Travelport Worldwide Limited

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Majid Nazir: Ladies and gentlemen, good morning. Thank you for joining us here at the New York Stock Exchange, and welcome to Travelport's 2017 Investor Day. My name is Maj Nazir, and I'm the Head of Investor Relations at Travelport.

Before we begin, I'd like to express on behalf of Travelport, our shock and dismay at the senseless and indiscriminate attack on innocent people attending a concert in Manchester in the north of our country last night. Our thoughts are with the relatives of those who died, and our prayers are with the injured, as I'm sure are the thoughts and prayers of the overwhelming majority of people around the world who seek to live their lives peacefully. We won't let the bad guys win, and so we carry on this morning.

So joining me here in New York are some key members of our executive management team, namely Gordon Wilson, President and CEO; Bernard Bot, CFO; Stephen Shurrock, Chief Commercial Officer; Matt Minetola, our CIO; Jason Clarke, our Managing Director of Agency Commerce; and Anthony Hynes, the CEO and Founder of eNett.

We're all looking forward to providing you with an insightful and informative update on our corporate strategy, and sharing details of the progress that we've made since our 2014 IPO and of course our previous Investor Day in 2015. You should have all received a delegates' information pack where you can find a short welcome, today's agenda, and bios for each of the executives that I've just mentioned.

Now I'm going to spend just a few moments reviewing today's agenda with you. Before I do that, please note that we're providing this information as of today's date, and do not take any obligation to update any forward-looking statements. We also refer today to certain non-GAAP financial measures that involve adjustments to GAAP measures in order to provide additional information and greater transparency regarding Travelport's performance.

So a quick overview then of today's agenda. We'll devote the morning to presentations from executives. You'll first hear from Gordon who will provide more detail about strategic goals and our priorities. And I ask you that you hold your questions for Gordon until after Bernard's presentation. Stephen and Jason will then provide further details around our commercial strategy. And following Jason's presentation, we'll open the floor for questions from the two of them.

After that, we'll have a quick break so that you can come back refreshed for the customer presentation from Hopper, one of the most innovative and fastest growing online agencies around. After that, Matt will continue the discussion on Travelport's strategic priorities by giving us more detail on our approach to delivering leading technology. Anthony will then present an update on eNett, our commercial payments business, and Q&A will follow each of these sessions.

And finally Bernard will provide some detail around our financial targets and our capital allocation strategy. We'll then open the floor for questions to both Gordon and Bernard. After this, we'll break for lunch, and in the afternoon, you'll get the chance to experience a number of our key solutions and innovations and be able to speak to several of our commercial teams, which we hope will provide valuable insight into the operational aspects of our business.

So, thank you very much for your attention, and without any further ado, let me now hand you over to Gordon for his opening presentation.

Gordon Wilson: Good morning, everybody. And I am very grateful that you have taken the time out of your schedules to come and learn some more about what Travelport is doing, and give us this opportunity to explain in some more detail our strategy and how we're tracking against it, and also what we're going to be investing in in order to grow our business further in the coming years.

As you may know, I became the CEO of this business in May of 2011. So I'm now celebrating some 6 years at the helm of the Company. And I think now I'm presenting to you a very different Travelport from the one that existed in 2011. One that has steadily and successfully executed the strategy the team and I put together and which is very much back on a growth trajectory.

Travelport is now a highly differentiated travel technology platform. It's important to always bear in mind we do so much more than basic point-to-point air travel. Rather, we specialize in the more complicated, more complete itineraries, characterized by long-haul leisure, managed corporate travel, and other types of travel that involve more than just the air component.

To enable our customers who are airlines, hotels, car rental, et cetera to cost effectively sell their products around the word, we operate what is effectively still a transaction-based model and one where we get a fee per booking processed. And that means that if the airline, car rental, or hotel doesn't get a booking, ultimately because it's canceled, they don't generally pay.

But where we're really differentiated is in 4 key areas, and here we have some clear, blue water between us and our competition. We're leaders in airline merchandising and personalization. We're leaders in our capabilities in hotel, car rental, and Beyond Air distribution. We're now leaders in mobile travel technology and commerce. And we design, build, and provision commercial payment solutions.

It's important to understand that we're neither a mere aggregator of travel content, nor some form of virtual ticketing machine, as some airline CEOs talk about it, that sits in the corner of a leisure, corporate, or online travel agency spewing out virtual tickets. We do so much more than that, providing the capabilities you see on this slide in terms of our system workflow and integration, data analytics and invoicing, which Stephen and Jason will talk to in more detail in their presentations.

And it is important to realize as you think about Travelport that what we do, we do it at industrial strength in terms of the computing power we deploy. And the trends that we're managing offer an increasingly complex and different volume level of data. To give you just one example – in air search activity alone – where we go and probe for available flights both in terms of the schedules, the availability, and the fares which are available – that search activity continues to double in size every 18 months.

And that reflects a number of factors. First is that more and more consumers are going through metasearch, the likes of Kayak and so. They're going more and more through online travel agencies, through metasearch or direct online travel agencies. More and more through mobile and other sources, hitting our platform with increasingly more requests of real-time travel information.

It also reflects the increasing range in complexity of the travel offers that are out there, reflective of the changes that airlines are making in terms of how they merchandise and how they brand their content.

But it also reflects the fact that transactions in our system reflect increased personalization. The desire consumers have for their options to be distilled into much more relevant and tailored offers that meet their needs. And frankly, it's impossible to distill information into that personalized offer if you don't have the data in the first place. So the barriers to entry that we have in terms of the level, depth, and breadth of content and search and capability is actually quite difficult for others to replicate.

Furthermore, if you read The Economist, they recently called data the oil of today's economy. And Travelport sits on massive reservoirs of data, which we are progressively drilling and seeing the benefits of in our business. As well as enabling our data to be used to realize benefits for our customers, which Fred from Hopper will describe in some intriguing detail this morning, having built his company from the get-go first in mobile, but first revolving around data and then moving into bookings.

Now as a reminder, Travelport has a much larger source of income and profit internationally than in the United States. 75% of our travel commerce platform revenue and 90% of our profitability comes from international air bookings, together with our Beyond Air capabilities, characterizes our hotel, car, rail, digital, and commercial payments activities.

Now of course the US remains a very important market, and one where we begin to see improvement in our business. But the largest growth opportunities for Travelport are to be gained through the continued expansion and exploitation of our geographic strength, and moving to where the major sources of increased travel transaction activity will be.

Our business is predominately away focused. 67% of our revenues come from airlines as a result of our abilities to sell their content outside of their home market. And what I mean by that, for example, is selling a Delta flight in India or a United Airlines flight in South Africa.

Due to the greater value we drive relative to the alternative methods of distribution, our customer acquisition in these away markets for any airline, the rate we get paid is about 2 to 3 times more for an away booking versus a transaction created for the airline in their home market. So therefore, it stands to reason that growing in away bookings is a good thing.

At a recent airline event that was held in Dublin last week, the CAPA event, one player in the industry estimated the average cost to an airline for a booking via Google Flights was $16; several times higher than our own average booking fee. And I believe the price that was cited or cost that was cited was for a US domestic point-to-point booking.

It's also worth noting that despite all the commentary about air booking share between the 3 big GDS companies on an international basis, effectively, share has been pretty static over the past 6 years. Now that said, because Travelport now has critical mass in our differentiated air content offering, we have a meaningful footprint in several of the key, fastest growing economies for travel in the world; markets such as India, Indonesia, South America. And we have an increasingly differentiated offering in terms of air search, shopping, new-world API conveyance of our content and mobile outputs for it. We believe that our air share will progressively notch up over the coming 4 to 5 years.

We've also come out of a period of contraction in our US air booking share, which is now stable and beginning to turn the other way post-Orbitz. And the US, remember, is still a market where today, Travelport processes almost one quarter of all the air reservations that go through the GDS.

However, as you also know, Travelport has not been solely focused just on air share. I believe that our level of success and activity in what we call our Beyond Air offerings are second to none. Since I became the CEO of this company, we have added $296 million in revenue for Beyond Air through the focus we've had and execution in hotel, car, and rail distribution, digital commerce, including mobile and commercial payments.

And while of course in that period of growth that you see through Beyond Air, we have grown the eNett business from nothing in terms of VAN revenue in 2011 to approximately $150 million in revenue last year. It's important to understand the other half of the growth we've seen, $146 million over the period, has come from industry-leading content driving attachment rates of hotel and car bookings, as well as the strength in digital and mobile.

So with that precursor, especially for those today who are fairly new to the Travelport story and the industry we serve, let me begin to give you the context of what we've delivered as a background to what we're proposing to deliver in the period between now and 2020.

Now I'm proud to say that not only since we came to market in September 2014 on the NYSE, but even before that when we reported to the debt markets, this company has a strong record of doing what we said we would do and delivering. We've established a strong leadership position in travel content and technology. And let me give you a couple of illustrative points of this.

First of all, content. In addition to having some 400 airlines, including an industry-leading portfolio of low-cost carriers fully bookable in our system, Travelport has pioneered enabling carriers to bring the same content they show on their websites under the direct channels into the indirect channel, which is what we call airline merchandising. And as you may know, the indirect channel actually accounts for higher value revenue transactions. So virtually all of our airline customers, largely due to the high-end leisure and managed corporate travel segments of the market that we excel in serving.

Today, in the Travelport platform, our airline customers can personalize their offers and sell their content in the way they want to. Some 220 of the 400 airlines that we have are presently implemented with this capability. That means they have the ability to show their full range of fare families to enable upsells and add sales and to enable the sale of ancillary products. That's seats, bags, Wi-Fi on board, fast track security, whatever the airline wants. The 220 carriers implemented is, we believe, 4 times more than the number that our next nearest competitor can show. And this matters from a value proposition point of view since having content drives better revenue per seat for our airline customers. But it also presents a better value proposition for travel agencies in terms of why they should use Travelport.

And this enhanced proposition on content isn't restricted to airlines. We now have 650,000 individual hotel properties bookable in our system with a wide range of different rate types. Personalized corporate rates or negotiated rates, special rates that are only there for the members of the hotel loyalty programs, all available in our system, as well as generate available retail rates. Our car rental content is second to none, and in fact, is being enhanced as I speak because we're adding the long tail of car rental vendors around the world.

And as a result of all of this, we believe we attach more hotel and car bookings per airline tickets than any other player in the industry. It's in the 40 per 100 range. And again, this is important for our travel agency customers who can derive commission and other revenues for hotel and car bookings in the 10% to 15% range in terms of what hotel or car rental companies pay them in terms of commission by attaching more hotel and car content to air tickets.

Second key part of delivery for us is in technology. We have invested already in a scalable best-in-class platform. We already have the leading set of application program interfaces, and agency desktop points of sale, through which the great content I've just mentioned can be consumed and sold.

The good news for you as investors is that we've done a lot of that heavy lifting to modernize our platform. This is part of where the higher CapEx spend we made in 2012 in distribution has gone to. And records show that we've invested at a rate of 2x the amount in the distribution platform than our next nearest competitor consistently since 2012.

Now while of course we continue to invest, and you'll hear all about that, this new investment is going into further differentiation. It's going into operational excellence as a source of competitive advantage, and the speed, quality, and relevance of our search, as well as further investments and extensions of our platform in mobile and commercial payments. And you'll see this investment outlined today by my colleagues and then by Bernard.

Now as Stephen Shurrock, our Chief Commercial Officer, will explain shortly, we signed a record number of new business wins in terms of travel agency wins in 2016, which we're in the process of implementing to further enhance our customer roster and increase our share of wallet with existing customers. And you've seen this already that through the latter half of 2016, and into the numbers we announced in our first quarter 2017 results, in terms of our performance in Europe, Latin America, and in particular, Asia. I've mentioned already, we stabilized and are beginning to grow back in the United States.

Moreover, we expect a significant step up in implementation in 2017 and into 2018. And you can see the names on this slide, particularly in the online travel agency space or OTA space, we've signed on for implementation. You can also see on this slide we've added some unique content such as IndiGo, which is now the largest airline in India, and is only available to be booked through our system.

We are growing in the corporate travel world where a number of corporations have now selected Travelport to be their technology provider, both with Travelport Locomote, which is our next-gen suite of corporate booking applications, and where they use third party booking tools such as Concur, which is now beginning to consume the merchandise content I mentioned earlier.

Our value proposition is therefore based around the quality of the content we have and it's easy of use, both of which help to increase our attachment rate around bookings. Adding ancillaries to an airline ticket sale, adding a hotel to an air booking or a car to an air booking, adding our payment solution as a means of payment for the booking and so on.

We believe that our mobile apps provide a considerable source of future growth. Even with the airline customers we have today, airlines like easyJet, Singapore Airlines and Etihad, there is a considerable opportunity to have more of the 210 million passengers they collectively carry each year use the apps we've built, and indeed to include more of our Beyond Air content and capability into those apps.

Additionally, we've just launched a new travel agency mobile app capability to enable thousands of travel agencies around the world to take part in the digital travel commerce revolution characterized by mobile at a fraction of the cost that they would have to spend to build bespoke apps themselves.

And finally, of course, in payments. Our eNett business grew its revenues by 64% last year, and we believe it will continue to grow at over 20% this year and into the longer term, off of course a progressively bigger base.

Like any B2B business, which is changing the model, eNett's revenue progression can be a bit lumpy rather than a smooth line of growth, as customers progressively bring it on stream to address their needs in terms of particular currencies, particular products, or particular geographies where they want to use eNett. But the momentum we have in eNett means that we believe we now have 8 of the 10 largest online travel agencies in the world using and ramping up with our payments products.

There is considerably more to come in this business, and we're investing further. Anthony Hynes, the CEO of eNett, will tell you about how we're gaining more share of wallet and how we're adding extensions to further differentiate what we do from the competition.

Our other big asset that we have as a business is our global market position. We believe we're the most balanced of our competitors with regards to our footprint across the Americas, Europe, the Middle East, Africa, and Asia Pacific. And as we outlined in our recent earnings, we've had double digit revenue growth in Asia for the past 4 quarters with an 18% year-over-year growth in the first quarter this year alone.

We believe we're increasingly well positioned in markets where major growth is coming from and will continue to come from. Let me give you just one example of this, and that's India. Last quarter in India, we had 250 basis points of market share. That's important and just say that 34% of the Indian GDS market was on Travelport in the first quarter of 2017. Jason Clarke will speak specifically more about this market and the country and the drivers of our success in it, given it is now the second largest GDS air booking market in the world after the United States.

Our global presence gives us the opportunity to leverage our position and to deliver an increased number of higher yielding away market bookings for our airlines and other customers. And let me just give you one example of this. If you take collectively the 3 Gulf carriers -- Etihad, Emirates, and Qatar Airways -- between them, only 7% of their bookings made in the GDS come from their home markets of the United Arab Emirates and of Qatar, respectively. That means obviously the other 93% of their bookings come from away markets. Travelport's business with these 3 carriers has grown in booking terms by 44% between 2011 and 2016. These carriers have the largest A380 fleet in the world, and a very large order book of multiple aircraft types. On some of those A380s, a couple of the carriers are now offering 615 seats on a densified configuration, which is massive capacity to fill. And they are the perfect blend for us of increased capacity, a very high away market dependence, and an increasing need to drive more revenue per seat, which a partnership with Travelport, through our abilities to merchandise their content, delivers.

Finally, in terms of our financials, we've grown our revenue every year since 2012, notwithstanding global economic vagaries. This is a growth of $350 million in revenue over the period. At the same time, we've added short of $100 million of EBITDA in the last 4 years. Our net income has progressed nicely from a negative $80 million in 2012 to $154 million positive in 2016. And we have detailed on this slide the midpoint of our guidance for 2017 for net income, which is $170 million.

We've also addressed our capital structure. Our IPO enabled us to use all the proceeds to de-lever the business, and we de-levered the business further since then. Our improved financial structure and performance have enabled us to obtain better ratings from the credit agencies. And both aspects have now enabled us to reprice our debt a number of times. In turn, this has initially increased the amount of cash that we have because we are paying less in interest payments.

And that solid free cash flow growth you see here, although it's forecast to be modestly down this year, that's a result of the increased investment we're putting into some of the areas I've mentioned in mobile and payments and in further content capabilities.

A few words briefly on the structural benefits in the industry we serve, which are very encouraging. First, for those of you not familiar with the industry, the GDSs have generally grown at 1.5x to 2x GDP growth in terms of number of bookings. And the outlook is positive because our growth has grown by increasing emerging market populations, positive demographics trends at both ends of the spectrum. Millennials who increasingly spend more of their money on experiences, and travel is right up there in terms of the high grade experiences they're after. But on the other hand, the grey pound or the grey dollar, who increasingly are living longer and are using more of their retirement money to have travel experiences.

And despite the political rhetoric in both the United Kingdom and the United States, global trade is continuing to increase. And international trade flows continue to shift eastwards, requiring more business travel to build relationships and to close deals. Oxford Economics has forecasted that emerging economies discretionary spend will double between 2015 and 2025, going from $3.1 trillion to $6.1 trillion. And that's all good news for us because that encourages travel.

And to the degree that the travel industry is, at least on the airline side, somewhat cyclical in nature, we certainly do have a mismatch in demand and supply of airline seats in certain geographies with the supply side growing faster than the demand side currently. Now in such an environment where demand is slightly less than supply, the role of intermediaries, and particularly those that can provide the higher yielding, better fare paying customers who will trade up or add more products, becomes more important than ever. And this is where Travelport plays.

In a good structural environment for Travelport, we have some specific trends which are the drivers of our investment for growth, which we will describe. And those trends are the further digitalization of travel commerce, in particular around mobile, payments, and other commercial activities. The investments we're making in payments are enabling us to move faster in a variety of levels, including the improvement in the relevancy of our search.

We are driving better revenue per seat, better revenue per room, better revenue per rental for our customers. Using big data and machine learning to drive personalization, we're further increasing the attachments of relevant content. And we are well advanced in the adoption of cloud computing, drawing our content and capabilities closer to the consumer.

Now, it's all very well me standing here talking to you, but there's nothing more powerful than hearing from our customers around the world who can confirm exactly where they see Travelport and Travelport's unique capabilities. As you know, we have Fred Lalonde speaking this morning who's creating something entirely new and unique, with our help, in mobile-enabled travel commerce where he's built a data first business, which is now going into bookings and growing really fast.

But in addition to Fred, we've taken a cross section of some of our other customers and partners based in numerous geographies around the world. I asked a number of them to record a video particularly for this meeting, knowing it would be played to our investor audience. So as they say in election videos, all the contributors to this video approved the content. So let's play it.

(Video playing)

So with that introduction from our customers, let me set a scene for the remainder of the day where my colleagues are going to talk you through the 3 pillars of our investment growth, where we're focused and where we're investing next and what you can expect from us. And those 3 pillars are: to continue with a focused distribution product strategy; to win in sales and to further grow our pipeline and implementation of sales; and to underpin all of this with further advances in our technology. So I'm going to take each of them in turn and tee them up for my colleagues to talk about in more detail.

So let's start with product strategy. We're building on the success we already have in the hotel and car content we offer with attachment rates that are second to none. And we're building on the leadership we've already got with 4 times the number of airlines and airline merchandising. And we're extending this capability with fully graphical content and through to sale and so on. And we also are the fastest mover and biggest player now in mobile travel commerce, as well as owning the capabilities that cause a digitalized transformation of commercial payments in the travel space.

From here what we're going to be doing further is investing in our capabilities to take on mobile proposition to significantly more of our customer base in terms of travel agencies, airlines, and hotels. We're bringing a next generation suite of corporate travel management apps to planning, booking, self-management and reporting tools to the market. These have already launched in Australia, but they're now being introduced in the United Kingdom and with other markets to follow later this year and into 2018.

We're further expanding our payment solutions. We believe we are already number one in international commercial payments in the travel space, but there is a massive further opportunity there. And finally, you'll see how we're enhancing our own and our customers' businesses with data and analytics.

In terms of sales, our strong global presence, especially in higher growth markets, is linked to a salesforce which has undergone major retraining and had new skills brought in to enable the successful proposition, sale and implementation of our digitalized offerings. And we're seeing the benefits of this with the biggest pipeline we've had for new wins since I became the CEO of this company.

So how are we going further? Well, you'll hear from Stephen and Jason about how we're differentiating our approach by channel; a different proposition for leisure, for online agencies, and for managed corporate agencies. You'll hear how we're investing in, and doubling down, on the fastest growing marketplaces. And you'll hear about how we're enhancing our customer engagement model using automation and technology as a complement to the people skills in Travelport, making it easier for people to work with us.

And on the people side of things, bringing in new blood and different ideas is a very important element of that. So you'll meet Stephen, who himself only joined the Company 18 months ago from Telefonica, the telecommunications company, where he was heading up their digital division and doing cloud computing. Anthony Hynes has enhanced his leadership team with a former executive from the Priceline group and a former executive from another leading payments company in the commercial payments sector. And we're doing this at the same time, of course, as using the travel domain expertise of old timers like myself, having clocked up 26 years in the business this May.

In terms of technology, we've already done the heavy lifting to have today a modern, scalable platform and infrastructure, and we already run it from our own managed data center and global control center in Atlanta. What we've been doing is we've pioneered new points of sale to enable the display and the consumption of all this great content that we have in hotels, car rental, and airline merchandising. We just released version 7.3 of Smartpoint, which is our leading agency point of sale. And each release reflects the further learnings we've gained from having been in the market, merchandising content. We've learned what works and doesn't work, and we continue to drive ease of use and further conversion opportunities.

So where do we go from here? Well, we're busy investing to upgrade the connectivity to our content, both for the platform to be used by airlines, hotel, and car rental companies, i.e., the way they can connect into us. We are already certified as an aggregator of content by IATA and their NDC and for airlines. We already interface to a number of airlines through API connectivity such as easyJet, IndiGo, Ryanair, Air Canada and a number of others. And we're also improving the way we deliver lighter weight, easy to use APIs for our customers to consume; travel agency, our customers online, and otherwise.

