



Vynn Capital

travelution in southeast asia

VYNN CAPITAL

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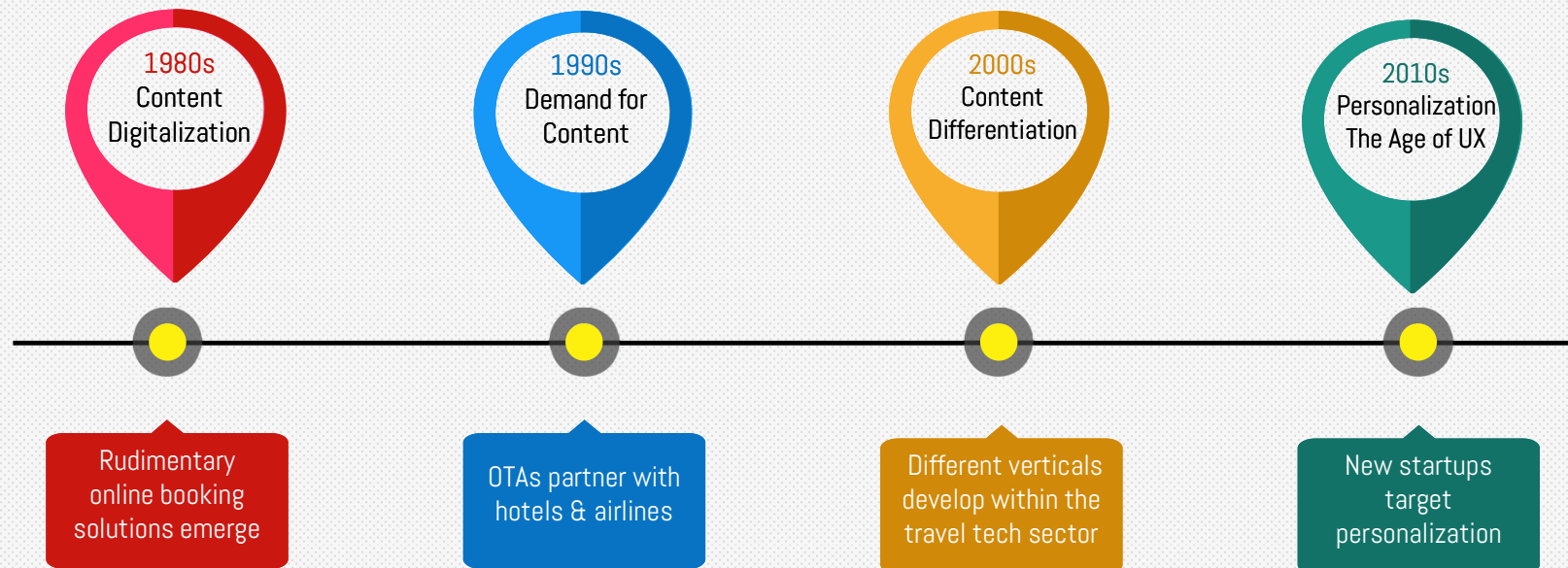
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**THE GLOBAL
TRAVEL
INDUSTRY**

**INDUSTRY
EXPERT
PERSPECTIVES**



50 YEARS OF TRAVELUTION



DIVING DEEPER: TRENDS IN THE TRAVEL INDUSTRY

1980s - The emergence of online booking for airlines and hotels via EASYSabre saw the first integration of traditional media and the Internet.

amadeus

Sabre



2000s - Verticals developed – reviews (TripAdvisor), fare aggregators (Kayak), unique accommodation marketplaces (Airbnb), online travel solutions (Travelport) – were formed to support travel-related business. The first batch of travel Internet companies China began to take off.



KAYAK

1990s - Online travel agents sprang up (TravelWeb, Expedia, Travelocity, & Priceline) and built inventories through partnerships with airlines & hotels.



priceline



TRAVELZOO

2010s - Sub-domains emerged: pre-trip, midway, and post-trip. Pre-trip involves information discovery. Midway entails traveler support and personalization. Post-trip involves sharing of itineraries/experiences. Additionally, larger companies like Traveloka offering financial services and other non-travel services.

traveloka



KLOOK 客路

2020s onwards?



Past trends: 2010s

The major trend of this decade is personalization. Sub-domains in the travel tech sector emerged: pre-trip, midway, and post-trip. Pre-trip involves information discovery served by the companies such as Expedia, CTrip, TripAdvisor, and Airbnb. Midway entails the support to travelers such as Triip that offer personalized travel experiences for travelers who are exploring new destinations. Post-trip involves the sharing of experiences and comparison of itineraries.

