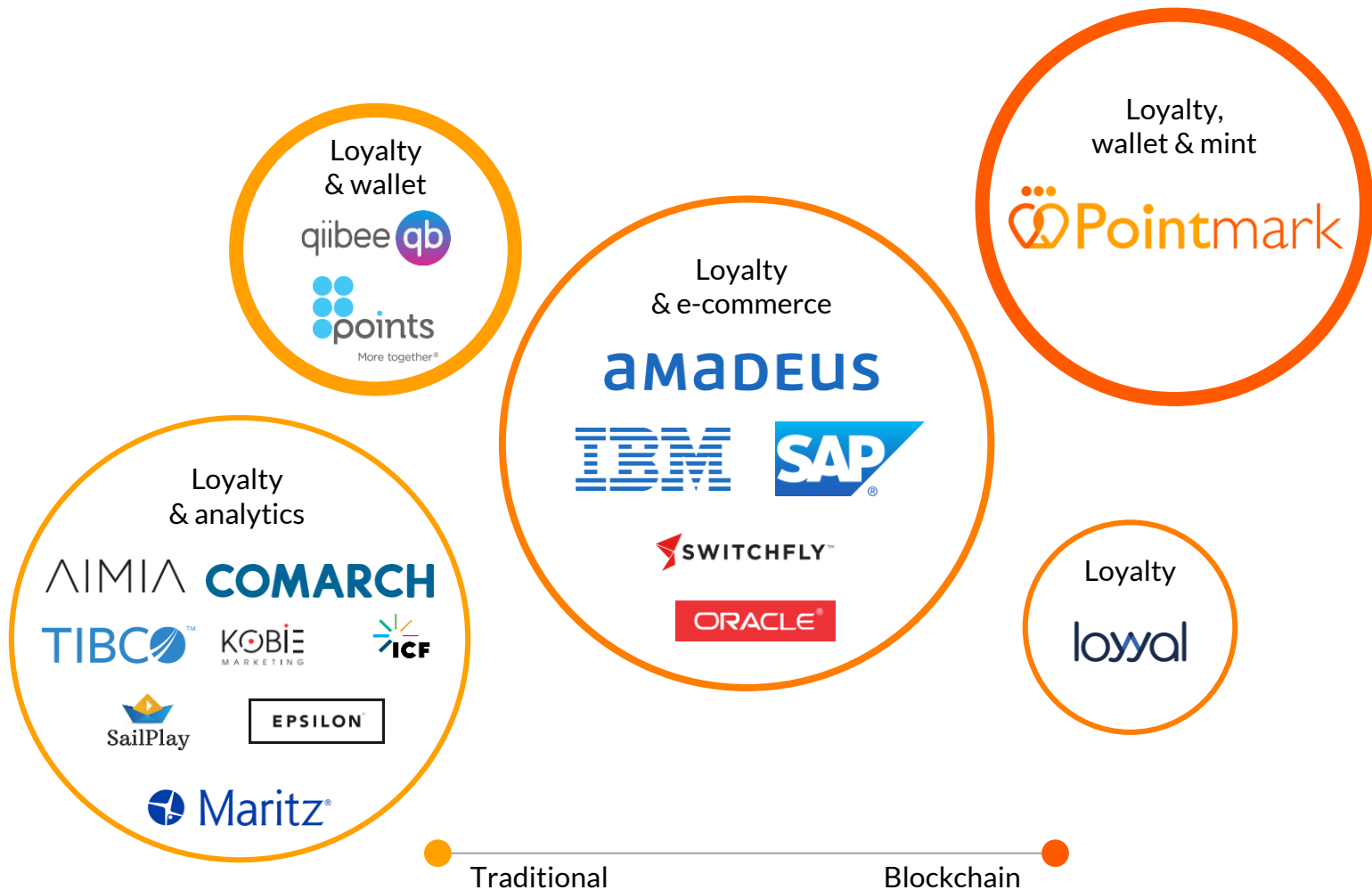
Team

Mik Ruberl CEO

CTO at Sandos Hotels & Resorts with startup and corporate experience in travel, tech, Loyalty