You'll also hear about our expanding use of cloud computing. And we believe we're actually ahead of the curve in the use of cloud and where we're going with cloud in the travel distribution space, and Matt will talk you through that.

And then operational excellence. That's an umbrella term that I use in our company to capture how we're delivering enhanced speed of search, better conveyance mechanisms, how the cloud reduces latency in our system, and how using data analytics will improve the relevancy and personalization of search, as well as taking friction points out of the process in payments.

This is a major part of our investment thesis because we fundamentally believe delivering improved operational excellence, and you heard some of this in the comments on the video, will actually result in us gaining more share of wallet with existing customers like the Travixs or the Yatras of the world. But it also changes the dynamic in our conversation with our customers away from just “how much more rebate you'll give me in terms of commission” to: “if you can drive better conversion for me through speed of search, through better conversion, through better content”, then actually the level of rebate that has to be paid is significantly down the list in terms of any commercial dialogue. And I think you'll see that in our numbers and the kind of margins we're talking about going forward.

So in short, we have a strategy with real momentum, which is showing in our numbers and our performance, based on exploiting our existing investments, matched to a program progressing further and measured investments designed to innovate, win, and grow.

And here's the punch line. It translates into mid-term targets that you see on this slide. Between 2016 and 2020, we're expecting a CAGR of about 6% for our revenue, about 7% for our travel commerce platform revenue, and we think our eNett business over the period will grow to CAGR of somewhere over 25%. This, in turn, will translate into EBITDA performance of around about 6% on a CAGR basis. And filtering down to the bottom line, we expect both our net income and our free cash flow to grow in double digits.

Our CapEx to revenue ratio, which is around 7.5% this year, due to the enhancement investments we're making to grow the platform, should fall to around 6% by 2020. And we'll explain this further over the course of time we're spending together.

By 2020, therefore, we anticipate Travelport being a company with around about $3 billion in revenues, generating around $700 million in EBITDA, and around $300 million in free cash flow.

So I hope that by the close of today -- and I do hope you'll make the time to see our products in action in the demo areas -- I hope that you'll agree with the investment thesis laid out on this slide. Travelport has a hard-to-replicate set of assets with a clear set of attractive growth prospects.

As a transaction-driven business, which remains mission critical to our customer base, our business is sticky and is largely recurring. However, we're not standing still. We are leaders in the areas of travel in the travel distribution industry, which is where we've chosen to specialize. And we believe that we really matter in terms of generating growth the next few years in things like airline merchandising and personalization, car and hotel distribution, mobile travel commerce, and commercial payments.

And we add to this a growing global footprint, which is optimally tailored to where the major travel opportunities are in terms of demand. We are winning in the marketplace as a result of successful innovation shown in our growth in revenue a share in an industry which we now believe is about 28%. And this will also progressively show in notching up our market share.

We do, however, remain very focused on high value transactions, particularly corporate, high-end leisure, and mobile travel commerce. We will produce stable margins due to the scalability of our infrastructure and our investment in leading technologies to deliver a valuable offering of differentiated capabilities and solutions for our customers, while continuing to invest for the future.

Now obviously within this, we're balancing some faster growth business in lower margin space, like eNett, with a higher margin but slower growth of the non-payments business. But in the non-payments business, as I've referenced, we believe that our superior product and our operational excellence will enable us to grow without significantly increasing the level of commission activity, hence our overall margin stays stable.

We chose to play and we choose to play further in the distribution space, which is less capital intensive than the legacy IT solution space characterized by some of our competitors. But in the distribution space, it's important for you to realize we've been investing more than our leading competitor for some years now, to the degree we can now see some clear blue water between us. And it's something we think we're going to build further on with our differentiated innovation investment spend.

A key part of our future is this operational excellence in terms of how we'll win more share of wallet, in terms of driving the speed of search and response down, improving the quality and relevance of our search and shopping, and growing further on mobile and commercial payments businesses.

And as Matt will describe, we've created a much more flexible operating model as a result of the partnership we've entered into with Tata TCS, one of the leading Indian technology providers, which will enable us to flex up and flex down skills that we need in our business to grow more rapidly into the areas that we've targeted.
And we have a disciplined but regularly reviewed capital allocation policy. By far our first priority is always going to be investment in the business. But next up is the ongoing deleveraging of our business to around 3.0x net debt to adjusted EBITDA by 2018 from the 3.6x level we are today. But we remain open to considering other options, including increasing our dividend and/or share buybacks or incremental shareholder returns according to market conditions. And Bernard will talk you through this in his section.

Last but not least, the quality of the management team is I believe essential to be able to execute any strategy. Ours is second to none in terms of skills, experience, energy, and passion. And the great benefit of an investor day like this is you get to see beyond the CEO and the CFO and to meet some of them. So you'll be hearing from Stephen Shurrock, our Chief Commercial Officer; Jason Clarke who runs our agency commerce business; Matt Minetola, our CIO; and Anthony Hynes, who's both the founder and the leader of eNett. And of course you'll hear from Bernard Bot, our CFO.

And you'll be able to meet some more of the team in the live demonstration areas, showing you our Locomote product, our mobile travel apps, what we're doing next in hotel and car, and what we do in airline merchandising.

So with that, ladies and gentlemen, thank you very much for being here today, and thank you for your interest in Travelport. Let me now hand you over to Stephen Shurrock.

Stephen Shurrock: Good morning, ladies and gentlemen. Thank you very much, Gordon, for the introduction. My name is Stephen Shurrock. I'm the Chief Commercial Officer. I joined around 18 months ago now.

Prior to Travelport, I worked in the telecommunications industry. I worked in tech businesses and internet businesses as well. As Gordon briefly mentioned, prior to joining Travelport, I was at Telefonica, a European and South American telco, and really was looking at complementing existing fixed mobile businesses by building out new digital opportunities. So we complemented our sales opportunities by moving into areas like cloud, security, advertising, these kind of areas.

And what you're going to hear from us in the next hour or so, I would say break it down into 3 areas. What I'm going to talk about is the product investments that we're undertaking and our strategy for winning. Jason will then come up and will talk about what we're doing to win in the sales environment and drive more new segment wins. And then Matt will come a little bit later, and he will talk about the technology investment we're making, and how we're using that to again drive our sales effectively going forward.

I'll start off by talking about the market and what we're seeing in the marketplace. I'll then move on to talk about the customer insight that we've got at the moment, and how we're using that to decide on what we need to invest in. And then I'll talk you through our strategy for winning.

So, let me start by talking about our growth story. We've led the industry by investing first in a number of key areas. This is ahead of our competitors, and today we remain ahead of them. So in the content space, airline merchandising, we are 4 times bigger than our competitors. In the hotel space, we are the fourth largest hotel distributor, just behind the giants that we all know like Expedia, Priceline, and Ctrip in China.

We have operational excellence. So in terms of point of sale, we've already invested in the graphic user interface, which a number of our customers use. We've also invested in speed, and we've improved our speed by over 25% in the last 12 months. In the mobile space, we have the largest mobile travel app business with over 30 million downloads. Regarding Beyond Air, we're already in a number one position.

I'll then move on and talk about what we're doing to retain win and grow in the air space. Well, I would say we have momentum. We are rapidly growing volumes in every single region. In 2016, we won more new agency business than ever before. How did we do this? We did it by doing 3 things. The first thing we did is that we retained 9 out of 10 of the accounts that we had with our sticky product proposition.

The second thing we did is that we signed more new business segments than we have signed before. So in 2016, we signed double what we had done in 2015. In 2017, we will deliver twice what we did in 2016. So when you think about that, we are going to deliver 3 times the new segment volume in 2017 that we delivered in 2015. That is real momentum.

What we also focused on was growing same store sales. So where we've looked at particular focus accounts, we really look in on those, and we have doubled our year-on-year volume. Our share of wallet has been improving in those spaces. And as a result of these 3 things, Travelport finds itself in a number one or number two position in 120 countries where we do business.

Gordon's already talked a little bit about air share, and he commented that air share doesn't really change a great deal over time. So where are we today? We're in a fairly stable position, 23% air share. However, that equates for us into 28% in terms of the revenue share that we get for that. Why is that? Well, that is driven by our strategy of selling throughout the whole trip. So we sell hotels, cars, and ancillaries.

We recently lost and we'll roll off during 2017 a large Australian account. But with the momentum that I've already talked about in terms of winning new accounts, we will offset this as we move forward. If I then look beyond 2017, with our record agency wins, we will see volume share growth of between 1 and 2 percentage points as we go to 2020.

If I then talk about Beyond Air, we have doubled our Beyond Air revenues over the last 4 years. And as I look at 2020, we are on track to generate $1 billion in Beyond Air.

So let me start off and talk about our market reality. Let's talk about the market that we're in. The travel market today is one of the biggest industries; $7.6 trillion. Air travel is to double over the next 20 years, and half of that growth will come from Asia Pacific. We're seeing big increases in the number of aircrafts being ordered. And if you look at the top 10 passenger markets on the left hand side of this slide, you will see that they both show a mixture of very rapidly growing countries like India, but also a mix around the globe.

So how does all this impact our business, and what are we seeing as increase in demand for our services? More content than ever before and more travelers. Our role in all of that is to simplify this complexity that is out there. There are more and more travel options, and the landscape is becoming more and more complex. Our job is to make sure we can simplify that.

We have specific opportunities to grow in particular regions like India and the Asia Pacific that I will talk about a little bit later on. So we're seeing huge opportunities for travel technology businesses like Travelport to grow in the future.

We operate very much in a two sided market. I'm going to talk today about the provider side. And in a moment when Jason stands up, he will talk more around the buyer side. So let's talk first about the airlines and what we're seeing there.

What they're really trying to do now is drive their brand and engage travelers. They want to stand out. Increasingly, they're unbundling their product. What does that mean for travelers? What that means is there are millions of different travel options. Maybe a little bit of confusion. So again, our role in that is to present this and manage it in the most efficient and effective way that we can. Industry leaders in this space are using intelligence to tailor their trip options as they go forward and engage travelers both through direct channels, as well as indirect channels.

Let's talk about accommodation providers. The complexity, the huge amount of choice out there, and huge fragmentation. There are 20 million hotel rooms globally. 80% of those are independent outside of the US. Again, what those hotel companies are trying to do isn't materially different from the airline business. What they're trying to do is make their brand standout, show their differentiation, build their loyalty program. We enable this to happen for them.

And then if we move to car rental and ground transportation, we really need to understand the key differences between the US market and the international market. In the US, there is intense competition between the big 3 -- Hertz, Avis Budget and Enterprise -- whom together have over 90% share. However, outside of the US, those large brands, they only have around 20% of the share. And so there, the key for us is to engage in that long list of other car providers that are out there and bring that content onto our platform.

So what do our provider partners need from us? Well, I would say the first thing is they want their brand to stand out more in the increasingly competitive environment. They're after our help to manage loyalty and engagement. They're also after our help to manage the channel complexity and make sure that they show up with a consistent story, whether that be in the direct space or the indirect space. And you'll get the opportunity to see some of that today in our rich content and branding workshop this afternoon.

The other thing they're looking for our help on is to meet those mobile needs of the traveler. They want to make sure that their brand is exposed consistently, whether that's on desktop or on mobile as we go forward. As I mentioned, Jason will cover the buyer side a little bit later on.

So, direct and indirect distribution. Well for us, this is all about providing the right traveler choice. Look, book, and serve. I'm making that trip easier for our customers.

Now typically, a trip that we all might go on has various components in it. So if you think that you might do some of your own research when you're looking to take a flight, you might be required by your place of work to actually book that via Concur or via a particular TMC. You might repeat that activity for hotel. And again, you might repeat it for the ground transportation or the car hire that you want.

All the time passengers are navigating the direct options and indirect options that are in front of them. What we're looking to do is bring that experience together and make sure we can simplify that for our customers.

So what are we providing? Well, what we're providing is leading content through the indirect channel space. The second thing we're doing is helping providers build the leading apps to engage with those customers directly.
And what we also have is the technology to solve for the whole trip so that we support both those direct and indirect experiences. The providers that we have are looking to drive more overall value, more value per passenger. And they're looking to make sure they can balance that direct and indirect distribution.

So how does Travelport do this? The Travelport platform is extremely powerful, and is an essential component of distribution for airlines, hotels, and car alike. As this chart shows, we deliver significant revenue uplift and the most profitable customers. 27% more value in our channel, due to the premium tickets, the global reach that we have, and the ancillary services that we help to be merchandised.

Global reach is absolutely key. Our footprint opens up those lucrative away markets for airlines. Gordon talked earlier about this, but of the $54 billion in revenue that we have with our airline partners, almost half of it, $27 billion, is driven by away bookings and by us satisfying that global reach that they need.

Our customers are also more prone to book premium class tickets, flexible tickets, and take upsell options like pre-boarding, seats, and bags. This drives increased profitability through our channel versus the direct channel.

We have full product and merchandising capabilities globally with the widest choice, over 220 airlines of the 400 partners that we have already live. This provides the consumer website equivalent experience and that rich content capability. So we really help airlines in selling through that indirect channel, and it works. Agents are 9 times more likely to book airline ancillaries when using our merchandising tool.

So it's clear; we regard our job as taking that airline content in whatever technology format we need to and help our airline partners sell through whatever device they want to. We are very efficient at doing this.

Mobile. Mobile is everything, especially as regards to OTAs who have been aggressively adopting mobile capability. And wherever I look, whether it's TMCs, whether its airlines, everybody is talking about investing in mobile.

What's interesting is that you then contrast that with only 14% of travelers being satisfied with the mobile experience that they have. I'll talk a little bit more about that later on when I talk about our mobile business and give you a demo, just how we're moving in that space and how we deliver an average of 4-star ratings.

But there's a huge opportunity here. A huge opportunity for brands to engage, simplify, and personalize the experience that they're giving to their travelers. And our job in that indirect channel is to make sure that we can simplify the whole trip. So of course today, we provide direct services to a number of partners like Etihad and Singapore Airlines, and we will continue to do so. But there is an equal job for us to do in the indirect space. Our research clearly shows this is the number one investment area and focus area for airlines and TMCs alike.

What we have in front of us is a great growth opportunity; increasing complexity, and the need for providers like Travelport to simplify that. Our role is to help providers drive value and stand out in this indirect channel. We have great access to premium customers, wonderful global reach, and we can drive those upsells and branding opportunities that providers want.

OTAs are leading the industry growth. We partner with them very closely, and focus our spend on areas like speed and data and analytics to fuel their businesses. Mobile is a dominant theme, but especially now in agencies and airlines where we're seeing more and more investment in that space.

Let me move on to the second area, and talk to you about customer insights and how we apply them to the investment decisions that we want to make.

Let me start with travel choice. This is key for agents and partners alike. What we're looking for is the right content in front of the right travelers. So what our providers want is partners who can aggregate all that content up, so when we present that to the agents, we are aggregating that content, whether it be air, hotel, or car, or the upsell options that we drive.

From the provider side of things, they're after our help to make sure we can maximize the value per trip, personalize the travel choices, so that we make the indirect channel look as similar as we can to the direct channel that they have.

Travel performance. Gordon talked about this, customers talked about this. Let's think about the OTA space. Very clear callout from the customers in the video. The speed is absolutely critical, and us being faster than our competitors is critical. We have driven a 25% improvement in search speeds year on year.

From a travel experience perspective, especially with mobile, this is important both to our agents and to our providers. Driving that great mobile experience really engages the traveler. We believe that in 5 years' time, 70% of OTA visits will be from mobile. And as I said, we are seeing an increased investment across that landscape.

Travel intelligence. More and more discussion in the industry, whether it be airlines, whether it be hotel providers, or agencies alike, about how we can use some of the data and analytics that we have to help their business, to make them more efficient or to help them drive extra sales? So I'll cover all of these things as we go through and talk about what are the areas that we're investing in. So we've been through the market. We thought about the insight. Let us now plan to deliver.

I'll remind you again, I'm going to talk primarily about the product and the strategy side of things. Jason will then come up and talk about how we're winning in sales. And Matt will follow us with what we're investing in from a technology perspective a little later on.

I'm going to talk through 3 main things that we're investing in. The first is content, the second is mobile, and the third is our data and intelligence products that are out there. Let me start then with content.

So, low cost carriers. They make up around 25% of the industry today. We lead with 120 airlines. IndiGo, India's biggest airline, has a unique distribution with Travelport, and this is helping fuel our growth in India and beyond.

Merchandising. Upselling fare classes, seats, bags, and other options to our 68,000 agents. There are millions of sales opportunities here, and we currently fuel those in 18 different languages to reflect our global reach.

Hotel and cars. 650,000 properties, 35,000 car locations, ready for instant booking across our customer base. Today, we power 60% of US OTA car rental bookings, a strong position. And we process over 65 million rooms and 94 million car rental days in 2016. So for every 100 airline tickets that we sell, we attach 47 hospitality segments.

Ground transportation. We're piloting a new service in South Africa right now, which is where I can take a car with a driver, and I can pre-book it. And right now, you can pre-book that in over 500 airports globally. We will further roll this out as we go through 2017.

Mobile. We deliver mobile apps with an average of 4-star review. I will talk later on about how important that is and how important it is to drive engagement with our customers. But all our content is easily booked and searched for on the smaller screen.

Let's get into mobile next. I've said already that the work we do in the mobile space, we focus very much on the quality of what we drive and how to achieve an average of 4-star ratings. I can tell you from my background in the mobile business that there is a big difference between brand engagement and market take up and customer reaction to an app that is scored in that way to one which is scored on average. We focus very much on that great UI and making sure that we work with our partners to deliver a great service for their customers. That is what drives their take up and their adoption.

As Carolyn from easyJet said in the video, their customers tell them it's the best airline app in the world. 4.5-star rated. And now 26% of easyJet's revenues come through that mobile channel. We've built that technology, and by working with them and others, we've delivered a number of industry firsts. We were first in wearables like Apple Watch. We were first with passport scanning. First with payment through Apple Pay. And first in location services with flight tracker and beacons and airports.

Additionally, with a different airline, we've launched a service that has won awards where you are now able to, on your mobile, book the films that you want to watch when you get on the airplane.

So our app business has already had 30 million downloads to date. And where we work with airlines, they see a 50% increase in mobile usage. And they see 80% repeat engagement. Really important stat for them to get that customer coming back. We have been in the number one position in the app store around the world over 100 times with our travel apps that we've built and delivered.

So, where do we take this from here? I've talked so far about the service we've built for the larger customers that we have, which is highly bespoke. Now what we're going to do is move that more into regional agencies and some of our other partner areas.

So, a few weeks ago, we launched with a company called XL Travel. It's a regional travel agency in South Africa. And, what were they looking for? They were looking for a flexible itinerary management tool, real-time communications with their customers, the ability to make sure that they could resolve the carrier issues that they have, and provide a day of travel assistance to their customers. Now we're finalizing this up. I'll present it to you very shortly. We've branded it Travelport Trip Assist, and it's launching to regional and national agencies over the coming weeks and months.

What does this do then? Well, this unlocks opportunities for us. For airlines, we're able to engage and upsell across the whole trip, allowing everything from check-in to ancillary sales. With agencies, we can support them and engage the traveler through the whole trip. If the flight changes, we can deal with it. We can also make sure that they can upsell to ancillaries as well. But from Travelport's perspective, of course, what this drives is more and more transactions, whether that's ancillaries, hotel, car, or transfers.

So, what I'm going to do now is I'm going to give you a demo of what we've built so far.

(on-screen demo begins)

As you can see, I can sign in with my fingerprint. And what I have in front of me here is my itinerary. And so as you can see, I've got the trip here to New York, I've got some other options that are in front of me.

So if we start off, let's just go and have a look at the itinerary and how that works. So what you've got here is my trip. As you can see, the flights, hotels, ground transportation options, and my return trip back when I need it.

So of course I've got my trips here, I've got my account. With XL Travel, you'll see Assist Me. What they wanted was at any time the customer could jump out and call them to get assistance when they needed it. Equally, of course, you don't need necessarily to jump out and have the call; you could make the bookings via the app. But in this instance, that's what they wanted.

So as we can see here, we've got a message. Let me go into that. I'm wondering here if Trip Assist is letting me know that my flight is later on. So I'm going to ask, how much would it cost me to add an extra bag, and the chat bot comes back and it tells me that information. And I'm going to say, yes, I want to add bags. What that does, it takes me to that place in the booking flow so that immediately I can add those bags to my itinerary.

So that's all good. I go back in here and you can see this is my flight. We've done the bag thing. Let's have a look now maybe if I can afford to get myself a bit of extra leg room. So what we have here is the schematic of the plane. As you can see, I'm currently back here in row 46. So let's have a look how much it would cost me to move myself up into a better cabin. And we can see here, we'll search on that seat. And what I've got here is the price coming back. And again, I can pay that with my credit card, I can pay it with Apple Pay if I wish to as well. So we can proceed with that.

So, I've updated my bags, I've updated my seat as well. Now what we've got here is an alert from Travelport. And the alert is telling me that there's an update about my flight. So let's just swipe that, and we go back to the main itinerary of mine. And as you can see here, my flight is now delayed.

So what I'm going to do is I'm going to search and see if I can change that flight. It's New York to London, as we know. I can go ahead and search that, and back comes the various different options that I have here. I'm going to click on the top on there. And as I said earlier, it comes back, but in this instance, I'm going to call the agent. Equally, I could have pressed and checked out as I did for my bags. But as you can see, I go ahead, I call the agent, and then I can make that change.

So, if we go back to my overall itinerary, what we can then see is that I'm now on a different flight. Our flight is currently on time. So all that really remains for me to do is book my transportation back from here to the hotel and to pick up my bags. Again, I could do a Drive Me and get a car that way, or I could just order an Uber and make that request as I'm doing here.

So, that's just a little demo for you. I think you guys, we can take that down now. That's just a little demo for you of what we've built. As I mentioned, that was built for XL Travel. And as you can see there, it is helping their customers throughout that whole trip.