TRAVEL TECH IS EVOLVING

Emerging trends: 2020 onwards

The trend of personalization in the travel tech sector expanded to the point where travel tech companies sell entire experiences across the value chain. Travel tech companies invest to increase offerings such as food services, transportation, health and wellness, and activities operators. Furthermore, as travel tech companies expand into vacation and short-term rentals, there has been a proliferation of property-related services.


Boundaries between industries are quickly breaking down and ecosystem is flattening.

**TRAVEL TECH'S
EXPANSION INTO
PROPERTY, FOOD,
TRANSPORTATION
AMONG OTHER
SECTORS**



CTrip

Meiwei Buyongdeng 
Online restaurant reservations
~\$56M Series D in 2018

Trip.com 
AI booking for flights, hotels,
& restaurants
Acquired in 2017; est. rev. \$4.6M


Tujia 
Vacation rental booking platform
\$300M Series E in 2017
Est rev. \$980M

Suanya 
Train ticket booking
Acquired for \$16M in 2015



TripAdvisor

Couverts 
Online restaurant reservations
Acquired in 2016


Housetrip 
Marketplace for rental mgmt.
Acquired in 2016; est. rev. \$6M


Dimmi 
Online restaurant reservations
Acquired in 2015

MyTable 
Online restaurant reservations
Acquired in 2015



Expedia

Apartment Jet 
Property mgmt. software
Acquired in 2018; est. rev. \$1.5M

Pillow 
Property mgmt. services
Acquired in 2018; est. rev. \$2M

SilverRail 
Railway solutions
Acquired in 2017; est. rev. \$14M

Wingz 
Pre-booked car travel
\$11M Series B in 2016
Total funding of \$13.7M

RESEARCH ON THE EVOLUTION OF TRAVEL TECH

The convergence of eCommerce with the travel & tourism industry has helped various players [...] The subsector [of e-commerce] received the maximum investment [of funding for travel & tourism] in 2017 and 2018 [...] The increasing popularity for online travel services will most likely bring in new aspects of travelling and especially in the processes involved in getting these services. **A lot of new travel and tourism e-commerce startups are on the rise catering to various broad as well as niche needs.**

"Convergence of the Travel & Tourism and E-commerce Sectors," HexGn, 4/25/19

Until recently, the conversation around short-term rentals has centered around travel & hospitality [...] Now, there is another side to this developing. The corporate real estate industry is more vested in the topic [...] Consolidation and technological integration will continue to sweep across the built environment. **This convergence will become the lead story driving the future short-term rental, hospitality, and housing more broadly.** Technology is at the center of this convergence. The pace of innovation is intense [in proptech and travel tech.] Generally, speaking proptech is more focused on the building management side, while travel tech is more focused on customer acquisition. Further consolidation will take place, as these two sides of the same coin move closer together.