K R Rakesh CPO

Product Head at Jio, Idea with rich product management experience

Lei Bramley CTO

Eng. Lead at Jio, Tesco with a track record of delivering complex tech products

Background

20+ years as a technologist in travel and IT organizations. Serial tech entrepreneur in China, LATAM, Europe. Previously a career delivering mobile/web architectures for Ducati, Pirelli, Deutsche Bank, Ericsson, H3G

Head product teams managing products ranging across various verticals such as personal cloud, live TV, news, magazines across various geographies i.e. India, US, Canada. Worked with large Indian MNCs such as Jio, Idea, Infosys

Hands on engineering and tech leader with 18 years experience across mobile, retail, publishing, social networks. Built and led great tech teams delivering cutting edge technology solutions for Jio, Tesco, Pearson, Samsung

Budget and resource allocation

Software budget

- **Developed** 800K USD worth Intellectual Property as Loyalty Management System: Loyalty-as-a-Service, blockchain synchronization, traveler-to-venue matching engine and dynamic benefit mechanics.
- **Forecast** 300K USD to complete Phase 1 product (Traveler Recognition), then 500K USD to complete Phase 2 (Point Interchange, Profile Exchange).

Resources from partnerships

- **Development** Agreement in place with Tirasa for non-core software provision, including risk sharing.
- **Distribution** Agreements in place with Dingus and HotelNet CRS to piggyback on their established hotel customer bases in respective markets, and Stentle o2o commerce to demo non-travel, cross-industry scenarios to their fashion brand customers.

2. Product overview

	Loyalty as a service	Traveler recognition	Point interchange with partners and global	Consumer profile interchange with partners and global
Type	SaaS	SaaS	Platform / Marketplace	Platform / Marketplace
Value proposition	White-label or API Loyalty program	Profile enriching APIs	Own branded Loyalty points exchange	Own branded profile / lead exchange
Unique selling points	1. Laser-focused on travel mechanics 2. Based on blockchain 3. Multi-tenancy support	1. Anonymous lead enrichment 2. Profile deduplication and stitching 3. AI matching and dynamic benefits	1. Integrates with blockchain / traditional Loyalty programs 2. Contract-based or opportunistic, auditable, anti-fraud	1. Enables consent-based consumer data monetization by data owner 2. Cross-program named lead marketplace
Industry	Travel & hospitality	Travel & hospitality	All industries	All industries

B2C

- Obtain points for purchase and/or travel, redeem points for merchandising, upgrades, discounts

- Online gamification: obtain points for sharing, commenting etc.

- Offline gamification: support animation team by obtaining points for games, scratch codes with viral distribution mechanics etc.

- Freedom to give points to friends, obtain points by referring friends, and for booking via external channels

- Multiple tiers, catalogs, powerful promotions system

B2B

- Obtain points for e-learning and certification

- Obtain points for selling the brand on all channels, redeem points for free travel

- Obtain points by referring customers to B2C loyalty program

CORP

- Obtain points by referring guests to B2C loyalty program, redeem points for perks at hotel

Loyalty management system laser-focused for travel, that has been battle-tested for 1.5 years and powers millions of dollars-equivalent transactions on a database of 300K hotel chains customers

LOYALTY-AS-A-SERVICE

- Know your customer at brand's first point of contact:
  Anonymous lead enrichment

- Cleanse data from legacy systems, keep history of data changes and query / recover data at point in time, cross-identify and deduplicate your customer across data sources:
  Identity stitching

- Recognize millennials' affiliation with benefits and gamification:
  Personalized dynamic benefits

Integrations already available with standard connectors thanks to Apache Camel and industry-specific connectors to booking engine, CRS, PMS.

- **Extend the reach of your loyalty programme and of points as a currency** across industries and geographies: travel players (tour operators, hotels, airlines, destination apps, review sites), telco, insurance, banking

- Transfer loyalty points seamlessly through secured network protocol, ensuring **security, tamper proofing, auditability, provenance and efficiency**

- Provide partners with a **customizable, ready to go loyalty management system**