So, let me move on. Data and analytics. What we do here is we work with different customer groups, really. We see demand across a number of different areas. Let me start off and talk to you about agencies and what they're asking for our help on.

What they're really saying is they want to understand how they are performing versus a benchmark of other agents. So how are they performing relative to their peers? What they're also wanting to understand at any one time is how are they doing against their contracted commitments with some of the providers as well? We also drill down with down with a number of agents, and we help them on operational excellence as well. And that's what you can see on the right hand side of this slide here. So, how good are their agents at upselling? How are they doing on hotel cross selling? How are they doing on ancillary services? So all of this, of course, drives more bookings for the agency and drives more bookings across Travelport.

From an airlines perspective, what the airline is interested in understanding is when they've signed up to rich content and branding with us, how many times is that being displayed at the agency level? What else could they do to promote their rich content and branding? How could they increase their impact in away markets? And our analytics helps them do that.

If we talk about the car space, we're working with car providers not only to share with them the booking data which we have, but also the search data that is being done. So what that allows them to do is to predict demand spikes ahead of it and to optimize their fleets. So we share those different types of data.

And what we also do as well, is as we capture more and more end traveler data, we're in a position to offer that service as well. So maybe we can do repeat bookings much easier for certain customers.

So in terms of data and analytics, we've got hundreds of customers in this space, and it's a growing part of our business, right across the overall supply chain. And from our perspective, we intend to double the size of this business by 2020.

So, let me summarize. I would like to leave you with three things before I hand it over to Jason. Number one, we've already differentiated where we've invested first, ahead of our competitors. From a content and airline merchandising perspective, we are 4 times bigger than our competitors. In hotel and car, we are the fourth largest hotel distributor globally.

Mobile. We have the largest mobile app business with 30 million downloads. And in terms of operational excellence, our point of sale and search speeds have improved dramatically. Search speeds by 25% year on year.

The second thing I'd like to leave you with is the fact that we have momentum in our business. We've got rapidly growing volumes. We have won more agency business than ever before. How do we do that? By retaining 9 out of 10 of our accounts with the sticky product that we have.

We have signed more new business than ever before. In 2017, we will deliver twice as many new business segments as we did in 2016. And in those focus accounts, we have driven a doubling of volumes year on year.

So what does that result in? A growth in air share. We think by 2020, we will have grown air share by 1 to 2 percentage points. In addition to this, we've doubled our Beyond Air revenues in the last 4 years, and we are on track in Beyond Air to drive that business segment to be over $1 billion by 2020.

Thank you for listening to me. What I'm now going to do is hand it over to Jason Clarke. Jason is going to run us through specifically the individual market segments that we are operating in and winning in, and talk you through our winning approach to sales. Thank you.

Jason Clarke: Good morning, ladies and gentlemen. It's a pleasure to be with you today. As Stephen said, I'm Jason Clarke. I lead our agency commerce business, which is the relationships with the 68,000 travel agency customers across the 180 markets that we operate within.

I've been in the business, and it scared me when I heard Gordon say, I've been working for 30 years and with Travelport for 14 of those. And during that time at Travelport, I've led individual country businesses, such as the UK. I've also led our global approach and support functions, as well as running our airline and our agency business for the Europe region before moving into this global role.

Prior to this, I spent a number of years at Sabre and at Thomas Cook, so a broad travel and technology background. It's really that experience that has really led me and given me that detailed understanding of this industry. I also hold a number of key customer relationships around the world that I intend to share with you today.

So Stephen's introduced you to the 3 areas we focus on today, the product and the technology. What I'm going to do is focus on the wining in sales, and really, how we're going to drive our future growth for Travelport and for our shareholders.

You just heard that we're number one already Beyond Air. So my focus very much is going to be around how we retain, win, and grow air revenue through that travel agency channel to drive revenue share growth through 2020.

Now, the $7 trillion industry is a complex one, and it has many moving parts. And today's travelers have very high expectations. They're generally well informed and hugely knowledgeable. And they're looking for much more now than a simple point-to-point travel booking.

So before I dive into our growth strategy, let me just set some very quick context around the traveler lifecycle. So as I said, we serve 68,000 agencies, and they come in all shapes and sizes. And the only way that we think that we can understand what the travel agency needs, is to understand the lifecycle of the traveler.

And there's really 3 parts to that lifecycle. There's the way you're looking, where you're looking for inspiration, you're researching, and then you're starting to search what you want to book. You then move into getting a price, shopping, booking it and choosing that, and fundamentally paying for it. We think it's now really important that the traveler requires much more in the serve model. So prior to the trip, in the trip, and post the trip, they want that continuation of service throughout that lifecycle.

As you saw in Stephen's slide, we drive share by focusing on 4 areas that support that. The travel choice. Very simply, we want to be the easiest platform to connect to, be it through an API, be it through desktop, or as you've seen through mobile. And by illustration, you see 400 airlines connect live, 650,000 hotels, 35,000 car rentals.

The second area is travel performance. And this is about driving traveler acquisition for our customers, making, converting lookers to bookers through a winning point of sale. And I'm going to cover that in some detail. But also through our APIs, as well as through fast, intelligent, and relevant search. And we do all of that as well through supporting our travel agency customers with robotics and automation to drive efficiency into their businesses.

The third is travel experience. And this is the content side of it, and it's about the personalized content. Clearly, mobile first. And it's really to stay in touch with the ever-connected traveler throughout that lifecycle of the trip. And we have to build loyalty for our customers before, during, and post trip.

And then the fourth area, and Stephen touched on it, is around intelligence. And this is the rich extensive data that Travelport has today. We generate multiple data streams for our customers through multiple channels. And what we do is give that back to our customers to provide them insights, data insights, actionable insights that allow them to make smarter decisions for their business. So as I talk through, you're going to see this theme throughout.

Now one of the things that you may be thinking, because all of you in the room, you're probably thinking, I never use a travel agency. And I think that may be true for a short weekend or a simple trip to perhaps Chicago. However, when you go online, whether it maybe via a metasearch company such as a Kayak or a Skyscanner, or you go direct to a Priceline, Expedia, or Hopper, you're connecting via Travelport. If you use a corporate booking tool, which I'm sure many of you will use, such as Concur, and then you're connecting through American Express, a BCD, or a Carlson Wagonlit, you're using Travelport.

And what does that mean? Well, all of those paths require Travelport to make the booking. We take what are 10 billion fare combinations. We do that live inventory across 400 airlines. And we provide back, via one of those partners or direct to a Kayak, a Skyscanner, or Concur, up to 1,000 available options. And we do that all in a matter of seconds. That's the power of the platform that we provide to both the traveler and the travel agency.

So you heard from Stephen about our plans to drive growth and to capitalize on what is clearly a growing demand for travel. So let me now demonstrate the specifics of where we're focused and what our strategy is to achieve and accelerate that growth.

So firstly, we're winning sales by focusing our energy and investments to respond to the customer needs in specific channels. And we have a clear line of sight of those growth opportunities to deliver new business, which is critically important, share of wallet growth, but also further product and data sales to our existing and future customers.

And so we'll do that through 3 focused channels. Firstly, the high-end leisure customers. And that's really where the emerging middle class is looking for experiences. So honeymooners wanting a trip of a lifetime. The silver economy is looking to spend, as we heard earlier, their hard earned savings on new places to explore.

We talked a lot about online travel and the fact that it is booming. But still, half the world's bookings occur through high street or travel agency channel. And then the emerging markets are even more prominent as that growing middle class comes through. But in that channel, it's really about simplifying travel complexity, and we do that through our leading point of sale.

Travel management, or the corporate travel management companies, or TMCs, this is where we focus on driving efficiency for those customers, and that's what paves the way for their growth and our own. Today we partner with the top 5 TMCs globally who jointly represent 13% of the total indirect distribution business by volume, but clearly much more by value.

And then finally our focus channel is on the OTAs. And these are the fastest growing customer segment today. They're critical channels to our success. Half the bookings, obviously, are also made now online, so it's a split there. And that's either via mobile or a desktop device. And we do believe the strong performance of the OTAs will continue through 2020 with a 12% CAGR. In parts of the world such as Asia, we think that's even stronger and expected to be about 20% growth on an annual basis.

And so clearly the strongest growth in the industry is coming from the OTAs, and we've made great progress in that channel in the last year. And we've had a lot of high profile wins across Europe, India, the US, South America, and China.

It's also important that we get the right geography, so we're very focused on that. And we do have the most balanced footprint, as you heard, in the industry. We're in 180 countries. More importantly, we're number one or number two in 120 of them that we operate today.

And this gives us great resilience for the business as we're not dependent on any particular region for our business growth, and we can maximize the right opportunities at the right time. And we've seen that strong growth across key regions. In Europe, in Q1 of 2017, we've seen strong growth in mature markets, particularly like Austria, France, Netherlands, Germany, Portugal and the Nordics. All high double digit growth rates in those markets.

We feel confident that we'll continue to see strong growth in markets such as Southeast Asia and India where we've seen growth of 20% and 22% respectively. And we're growing in the US and continue to compete aggressively in what is a key market and an important focus market for Travelport.

And then in newer parts, we're seeing great gains as well with our advances in Latin America, which has been the fastest growing region for Travelport in the past few years where we've seen a 59% growth since 2015 and consistent share growth over the last 3 quarters.

So now let me get into the specifics of each channel and how we're actually going to win. And we'll firstly look at our high-end leisure agencies. So the main goal here is to empower the travel experiences. Every day, as you've seen, travel offers get more complex, travelers are more knowledgeable and they're certainly more demanding. And for the leisure agents, that's 3 winning components. Firstly, providing the widest and deepest choice of content, while really simplifying the complexity of the options that are available to sell.

Secondly, through Travelport Smartpoint, which is our desktop solution where we provide best-in-class through a world-class graphical user interface. And what this really does, it allows our agencies to stay up to date with the widest choice of content, including all the branded fares and ancillaries, from a growing number of network and LCC carriers. And what's important is that's all within their workflow.

And then as you've seen, data is key for us. And so we provide actionable insights to the high leisure travel agency segment really so they can manage their business better. Three examples I would quote, is one is around managing sales performance, which give them greater opportunity to cross sell and upsell. Secondly it's around creating commercial success by providing insights to what travelers are searching and booking that helps them with their marketing and promotional campaigns. And then thirdly is to help them support their commercial negotiations with their partners so they can drive better revenue into their business.

So let me talk a little bit about the point of sale. We are at the forefront of travel when it comes to point of sale in the intermediary space. We're innovative, and we keep innovating, and our competition is simply playing catch up. We've had 14 releases of Smartpoint. And each time we've released that, we've upped the game on both innovation and capabilities, and that's in stark contrast, we believe, to any of our competitors.

We really have learned over that period of time what our customers value. For example, what drives upsell in hotels? How to display and realize those retailing opportunities that the customer values? How to display merchandising, and how we translate that into new business for both our customers and ourselves.

Our point of sale can naturally be accessed across multiple devices. The workflow for the things you're going to see is integrated. We've also then integrated efficiency suites to drive efficiencies into the backend process.

So you've heard this many times, but we do provide 4 times more content than what our competitors do in the ancillary and merchandising space. And what the point of sale does is it helps our agencies to understand the latest airline offers. You can see product descriptions, they can compare fares, and they can know what ancillaries are included in the fare.

To put this into context, there was a recent survey by Cowen and Company, and it said that 64% of Travelport agents have seen growth in ancillary sales. That compares to the average of just 45% for non-Travelport customers. And what does that do? It allows our customers to maximize the return on trip on those cross sell and upsell opportunities. For example, again, a one-click graphical hotel booking.

I'll cite an example of a company called Fox World travel which some might have heard of, which is here in the US and was listed in the top 5,000 fastest growing companies of any industry in the US. And they were an early adopter of Smartpoint. And their CEO, Chip Juedes, was recently quoted as saying, Travelport's Smartpoint rapidly provides customized information at our agents' fingertips to provide clients with faster and more relevant choices. So what were the results? Fox World saw a 21% increase in hotel bookings. And Smartpoint was identified as a significant contributing factor to that increase.

I want to show you a few screenshots. Many of you will have heard and seen about the type of capabilities that the airlines have now built in, so I'll try to make it real. So, airlines have invested money in their premium products. They've also unbundled their fares, certainly as you've seen in the US, but now spreading worldwide. This is an example of British Airways where they've been investing in multiple cabins.

What we've done in our point of sale, or our APIs, is we've taken that content and we display it in the same manner as the consumer website. But what we do is we combine it with pricing information, so in one look you can see the price from the lowest economy fare right the way through to the first class fare. And you also get at a glance to see what's included and the imagery of that service.

We made it even simpler for our agencies by also doing it in a very simple matrix form so they can very quickly compare side by side what's included in each of the fares for their traveler. And we've provided very simple hover over capability so they can see, okay, it says hand baggage. What does that mean? You can see that it's dine in. What does that mean? And if there's premium dine in on that cabin, what does that mean? So we've taken that all into the workflow to simplify it.

I would also add that these same capabilities exist, say, in the US for American Airlines, for Delta, for United, plus the other 220 airlines that we've talked about. And one of the interesting things we found is American Airlines have quoted publicly that 50% of the people that look at basic economy actually book a higher fare. And we're putting that in the hands of our travel agencies as a major value add.

We'll be showing more of this capability live in the demo rooms this afternoon. So if you want to see this, I certainly encourage you to come by.

And I've shown you this in our point of sale, but the same capability is in our APIs. So, that means it can be consumed, and is being consumed, by companies like Concur, which many of you I know would have heard of, where they're now showing fare families and this merchandising capability all powered by Travelport. And further than that, our OTA customers, for example Priceline, are now beginning to bring this same capability to their booking sites in their workflow for the end consumer.

So I showed you the current live and what is a very widely deployed application of Smartpoint. And it's clear from us that we lead in this space. But we're not standing still in any way. And we're already actively working on that next generation point of sale that we think will further extend our leadership in the space that we have.

And it's important because we're taking those learnings that we've seen today, and we've done that in partnership with our largest customers from around the world, to build out new capabilities in some of the screenshots you can see here. And they will further really enhance how we sell that air content, the hotel content, and the ground travel. All at the same time making sure that you've got rich content and booking capability throughout the workflow in a very light, fast, intuitive, and mobile manner.

What we're really doing here as we go forward is really creating a true leading retailing platform that will further give us the competitive edge for our travel agency customers. So today we lead and we believe we will continue to lead in this space.

Now let's look at the corporate travel management channel. So corporate travel has really evolved over the last number of years. And the corporate traveler has become, again, increasingly demanding, partly driven by the complexity of the industry that we're in, but also through implications of things like employee duty of care. And so our TMC customers demand solutions principally that drive efficiency into their business. And from a technology perspective, that's very much about aggregating multiple sources of content, managing the corporation spend, and ensuring the traveler safety.

And we again partner with all of the big names in corporate travel -- Carlson Wagonlit, American Express, BCD -- but also provide direct solutions for them to pass on to their end travelers. And we do that through world-class integration, but also the efficiency in the workflow and making sure our customers adhere to their corporate travel policies.

I'll also say at the same time, though, that we embrace our promise of being an open platform. It's one of our pillars. And we do work with providers such as Concur. Over here in the US, they're a strong partner as they are elsewhere in the world. And they do consume our rich content, including the merchandising capabilities I'll have to show you in Smartpoint. And last year, they processed almost 30 million bookings through the Travelport platform in 2016.

And Stephen showed you our digital capabilities on the app there. And as he said, we've now expanded that into our agency community particularly. And so we're bringing that same powerful capability the airlines have had to push across the customers like BCD to American Express and to XL Travel, the leading TMC in South Africa. And it's these applications that allow them to better serve those customers, again, by putting booking and travel management into the hands of the traveler for that full lifecycle; look, book, and serve.

And then lastly with the TMCs, it's absolutely around driving automation and robotics to deliver efficiency to their back office operations.

As I said, we also extend out and are very focused on the corporate traveler. The corporate traveler's specific needs, and we address these through Travelport Locomote. Locomote is our next generation user interface, and it's been specifically designed with the corporate traveler and the travel agency in mind. And this provides end-to-end corporate travel application, supporting digital, mobile, and self-service needs.

I'm assuming everybody in the room has traveled for leisure, and you've made bookings in that consumer grade experience when making those trip bookings. What we've done is we've taken that consumer experience and we've built it into the corporate booking modules. So Locomote's got a brilliantly simple application, and it provides that consumer grade experience. It really helps corporations to reduce the cost and time to manage travel and really improve that travel experience I've referenced.

For example, one central point for booking, planning, and approving travel with that real consumer feel, you can make bookings any time, any device. The communication within the platform is instant, so you can connect back to your travel management company.

We've given travelers more control, which we've seen has led to increased adoption and compliance within the tool. And we've also provided insights so we understand what's working and what needs to be improved in that interaction with that full traveler usage. And then finally, we've empowered corporate travel managers to achieve their corporate program metrics through measurement within the tool.

And there are many corporate travel technologies that focus on the booking element. We focus more than just the booking. Naturally it's important, but we really cover the full end-to-end process from approval to in-trip management. And we believe this gives our TMCs a competitive edge to win more corporate customers than elsewhere. The market's moving this way, and we're well poised with Locomote to exploit growth opportunities.

So to summarize across those two, we use Smartpoint as our travel agency point of sale for TMC and leisure customers, and then Locomote extends us out to that corporate sector.

As Gordon noted, there are 450 million changes to bookings in our system every year. And that's driven principally by corporate travelers like us in the room whose business plans change very often. Today, most of those changes are handled manually by the travel agents through back office operations.

And so our agency effectiveness suite that you can see on the screen provides an integrated set of cloud-based applications and services that are easy to implement, that manage things such as schedule changes, automatic issuance of ticket, and invoices. And then driving robotics to handle reissues for where travelers are constantly changing their plans.

I'll give you a couple of examples. Firstly, our automatic ticket exchange application, which we call Trip Change, allows customers to work through what was traditionally a 20-minute process to change a ticket. And we've taken it down to less than 2 minutes. And we've done that as well by removing the manual error components that traditionally occurred.

Furthermore, with the self-service capabilities that we're adding into the application, it can now connect to the mobile tools that you've seen, and exchanges can actually be done instantly by the traveler themselves as opposed to needing to contact the travel agency.

Another common example is the scheduled connections that occur. And some are very simple. They take a few minutes to change. Others, when it's connected over a hub, and then you're missing the connection, and therefore you miss the business meeting, these are really, really complex.

And so we did an analysis of a recently won customer in Asia. And they've got 5 staff. Its' not the largest customer in the world, but it's really illustrative of the manual process. They get on average 10 schedule changes per day. They range from 5 minutes to 90 minutes to actually validate, to make the applicable changes, to notify the customer, to reissue the ticket, to reissue the invoice. You get the feeling.

When we looked at that customer, that was 19 man hours per week, or 10% of their resource pool. Our agency effectiveness suite automates that and takes away that manual need, allowing those 19 hours to be put back into the selling process, again, bringing value from Travelport into our agency channel.

And then finally on the OTA side. Today we provide services to Expedia and Priceline in the US, as well as a host of OTAs in the regions of Europe, Asia, and Latin. And the OTAs in region specifically support our value proposition of providing our airline partners reach in away markets that Gordon referenced. And these tend to drive higher revenue for Travelport.

And so to support all of our OTA customers here and around the word, we have a very clear strategy with our search capabilities. We've invested significantly, and we'll continue to invest to make our search faster, to make it more relevant and personal to the traveler.

Speed, relevance, and accuracy of search is critical to these OTA customers. You heard on the video from Travix and Yatra that a couple of seconds makes all the difference in attracting travelers to their site, especially when that traveler is coming in via a metasearch channel such as Kayak.

The second key thing is conversion. Getting someone who comes to look to actually make a booking. That's the number one priority that we hear from our OTA customers. Our search capabilities, our content that you've seen, are key to making that happen.

Our OTAs leverage the merchandising and the hotel and car capabilities that we provide. And that allows them to cross sell and upsell to get that look up into a book up, all the while improving the traveler experience throughout the buying cycle.

One of our largest Eastern Europe OTAs has seen some fantastic results while implementing this into their workflow. They saw a 30% upsell on branded fare carriers and the higher average ticket value, and they saw an increase in premium sales.

And then the final thing I would say is that data is critical to the OTA channel as well. And it really assists the OTAs thinking about where to market and where to spend those consumer dollars for their promotional campaigns.

So what does it mean to us? Well, we've seen growth and share of wallet improvement in multiple countries in multiple customers in 2016. And it's evenly spread throughout the globe. We've won in Europe, in the Nordics, in Greece, in Netherlands. We've won with Hopper and Despegar in the Americas. And we've won 2 of the largest OTAs in Korea and in India in the last 12 months.

Now what we're seeing is a new wave of entrants who've established themselves more as mobile travel agencies, and Hopper is the latest in this space. Hopper's one of the fastest growing OTAs in the US, and they've brought an entirely new proposition to market, all powered by Travelport technology. And you're going to hear from Fred a little bit later this morning who'll take you through exactly what we've done and the value that we've brought to Fred.

So I've talked about each of the channels and the strategies to win. And so what I thought I'd try and do is what does it look like in practice? So for context firstly, the air share that people talk about shifts as a result of 3 factors: 1) mix of country growth; 2) mix of customers' performance; and then 3) which GDS the customer uses.

In Asia, the example here, we're making all 3 work to our advantage. And we're moving early to capture growth in the fastest growing countries and to customers through the technology proposition.

So Asia's GDP has grown about 4.5%. Forecasts are it will stay that way through 2020. However, the GDS channel is growing at 10%, as you saw from Gordon, 2x times GDP. And we have a very strong regional presence and a solid foundation within Asia with 24,000 established travel agency relationships. And for us, that provides really exciting opportunities. And in fact, for Travelport, we're already delivering double digit growth in many markets on a year-on-year basis. Hong Kong, Singapore, Taiwan, India is all seeing very strong growth.