"From TravelTech to PropTech," LUFT, 10/24/2019

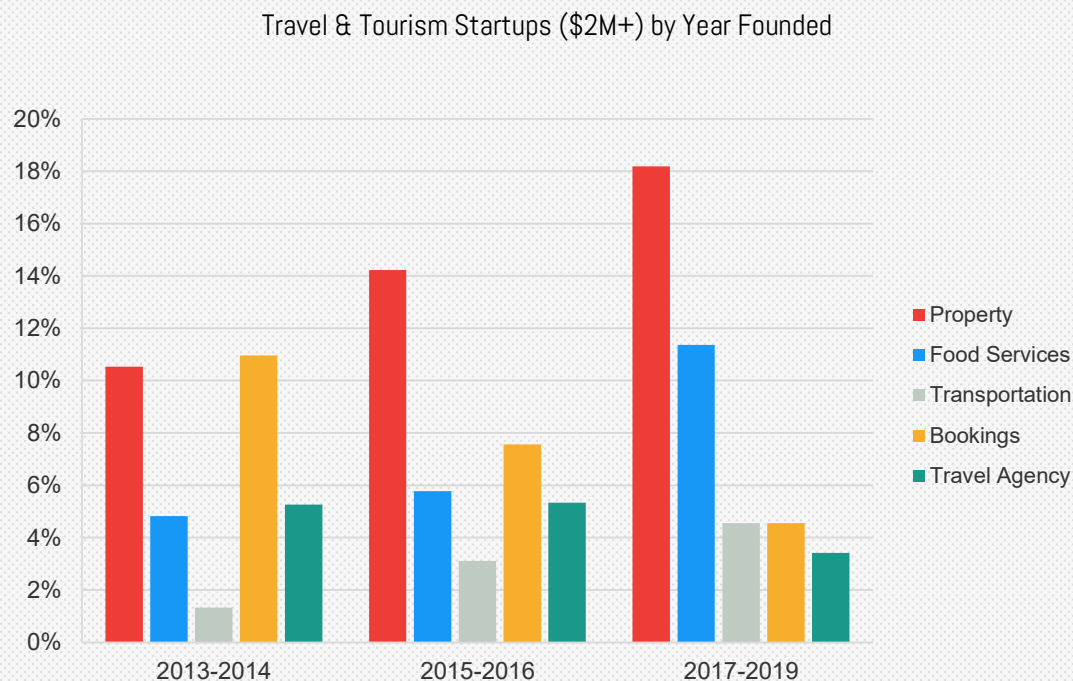


HexGn, through its global research, industry events, and online programs equips individuals and businesses to tap into new opportunities and futureproof themselves.

LUFT

LUFT is a boutique research consultancy supporting decision makers operating at the intersections of real estate, tech, and hospitality.

TOP FUNDED STARTUPS: THEN & NOW



The percentage of travel & tourism startups that were categorized as travel agencies or involved with online bookings plummeted from 2013 to 2019, while the share of travel & tourism startups involved with the food, transportation, & property industries has grown significantly.

Non-traditional sub-sectors of travel tech such as food services, transportation, and property are growing rapidly.

Source: Crunchbase



TRAVELUTION

The travel technology industry now includes **companies across the entire value chain and supply chain**, including products and services involved with:

- Travel booking & management
- Accommodations, restaurants, tours, transportation, & activities operators
- Travel insurance, property management, eCommerce, & medical tourism
- Inventory management, operations, distribution, fulfillment, & processing
- Virtual reality, augmented reality, & artificial intelligence

WHERE IS THE GLOBAL TRAVEL INDUSTRY **TODAY?**

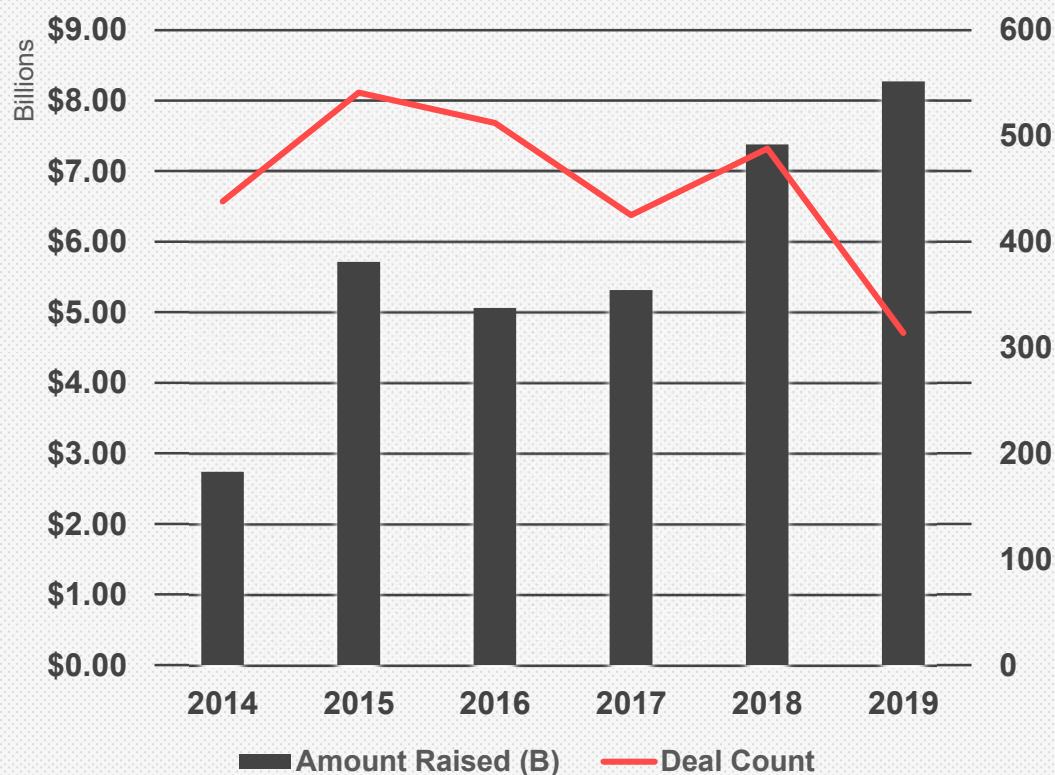


The global travel industry has grown to over \$1.6 trillion, over 10% of world GDP