- **Onboarding portal** and API to govern points interchange

We maintain a distributed ledger of transactions between members and partner, and especially among partners, that is verifiable and immutable and allows for reconciliation and anti-fraud
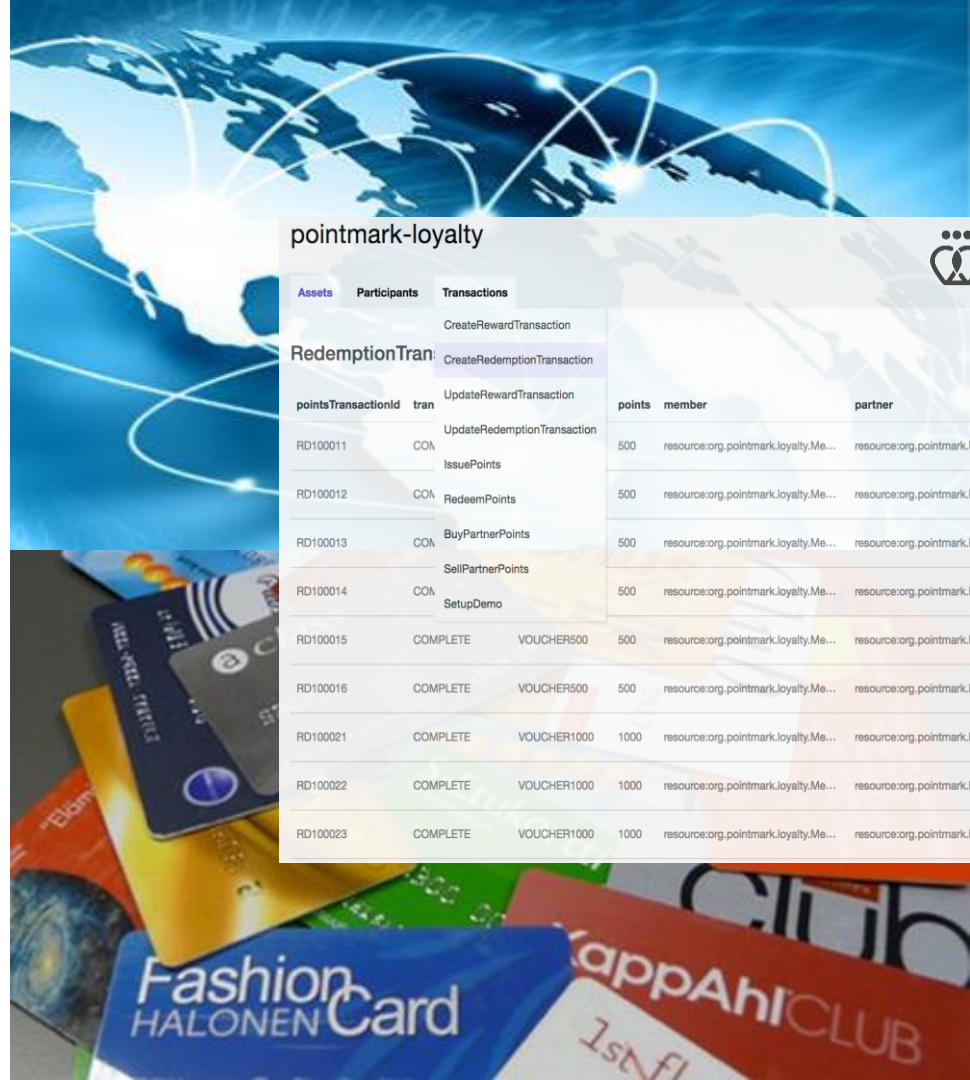
Illustrative use case

BOOKING

● ● ●

Jane shares her airline and hotel loyalty membership details

SCHEDULING

● ● ●

Jane makes a reservation for hotel cab for local travel

TRAVELING

● ● ●

Jane earns reward points from airline and hotel

Jane pays for cab by using airline reward points

EXPERIENCING

● ● ●

Jane pays for spa using her hotel reward points

Jane pays for hotel cab using airline reward points

Blockchain-based platform facilitates instantaneous credit, transfer, and redemption of reward points to completely transform traveler's experience

Airline Loyalty program

Hotel Loyalty program

CONSUMER PROFILE INTERCHANGE

- **Monetize your consumers' data**, with their consent, and get paid for access

- **ACL and price for each attribute** specifiable per geography / industry / purpose / named blacklists

- Anonymous lead enrichment, segmentation and **targeting across partners**, with mediated message delivery. Cross-programme named lead marketplace