But further than that, we've also enjoyed success in countries like Indonesia. It's the fourth most popular country in the world and has 19 million air passengers globally. We've seen growth of 38% in Indonesia versus the channel rate of 24%, and that's off the back of us winning their 3 largest travel agency customers in the market.

If you drill it down within Asia and you look at India, it's now the second largest travel market in the world. We've grown our share 250 basis points for Q1 to over 34%. The GDS channel grew at 12% and Travelport grew at 22%.

This comes back to our core strengths and where they've come together to provide a winning proposition to the agencies in that market. And we do that through the content strategy. We have a unique agreement with IndiGo. As you've heard, they are the largest carrier with 40% share. And then also growing internationally, and that's helping us pick up share benefits from its scale and its regional expansion.

We've doubled down on search optimization. And we've now got faster, more relevant and accurate search content into for our OTAs. So we're getting conversion as maximized driving bookings.

And then finally, we are winning more high profile business through the OTA proposition. Yatra and Ibibo, which are the second and third largest OTAs, been leading examples.

We've also matched that through sales excellence. We've got strong sales and customer engagement capability. We focused those products to make them very specific to local needs. And we've really enhanced and localized support for our travel agency channel.

So we're winning through a combination of items that's driving our air revenue traction. So technology investments allow us to lead on a customer experience, and that's what ultimately drives the share. I've touched on many of these today, but I do just want to be absolutely clear that you leave today, knowing explicitly why we're investing in each of these areas.

First is our search capability. It’s paramount to success with our OTAs, and we're targeting sub-second search with accuracy and relevance going forward. We'll continue to focus on mobile and enabling the mobility of our agents anytime, anywhere, any device. We'll continue to sustain leadership in merchandising and ancillaries. And we'll drive automation throughout our effectiveness suite to drive efficiency for the entire channel.

We'll continue to drive and capture payment for eNett through our agency customers, who we partner with deeply. And we'll continue to innovate in analytics and data, again, helping our customers have greater insight. And finally, we'll continue to innovate and clearly lead in the agency point of sale space.

So I've talked a lot about our customers, how we serve them, what they need. And what I'd like to say is our core GDS business has absolutely stabilized and we're back to growth. And that's following high profile OTA wins, as well as other regional players, as I stated earlier, coupled with impressive performance that we're seeing out of those new markets such as Asia and India.

I'm also very pleased of our performance in the US and Western Europe where we're back to growth. And further, in the Americas in general, where Latin America continues to experience significant growth, as referenced earlier, 59% since 2015.

But that's where we are now. I'm more excited going forward. You've heard that we've got the strongest pipeline than we've ever had. We're expecting to double the number of new segments in 2017 with new business than we did in 2016, and that new business was double what it was in 2015. And to me, that demonstrates we're doing the right things in the right places. And with the investments that we're making, we'll continue that growth going forward.

So I'd summarize by saying we're leading on innovation; not on price. We're investing in that leading edge technology. And we will deliver air revenue share growth through 2020. For me, I'm really excited by our proposition right now. We're delivering on our technology promise. We're growing in air revenues in our regions. We've won more new business across each of those focus channels. And we'll deliver 1% to 2% of global share growth by 2020. And we'll continue to extend our leadership Beyond Air and deliver $1 billion by 2020.

For us, these are really exciting times at Travelport, and I'm privileged to lead the agency commerce business that will deliver our growth for you, our investors and shareholders. Thank you very much.

Majid Nazir: Thank you very much, Jason. You have to stay right there. We'll invite Stephen to join you on stage and open the floor to questions. David?

David Togut: Thank you. David Togut with Evercore ISI. Two questions, please. First, Stephen, a question on the OTA channel, which you said you expect to grow 12% compounded annually through 2020. Can you talk about trends that you're seeing in terms of incentive payments to that channel and how you expect that to evolve over the next few years?

Stephen Shurrock: Sure. Thank you, David. So certainly the OTA channel is one that we increasingly focus on, and Jason talked through a number of good wins that we've had in that space over the last 12 months.

I think in terms of incentive payments particularly, you would expect when there's a huge, large deal being done, that those incentive payments may be higher than when we're dealing with a smaller corporation. But what we're clear about is the proposition that we bring to that OTA. And for us, it's more than about the price. It's about making sure we have the right technology for them.

So increasingly, a lot of the OTAs are speaking to us about not only the speed that they get, but how can we help them with conversion. How can we make sure when they're with a metasearch company, that they're able to take that booking all the way through. And so we work increasingly with them to make sure that we can take it all the way from the search speed through the bookability as we go along.

But what's clear is when we talk about the new wins we've had and doubling the segments in 2017 versus 2016. We've targeted certain sectors that we know are growing faster. And as Jason said, we've targeted certain regions that we know are growing faster, particularly Asia Pacific where we've done very well.

David Togut: So just to be clear, are rebates and incentives in the OTA channel going up relative to other channels if you look at the intensity of rebates and incentives?

Stephen Shurrock: No, I don't see the incentives moving in any particular direction versus other channels. I think if you're one of the biggest OTAs on the planet, your negotiating power is very different compared to if you're a more regional player. That's a fact of life. We deal with that.

Jason Clarke: One point I don't know if I made is in terms of all of the OTA business we're winning, it is globally, not US-based. And therefore from a revenue perspective, on those OTAs, it's higher average revenue for us. And therefore that also plays to both value to our airline providers because we're providing away value to them, and actually for Travelport, it's a higher average revenue on those bookings that come from those OTAs we're winning overseas.

David Togut: Understood. And then as a second question, you're a leader in airline merchandising, particularly in implementing the new distribution capability that IATA has put forth. Can you talk about the revenue model for selling ancillary services and how you expect that to develop over time?

Stephen Shurrock: The ancillary piece is fully up and running with us. In terms of what we're doing there, we see more and more airlines wanting to put more and more of that ancillary revenue through us. The revenue model is one, without getting into specific numbers, whereby they see the value in that rich content and branding that we're providing. Therefore, we charge them for doing that and for displaying that.

So they absolutely see the value in what we are doing. It's an added on service that we provide to our airlines, over and above that is the base commercial proposition that we have for them.

David Togut: Thank you.

Ashish Sabadra: Hi. This is Ashish from Deutsche Bank. So if you look at travel commerce growth, it's grown around 5% over the last 3 years from 14% to 17%, and you've guided to 7% growth. And there is a large travel agency which is coming off. But you've had some good wins as well. So can you help us parse with the headwinds that you have and historical growth, how should we think about the acceleration of growth going forward?

Stephen Shurrock: In terms of the travel agency that will roll off, that's something that we expect to happen as we go through the back end of this year into next year.

As I said a little earlier, we've won more business than ever before. And so in terms of when I look at that, we're comfortable where we see ourselves overall.

I think the more interesting story is if I then talk to you about where that goes in 2020. And what we were talking about there is keeping that win momentum going that we've built up so strongly. And that we can see that we would add on between 1 and 2 percentage points of volume growth as we get to 2020.

Ashish Sabadra: That's helpful. And then maybe a follow-up question on Beyond Air. So $1 billion of guidance by 2020 implies around 15% CAGR growth. You talked about eNett growing 25%-plus. Can you just highlight what are the other growth drivers delivering that 15% growth? Thanks.

Stephen Shurrock: So I would say that what we see continuing to grow is our hotel and our car business. And what was also clearly going for us is our data and analytics business. And in there, I did refer to the new ground transportation product that we are launching.

So, there are a few new things that are coming, but ultimately, that's about making sure we continue to drive our volume higher in hotel and car. Make sure that we continue to get that upgrade attachment that we are delivering today, and that will continue to lift the revenue number as we go forward.

Majid Nazir: Just one quick correction. It's 1 to 2 percentage points of market share growth through 2020.

Brian Essex: Hi, good morning. It's Brian Essex from Morgan Stanley. So can we clarify, to follow up on Ashish's question, what the mix of projected segment growth versus pricing growth would be for the travel network?

Stephen Shurrock: I don't think we're going to get into an individual break down of the difference between pricing and volume. But let me say on the volume very clearly that if I go back to 2016 and I think about where we are in 2017, we will double the number of new segments that we will deliver this year compared to last year.

Where do I see that going? I see us continuing to run at that kind of trajectory. And when you look at the opportunities that sit in front of us, some of the investments that we're making, the differentiating we're seeing, not just in terms of new accounts that we're winning, but also a share of wallet that we're growing as well, running at that level is what can bring me some confidence to talk about the 1% to 2% of market share growth.

Brian Essex: Okay. And then maybe just a follow up on CapEx spend. Can you talk about the capital intensity this year versus next year, when you might start to see an inflection point towards better free cash flow growth?

Stephen Shurrock: So if I may, I'm going to ask Bernard to deal with that question for you, Brian. He has a slide on it later on, so I know it'll be answered for you.

Brian Essex: We'll wait for Bernard. Thank you.

Unidentified Participant: So you guys called out I think maybe $20 million on the P&L and some on the CapEx for investment spend this year. Can you talk about when we should see the benefits of that spend, and if it's mostly going to be on these OTA wins now and in the future that you're talking about?

Stephen Shurrock: So in terms of what we're investing, and what I would say to you first of all is we're already seeing the benefit of a number of investments that we have made. So if I think about search speed, for example, an improvement that we've delivered there, be in no doubt that is what OTAs are really asking us to deliver, is to help on that search speed and help with that conversion. So the investment we've already made helps us to win, to have that differential and win rate that we're seeing over the last 12 and 18 months.

So as I look forward, we will continue to invest in those things that differentiate us from our customers to make sure that we can keep that win rate and that new segment growth continuing to roll. Again, I'm not going into any specifics on cost breakdown of capital versus OpEx in that answer.

Unidentified Participant: Thank you. Quick question on this side. You talked about capital intensity kind of coming down by 2020. Yet right now, you're investing in mobile. At some point in time, you will have to start investing in things like voice, AR and VR. How will that impact capital intensity going forward? Thank you.

Stephen Shurrock: Again, I'm going to leave the capital questions to Bernard. I'm sorry to move the question, but he'll cover that, and if not, please come and see us afterwards.

Unidentified Participant: You talk a lot about how many airlines you have turned on for rich content and branding relative to your competition. Do you have any information on how that translates into perhaps higher attachment rates for ancillaries versus your competitors? Because we've heard from airlines that that is a particular pain point, that they attach much higher on their own website. So any statistics versus airlines or versus your competitors.

Stephen Shurrock: I think when you look at what we're doing with airlines, and you saw some of the imagery that Jason showed you, that we're increasingly seeing them wanting to put that functionality up to mirror what they have in their direct channels. And the direct stuff that we were sharing was for every 100 airline bookings that we're making, we're making 47 Beyond Air bookings.

So what could that be? That is hotel, that's car, but it's also ancillary upsells as well included in there. So that's the stat that we're sharing, and that's a market leading position that we find ourselves in.

Unidentified Participant: Is there anything else you can do to encourage your agency partners to attach higher ancillaries? Because that seems to be a particular issue with the airlines.

Stephen Shurrock: Yes. I think the answer I would say on that is that we're working with more and more of them with the sort of data and analytics suite that we have. And again, without getting into individual specifics about what agency A versus agency B do, it's very useful for them to be able to see how we are operating versus a benchmark, and understand therefore what they could be achieving.

Now the more guys who are getting into the data even further are then making sure that they can call out very specifically how individual colleagues and agents are working within that environment. And so you do see some very specific things where they're looking to drive that attachment rate up.

Jason Clarke: If I could add just maybe one thing on it as well. As I touched on my session, what we're seeing now is the corporate booking tools like Concur have now implemented in the US the 9 leading carriers of content. So that's put it in face of the traveler. More and more of our OTA customers are also now putting that choice in front of the traveler. So on that consumer choice, we're absolutely seeing the great attraction.

I think on the intermediary, say the TMCs, it's a two sided equation where the airlines actually are now encouraging through their agreements with those travel agencies, particularly the travel management companies that they need to start selling it. Because we've automated it in the front end, but now there's an incentive side from the airline to say, you must sell this content. And so we're seeing the push on both sides, and that's starting to change the trajectory for the airlines to see more of that attachment in that travel agency side.

Unidentified Participant: I find it interesting you're talking about market share gains going forward, because at least from the investment community standpoint, the knock on Travelport has been market share losses. So can you help me understand what is it that in the past has been causing a lack of market share gains or even market share losses? And then what gives you confidence today that you've kind of figured out those issues and you can turn that around to actual market share gains going forward? Thanks.

Stephen Shurrock: In terms of where we find ourselves today, I think what we've been doing is looking very specifically at what areas we want to get into. And Jason talked about some of these. Being very focused on where we think we can go and when. And so there are certain regions which are growing faster than others. There are certain customers that will give us faster growth than others. And so we've taken our time to think about how we address those larger opportunities that we have there.

I think the second thing I would say to you is the investments that we have already made, calling out very specifically what our customers are asking us to do, whether that be speed on one hand, or in back office complexity on another, are really trying to focus on investment dollars on things that customer insight tells us matters the most.

And so I think doing those two things has resulted in both going out and winning new customers, that again Jason talked through, but also getting some share of wallet wins as well from our existing customers.

Jason Clarke: I'd reference Gordon's slide as well that he put up earlier about international market share, which has been stable over the last 4 or 5 years. And so if you look at that, that's where we're now winning. And so the double down in the OTA channel, the high-end leisure and the TMC space with some of the things that you've seen we're investing, that's really where the focus is, specifically on that international model, but ensuring also we get back to growth in the US. That's the combination of the two.

So don't forget that international side where we talked about where the majority of revenue and profit comes from, and that's where we're absolutely doubled down and it's where we're seeing wins. And certainly as I was referencing in my presentation, we've got good case studies across each of those, and hopefully going forward, we'll continue to win in that international space.

Majid Nazir: We've got time for one more from Tom.

Unidentified Participant: So, looking at the technology that you guys have built, Locomote is basically a customer-facing travel booking platform. You're managing the app for XL. You're managing all the agency execution back end changing, all the time saving that you've laid out there. You can do the payment processing on the back end through eNett. At some point have you built a travel agency? What do you need your TMC customers for?

Stephen Shurrock: I think at the moment those investments we're making are very much focused on making sure that we can be a great B2B partner to those people that we're working with.

What I would say, though, is that when you want to understand what XL needs to do with their customers, of course you move yourself logically in your mind much more into that consumer grade type of experience. And that's what we've been really trying to think about is how are we going to build an app for them that allows them to engage with that end traveler much more effectively.

So for sure, when you think about the colleagues around the business, we are spending more time thinking about what that actually looks and feels like as we go forward. But our task today, you think about XL, is over the coming weeks to make sure that we learn everything that we can from that product that we've put out there. And then the next step is that we would then look to distribute that further to other customers, other B2B customers exactly like XL Travel and roll it out on that basis.

And as you guys know, the more of that we can do, the more transactions that we will drive, particularly as you get more and more of that shift towards mobile, which we're convinced is occurring.

Jason Clarke: We want to understand the traveler, but I think Gordon's up here today; he doesn't want to be a travel agent. But having that understanding of what the traveler wants and providing technology and capability and content to them is critical so that you understand that full lifecycle. And that's really what will drive the growth going forward; not by opening a travel agency for us.

Majid Nazir: Stephen, Jason, thanks so much. I think you've earned some coffees. So we're going to pause there for a break, and then I'm going to attempt to seat you all again in about 10 minutes' time.

[break]

Majid Nazir: Okay, ladies and gents, can you take your seats please? Thank you.

Gordon Wilson: Okay, ladies and gentlemen, we can resume. If you recall in my opening remarks this morning, I spoke about data being the new oil. And I think one of the best drillers, explorers of that new oil is about to speak to you. Fred Lalonde, who is the cofounder and CEO of Hopper. Because they have started their business from data and, if you like, are working backwards from data into booking. And what they are doing is reversing the model in the industry using data analytics at a massive scale to predict what customers actually want to buy and then to push out notifications to them through mobile application which is the sole source of how Hopper does business, and which is now translating into extreme booking data.

Our relationship with Hopper is both around the fact that we are a major source of data for them, and Fred I know is going to talk to you about that, but also in terms of booking, we are also providing a wide range of their booking activities. We're doing air and we're beginning to explore what we can now do on hotels.

Fred is a very interesting entrepreneurial kind of guy. He sold his original business to Expedia back in the day and then worked at Expedia and was involved in their transactions when they bought Hotels.com, Trip Advisor and indeed eLong. He also until last year I think it was, sat on the board of MakeMyTrip. MakeMyTrip is the biggest online travel agency in India and so he is very versed in the Asian marketplace and he has a very interesting perspective on where the future of travel and travel distribution go.

So without further ado, I'm very grateful to Fred for getting here from Montreal. Great at predictive analytics though he maybe didn't predict a big delay on his flight with Air Canada last night. But he got in fairly late and we're honored and delighted to have Fred join us. Fred.

Fred Lalonde: Thank you. Hello, everyone. I'm Fred and I'm here to talk to you today about data and disruption and how our relationship with Travelport plays into that. So we have a lot of users but we are not yet a household name. Some of you might know us. I'm just going to take about a minute to explain what we do and how it's different just for context. So first of all, we are app only, so we do not exist on the web. We don't even have a mobile responsive website. Our entire product offering is an app that you can download on iOS, on Android.

We also process an enormous amount of flight data. So every month we intake 300 billion flight prices. We connect to Travelport, but I'll be honest, every other player in the market we have a relationship with. And we use this data to provide guidance and advice to consumers. So the thing we're most famous for is our forecasting. It's the price prediction that you see on that screen. It's very different than some of the toys and widgets that you guys might be familiar with in the sense that it accurately predicts the future. Up to a year in advance, within a day, within $5, on every route in the world, we know what the airlines will be selling out at the lowest price. It's been tested on 25 million trips and it actually is accurate 95% of the time within $5. So unsurprisingly, if you build an app that knows the future in the world's largest consumer category and it actually works, you will get good traction.

The other thing that's very different being mobile only, 90% of what we sell comes from a push notification. This year we are on track to send over a quarter of a billion push notifications a year. About 80% of our users turn on push notifications when they use the app. Fundamentally, mobile travel is a conversation. It is not a search driven metaphor. It is about delivering snackable content to your users when they are ready to consume it. So there is a fundamental difference in how we approach the world. One of the things we do very differently is we will spend up to 75% of our resources in the form of push notifications telling you not to buy. I think I'm the founder of the only ecommerce company that spends more than half its resources not making a transaction. And the reason we do that is because we are optimizing the conversation to get the best outcome to our users.

In terms of scale, we've raised over $100 million. We are the number one flight app in North America. So if you look at it on a mobile basis, we are bigger than Kayak, we're bigger than Sky Scanner, we're bigger than Expedia. The only thing that was larger in terms of downloads in OTA world or metasearch world this month was Booking.com, but they're cheating because they are running a bunch of TV ads.

Right now we have about 25 million trips that are planned in the app and we are selling over $1 million, that slide is over a month old, so it's closer to $1.5 million a day right now. And we are selling in 126 countries. That's a bit of a surprise because we started as a US based company. The data predominance, our ability to forecast global air, has driven global organic growth. We tend to be in the top 10 travel apps in about 100 countries at any given time. The data that Travelport provides is a big part of that.

Now the fact that we've grown to what is a reasonably large size in a very big category is interesting. But what is more interesting is the speed at which this happened. So we sold our first air ticket in September of 2015. At that time, our users were tracking about 400,000 trips. So remember, we don't try to sell a ticket in the first session, we try to get them to turn on this function called watching that then creates the conversation. And if all of those users bought a ticket, we would have sold $250 million of air.

In January, so a quarter later, that number had spiked to 800,000 active trips and about half a billion in air. In May of 2016, so we're not even a year out, at this point we have over 2 million active trips and we are tracking over $1 billion of future purchases in the app.

If you skip to October, at this point we've attained full saturation. If there is a piece of fuselage up in the air operated by an airline, there is a Hopper user tracking it. You can kind of notice except for the Middle Kingdom there, we have users from any point of origin. Even today, about 22% of all of our tickets sold are for phones that originate outside of North America. So this has happened because of our data advantage.

What is interesting is, beyond the fact that we are on track to sell half a billion dollars of air this year, the app is used to plan way beyond the purchase cycle that we see in the app. All OTAs have a lot of bleedage on the conversion side, but we have a very special use case which is we need to convince a traveler to book a $5,000 trip on their phone for the first time. If you're a millennial, there's a good chance you're willing to do that, but the rest of the market requires education. There's all sorts of reasons why you would book direct.

So if you take out what we've sold you and you look at the value that has been tracked, in the first 18 months we released these apps, $7.4 billion of air was tracked. So that's the sum of all those numbers I was showing over the 18 months. If you take air as a $500 billion category, that means that Hopper apps were used to track and plan about 1.5% of global air 18 months after being launched with almost no marketing spend.

So clearly if you are able to forecast the future and you take all of the heavy lifting away from shopping your own air travel, people will want to use that app. And it's turned out to be a very eloquent value proposition.

Now what is interesting is how we do this. So we are a big data company. Behind the cute running bunny that you guys might have seen, we process a lot of data. This is our quarterly intake of flight prices. A trip is basically what you're going to book. It says New York to Los Angeles for $400. When I submitted this slide, the people at Travelport said, there's a typo, that should be millions. No, it actually is billions. In the first quarter of 2017, we took in over a trillion prices. We have an archive that goes back 6 years that has 6 trillion historic prices in it. So the sheer volume of this [audio interruption] value in it because a fare is no longer accurate 10 minutes after it's been put out by the airline. So why would you keep all this data?

So it turns out that what is in this data is also interesting. So this is my favorite representation. This monstrosity that you see here is the pricing for one route, Boston to London, with all of the departure dates and all of the return dates at the bottom. So the numbers on the vertical axis are the length of stay. And what you are seeing is a full year of pricing as the entire market shopped it. When you see a little blip, it's because thousands of people are looking for a departure on that date on this one route. The coloring is the price. So you can see short departure times, those red triangles, they're just waiting to screw you over when you have to travel for business.