Tourism employs 2 in 10 people in the global economy

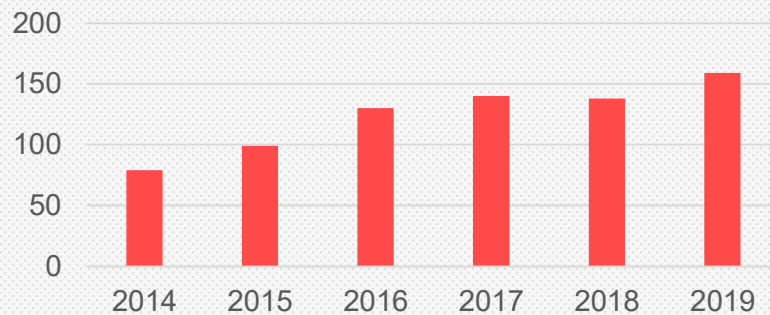
FUNDING FOR TRAVEL STARTUPS AT RECORD HIGHS



While deal count dropped in 2019, average deal size in 2019 is \$25.2 million thus far, up from \$15.1 million in 2018, representing a 67% increase.

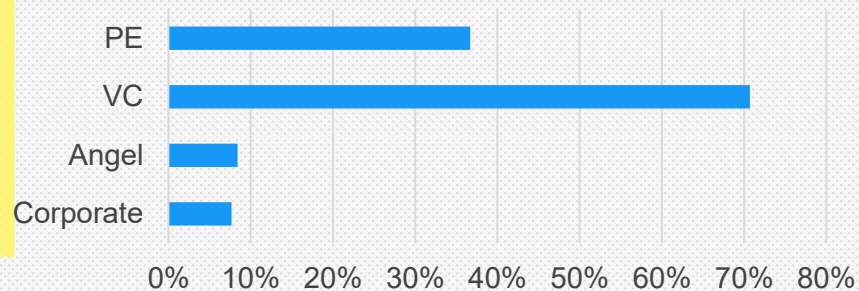
TRAVEL STARTUP FUNDING: ACQUISITIONS & INVESTORS

Acquisitions (by count)



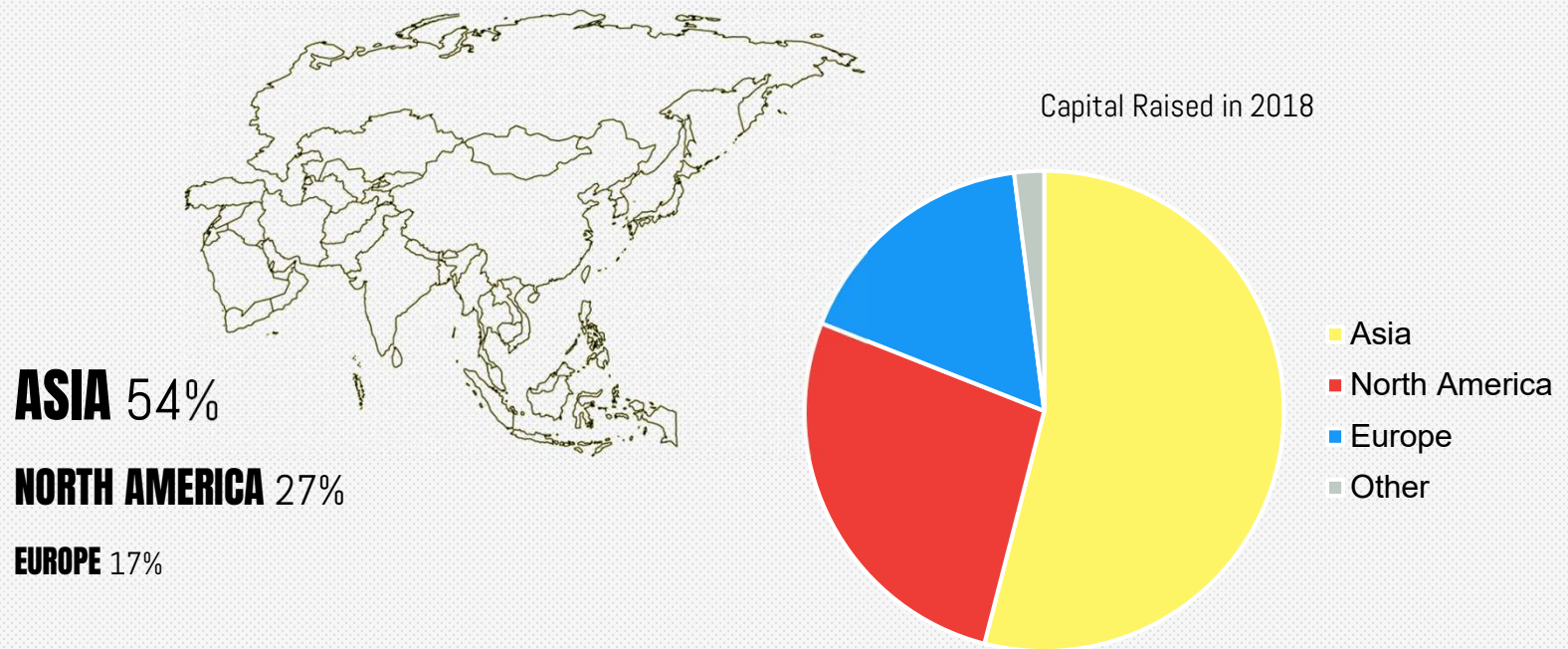
2019 saw an all-time high of 159 acquisitions and funding activity remains strong in 2019. Notable acquisitions include **Snapshot** (for \$35M by Shiji), **Yatra** (for \$337M by Ebix), **Packdat** (bought by Passpod), & **CatchOn** (bought by Finn Partners).