- **GDPR compliant**: identifiable data never leave its owner's systems

What really will enable successful digital transformations and marketplaces, is a way to distribute in a controlled way and thus monetize traveler profiles, not only points. Pointmark allows for such a distribution with a system where access to profiles is optional, auditable and mediated, to comply with privacy regulations. It will generate a new revenue stream for our partners and their partners through the cross-stitching of profiles between non-competing entities, even cross-region or cross-industry.
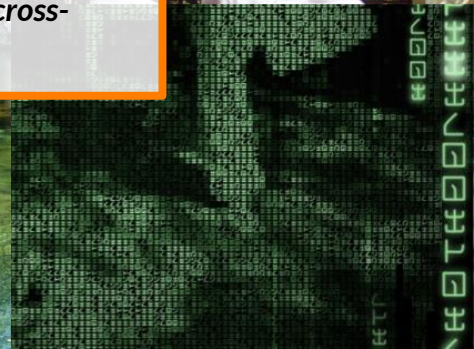
Illustrative use case (before/after)

	1	2	3	4
BEFORE	Jane books business class flight tickets	Visits hotel website	Website displays standard packages	Jane gets frustrated and exits site

Flight and hotel are connected via Pointmark profile interchange platform

AFTER	Jane books business class flight tickets **Shares Profile**	Visits hotel website	Hotel offers personalized deal	Jane is delighted and buys a package

BUY

3. Results, pain points to tackle, strategies, challenges and solutions in project implementation

GO-TO-MARKET

Products	Target	Partners
PHASE 1 1. **Loyalty as a service** 2. **Traveler recognition**	1. Independent to medium hotel chains 2. One large travel player (airline, large hotel chain)	1. Hotel booking platforms / CRS 2. E-commerce platforms
PHASE 2 1. Loyalty as a service 2. Traveler recognition 3. **Point interchange** 4. **Consumer profile interchange**	1. Large travel players 2. Bank / telco / insurance 3. Fashion and retail stores 4. FMCG 5. Entertainment	1. Loyalty exchange platform providers
PHASE 3 5. **Loyalty points as a currency (possibly via ICO or IEO)**	1. Large loyalty programs 2. B2C marketplaces	1. Fintech / crypto exchanges

Size of the opportunity

	Phase 1	Phase 2	Phase 3
Industry	Global Loyalty Management Market	Loyalty Exchange (points and profiles exchange)	Loyalty ICO / IEO
Current size	(2016): 2B[1]	(2017): 1B[2]	(2019): 0.8B[3]
Future size	(2022): 7.3B[1]	(2022): 2.6B[3]	(2022): 1.5B[3]
Growth (CAGR)	24.7%[1]	37.5%[3]	23.3%[3]
Revenue	License fee	Transaction fee	Transaction fee

1. https://www.reuters.com/brandfeatures/venture-capital/article?id=4287
2. Approach: used 3 as multiplier of the largeest player in industry
   http://investor.points.com/news-releases/news-release-details/points-international-reports-third-quarter-2018-results
3. Speculative

Growth projections

	Loyalty as a service	Traveler recognition	Point interchange with partners and global	Consumer profile interchange with partners and global
Users	2018 : 300k 2019 (P): 9M	2018 : 100K 2019 (P): 500K	2018 : n.a. 2019 (P): 8M	2018 : n.a. 2019 (P): 8M
Customers	2018: 1 2019: 6	2018: 1 2019: 4	2018: 1 2019: 5	2018: 1 2019: 5

Note: ICO / IEO launch is targeted for CY 2020

Results: works for natural use case

- **Demonstrated traction** in single-geography travel scenario: onboarded 3 hotel brands, onboarding hotel/timeshare new-concept travel subscription club.
- **Working go-to-market model** to grow hotel and customer base in same geography with partners.

Pain point: bold vision on a broad market

- **Scaling** to multiple geographies costly in terms of bizdev and physical presence.
- **Cross-geography model** not proven on the market yet.

Strategy: shrink focus and go vertical

- Individuated business case and potential partners (institutional, hotel) for **first cross-geography scenario**: inbound/outbound travel between China and Italy.
- Planning **cross-industry pilot** with telco and fashion players to enhance the experience of China-Italy travelers.