But you can also see how this is pulsating. You see striations appear. You see as time advances, this simulation, a second is actually a day of real time that's being played back for you. You can see that as we are closer to the departure, things get yellow. But you also see how demand is evolving. See how these patches appear here and there on the off dates? Look how organic and alive this is. This is because we are observing in real time global demand for airfare.

It's not surprising if for example you started a hedge fund and you were the only fund in the world that could see the ask and the bid, the demand and the pricing intent, that you would have a huge competitive advantage. And it's turned out that nobody has ever analyzed this data. Nobody has ever bothered to build it. Nobody has ever bothered to store it. This data was being thrown away. You can actually see the summer kicking in here.

So when you think of it this way, it is not difficult to imagine that if you take this data, a trillion data points of it every quarter, and throw it into 10,000 computers and apply machine learning to it, you are going to get a pretty disruptive product. And that's what we've been doing.

So I told you that we take in a lot of data, which is true. And I told you that we connect everybody, which is also true. What is more interesting is if you open this box. So we connect to every GDS and every switch out there and we connect to Travelport. This is the sheer volume of data as a percentage of everything that we take in that comes from Travelport versus all of the market, everything else. Now we tend to look at the GDS category in two ways. It's a static thing, the share of air is going to be the same. It's always been that for the last 10 years. And then we look at number of agencies, we look at number of TMCs that these guys power, how many airlines they host. But one thing that we discovered a few years ago is that Travelport is sitting on the largest untapped data asset in the category by an order of magnitude. About 80% of what we get in terms of data comes from Travelport. And all of that international growth I was showing previously comes from here. So there is a complete disproportionate amount of data value in this company versus the other ones that we deal with. I'm here to say, if I only say one thing today, that I believe Travelport is the most undervalued asset in travel technology today because of this.

Now this isn't value that's easy to extract. This is not what private equity firms do well. You need operations. You need things like long term technology investments. All the stuff that you guys were asking about a few minutes ago. But the value is locked in there.

The other part that's particularly interesting is this is just the demand of the network, what other human beings are asking for. What about all the changes that the airlines are posting? So you've heard the same thing that everybody has said, Travelport's APIs are actually better. They're actually easier to use, you can write that down. They're faster, all this stuff is true. But this is where it's most interesting. The technology to deliver this data was built just for us. Travelport built this custom. When they made this investment, Hopper had 5 employees. There was no commercial rationalization for doing it. I'm sure they didn't announce it at their earnings call that year.

By the time we started getting big off of this data, that's when we materialized transactions, but they had to wait over 5 years for that to happen between the first time they contacted us. And I say that, they reached out to us, we didn't go to them. So now we're looking at the other side of the equation. What would happen if we knew every change that every airline made to their pricing in real time? If you think of Hopper this way, we are aggregating 25 million units of demand. Putting a pipe directly to the user's lock screen. And they're passive. They're just waiting to hear from us.

So it's not surprising that we're also using machine learning on the sell side, the recommendations we're making. As of this month, 12% of all of our transactions came from machine learning. They were literally tickets bought that nobody asked for. Because we have this graph of 25 million intent, pieces of trips, if you're looking to go from New York to Milan, we might know that there's 100,000 other people that also were checking out Florence in that same planning process. And we have the ability to say, hey, what about Florence? It turns out that that, if it's done intelligently, converts just as good or actually a little bit better than telling you about the thing you actually asked for.

Unsurprisingly, leisure travelers are incompetent at knowing where they want to go. Think of it, you've never been there, it's the whole point. How do you know that Florence isn't a better deal? So by taking in all of the data that's in Travelport, which is way biggest than this, it's actually been evaluated in terms of throughput to be somewhere between the Facebook stream and the data that the Cern supercollider puts out. The sheer amount of pricing data that's processed in this platform is mindboggling. And by putting it directly into the ecommerce funnel, what you create is a perfectly efficient marketplace. And that's what we started working on this year with a team at Travelport out of the US.

Now let's talk about what could happen. So I'm all about disruption. The only way we win is if we steal share away from other competitors as a consumer play in this category which is very competitive. So quickly, this is our plan for the next 2 years. We're going to grow to about 2.5 billion of gross booking in air plus the hotel business we're building and we might ship 8 million to 9 million segments. If you think in segments, that's a question of how much demand and bookings are going to get displaced to Travelport in particular.

So that's good, right? Sell your company to Dara or Glenn Fogel, you made a lot of money, investors are happy. Well let's take a step back. This is mobile. 2011, the delivery of mobile devices overtook desktop units at a pace that has never been seen in humanity. And of course that's just kept accelerating. So of course there's a lot of phones out here. This is time spent on devices. So in 2014, we had another inversion which is more people spent more time on mobile screens than desktop screens. And today, in 2017, the forecast is that we will spend 100 minutes per day on our cell phones, which is happening everywhere around the world in every market.

So if those two things are happening and we are only focused on the phone and we've been growing pretty healthily, let's look at these two big guys. So they own most of it. You have Ctrip in China, that's the other big player, and Alibaba is coming up, but these are the big guys you have to beat. So these two companies including Trip Advisor out of the US spent $9.6 billion in marketing last year. They outspent my annual marketing budget every 6 hours for the entire year. Yet I have more downloads than all of these brands. Every month. So clearly something is happening. Their network effects are broken. It's 1995 again. Remember American Express? Remember how dominant a travel brand that was for leisure? Where are they now?

Our theory is that there is going to be a complete global replacement of which brands are there. Whether it's these companies that win or lose is going to depend on what they do. And it's going to happen because of mobile, the millennial generation and data.

So let's not sell to these guys and let's actually build the company that's at the same scale. You guys like math, right? So I just did a rule of 3. This is what would happen. You would have a company, let's say that we built a completely standalone empire of the same size as Priceline or Expedia. You would have a company that is moving $30 billion of air and it would displace 98 million segments a year. Is that doable? Probably. We've raised over $100 million, our investors have very deep pockets, they're very patient. That's what we get up for every day is to do this. I get up every day to eviscerate Priceline. That's all we care about.

But what about this? This is how the time is spent. On mobile, over 87% is spent in app, not on the mobile web. Everybody hates the mobile web. It's clunky, it's slow, it's stupid. Nobody wants to use it. So basically on mobile, you have an environment that is evolving almost entirely to an app ecosystem. That's not a big surprise. When you look at it by generation it's staggering. If you take the millennial frontier, which is 34 now, we kind of blinked and 10 years went by. So they're not 25 anymore. They're having kids, they're travelling. That's 57% of all digital time is spent in app. And when you look at the generation after that doesn't even have a clear name yet, that's 62%. That's the rise of Snapchat, Instagram, everything that your kids or your grandkids are telling you about.

So in this world, we believe that mobile will be an app ecosystem. Here's the thing.

When you are using an app for any function, do you switch from one app to another to compare tabs? Do you do like you do in a browser where you just open up Expedia and American Airlines and all that kind of stuff and just switch from one tab to another? Absolutely not. Mobile is a winner take all ecosystem. Consumers will use the app that they either hate the least or love the most and they will stick with it. That's why you are seeing so much OTA growth. It's because hidden under all of this web stuff that they're doing, the OTAs are clawing back share from suppliers in every market in the world. And if you want proof of this, go to China. Look at Fliggy, look at Alibaba, look at Ctrip.

So if the mobile ecosystem, which is the future of travel, is actually a winner take all, what would the company that won all of travel look like? Well it would be more like this, at the low end of that band. It would be doing 60 billion of gross booking and it would be moving about 200 million segments a year. But that's a fantasy. These are companies, Expedia and Priceline, that have close to $150 billion of market cap. And just the idea that something could come out of nowhere and destroy $150 billion to $200 billion of market cap in a few years is ridiculous, right? Well what about this?

Now you can look at this and say a couple of things. First of all, Jeff Bezos is a genius, but he was also a genius in 1997, that's not new. The internet has been around for a while. Does anybody here really believe the fact that this chart almost perfectly coincides with the rise of mobile that I was showing a few slides ago is a coincidence? This is happening because you have better execution based on a ton of data and machine learning in e-comm and a player that is exclusively focused on that. And right now they're actually worth two Walmarts, I'm sure you guys pay attention to this stuff. So this is actually possible. Why couldn't it happen in travel?

So will this happen? Are we actually going to pull this off? I don't know. But I'll tell you one thing, we are sure going to find out in the next couple of years. Thank you, everyone.

Majid Nazir: Fred, thanks so much. Let me just check if there are any questions from the floor for Fred.

Unidentified Participant: Do you have equivalent data and are you able to run equivalent analysis on the hotel product as well as the air product?

Fred Lalonde: That is the question, is it not? The 20% margin category. So the answer is yes, we've started to accrue it for 2 years. There are some differences that are important. First of all, the volatility in the hotel space day to day is much larger than what the airlines have. Part of that, there's a lot of reasons. One of it is that only 6% of hotels use revenue management software. So there's companies like Duetto and other companies that are trying to fix this. And I predict that in 20 years, 6% of hotels will use revenue management software. So you actually have a lot more volatility and a lot less discipline around the price point.

The other thing that happens is that hotels have an 87% gross margin. 35% of that is food and beverage. So they have a lot more incentive to get the person into the room at almost any price point. Where American Airlines will be making $6 to $8 on a domestic flight of gross margin, the Airbus margin is more in the 2% to 4% depending on the airline that you look at. And that's not hard to understand why. Look at the average airport. You need all that stuff. You need to put a plane in the air. There's aeronautics, jet fuel. The technology to build a hotel was available in the time of the Roman Empire. It's carpentry. So of course the gross margin distribution is going to be different. So all of that leads you to a much less disciplined data space and a lot more fragmentation.

The other part is the hotels are independent. A big chunk in the world, the majority of them actually are independently owned. That would be like walking up to the pilot at the gate and saying, hey, let's cut a deal. You own this airplane, I'll give you $200 cash to let me board the airplane. So the space is very different. You need to connect to dozens and dozens of providers and the GDSs do not have the dominant position in terms of the data field. But it is there.

And although consumers are not as worried about the hotel transaction as they are in the air, I believe that has a lot to do with the punitive cancellation fees that the airlines charge. The way it's set up now is almost nonsensical. But there is a lot of economic saving to be had in that. So we're accumulating that data and Travelport is actually one of the sources we've been looking at.

One of the things that you need to do there is you need to basically take the GDS apart and look at what's inside and start streaming that data out. That's why the product is called eStreaming. But they've started to actually invest in that. So have a couple of other players. We're also looking at a lot of independent 20-people operations that do the synchronization between independent hotels and OTAs in Lithuania. There's a whole plethora of small players there. But the basic answer is yes, it's in a beautiful mess that hasn't been aggregated yet. And we have yet to find, as we did when we started in air, a single company that is keeping this data. Everybody is still throwing it away. So when we start aggregating, we expect to build the same data advantage that we have in air.

Unidentified Participant: You mentioned that Travelport represents 80% of the data you ingest. Do they also represent 80% of your bookings or is it higher or lower? And can you talk about how you decide to allocate your bookings via GDS or multi GDS or supplier direct?

Fred Lalonde: That's a good question. So historically, for reasons that are evident in this room, GDSs try to lock people like me into 50-year contracts with locked in share and all that kind of stuff because you guys are worried about the predictability of the earnings, right? So that's how it normally works. We have a share agreement. We tend to do short term and renew. And the reason that I set things up that way is I am trying to push the industry into innovating, into actually pouring money into these reinvestments of the technology platform that are not going to make a ton of sense quarter to quarter.

So our share to Travelport is actually lower than the data. And that data number is impressive and it's very real, but it's the uniqueness of the data point that matters. So if somebody is sending you all these data points, but 9 out of 10 of them are for the same dates and the same O&D in that little matrix I was showing, that's not very valuable. I think that the diversity, the geographic diversity of the Travelport data, that's probably where most of the upside is. The numbers they were giving about being active in 120 countries, we see that reflected in the depth of the data. That's a very real thing.

We're not completely set up to leverage that because we're in the process of opening up travel agencies in these 100 countries that I talked about. You actually need that you be legally a seller of air from that point of sale. I don't recommend that to anybody. Never try to open 100 travel agencies anywhere. Once we have that process done by the end of the year, we should start leveraging the Travelport data. And then what I'm trying to move this, it's a project that we internally call Starfish, is to reward the GDS based on the quality of the data stream that it is giving us that led to the booking. Because we have computers, right, we should be able to say, hey, all of this notification stream that I sent Matt here, came from this GDS provider. Like everything he's been consuming, or half of it, has come from there. And the booking, the notification that triggered his buying behavior came from Travelport. Therefore, you get the segment.

The reason I want to move towards that is it goes away from who is putting me up in the best hotel or putting me up in business class versus who is making the best data technology investments? In that game, reason would be that Travelport will have a disproportionate share of outcome, especially internationally. We'll see how that plays out, but when I'm looking at my forecasting for 2 years, I'm allocating a disproportionate amount of share to Travelport.

The other thing too is that these guys are much more willing to take risks than a lot of the other players. They are willing to create commercial terms where they're not padding all the downside and all that kind of stuff, and invest money, as I explained earlier, in a world where we have 5 employees and they're actually willing to spend $1 million to build technology for us. So we are going to reward the players that make technology investments and don't try to do long term vendor lock-ins, but actually worry about making their data platforms better. And the reason that I will reward that is because I will deliver better value to my future 500 million users that way. And that's how I'm going to eviscerate the two companies that are up on the board right now.

Unidentified Participant: Thanks. You mentioned that you bring in data from a number of different sources. Do you also bring in data from the other two large GDSs? And if so, how do you use that data with regards to the Travelport content in particular?

Fred Lalonde: Right, so we do. One provider is not fully ramped up, so one has been much, much slower to even acknowledge our existence. But we are consuming their data. We also consume data from other providers. There are these very strange, small companies that do things like rate comparison for low cost carriers. As you would imagine, there's a whole ecosystem for the outside of GDS world that is there to help the Ryanair price against the easyJet and that kind of stuff. And we use all of that data in one glorious mess. It all goes into our data storage. We have 3 data centers now up. We just put up about 3 petabytes of storage capabilities just for what we anticipate to be the next 2 years. And we just keep everything in that environment and we're continuously processing all the trends lines and all the forecasting that you can kind of ensue. We don't currently distinguish where the data came from. So as we move towards trying to enact the booking according to who gave us that data, we're now like adding layers of accountability and transparency to be able to hook up a user's click stream, behavior, which notifications you consume, into the data stream. And to do that we actually had to move all of our analytics in-house. When you're a startup you tend to use things like Google and Mix Panel and all these outsource things. We actually moved everything in-house. So now we have a clean view of a data point that came in, and 9 months later you bought something. And now that we're able to do that, the machine learning part is the main motivation, but we're going to be able to actually create contractual relationships where we reward providers for the quality and quantity of their data.

Unidentified Participant: Just one follow-on, as you go to travel agents, I think you said your strategy is to go directly to travel agents, are you going to follow as similar model? You're effectively aggregating -- you are aggregators of data. Are you going to go to the travel agents and also offer them incentives to use your platform?

Fred Lalonde: So you're talking about us working commercially with a third party that sells travel. So we don't do that. So we're not a marketplace. Our go to market strategy internally is called Scorched Earth. So we believe in a world where there will be no participation in Kayak, there will be no clicking here and there, all the CPA juice that has been feeding the industry. And you just need to look at Trip Advisor or Yelp's recent earnings to realize that on mobile, clicking out and referrals is not a thing. Companies like Open Table, the ones that are purely transactional, as close as they can to the source of inventory, are the ones being rewarded. So we play for a world where a millennial downloads our app and uses it until they die. So I'm certainly not going to take my content and make it available on somebody else's brand.

Majid Nazir: Fred, thank you so much. Much appreciate you taking the time to join us here today.

Fred Lalonde: Thank you, everyone.

Majid Nazir: It's my great pleasure to now introduce you again to Matt Minetola, our CIO. Matt?

Matt Minetola: Good morning. I'm Matt Minetola and I am responsible for technology at Travelport. I've been a technology professional for over 30 years and I've been a technology executive for the past 20 or so. I would tell you that it's a really dynamic time to be a part of the technology world as we just experienced a bit here with Fred's conversation. So it's very exciting for me today to have a conversation and have the opportunity to share with you and expand on some of the things that our customers are seeing and really genuinely getting excited about the things that we're doing.

You've heard throughout the morning about our focused product strategy from Stephen and how we've realigned around a clear, simple strategy and a proposition to provide customers the capabilities that they need. But more importantly, we had Hopper and Fred up here just recently to talk about just what we have to offer. How technology is changing the engagements with our customers and what that's leading to. He also alluded to the fact of just how we are engaging and what we're able to deliver and build and in the timeframes that we're doing. So it's an exciting time and I want to share with you just some of the things that I think we see in the market and how we're addressing them.

Technology really is at the core of all the changes that are going on in the travel industry. There's a couple of things that are driving it. The first one really is, we talk about mobile, but what's underlying that is really the wireless capability that's out there for the world. It's doubling, it's tripling. And the bandwidth is going to continue to do so. And so as that happens the ability for us as a technology society and delivering more powerful units to the hand and to other devices, is creating just a different dimension. It's allowing the pull of technology to be pulled from the consumers.

So we as consumers also are driving a limitless and almost an insatiable desire for more technology. So technology being the catalyst of that is what I would describe as creating this customer demand loop that's tied with technology. The more technology we deliver to the customer, the more demand gets given, or the more capabilities get given to the customer. And as the customer gets more, they want more, which drives the drive for technology.

I would say that the travel industry finds itself right in the midst of this change as traveler expectations now require simple, integrated transactions at the speed of mobility that allow the end user to manage all aspects of their trip from the palm of their hand.

You've heard Stephen's presentations this morning that these new traveler demands of choice, rich experience, performance and speed, and underlying intelligence are now minimum requirements for all travel providers if they are to stay relevant in what continues to be an ever-increasing competitive market. Travelport understands these differentiators are at the core of what our customers are both looking for and investing in.

And we have not only laid the foundation to deliver these enablers, but can and will continue to invest in them.

First, let's start with the explosion of scale that's driven by the transaction intensive nature of the travel industry. And I think Fred did a very good job of just talking about just how big those things are. Trillions and words like that. We began increasing our investment in technology a few years back and our primary focus at that time was to modernize and enable our platform to manage and deal with the increase in scale that all of this mobility, rich content and personalization would bring. And the explosion of scale is absolutely real.

Since the beginning of 2015, we've seen a 3-times increase in shopping requests come into our platform. As you heard from Gordon earlier, we are seeing shopping requests double every 18 months. Not a surprise when you think about the volume of mobile users shopping direct as well as the many OTAs and metasearch engines and automated bots that the world has seen both grow and enter this market space in the last 2 years.

The reason I bring this up is to highlight the importance of any new players in this space, either existing or new entrants, to be able to handle this ever-growing volume and the increasing scale of transactions that's occurring. We are one of a handful of providers who can manage this volume of transactions and growth and have a breadth of global data available to us. And we understand this trend and we made the right investments at the right time to appropriately handle the increases within our infrastructure and unlock the power that we have.

What that means is the investments we have already made allow us in economic terms to process the increased volume of transactions that we process today at the same cost as we did back in 2015 when we had only one-third of today's volume. Managing our growth at cost enables us to ensure that the new technology investments that we are making are focused on growth initiatives and differentiated capabilities with partners and customers and not on stabilizing or doubling down on infrastructure over the next few years.

Given we expect this doubling trend to continue for the foreseeable future, this means that by 2019 we will be processing more than 6 times the amount of transactions that we processed through the system just 2 years ago. Once again, from a financial perspective, we expect to process the increased volume on our platform through 2019 at the same cost levels as we had in 2015. This work that we performed in the area of modernizing our shopping platforms allows us to manage the explosive growth that the industry is going through while maintaining our costs to process it.

We've seen others in our space recently announce that they need to make infrastructure and modernization investments moving forward to handle the increase in volume. We do not. Over the past 2 years, while we've maintained our cost structure, we've also been driving down overall response times and creating an improved customer experience. As the chart behind me shows, our expectation is that for the next 2 years, we will continue to reduce our overall fares and shopping transaction response times at the same trajectory that we've been on for the past 2 years.

You've heard it throughout the video this morning and you've heard it from customers every day that the speed is one of the most key components for them to drive volume as they look to differentiate themselves and drive actual bookings associated with all of this increased shopping. We are well on plan to deliver the speed of improvements that enable this differentiation.

We in Travelport have also been investing in what we call key technology enablers. We define these technologies as those which power the digital world in which we all live. They are cloud, mobility, machine learning, APIs, and data and analytics.

These technologies are what enable large scale data to be accessed and subsequently allow targeted information to be delivered to a mobile device anywhere on the globe. With our deep travel knowledge, we've also been able to understand the volume mixes and travel trends across our platform and across the industry. However, with our expertise in these key technology areas, we are now able to automate, filter, and target results long before they are ever requested. Our ability to understand, anticipate and now act on these patterns is at the heart of what allows us to drive and satisfy not just today's transactions, but tomorrow's growth and our customers' continued demand for differentiation. Add to this our plan to continue to invest in these key technology enablers over the next few years, and we are confident that we are best positioned to unlock this power and to deliver what travel providers want and need to truly differentiate themselves today as well as tomorrow.

The goal of our technology strategy is simple. To provide a fast, easy to connect and easy to use omni-channel experience that is seamless to suppliers, travel providers, and end users alike. One that is open, cost effective, enables differentiation, and provides a truly integrated end to end travel marketplace for our customers that provides the end traveler a personalized and compelling experience. The way in which we deliver on this strategy is twofold. First, by ensuring that our investments are focused on the critical technology enablers that provide those capabilities and unlock that experience. Having core competencies in these technology enablers has changed the conversations that we have with our customers from those that used to be more focused on price of distribution to ones where we are now technology partners working side by side with them and embedding our platform and our capabilities into their applications which will power tomorrow's transactions.