Investor Involvement (2018)



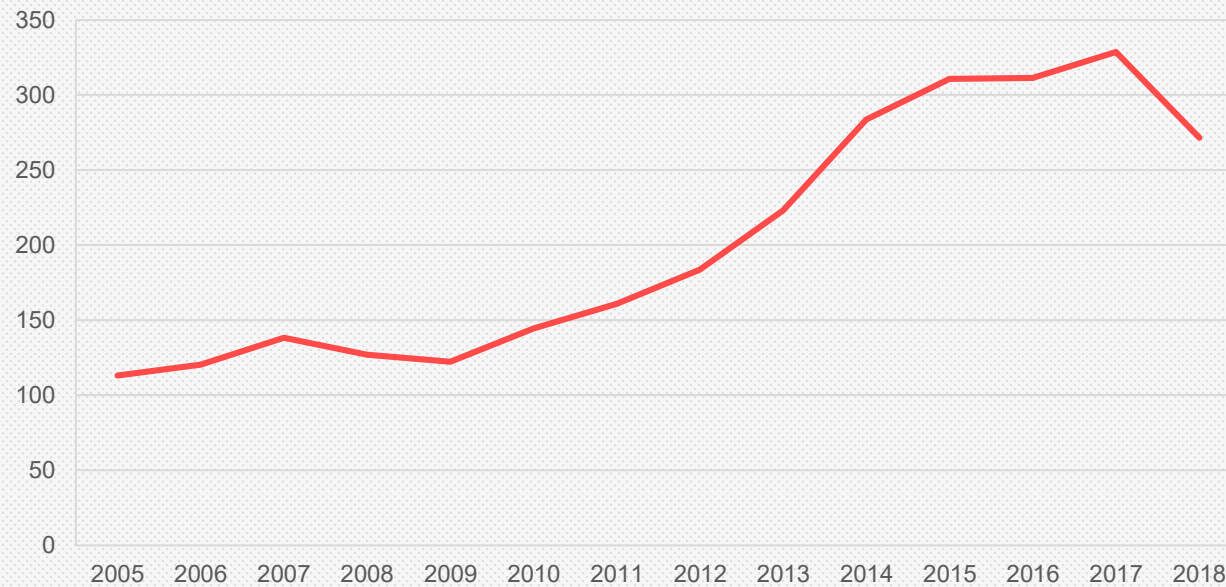
VCs were most involved in funding travel startups. Because there is typically more than one investor in a funding round, the total is well above 100%.

ASIAN TRAVEL RAISED THE **MOST CAPITAL** IN 2018



U.S. FDI IN S.E.A. UP 88% SINCE 2010

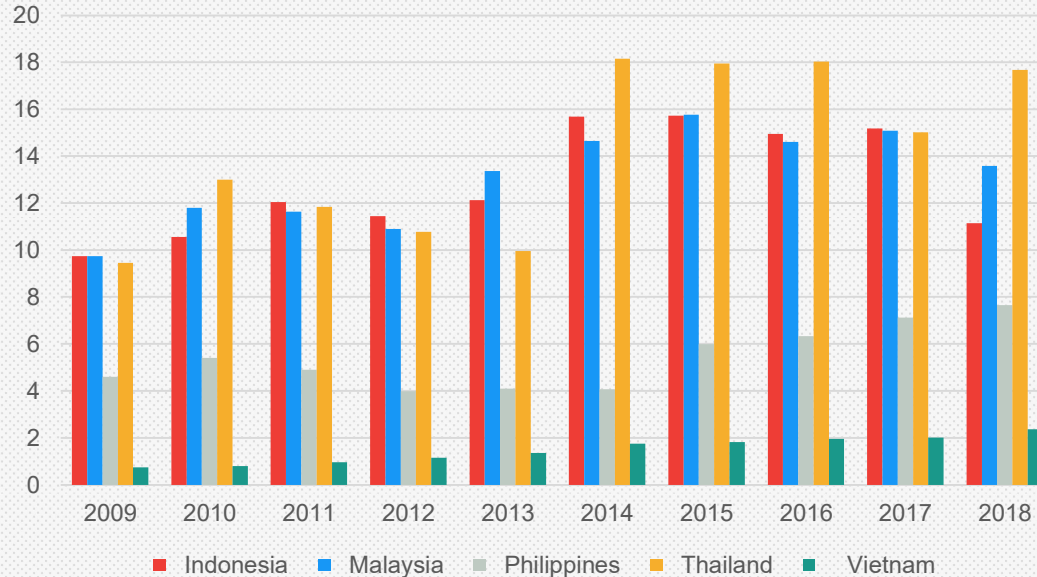
Total U.S. FDI In Southeast Asia By Historical Cost (\$B)



Source: U.S. Bureau of Economic Analysis

U.S. FDI IN S.E.A. EXCEEDS \$27B

U.S. FDI By Historical Cost (\$B)



"The true U.S. foreign direct investment is likely much higher in other Southeast Asian countries like Indonesia and Malaysia, than the data suggests. If a US multinational invests in a Singaporean affiliate, and that affiliate goes on to invest in fifteen other affiliate countries in Southeast Asia, the data only captures the investment in Singapore."

Jessica Hanson
Chief of Direct Transactions at U.S.
Bureau of Economic Analysis

TRAVEL IN SOUTHEAST ASIA

Top sector in internet economy



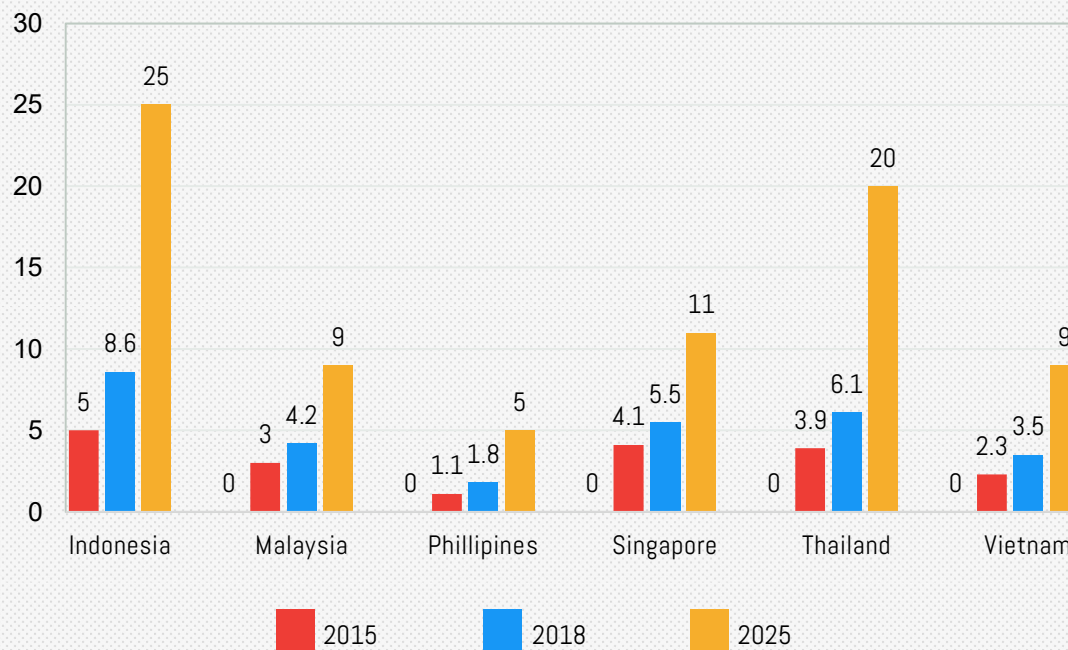
Online travel is the **largest** sector of SEA's internet economy, adding roughly **\$30 billion in bookings** and growing 15% YoY*