Second, ensuring that the money is being invested across technology is best spent aligning the cost of resources required to the value realized by the business. Earlier, I shared with you how we are now able to process the increasing number of shops while maintaining costs. However, we also recently announced a number of changes around how we will source and manage our labor resources going forward as well.

First, we announced the rationalization of our core development centers and that work will be consolidated from 3 sites to 2. Second, we announced the sale of our IGTS Development business which was a smaller scale, offshore development center that we had a majority ownership in and we were using for about 50% of our contract labor force within technology. Finally, we announced the long-term relationship with TCS to take on the resources previously provided by IGTS as well as to consolidate much of our other outsourced contract labor which was scattered across multiple vendors.

These moves create larger, more integrated development centers that provide us greater flexibility of our workforce while better leveraging our scale to lower our overall costs. Our ongoing approach will be to always look for opportunities to better align our costs and use global resources, partners, and emerging technologies to ensure investments in new and differentiated solutions are continuously refreshed.

We are also confident that our overall portfolio of technology investment spend is aligned to enable us to drive the innovation that is needed in this digital, mobile, analytics and payments portion of our business. These investments are balanced to drive 3 critical areas for our customers. First, improving customer experience by driving response times down, making connectivity to our platform even easier and faster, and ensuring that we remain best in class relative to providing a mobile travel experience.

Second, extending our platform to seamlessly connect the mobile capabilities that Travelport digital offers to the scale and breadth of capabilities that our travel commerce platform provides which will deliver a true end-to-end experience from day of booking through day of travel.

Third, providing differentiated and best in class capabilities to our customers to simplify their end user experiences and drive cost effective solutions in payments, agency automation, and fares and shopping solutions, as well as simplifying the corporate travel experience as Jason outlined earlier.

Having core technologies, core partners and skills embedded into our offers and within our organization's DNA becomes the power that allows us to work more closely with our customers to leverage, embed and optimize our platform for them as they look to create differentiated experiences for their end customers like Fred.

I'd like to spend a bit of time sharing with you some of the areas we are investing in and what it means for our customers. Let's first start with the cloud. We partnered with Microsoft and leveraged the Azure cloud to better deliver the content that our customers need across the globe. In 2016, we delivered our first static content to the cloud, and sitting here today, all of our airline merchandising and branding static collateral leverages the cloud so our customers can render their information as fast as having it local to them regardless of where they are in the globe. This year we've continued this aggressive move to the cloud as we will move car, hotel, and other remaining static content to the cloud throughout the year.

More importantly though, this year we will begin to also leverage the cloud to pre-stage data for customers who can choose to use this approach to drive transaction response times down even further. Leveraging the cloud for managing content drives reduced response times and will become a core requirement as more and more of travel related content becomes richer, such as video, live streams and virtual realities. And the heaviness that these formats bring will require sophisticated global content distribution and management capabilities that leverage the cloud as travelers will require access to all these formats within seconds. We are the provider who will best deliver this for the travel industry.

Finally, we are also beginning to refactor our fares and shopping code to run in the cloud as well. This too will improve response times, but more importantly will allow us to better leverage cloud computing over time to transition a portion of our capital expenditures currently being spent on our datacenters to operating expenses in the cloud while providing variable scale for peak processing periods.

Relative to mobile, you heard earlier from Stephen about our plans to increase our reach in mobile and he introduced you to our agency mobile solution. What I'd like to share is some of the platform technology work that is also taking place relative to our continued integration of the mobile technologies we acquired through our MTT acquisition a few years back and embedding it into our travel commerce platform.

I would like to summarize our technology mobile investments into 4 broad categories. First, ensuring that we continue to be the leaders in partnering with and delivering the spoke and high-end travel applications. The work we are doing in cloud and machine learning will just enrich the solutions that we have to offer for those travel providers who truly are looking for differentiation with their customers in the mobile space.

Second, we will continue to deliver an out of the box solution for both agency and airline customers who want to provide a seamless mobile experience that is truly omni-channel enabled for their mobile users. Stephen shared with you the agency offering during his session earlier and we will also deliver the airline solution which will be delivered later this year. They will both be delivered to run on the iOS and Android operating systems accordingly.

Third, we will tightly integrate our out of the box mobile solution to the current travel commerce platform to create an end to end transactional capability from day of booking through day of travel. I thought Jason highlighted this very well when he talked about what we were giving to our customers with our mobile trip change capabilities. And we're giving them to the agencies, but they can in turn give them to the mobile users. Same device, same application, same results. Seamless.

Fourth, we will deliver the next level of customer capabilities for our corporate travel solution by leveraging the integrated platforms just mentioned to provide the same rich, self-serve capabilities into the hands of corporate travelers.

Let's talk a bit about APIs. APIs, or application programming interfaces, have been a major enabler for allowing better application integration for all industries for a while now. For those of you who may not be familiar with APIs, they are a standard way that an application or a platform defines for other applications to either request services or provide input. It's what is allowing suppliers to easily connect to distributors as well as small technology providers to connect into large products and platforms to provide more robust experiences and capabilities for end users. Travel is no different. Therefore, in 2015 we announced and delivered what we call our Universal API which is how our application development partners and our customers invoked our platform and leveraged the rich content and branding that our suppliers were providing. This has been an overwhelming success. Just to give you some quick data, in 2015 we experienced some 400 million transactions during an average month via our Universal API. This year we will process well over 5 billion transactions a month using that same Universal API. We don't expect API volume for us or anyone else in the industry to slow down. In fact, just the opposite. This is why we will continue to invest in pushing the envelope on creating easy to use, powerful APIs to unlock the power of our platform.

As a matter of fact, we are already working with over a dozen customers on delivering what we term our next gen API. What this means is that we are delivering a simpler, lighter, mobile-enabled API interface for our customers to connect to our platform. These next gen APIs run 70% faster than our existing APIs and allow the user to specifically call the type of travel request they want, be it an air book, air shop, hotel shop, reprice, etc.

By the end of this year, we plan to build and make available to the market 80% of those services by transaction volume that our customers request to us via our next gen API. We've also identified bundles of services, or kits as we call them, that will be available for developers and customers who want simpler end to end services. However, unbundled, specific, smaller, lighter and obviously faster services will be made available for our OTA and mobile application customers in order for them to offer and drive the sub-second response time that they need in today's market.

Connectivity and being the best in class by easiest to implement, most flexibility in how to deliver results, and fastest, most reliable delivery will continue to be critical to all travel providers, so our API capability will be functionality that we will continue to invest on and deliver and be leading in the future.

Finally, I want to share with you the investments we've been making within the machine learning and analytics space. Fred did a very good job of talking about the power that it unlocks for us. Machine learning is the underlying technology that unlocks many of the core improvements with regard to cost and speed that I shared with you throughout the presentation. It also powers our ability to improve offer relevancy and improve inventory accuracy which are at the top of our customers' key capabilities list when it comes to differentiating themselves in the market and driving conversions and ultimately revenue and growth.

We began this investment well over a year ago and it was what is allowing us to precompute a large portion of travel demands before they are ever requested, because we understand the patterns. This is at the heart of what will allow us to scale to the magnitudes we talked about in the upcoming years while managing our ongoing costs. We will continue to invest in development of this area and take the expertise we have already built and extend it into other areas.

First, we will continue to leverage the demand patterns to better stage local data, provide better and more targeted results for our customers that will allow them to create faster and more bookable alternatives.

Second, the work we are doing will evolve to include the mobile and personal information that we capture and provide from our customers through our market leading mobile capabilities to create a unique solution that can tie the frontend personalization to the backend market trends.

Finally, as Jason outlined earlier, we currently generate revenue in the data and analytics space by providing both customized data solutions as well as market available products across the industry. With the work we have underway in machine learning to better understand shopping, booking and customer patterns, we can clearly see real opportunities by integrating this additional information to further address customer needs and demands we know exist in the market.

So that provides you a quick view of the core investments that we at Travelport have been making and are continuing to make as we move forward through 2017. I want to reiterate that the work we've done relative to refreshing our core fares and shopping platform over the recent past has allowed us to handle and manage the scale that the industry is going through within a cost envelope that is managed and relatively flat. Add to that the work we are doing around better leveraging our partners and driving operational excellence, and this ensures that our investments in technology are and will continue to be focused on delivering capabilities that our customers need to win and not in handling volume like others in our space are having to deal with.

One critical enabler that I didn't mention was that of technology leadership and experience. The way we were able to fundamentally change our platform cost structures while delivering market leading capabilities in parallel and in such a short amount of time, was by assembling an entirely new technology leadership team since I arrived at Travelport a little over 2 years ago. We have recruited a team of technology leaders who already had experience to build large scale, mobile centric platforms in other industries and we brought them in from the likes of HP, Microsoft, NCR, IBM, as well as the GEs and the Coca-Colas of the world. We added that to the top-level talent we already had from the travel industry and it now enables us to effectively invest in and deliver technology platform that is the right one for our customers.

With new leaders and new thinking, we've changed the technologies we use and how we build software. Our partnerships with the likes of TCS and Microsoft allow us to be nimble and more responsive to customer needs and market shifts more than ever before. Just as importantly, they also provide us access to global R&D resources across multiple industry verticals and emerging technologies. And these are available not just to us but for our customers as well.

Since we last had an investor day in late 2015, Travelport has solidified its position as a technology company. One that has a clear technology direction, has built both expertise and capabilities in today's enabling technologies, and is working with customers to embed this technology within the applications that are addressing tomorrow's traveler needs. More importantly, we are confident that we are well positioned going forward in the market as we are best situated to provide our customers the clear differentiated solutions that they need in order to not just distribute, but differentiate their content and their brands. We are well positioned to scale volumes, maintain costs, and drive response times down to provide more relevant and mobile enabled experiences for today's end user. We can and will continue to invest in mobile, cloud, API and machine learning technologies allowing us to stay at the forefront of providing our customers what they need to create today's travel experience and differentiate themselves. And we have the expertise and the thought leadership to drive not just this wave of technology change, but those to come after.

You've heard it come through loud and clear from the customers in the video and you even heard it from Fred here today from Hopper, that Travelport technology is what's making a difference. The ability to bring real solutions that are addressing today's challenges is what is creating different conversations with our customers. It is the investments we are making in the right technologies, the right technology people, and the right technology partners that are fueling the excitement from our customers and driving the delivery of the capabilities that both Stephen and Jason shared with you earlier. It also gives us confidence that our growth is sustainable and will continue into 2018 and beyond. Thank you.

Majid Nazir: Any Q&A from the audience please?

Unidentified Participant: You talked about doing more and more for the same amount of money. But we also were told that the CapEx was going to be moving down from 7.5% to 6%. So could you just talk about labor versus software and capitalized software versus what's going to be in the cloud to give us the efficiency on the CapEx side while you hold the spend rate?

Matt Minetola: Yeah, a couple of things. And again, maybe Bernard wants to cover that when he talks later, and I think there's a slide in there that covers that, but I'll set it up for him. A couple of things. Really, we made the choice a couple of years ago to invest both in the modernization of the environment as well as create the capabilities, the baseline, the foundations of all the things that we talked about. As we go through that over the next year, that begins, that double bubble, for lack of a better term, begins to come down. Which then allows that to bring us back down into the levels that were historically what you would have expected for the organization. But again, I think Bernard will do a good job on that.

Other than that though, clearly the more we can manage our expenses, which is where I tried, where we're changing how we do things, the more we can manage our expenses, the more we can drive our operating costs down. And I think Bernard will share with you as well that we continue to drive our operating costs down as well which then allows us to again make the investments and do the things for our customers to be able to differentiate.

Unidentified Participant: And I don't know if this was purposeful or not, but you talked about holding spending 2015 through 2019 and everything else that's been shared with us is 2016 through 2020. So should we infer that something bad happens in 2020 on your spend rate or that you're just out of synch with everybody else?

Matt Minetola: So although Fred can predict the future, I'm not quite as bold as that. The reason I go to 2019 is very simple. We have line of sight very clearly to be able to do the things that we need in order to see that going. We have other lines of sight, but to project out longer than that I think would probably be stretching it a bit. But the purpose for me to stop at 2019 was we can touch bottom on all those things and we're very confident that we're going to be able to do those things.

Unidentified Participant: You talked about that you've already made the investments in the infrastructure to modernize. But my understanding is there is still a TPF presence within the organization and I just wanted to confirm that. I believe one of your competitors has already moved entirely off of TPF, so do you see over the next 3 to 4 years Travelport doing the same? And is there any incremental investment that we didn't hear about but that is actually associated with that?

Matt Minetola: Yeah, so the TPF question, the answer is yes, we're still in TPF. We're actually on z/TPF. We were an early adopter to move to the next generation in order to take advantage of all the pieces that it gave us which drove a lot of operational efficiencies and effectiveness that we've experienced over the last few years. But our approach is a bit different. We took the approach that spending hundreds of millions of dollars to change a cost model or to try to drive something internal from a platform, is probably not as effective as beginning to migrate capabilities that our customers want and need out of that platform. And so what you see in our platform is we continue -- our fares and shopping environment has been pulled out from that TPF environment. And you'll see us as we move forward just continuing to bring those capabilities out from underneath the cores.

The way I would refer to it is, what's in TPF is systems of record for these large-scale kinds of things and that's what will remain. We'll keep that to be the system of record because it actually does a pretty darn good job for the scale and the volumes that we have for a system of record. It's probably not a cost competitive situation to do a lot of processing down there or to think that you're going to grow in that space given the price points. And so what you'll see is our investments for anything new are pulling the capabilities and the functions out from under that, but will remain and keep the system of record locked within the TPF environment. And that's how we'll manage those costs and continue to just extract more and more out of that. Over time you'll see the same result, but you won't see the double bump where we want to go spend just to change a technology.

Unidentified Participant: So you mentioned a little bit about monetizing the data that you guys have internally. Obviously you're doing that partially through selling segments, I mean as the core business. But you're starting to monetize it in other ways. What I heard in the presentation before is that there is somebody building a multi-billion dollar business on the back of 80% of your data. So what are you guys doing to monetize it?

Matt Minetola: So I think there's a couple of things there. One is, I think the first thing to take away is the data we have is more powerful than anyone else's. That's very clear. And we understand that and it's why the investments we're making, if you think about in cloud, will allow us to deliver high volumes of data to our customers. Why what we're investing in APIs will allow people to easily get in and get out of the platform. The investments we're making in machine learning will allow us to do a lot of the things in order to prepare that data for customers.

We are not going to be out in the forefront. We're not the end to end travel agency side nor are we trying to predict the future. But we believe that we will be able to provide insights and valuable information to all of the suppliers regardless of where they are in the value chain for us, to be able to see that breadth of data for what it is.

What you heard Fred talk about is he's taking our piece and he's going to multiply it and bang it in with a whole bunch of other things which clearly is a value proposition that's a great one, but it's a different business than what we're in.

Majid Nazir: Matt, thank you very much. Let's give a round of applause please for Matt. In the interest of time I'm now going to move over to Anthony Hynes, the CEO, and founder of eNett. Now Anthony 18 months ago travelled for 26 hours I think to our last investor day. I believe he's broken that record this time around, but I'll let Anthony carry on--

Anthony Hynes: Yeah, thank you, Maj. Unfortunately, with delays, it took me some 52 hours to get here. Welcome, everybody. It's great to be here in May. Last time I was here was December and it was freezing cold so thank you to Maj for organizing the middle of the year in much better weather. I'm normally the token Aussie in the room and I got worried earlier because Victor was here. But he's left, so I'm still covered. And then I'm normally the fastest talker in the room, but Fred I think took things to a new level, but he's also left, so I probably will be able to retain that for the next 20 minutes or so.

In December 2015 when I was here, I outlined 6 goals for 2016 which culminated in us becoming or getting to being the number one in virtual card payments in travel. I think most of you would know we had a fantastic year last year and we're continuing to build in 2017.

So as you heard from Gordon and Stephen, Travelport is the only travel technology company that is entirely focused on providing end to end solutions that drive value add for our customers. And it's been an integral part of that platform for the last couple of years. Our symbiotic go to market approach, together with global travel demand expertise and global payments expertise, bring together a very unique proposition that is seeing us do really well.

There are five key messages for today that I want you to understand. Firstly, eNett is a global FinTech company growing really well in a significant market that is itself growing. Secondly, the megatrends enhance our appeal and make us feel very confident about where we're at today and where we're going to. That is, I guess better recognized or acknowledged in the footprint of our customer base, some 800 plus customers today, including 8 of the 10 top mega OTAs. We're number one in international virtual card payments today, and that together with a profitable model gives us confidence in targeting $500 million of revenue by 2021.

As I said, the significant marketplace we operate in t is growing, $2 trillion plus. Nearly half of that, or $900 billion, comes from intermediaries who are our target market. Some $260 billion of that is immediately addressable, $180 billion in scheduled air and $80 billion in hotels. And as opposed to when I was last on stage talking to you, virtual cards have now become mainstream. So two-thirds of the intermediaries and their suppliers are either using or plan to use virtual cards into the future.

I touched on megatrends, so a $2 trillion industry growing at 6% per annum. Our primary focus is leisure. It's growing at a touch above that. If you look at global OTAs, the listed ones, they're growing at double the market rate. But when you look at our 8 of the top 10 mega OTAs in our top customers, they're growing at 2.5 times the industry at large. So our sweet spot has been OTAs and the leisure sector and they're both growing faster and in some cases substantially so than the market itself.

So a quick reminder about eNett VANs and I'll try and take this a little slowly for those of you who don't understand. In very simple terms, a virtual account number is a 16-digit MasterCard number that is accepted anywhere that MasterCard is online. It's integrated into the booking flow, so it's a click-now-pay button or it's done via APR which is the vast majority of our volume. It's a single-use, fixed value number that is auto reconciled through integration into travel agency back ends, and provides an immediate acceptance and confirmation of payment to the supplier.

One of the key things that we did early on is recognize that as we continue to grow we are going to face typical challenges, or potentially could face typical challenges, as our competitors do around capital. So we literally invented our own segment model which allows us fundamentally to add a zero to our volumes and not have to post any further collateral. So it's a highly scalable model which is also giving us flexibility to determine or provide multiple ways in which our customers can fund.

Our value proposition is really simple. Awesome payment solutions that help our customers deliver a better experience for their customers and for us. Our customers want 3 simple things from us. They want us to be fast, easy and safe. Let me give you some examples. When we talk about fast, one of the metrics we've always talked about is how fast we can onboard people. So our average due diligence period for the onboarding of a customer is still sub 4 days. One of the key components of our model is that eNett is a cardholder and therefore we're able to onboard customers at the mid-market level, we don't have to just focus on the big guys, which gives us access to Travelport's network of customers and indeed their competitors who represent a reasonable portion of our customer base. But being able to access that mid-market and enable them quickly is very important.

Automated reconciliation comes about through integration, which is critical. And one of the key things about eNett versus all of our competitors is we own our own technology stack. It's ours. And that gives us incredible capability to continue to enhance our product offering and our platform. I'll give you an example of that. Last year we delivered 24 upgrades to our platform. And over the last 3 and a bit years since our new CIO joined, I think we've had 115. The primary competitive platform in the marketplace has had something like 6 or 7 upgrades. So that gives us incredible capability to react to market and deliver things quickly for our customers.

What does it mean to be easy? Firstly, it means being easy to deal with. We rolled-out some customer tools earlier in the year in Asia and the common theme from all of these big players is, the reason why eNett won is because we're highly responsive and we're easy to deal with. Our customer experience, which I'll talk to more throughout the session, is really important and it has become a key differentiator for us.

Seamless integration is important whether that be APIs for the big guys or integrating into the Travelport ecommerce platform or the pay-now button, all our reconciliations to the back office. Having capability in terms of currency is very important. Our model is not built around FX like a typical card issuer, so our customers are able to fund us in multiple currencies across many countries. And safe. You just heard from Matt in some detail around the consolidation of data centers. So our technology platform is hosted in Atlanta alongside Travelport's. And that's become really important for our customers to understand that our technology, and their data, are safe. Our customers want immediate and secure payment to be delivered to their suppliers and the MasterCard network provides us that capability globally.

Most importantly, particularly for our OTA customers, what they want is to be safe from supplier default. Not too many hotels go broke and close up operations. But certainly when airlines go broke, that's exactly what they do. Equally, there are fraudsters either in the hotel space or particularly in the wholesaler space. And most recently in Australia, one of our customers who had some $300,000 worth of bookings open to a fraudster was able to get all of that money back. And particularly for OTAs whose typical form of payment they receive is a credit card, being able to pay with a credit card gives them a guarantee should their supplier default of should they need to get their money back. So they don't lose the value of the booking, they simply forego their margin.

I talked about our settlement system and the capability that gives us in terms of funding processes. So customers want to be comfortable that those processes for both sending money and getting it back when they need to is safe, and our partnership with MasterCard provides us great coverage there.

I want to give you a breakdown, to some extent of the revenue model, but equally the cost model. So a typical card issuer, and think about Citibank or Deutsche Bank or whoever it might be, a typical card issuer looks at interchange as a cost recovery mechanism. I'll give you some examples, Citibank typically reports that their profit on their card business is 110% from revolving interest. So interchange in some cases doesn't even cover costs. But a typical breakdown would be about 60% in risk, 15% in the cost of financial carrying, and 25% in processing. We tipped this model on its head from day one and we look at interchange as a revenue source that can be shared through the value chain.

And as part of that model, we don't have credit losses, we don't have physical cards, we don't have statements being mailed out. We don't have any of the costs that a traditional issuer has. And where we do have the same ones, our technology platform gives us incredible capability to deliver a low cost platform as well.

So why do we win? I think back to 2008 when I first met Gordon in the back of a taxi preaching my story to him. And I think about 2009 when Travelport first invested. And I think to myself here, if I had put up those lists of brands and said: “I want to build something to compete with these guys”, I'm pretty confident it would have been a very short taxi ride. And there are some big names here, and it's important to understand the difference between these guys and us. Some specialize in virtual cards, others have it as part of their broader offering in the banking space. The key differentiator that has come to life for us is in the last 12 months following some investments we made in customer experience, which is in fact what I told you about Asia earlier. Our customers telling us that the reason they chose us is because we are highly responsive, we understand their business, we understand their technology and we understand solutions that work for them. But in a little bit more detail, that travel and payment demand expertise I talked about is unique in this space. None of those people have any level of data near us other than Pepsi Plus who are focused very much on the corporate market and not on the leisure market.