Continued growth from 2015-18



In 2018, **41% of all travel bookings** made online in SEA, up from 34% in 2015*

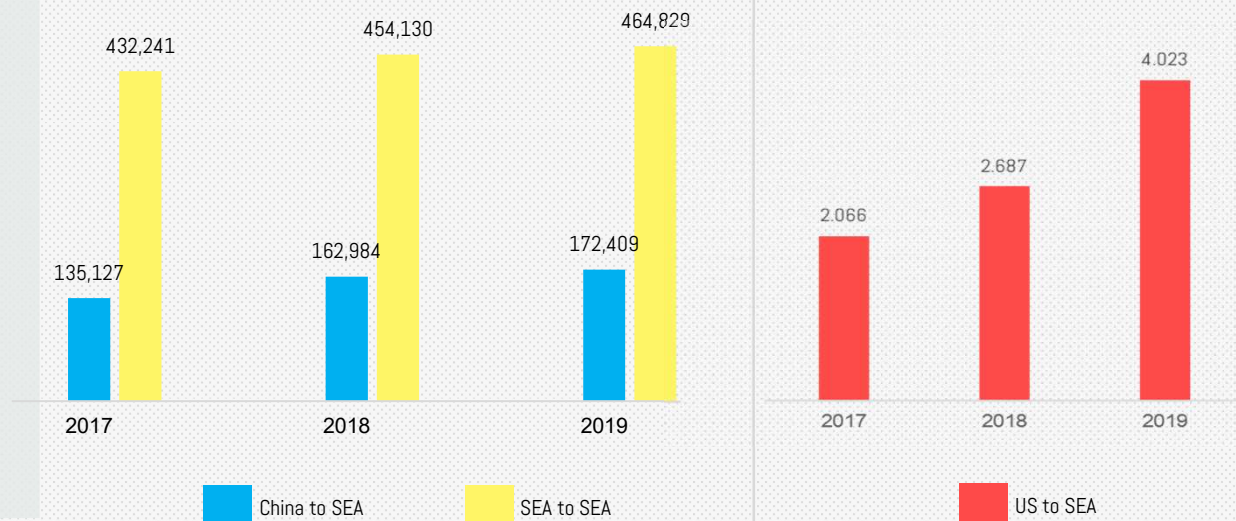
ONLINE TRAVEL MARKET SIZE BY COUNTRY (\$B)*



Indonesia (\$8.5B) and Thailand (\$6.1B) had the largest markets in 2018. Traveloka entered Thailand & Vietnam, signifying growth of travel tech in Southeast Asia.

MORE FLIGHTS TO SOUTHEAST ASIA

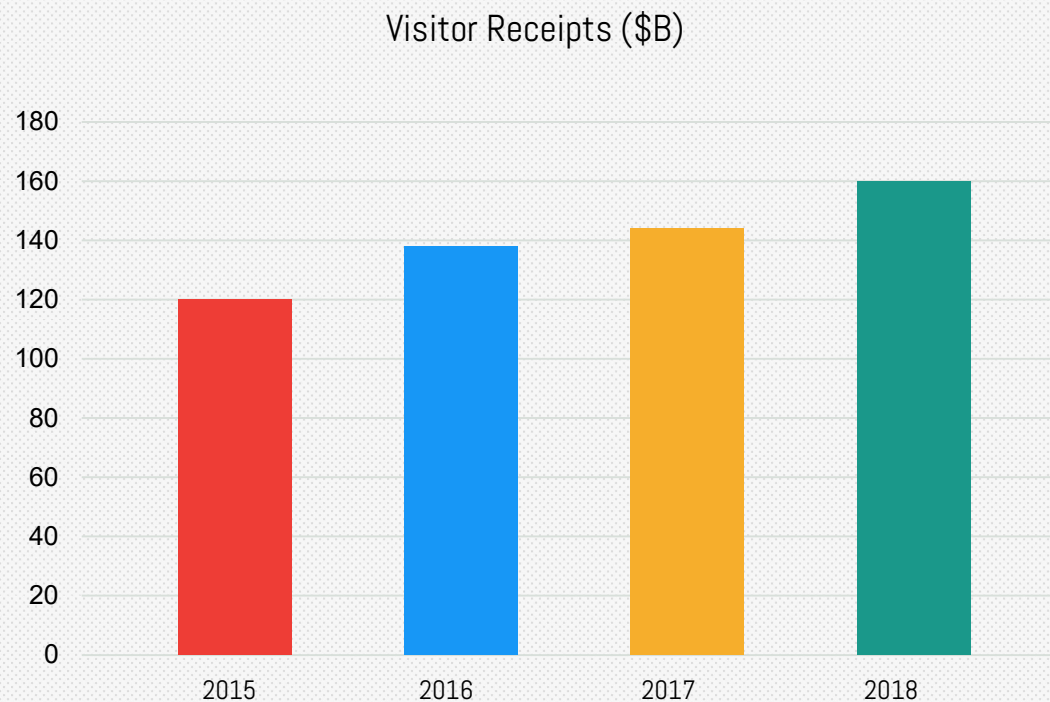
Flight Frequency to Southeast Asia



Southeast Asia is becoming a **more frequent destination** for North Asians and Americans.