I talked about low cost and a highly scalable model both from a technology perspective but equally from a settlement perspective. So any one of these brands, if I would have 10x their volume, every one of those companies would have to provide some form of collateral in support of that. If we did the same, the impact on collateral would be zero, so this gives us incredible capability. Low cost in terms of currency, so we're not trying to make money out of currency like most of our competitors do. A very transparent offering to our customer base who are able to manage FX themselves. And we've got customers who are receiving 50, 60 currencies and pay out in as many. We have 32 key currencies today, 19 in local settlement, which means customers are able to match their own FX intakes with their outbounds and fund , for example, a US dollar payment into the US could be funded in US dollars, even if they receive it in Australian dollars.

I talked about eNett being a cardholder. It's a unique capability. One of the questions I got asked earlier is why isn't anybody else doing this? I don't know the answer to that. We've been talking about this for a long time and no one has picked up on it, but it's incredibly important because it gives us the ability to traverse borders almost overnight, way faster than any of our competitors would be able to. So today we have customers in some 50 plus countries, with capability in more than 70 and we have the same payments into all of those countries as well.

Also I touched on the importance of our proprietary platform. It's an incredible capability that is unrivaled in the marketplace. The settlement capability that we invented is equally unrivaled. I won't go into too much more detail, but I promise you if any one of these guys could figure out how to do it, they'd try and copy it. Most of our investment over the last couple of years has been in people, in technology and now in products, putting feet on the street. But we're able to not just invest in those people and our technology and product, but actually we're able to translate that through owning our own platform and bringing it updated every fortnight into reality for our customers and to be able to do so very quickly.

So we continue to have phenomenal success. I don't have 2015 to 2019 or 2016 to 2021, but I've got 2016 to 2021 coming up. If you look back at the last 5 years, we've had 10x in revenue, 9x in volume of transactions -- 10x in volume of transactions and 9x in dollar volume. I touched on having customers in 50 countries. We started with customers in one. We started with two currencies. So we've had phenomenal success over the last 5 years.

I touched on the importance of our footprint of customers. So we're not solely reliant upon one or two big OTAs. We're the primary provider for 8 of the top 10 in the world. And to give you some context, our market presence in the US is really quite small. So where are these people? They're all in international markets. They're in Asia, they're in Europe and we're their primary provider. So we're growing with them, too. But importantly, our ability as a cardholder to traverse borders very quickly and onboard customers very quickly, and being able to take-on that mid-market that would otherwise be unprofitable for almost all of our competitors, is incredibly important to our ability to continue to grow. As I said earlier, we're already number one by dollar volume in international virtual card payments and we think we're not far off being able to say that about the whole world.

So a quick look back at 2016, I think most of you will have heard or would know our revenue grew 64% year on year. What's important is that 80% of our top 20 customers set new volume records. So we're growing with our customers. And sometimes, as Gordon mentioned earlier, our revenue is a little bit clunky, it's a little bit unpredictable because it depends on the speed with which customers roll out. It could be delays in integration or delays in releases at their end. It could also be that they start with one segment, whether that be hotel or air. It might be that they start with one segment and one currency.

But over the journey, and I'll show you this later, they move with us and grow with us. What's really important is that mid-market capability of being able to add customers last year, the new customers, delivered 240% increase year-on-year in terms of volume. So what we're doing is: we're shortening the cycle from when we contract, onboard and get the transactions.

I talked about our platform releases. The replacement in our headcount is not growing at the same rate as our revenue which is important. Bernard is always thankful for that. We spent the second half of last year putting people in market, closer to our customers' local language capabilities rather than trying to run hubs. So instead of having 2 or 3 offices, we've now got a primary space in Melbourne and London and Singapore and in Atlanta. But equally we have people, satellites spread all through Europe and increasingly through Asia, from China and Southeast Asia.

The number of transacting customers is also increasing, so that talks to a lot of things like our ability to onboard quickly and our ability to get them transacting faster. And finally, we spend quite a bit of time increasing the bench strength of the issue team which I'll talk to shortly.

So just trying to give you some feel for the ramp-up our customers go on. When we look at our top 20 customers, sometimes they take a long time to come to grips with the whole virtual card. Sometimes they have to change providers. In every single case, our customers have a new process that they have to take on. And some of them have to take on a new business model. But once they get started, they go on a journey with us or we go on a journey with them. And what we've been able to look at over the last 4 years is that after that first year they typically triple in volume. And yes, they're growing quickly, but they're not growing at those rates. What it means is they are gradually putting things on, whether it be new segments, or new currencies.

Our customer acquisition trajectory is on the rise which is fantastic. I talked about it last year, I think we had 287 new customers over 2015 which was great, about a 240% increase in revenue and in volume from those customers. So being able to access the mid-market has been incredibly powerful. You may need 50 or 100 of those to marry off against one of the big guys, but we're really well positioned with the big guys anyway. We have a capability and cost model that lets us get to the mid-market that nobody else can match.

So our focus here is to maintain the momentum. Simple stuff like increased market penetration. Sometimes that means having to educate the market as well. Operational efficiencies, you've heard a fair bit around today, but that starts with finding smarter ways to onboard people. Even though we're pretty good at it today, if you think about our competitor base, most of them would tell you that they take 3 months to onboard a customer. And that none of them would be able to figure out how eNett does it in sub 4 days. But finding smarter ways to do that so we can go into more markets faster and increase penetration by being able to onboard more customers faster is important.

Our customer experience program is now getting recognized worldwide. Some of the stuff that we're doing, and it really does start internally, it starts with our own people. So the employee experience is something that we're really focused on. That talks to being able to attract talent as well when you we look to expand. But equally, getting feedback from our customers as I mentioned a couple of times, about why they select eNett. It's not just about the technology or the currency capability. Yes, they're important, but responsiveness, the domain expertise that we have in our ability to actually educate our customers on smarter ways to do things. And I'll give you one example. In a customer rebate scenario where we walk through with them and say okay, if we're able to rebate you faster, you could use that technology into Meta that will give you better pricing and, therefore, drive more volume which is a win-win for all of us.

In terms of acquiring, we need to continue to extend our currencies. Largely that will be to support our existing customers, but we're already in the kind of hard basket now of currencies. We've done all the easy ones. And unfortunately, we can't just wander into some of these countries and start moving money about. But we need to continue to look at really clever ways to do that. And some of the things we've done in the last 6 or 9 months around some more obscure currencies, in terms of just rethinking the model and being smarter about how we enable this stuff, has become really important.

I touched on being able to make faster that contract-to-transact cycle. We've seen some of that last year, we've got to continue to do that, which gives us the ability to drive that midmarket. Our talent acquisition is incredibly important. In January we added 20 people. We're getting very close to 200 people in total headcount. I used to say if we ever get past 100 it's time for me to resign. I changed that to 200 and I now think I have to up the ante because next month we'll be past that. A lot of our investment is in technology and product. That will continue. We kind of see them on trajectory that doesn't really stop because the market continues to move, we continue to learn more, our customers continue to learn more through us, and our ability to reflect that learning quickly in our own technology platform is incredibly important.

And finally, our investment in new products. There's a number of things that we're working on which we see as being really critical to helping our customers deliver a better experience for their customers. It provides a win for all of us and with a bit of luck we'll be talking about some of those later in the year.

So how do we get to $500 million in revenue in 5 years off the back of last year's just-over $150 million? A 25% CAGR will deliver that for us. We think we've got product, capability, the existing relationships. Some of our customers are growing at these rates already, so we think that's entirely achievable. The investments that we're making in both technology and product give us great confidence in being able to achieve that.

I talked about extending our team and so Bryan Lewis is actually in the back of the room with me today. Bryan joins us from the Priceline Group, he was previously CFO of Priceline.com and Agoda prior to that. Ed Chandler joins us from Mastercard, terrific capability and he's doing a phenomenal job for us running our commercial arm. And Katherine Briggs is our new GC. We've got some others that we're about to announce that really strengthen this team and continue to bring about this combination of travel demand expertise and payments expertise, which we think is incredibly unique.

So the takeaways. Global FinTech company in a vast market that's growing. The trends are positive for us. We have a fantastic footprint with an ability to extend it rapidly. We're number one in international and it won't be long before we're number one completely and those things combined give us great confidence in going for $500 million of revenue by 2021. Questions?

Neil Steer: Hi, thanks. Neil Steer from Redburn. You talked a little bit about the revenue drivers, but just on the cost side, is there operational leverage in this business if we look at the level of profitability you achieved last year in 2016? And I note that during your presentation you mentioned that you can incentivize the travel agents using eNett more, but you also implied you give them better pricing, it's a win-win. But does that win-win actually mean that the rebates suppress some of the operational leverage that you would expect to see as the revenues grow?

Anthony Hynes: To answer to your question, "can we get to operational cost leverage?" Yes. When we will get there? Not this year and probably not next. But I do see a point where probably in back half of 2018, perhaps 2019 where we get there where new volume just goes straight to the bottom line. And one of the stats that I used, we had 64% revenue growth last year and 27% headcount. The headcount growth will continue over the next year or two, but I think we get to a point where we don't need to be continuing that kind of growth in headcount to support significant growth on the top line.

Brian Essex: Brian Essex from Morgan Stanley. Can you talk a bit about pricing as you're growing? One of your larger bank competitors had a pretty substantial pricing cut I think recently, in their recent quarter. So as you grow, what are some of the dynamics of pricing and drivers of your growth outside of volume as you look at different size customers and different pricing dynamics as you approach different markets?

Anthony Hynes: I think the first thing to know about pricing is the drivers interchange. And there's been a lot of noise about interchange over the last 3 or 4 years in particular. Notably, in every market where interchange has been addressed by regulators, they've only ever addressed consumer card regulation. We're very firmly in the commercial card space and therefore that's been untouched. We see that continuing. But equally, we've built I think an incredibly resilient model with diversification of our licensing through our partner Optal to be able to address that going forward. So we're confident in that pricing component if you think about interchange.

Do I see an ongoing involvement of using rebates to impact our margin? Not necessarily. I think some of the investments that we're making and already have made in capability lock our currencies. For example, the new products that we are building today are directly in response to customers' demand. When I was here in 2015 I talked about re-contracting a large chunk of our customer base. I think it was 78% of our customer base that we re-contracted in 2015. Which is why people will have noticed a bit of a slump in growth in the back half of 2015 because we're out on the street re-contracting. We've re-contracted quite a number of our larger customers already way ahead of schedule on the basis that they don't want us going anywhere either. So I think that as we continue to expand our product capability, addressing issues for them in collections through to solving for collections issues for the properties or the airlines themselves, I do see an ability for us to hold pricing and margins into the future. I think what's going to be interesting however is in the airline space, I think there is opportunity to create a whole new pricing dynamic and that's something that we're working on. So it's a wait and see and we'll tell you when we're ready. But I think that the space that we're in, even given the regulatory focus, the stickiness we already have with some of our significant customers, the investments we're making, make me pretty confident that we're going to be in good stead.

Unidentified Participant: Hi. Thank you. A couple of questions if I may. One is on the economics. If a consumer pays by say a credit card and the OTA or the travel agent kind of pays the interchange and the processing fees, under VAN are they -- what kind of transaction fees are they charged for the VAN? So what is the ultimate cost to the supplier? And the second question is on the net promoter scale. Why is that 45 and not 90?

Anthony Hynes: Okay, firstly, so if you think about the OTA space in particular, other than one example here in the US in air and one example in Europe in hotels, and those models are both changing by the way, the industry largely operates on a merchant model. So the OTA stands in the middle, they take the payment from the customer. And the cost of that payment, whatever it is. And we see that form of payment evolving dramatically over the next 3 to 5 years in the space that we support our customers in.

And there will be things like JD Pay out of China or WeChat Pay or Alipay or more of PayPal or whatever it might be, to enable greater conversion for these customers. So that is part of their operating cost. It's part of what comes out of their margin. They then go to a supplier payment which in our customers' case, they're using VANs. So the supplier of the airline or the hotel or whatever it might be, they also have a cost of acceptance for that. For hotels in particular, that is built into their DNA. To take one of Fred's lines, it's been around since the Roman Empire. It's not going to change. The hotels' mindset is you walk in, you use your card. So it's easily understood and it's easily accepted the world over. There's no doubt that low cost airlines for example have a different price point which is where I think there is some opportunity to work with them in a clever way delivering a similar product with a similar capability, but just being smarter about how things might be priced.

Unidentified Participant: I guess on a same-store basis with your largest OTA customers, can you size how penetrated you are right now in terms of their merchant bookings? And where do you expect that penetration rate to go kind of through 2021?

Anthony Hynes: Obviously I'm not going to discuss individual customers. And unlike some of our customers, we actually respect the confidentiality clauses in our contracts with them. But what I would say is there is a mix. So some of our customers where we're primary, but penetration count is very low and we see significant growth. Others, we are primary and we're more than half penetrated, but there's still plenty of upside. So I don't think we have a single customer where I can say there's no upside. And we're not just living off of their natural growth, we're also feeding and winning more growth from them as they bring on more currencies or more segments or more countries. Does that make sense?

Unidentified Participant: Yeah, so this has kind of been a lumpy business historically and I'm just trying to get a sense of your confidence interval in that $500 million target.

Anthony Hynes: Yeah, well I can tell you in terms of confidence, I didn't put it up there because someone asked me to. That's generally speaking, genuinely where I think we're going to get to by 2021. And to do that, we've got to deliver 25% CAGR. I think that's entirely achievable.

Unidentified Participant: Can you just discuss what you see the advantages and perhaps if there are any disadvantages of being within the Travelport brand? And then as you look out to 2021, $500 million revenue company growing 25% CAGR, could you see yourself, could you see that being an independent company?

Anthony Hynes: Interesting questions. Firstly, the benefit. If you go back to 2009 the halo effect has been phenomenal, being part of Travelport. That's indisputable. There's no doubt that as I touched on earlier, our symbiotic go-to-market approach works really well for both of us. A huge number of Travelport customers or Travelport introductions have become customers. And in some cases they are prospects for Travelport who are actually using a competitor's product. But part of their relationship in selling is to introduce us. Vice versa, I think we've done a not quite equal, but reasonable job of sending customers to Travelport. So I think very positive.

Can I look out to 2021 and think that there's an independence if you like? I can tell you operationally we run very much a standalone business. It's part of Travelport family of course and we leverage each other wherever we can. But do I see that? I think that's a question for Gordon and the other shareholders. Our job, what we're focused on is how to we get from $150 million to $500 million and do that in a way that I think is becoming more favorable. If you think about investors today, they are looking for companies that can grow revenue rapidly, but at the same time be profitable. And there aren't too many fintechs that are going to pass us as we've been doing that for the last 3 or 4 years.

Unidentified Participant: So further, on I guess both of those questions, why is it $500 million and not $1 billion? What is the friction like?

Anthony Hynes: Have you been talking to Gordon?

Unidentified Participant: Well what's the bottleneck? What slows you down? Why is it -- it's a massive addressable market, it's very underpenetrated.

Anthony Hynes: Yeah, it's a fair question. I think there's a number of factors. One, if I think about Asia in particular, credit card penetration in Asia is well below that of Europe and the United States. So we spent probably two years educating the marketplace around VANs. We're starting to see some of the benefits of that. We've had some really significant wins in China and through Asia this year which I think will deliver significant upside for us over the next couple of years. So I think there's partly a market understanding. There are more people becoming more aware of virtual cards today than there was a couple of years ago. Some of that is working. It's funny, one or two of our competitors, every time I see them they congratulate me for doing their marketing for them. So we're out there as I said, feet on the street explaining this to people so they can understand it. So there's certainly that.

Secondly, there is -- if you think about the consolidation that's already gone on over the last 3 or 4 years in the agency space, we see potentially more of that. These bigger players are growing faster, so we'll see some of that anyway. But save for Pepsi taking $500 million and going berserk, feet on the street everywhere and to some extent kind of making generic this proposition, which I don't think would work, then I think getting to $500 million from where we are today will be a fantastic achievement. Is it possible to get to $1 billion? Potentially, but probably not soon enough to tell you I'm going to get there today. It's possible. You'd need things to go your way in terms of market awareness and adoption and we're certainly working on that, as are others. But there is an incredible, under penetration as you say, but a lot of that is based around knowledge and awareness. And equally you've got people who frankly don't actually understand the strategic value of payments and think of it more as a back office cost. The smart people have figured it out, so it's a process of working through with them to better understand things. But it is absolutely a vast marketplace. I think the ability -- the difference between $500 million and $1 billion is probably in the airline space. We're uniquely positioned there but I think it's going to require some of the new product and pricing on top of things that I touched on earlier which we're working towards And I think that will be the difference. But for now, I think getting from where we are today to $500 million will be a pretty phenomenal outcome.

Majid Nazir: Anthony, thank you very much. Last but by no means least, let me now hand the floor over to Bernard Bot, our Chief Financial Officer.

Bernard Bot: Thank you, Maj. I guess I am the person standing between you and lunch, so I'll try to be concise but equally interesting. So hello, everyone. For those who don't know, I've been now some 18 months at Travelport, joining from Aer Lingus where I was the CFO and prior to that was the CFO in another part of the transportation industry getting parcels from A to B at a company called TNT Express. So the last year has been a great year to be inducted into technology. And critically so at a pivotal time for Travelport at which we, with the investments in the initiatives we have in product, in technology and sales, we're looking to accelerate our growth.

So you've heard a lot about our strategy today and being the numbers guy, let me try to translate that into numbers. And I'm also going to talk a little bit about our financial policy and capital allocation priorities. But before looking forward, let me take the opportunity to look back ever so quickly. So this chart shows our financial metrics since 2012 and as you can see we've delivered very solid revenue and profit growth over that period. But let me focus on free cash flow. And there you can see that we've decidedly moved north and we've increased our profitability as we managed our operating spend and capital allocation. And last but not least, also reduced our debt expenditures.

So at the same time, as you can see on the bottom, our leverage ratio has moved south and the leverage ratio is at 3.6 times at the end of last quarter. And so this puts us in a fantastic position from which to accelerate our growth going forward. And as were accelerate growth, we'll be able to grow free cash flow and with that increase the returns to our shareholders.

So where do we want to take things from here? Let me go into some of the numbers and the things that we want to do. But before doing that, just to spell out the clear link that exists between the positions of strength that we have in product, in sales, and technology, how that is going to propel us in a growth of our market share and an extension of our leadership and beyond there. And with that, we're then targeting revenue growth of around $600 million, EBITDA growth of around $150 million by 2020.

We're then looking to efficiently convert the growth in EBITDA into cash at a rate of 75%. So 75% incremental EBITDA to go to free cash flow. And finally, this higher cash can then be returned to shareholders either through increased dividends, special dividends or buybacks once we've realized our target of 3 times net debt or net debt to adjusted EBITDA. And a little bit more about capital allocation later, but let me first give you a little bit more detail on the guidance.

So this chart summarizes our 2020 financial targets and we've put next to that our 2016 reported numbers and the 2017 guidance that we gave you at the beginning of the year. So for completeness, 2017 the guidance remains unchanged and as we mentioned in our earnings call, we are looking to be at the higher ends of the earnings and free cash flow range for this year.

Onto 2020. So the percentages here are compounded annual growth rates over the periods 2016 to 2020. Going from top to bottom for the period to 2020 we target revenue growth to be at a compounded annual rate of 6% with slightly higher growth in our travel commerce platform. Just to say something about tech services, that's the other bit, the 5% of our revenue, we anticipate that to grow at a loss single digit rate once we've lapped the sale of our technology joint venture in India that Matt talked about.

As you saw in Anthony's presentation, eNett targets a compounded annual growth rate above 25%. And obviously also with the questions in this audience, we'll be looking for Anthony to do better than theat. Adjusted EBITDA is expected to keep pace with revenue at 6%. And all this in turn should lead to double digit adjusted net income and free cash flow growth.

Now in terms of phasing, clearly 2017 is a lower growth year as we invest in the business, ramp up our growth areas, and offset the customer loss in Australia. Now we expect the latter to still have an impact on growth in 2018. So in terms of cadence, we expect our performance to accelerate as we move towards the year 2020.

So in answer to some of the questions on the floor but also to give you a little bit more detail, let me now go into some of the component parts of our guidance starting with adjusted EBITDA that we target to grow at 6%.

So let me briefly discuss how revenue, commissions and operating costs drive EBITDA growth. Starting with air revenue, which makes up 70% of total revenue today. Now we anticipate that air will grow by GDP times 1.5 to 2 times. In addition to that, with market share growth, Beyond Air, which is about 25% of our total revenue, will grow at a faster pace. And to remind you, over the last 3 years beyond air has grown by 14%, 16% and 18% respectively.

So for Beyond Air, we continue to target $1 billion in revenues by 2020 off the base of $580 million in 2016. And as Ashish correctly calculated, that's around a double digit, mid double digit annual growth rate. While eNett is a very important part of this growth, it’s probably good to highlight that our hospitality and digital business are expected to contribute in absolute terms a similar amount to the growth in the beyond air platform as eNett is.

Now on to commissions. We expect those to increase slightly ahead of revenue growth given the changes that we have in our customer and business mix. For example, higher growth of OTA, much faster growth of eNett. In terms of incentive fee inflation, we expect those to increase in line with what we've seen in the past. We compete on value and I hope we've made that case very clear now. We compete on innovation and technology, not on price.

Operating cost benefits in SG&A and technology should positively impact margin. Firstly, growth will drive operating leverage as Matt just showed for processing. Then we continue to work on our operating efficiency. In technology, as Matt discussed, we are targeting annualized savings of between $19 million and $23 million through the program of rationalizing our IT centers from 3 to 2, consolidating our outsource partners, and moving from staff augmentation to managed services. And that program is well on track and will not only lead to savings, but also much greater flexibility in our technology operations. And to one of the questions on the floor, that greater efficiency and flexibility will also help us offset the shift from CapEx to OpEx as we move for example more of our activities to the cloud.

Now we're not only looking at technology, there are also other parts of that business that we're looking at responsible for around $400 million in operating costs and targeting optimization opportunities there.

So onto our investments. Let me start by dispelling a myth. And I sometimes read analyst reports and some of you may be out here, that contend that larger sized competitors are able to invest more and with that support a self-enforcing cycle of innovation and growth. Now as the bigger figures bear out, we should make no mistake, we've invested $700 million or 2 times more in our distribution platform than our nearest competitors over the last 5 years. This not only gives us the benefit of resilience and scalability as discussed by Matt, but also leading functionality as more than 50% of that spend goes to innovation.

So in 2017, we decided to ramp up our investments in innovation to up our games with customers. Now looking to the future, we expect to maintain absolute investments in the similar 180 to 190 range with again more than 50% of that going to innovation. And then of course as revenue grows, we should expect the capital intensity in the business to decrease from about 7.5% this year to 6% in 2020.

Now with that, with that spend between 6% and 7.5%, we still remained relatively capital light compared to our nearest peers given that there are more limited investment requirements that exist in distribution compared to hosting. So where we are in the 6% to 7.5% range, our competitors invest 12% to 13%.

So with investment covered, let me now add some color to the other moving parts that effect how higher profits translate into free cash flow. So this chart sets out the key items between adjusted EBITDA and free cash. And again, going from top to bottom, in interest payments, we expect those to stabilize at around the 2017 level as we target to offset increases in LIBOR rates with further reductions in margins and debt paydown.

Now to give you some context, as you know, the 3 months LIBOR rates have been climbing and last quarter for the first time we paid above the 1% floor that we have for our term loan. The average forward rate for the period 2017 to 2019 is over 1.5% and if you look at the 2020 swaps, those are transacting at over 2%. Now by capturing every opportunity to reprice, careful hedging, and also a bit of debt paydown, we are looking to offset those increases in the LIBOR rate.

Onto tax. Under normal circumstances these should increase broadly in line with pretax income growth. For tax purposes as you may know, we are primarily based in the UK and the US and the effective tax rates on our adjusted pretax income should be around the mid-20s. This translates into the mid-30s on a GAAP basis and cash tax should be a couple million lower than our P&L tax.

Customer loyalty payments should rise modestly. However, as you can see on this slide, we will not say no if there are major customer opportunities that require an increase in CLPs. We continue to tightly manage our working capital. However, pension payments should go modestly up as we have to address some deficits in our UK and US pension funds. Corporate restructuring costs should reduce over time as we complete our transformation programs.

In summary, we should expect about $150 million in incremental EBITDA to lead to approximately $110 million in additional free cash flow. This then leads us to the question of how and where we are going to allocate our cash.

Financial policy. So four objectives to drive our capital allocation decisions. These are financial strengths, strategic and financial flexibility, cost of capital and predictability and reliability of our policy. So what do those four objectives translate to? Capital structure remains one in which we have a leverage ratio target of around 3 times net debt to Adjusted EBITDA. This is completely consistent and in line with what we said at the time of our IPO. Our target is to achieve that by 2018 and once realized we look to manage our leverage in the 2.5 to 3 times range.

In terms of the type of debt we carry, we currently have a term loan B bullet debt of around $2.3 billion. Now obviously we keep looking at different instruments to optimize both our interest margin, our maturities and risk. Dividend policy remains unchanged for now at $0.30 per share per year, but we will review our dividend policy with an aim to increase dividends once our leverage target is achieved.

Finally, our priorities in allocating cash are simple. First, allocation will always be towards growth and improvement of the business. Second is paying down debt to realize the leverage targets. And after that, in conjunction with our dividend policy, we will focus on increasing shareholder returns either through higher dividends, special dividends or share buybacks.

Now let me say a little bit more on why we target 3 times leverage ratio. And going back to our financial policy objectives, starting with financial strengths. So I think we've done a great job at reducing our debt down to 3.6 times at the end of quarter one. However, we want to further improve our credit quality to maintain our solvability and liquidity to be able to operate, optimize and grow the business not only in good times, but also in more difficult market and business conditions. And I have to say I don't think we're overly conservative in that ambition. If we look at direct and travel sector peers, we are still more highly leveraged and that's why we target an S&P BB rating from a B+ rating today.

Second objective of maintaining strategic and financial flexibility, we want to have the opportunity to capture both organic and inorganic opportunities should they arise. That said, in terms of M&A, we are mainly looking at tuck-in acquisitions, obviously always meeting strict criteria.

In terms of financial flexibility, we want to have access to a wider range of funding options and improved leverage will give us that bandwidth. Finally, and it's probably the most important point, there's a clear financial benefit, both in terms of interest margin and risk reduction to our financial policy.

In terms of margin, following a very consistent policy of debt reduction, we were able to shave off 150 basis points since mid-last year and that's nearly $35 million in interest payments or 17% increase in earnings per share. And I've done some analysis to compare where we are in terms of our margin compared to others with a similar rating and it appears that we've been able to eke out an additional 25 to 50 basis points by having a very consistent debt policy.

Now there are further opportunities for margin and debt reduction, all which will benefit EPS directly. And again, for illustration, if we were able to do another 50 basis points, that would increase EPS by about 5% and $100 million debt reduction would increase EPS by 2%.

Now onto what this means to you as our shareholders. This chart represents our cash flow growth from 2016 to 2020 and the allocation of debt repayments that we anticipate. So as you can see, we anticipate very healthy cash flow growth from 2017 to 2020 to around $300 million. At the same time, we have sight of achieving our leverage targets by the end of 2018 which then opens up further opportunity for returns to shareholders.

In conclusion, I think we've made a fairly compelling case for Travelport. We operate in a transaction driven core business in a market that is big and has shown sustained and consistent growth year-over-year. Within that market, we have very clear growth prospects targeting share growth on one hand, but also further extension of our platform in the high growth digital and payments markets. We are looking to deliver solid margins through a scalable infrastructure leveraging both the historic and new investments we are making in technology and benefiting from opportunities from greater operational leverage and efficiency improvements.

And last but not least, we are capital light, generating a very strong free cash flow. So with that, I will hand over to Maj for Q&A which I think Gordon will be joining me here for.

Majid Nazir: Thank you very much, Bernard. So indeed, this is the last thing holding you up between lunch. So let's begin --

Unidentified Participant: So just going back to the assumption of market share gains through 2020, I think you guys talked about 1% to 2% market share gains. And then you said that the revenue and EBITDA would be more backend weighted. You did a great job of explaining the product functionality and the new wins, but how do we get comfortable that you're actually going to grow market share in 2019 and 2020 and what should give investors that confidence?

Gordon Wilson: I think a couple of things. First of all, we're only showing growing market share in certain regions around the world. So we've consistently grown now for the last few quarters our market share in Latin America and in Asia Pacific. Secondly, we have this huge position in key growth markets like India. I think as Jason mentioned, you have to bear in mind that market share moves between GDSs for a variety of reasons. One is, if you are particularly strong in a country which is growing faster, your market share will go up. You haven't done anything, you've just ridden the tide of that particular market.

The second one is, if you are currently a customer that is growing faster than market, like Hopper, your market share will go up. And then you've got the old-fashioned win and lose, different accounts. So we now feel that in some certain key growth market bases we've got real traction behind us where we are growing fast, in Latin America and Asia in particular. Secondly, we are working with some of the faster growing customers in the marketplace. And thirdly, as Stephen and Jason highlighted, our solid pipeline of business, which we now have to implement. So we have to execute it, we have to implement it and it is the healthiest it has ever been. The reason it trends up a bit from a market share point of view is obviously we have to sort of use some of the gains we've got to offset the loss of the Australian customer which will happen through the end of 2017 and into 2018 as that kind of laps. We are confident we will do that, but then you will start seeing a real kind of differentiation as we get to the other side of that.

Unidentified Participant: Thanks, then just one more, if you think about your CAGR of 6% EBITDA growth and you look at your current valuation, call it 10 times this year's earnings roughly, what do you think needs to be done or how do you improve the equity valuation of the company just given the strong fundamentals? And have you thought at this point yet of spinning out eNett to recognize some value that may not be in the market right now?

Gordon Wilson: The answer to the last question is that we are not looking at spinning out eNett at this precise moment in time. Because we think to do so, we would be actually diluting some of the value that's being created in eNett. So eNett has done a fantastic job. Most companies fail before they get to $100 million. eNett is at $150 million and growing fast. So I think if we sold eNett now we'd be underselling it. And to the dis-benefit of our shareholders. There may come a time in the future whereby it makes sense to spinning it off. And we've left our options open on that. As Anthony was saying, we run it pretty much separately from the rest of Travelport, so we have that optionality.

In terms of the broader question, in terms of our valuation, quite frankly, having sessions like this and talking to investors and the investor side analysts, etc., explaining our story, reiterating that we did what we said we would do, continue to do what we say we can do, start seeing and hearing from our customers, as you heard on the video, people at Hopper, etc., the kind of opportunities, obviously deliver the volume and the share gains that we spoke about. It's just continual quarter by quarter slog to demonstrate the benefits of the company. And clearly in our stock price today we don't seem to be getting full value for eNett. Not only for eNett but also for the fact that we're the world leader in mobile travel apps, we're the world leader in airline merchandizing and so on. And our job is to do a better job of explaining it and continue to deliver the results.

Brian Essex: Brian Essex from Morgan Stanley. Just a quick question. Bernard, if you could help us reconcile the revenue guidance with the EBITDA growth, which implies no margin expansion. So how do you think about embedded operating leverage in the model versus what you may have for cost savings offset by a plowback into the business for growth going forward?

Bernard Bot: It's probably a combination of all the elements that you're mentioning. As I highlighted, the mix is changing a little bit and that puts some pressure on gross margin. Then if you add our operating spend, I think that Matt is doing a great job. If you look at the savings he wants to do, that's about 6%, 7% of his total area. And obviously we'll be looking at doing more there. On the other hand, he's pushing more of the activities to cloud. That will somewhat increase the costs, the operating costs that we have to do. And obviously we continue to invest. And as you know, for all CapEx investments, there's also an OpEx side to that which for example this year it's about $20 million that we're absorbing. Now obviously you're offsetting that somewhat over time, but I think it's those elements in the mix. So slight dilution in the gross margin given the mix of business, savings, technology, the other areas. But then also somewhat higher investments and a change in mix of the spend that we do that ultimately says we're probably looking at a stable margin at the EBITDA level. Now obviously, who knows? If the growth is faster and I'm able to eke out a little bit more savings from the guys, then we'd be able to do better. But I think this is the best view we have on how that's going to project.

Brian Essex: From a spending perspective, is there a point where you envision as we kind of fine tune our models going forward, maybe taking the foot off the spending gas a little bit and allowing more margin expansion? Is this a spend this year and then you get some pickup in the next 2 years?

Bernard Bot: Brian, the way I look at it is I look at it more on the absolute EBITDA level. So you can get very much focused on the margin, but I think as we look at all the initiatives to say what do they ultimately contribute in terms of value. And if maybe they are a little bit more dilutive, if they add to the absolute EBITDA level, we'll do it.

Gordon Wilson: I think it's important to answer as well, we're a technology company -- you have to feed the beast. The minute we stop innovating and spending on innovation and new technology, we'll go backwards as a business. We were there when we were owned by private equity historically and we had some back level that we had to clear out when I became the CEO and then in the early years of that and we're not going back to that. If we stop innovating and spending on innovation, the company would go backwards and that's not going to be something that's going to happen under my watch.

Unidentified Participant: I'm sorry to say this, but the numbers you're talking about just don't add up. So if you say you're going to add $600 million of revenue and we've heard separately that Beyond Air is going to add over $400 million to reach $1 billion. eNett is going to go from $150 million to $500 million. That says that your base business is falling double digits. That's certainly not share gain, that's share loss. So can you just reconcile why these numbers aren't close to reflecting the message that you're trying to send today?

Bernard Bot: Yes, then we need to be very clear on the guidance that Anthony gave. If you look at the $500 million, that's a 2021 target, not a 2020 target. And I'm showing a differential between 2016 and 2020 for eNett. So eNett in our projections won't be in the base case at $500 million in 2020. So at a 25% CAGR growth over a base of what will then be in the high 4s, obviously that affects the overall trajectory. So again, if you look at the air business, we are looking for that to grow at this single digit rate. Beyond air to grow at the double digit rate where eNett will contribute about half of that growth and the other half will come from the other parts of the business. So I think the confusion is probably in the additional growth that lies between 2020 and 2021 for eNett which obviously is a very high growth business.

Unidentified Participant: Even if I take that adjustment, if it's $425 million of Beyond Air growth, we leave the $175 million for eNett, so that only gets to $325 million, well below what those growth rates are. That keeps your base business flat in a business where we said it grows twice GDP and you're going to gain share. So let's try and just focus on that discrepancy of if the business is growing rapidly as an industry, and even if you hold share, you should be growing meaningfully. So are we shading some numbers or we're not adding this up right?

Bernard Bot: No, I think you're -- I'm happy to discuss it in a little bit more detail, but if you look at the Beyond air growth, that's around let's say a $400 million. If you look at $600 million, that's then a $200 million in the air business. And if you do the math there, that's a single digit growth rate. Which if you then look at what we're targeting to do in terms of the segment growth in air, does correspond to A, the growth that we see in the market. And B, the share growth gains that we're trying to achieve.

Majid Nazir: Can I just also offer one point of clarification just to help with Steve's questions just now. The revenue guidance that we've given had total revenue, travel commerce platform revenue and eNett revenue. eNett is a component of travel commerce platform, just to be clear. So you might be confused in the fact that Beyond Air, which was $580 million of revenue last year, building to $1 billion by 2020. So an element of that, a large element of that of course is eNett as opposed to being -- you can see the slide now *[shows slide 6 of Bernard Bot's presentation: '2020 targets']*, it's up on the screen. So eNett, you can see the third line is part of the travel commerce platform.

Unidentified Participant: Hi. I had a question about the pricing in the market. One of your competitors maybe was a little more aggressive in the past and seems to be winning business through pricing. You guys are talking about gaining market share. Are you worried that one or both of your competitors, if you do start gaining market share, will resort to more aggressive price competition to try to prevent losing share? And if so, how are you going to combat that? Thanks.

Gordon Wilson: You're talking about pricing at the travel agency and in terms of incentive payments. And there's no doubt at all that one of our competitors has been extremely aggressive in that space and has had a couple of wins. That same competitor though also had to come out to market and change its midterm guidance and also had to talk about having to invest considerably more to stabilize and modernize its platform. So I think short term pricing activity to try and gain share is not something that necessarily will go away. Longer term, in terms of proper relationships with your customers, and to some of the points that Fred made and the point that I made about operational excellence, is going to be much more about being able to deliver speed, quality of search, relevance of search and the data to support, etc., which will win out in the end. So we're not going to be out of the market in the sense of not being competitive. We're not going to and never have led on price because that's just a way to the bottom and also it's short term. We've seen some of these short term throwing cash around deals come back where customers have come back to us because actually the quality of the product offered doesn't stand up. And actually that's more important whether it's another $0.10, $0.20, whatever, in terms of commission payments. So that's very much our strategy to be product led not financial support led. What is interesting is that both competitors spoke about margin compression in their GDS businesses in their earnings calls. We did not. And that may well be because actually we are becoming a much better competitor because of the quality that we're now offering which we didn't have 3 or 4 years ago to be honest with you, that you're beginning to see the benefit of it coming through.

Unidentified Participant: A lot of the airlines more recently have been talking longer term about this vision for kind of customized pricing and merchandising, real time pricing catered to the specific user. You laid out a lot of investment areas, but that wasn't in, didn't seem like that was part of your vision of the future. So do you not see that happening? Or if you do, how do you see Travelport playing a role in sort of that more customized real time pricing environment?

Gordon Wilson: Great question. I'm sorry if we didn't describe it well enough. A couple of points you made there. In terms of personalized offers, which is part of that, we already are, and I think we're the only player in our field who can already do personalized offers. So an airline say that has a personalized deal with a corporation, let's say Shell Oil, has a deal where it gets a certain fare and its passengers get free Wi-Fi, fast track security as their package. That can be put into our system today and made only available to Shell Oil employees, process through whatever TMC they decide to use and also put into the core booking tool they use. The reason I haven't mentioned that is because it's already there.

The second piece is then actually an API style connectivity which is maybe we haven't explained it well enough. The point about the API is that we go to the airline every time and ask them, what do you want to offer to this particular customer in terms of price points and availability? That's the ultimate one to one personalized offer. Now we already do that de facto with the local airlines because that's how we connect into them. So easyJet for example doesn't operate the traditional legacy style buckets of inventory which is what the traditional airlines do. It has its dynamic pricing price du jour. So every time there's a request for easyJet, we go across the API to them and we take back whatever price they want to show. I won't tell you today that easyJet is doing it down to individual customer level, but the way they're pricing it is a more dynamic pricing model than the traditional bucket of inventory pricing model which characterizes the rest of the industry.

The point though is that as and when the airlines are ready for it, so are we. And we're ready for them to do it, and to the IATA NDC API protocol, where we are certified as an aggregator to do that. So again, the airlines are saying that the way they want to do that is through the IATA protocol, which would be good because it would be standardized, we're also ready for.

So if we didn't describe it well enough, I apologize, but we've already done it, we're ready. And we're ready both on the input of it and also ready on the output of it because that's where our point of sale and our onward APIs to our OTAs are now doing. If you go to the product demo areas, you will see us doing that merchandise content with Concur, with Priceline, and now in a variety of other customers.

Unidentified Participant: Great, that's really helpful. And are there any implications for the booking fee you would earn if the more traditional airlines move towards more of that API pricing model?

Gordon Wilson: Not per se, not because of the different method of connectivity. And as you all know I think with our rich content and branding, the airlines pay us a little premium per every booking for that facility. So the fact we've got 220 is one of the reasons that our yield for bookings is going up which is another dynamic of what drives our revenues, not just volume, it's the price you get for it and we've done very well in that. And from what I can see, better than our competition around the world as a result of having that. Now obviously there are some airlines who are saying well, if you do API connectivity, what we want to do is to change the model. The model they're talking about changing is really the model whereby they pay us 5 and we pay the travel agency 2. They would like to change that model and that's got some way to play out.

Unidentified Participant: Just following on from that, some airlines, and we've seen this with Lufthansa, they obviously want to change fundamentally their relationship with the GDSs. And the version from the likes of IAG and so forth is that they want to own the customer relationship. It sounds as though from the commentary we're seeing from Air France, KLM and IAG, etc. is that they're going to follow a similar strategy to Lufthansa. The question is, do you see that relationship changing only in the home market and it's only the home bookings at risk? Or have you seen any change whatsoever in the relationship between the carrier and the domestic market changing with travelers in the away markets?

Gordon Wilson: It's a great question. And the answer is no, we haven't seen a big change so far. So the only airline at the moment that's gone through a structure of surcharging, the intermediary channel powered by GDS, is Lufthansa. What we've seen in Germany, their home market -- and by the way Lufthansa and 92% of our business with the Lufthansa group which is Swiss, Austrian, Lufthansa and SM Brussels, is away bookings because we're not that big in Germany. Now that said, the German GDS market grew year-over-year in terms of volume of bookings made in 2016. And the travel bus business in Germany in 2016 actually grew by 21%, off a low base, to be fair, but grew 21% despite Lufthansa's surcharging strategy.

Now again, if you look even an airline like British Airways, where 40% plus of the business we do with them is away bookings. And we all know BA makes most of its money on the transatlantic routes along which is sold in the United States of America. The average ticket price we do for British Airways is about $780 average per ticket sold in our system. Again, as a result of corporate travel, high-end leisure travel, etc. versus circa $300 give or take in terms of the overall network average. So again, we're providing higher value customers to them.

Surcharging I think is a bad move. It's not the right way to go forward. Obviously airlines are entitled to their own commercial strategies. Airlines that have surcharged the channel haven't so far caused a step change in the volume of booking activity they go through. And if you're cynical about it, what they're really doing is they're kind of testing the price elasticity of market demand for their product or trying to raise their prices though an alternative vehicle called surcharging, which actually may be the name of the game here. That said, we, Travelport, have no desire to own, if that's the right term, the end user customer. We're the facilitator of the transaction, the market of putting buyers and sellers together. So this is not about GDS and airlines, it's much more about airlines and their third party channels of OTAs, corporate travel agencies, etc. And it's got some way to play out.

Unidentified Participant: Okay, just one follow on from that. It sounds as though from some of the commentary that IAG, if they were to follow that route, would also combine that with some kind of a direct connect strategy. Is there any evidence to suggests that carriers direct connect with travel agencies outside the domestic market?

Gordon Wilson: There's no real evidence of that. And by the way, direct connect into what? For most travel agencies, one of the points we made in the very early part of the presentation, so most travel agencies, their entire workflow automation process that they used to do, everything in their agency from generating an invoice to an itinerary, etc., is actually the GDS. And so writing to an API is not the be all and end all if the airlines have an API that works properly and they stress test it and can do all these things. When you have to integrate that API, you have to integrate it into a GDS for most travel agencies. One or two APIs apart, but most travel agencies rely on some GDS for all of that. So I don't really see this as being something big outside of the home market. And even the home market I see it being at the margins.

Majid Nazir: Okay. Gordon, Bernard, thank you very much indeed. So we're now going to break for lunch which will be served in the adjacent room. Our product demonstrations will be ready for you at about 2:00. They are in the four breakout rooms on this floor. The room information is actually in your delegates pack, page 4. But our staff are also on hand to guide you to these rooms. So please spend some time eating, talking to management, and of course we'll guide you to the product demo rooms shortly afterwards. Thanks so much.