There has been a **27.5% increase** for flights from China to SEA, and a **94% increase** in flights from US to SEA.

GROWING TRAVEL SPENDING IN SOUTHEAST ASIA

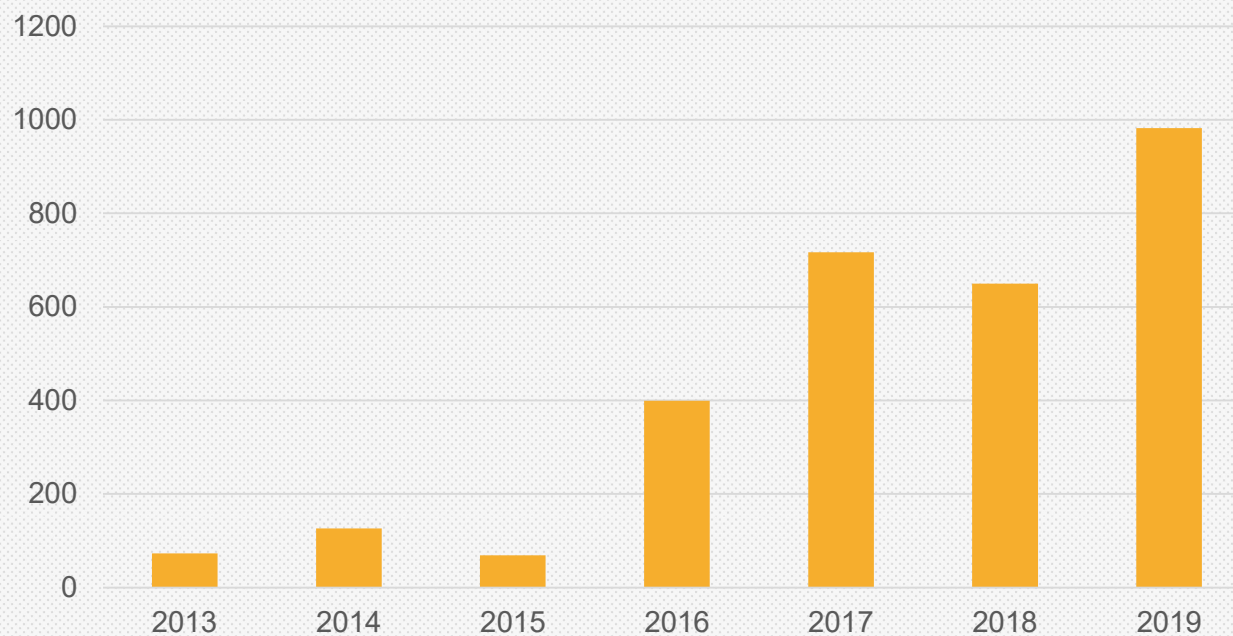


According to PATA, the volume of visitor receipts in Southeast Asia **has grown 33% since 2015**, and is likely to keep growing.

Source: PATA (*Indonesia & Singapore modeled at static growth)

CAPITAL FLOWS INTO TRAVEL TECH STARTUPS

Funding for Travel, Tourism, & Hospitality In S.E.A., Hong Kong, & Taiwan (\$M)



In 2019, these travel & tourism startups raised ~\$1 billion



Traveloka raised \$420M from GIC



RedDoorz raised \$115M from Asia Partners Fund Management



Travelio raised \$18M from Temasek Pavilion, Samsung Ventures & Gobi Partners

2019 FUNDING FOR TRAVEL TECH STARTUPS IN SEA



34% was seed capital, 20,8% was Series A, 13.2% was Series B



Indonesian startups took 70% of funding, Singaporean companies tapped 28%

Slide 21

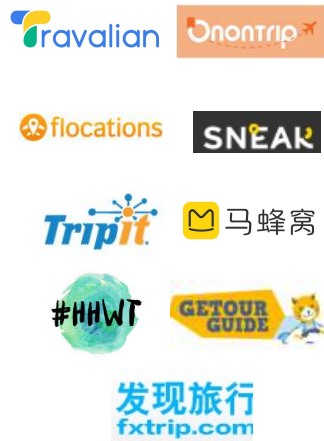
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Bhavnnani, Shivan, 10/1/2020

TRAVEL TECH LANDSCAPE

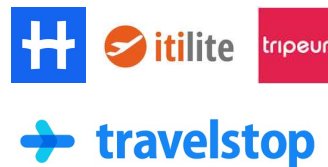
Inspiration & Sharing



Deals



Business Travel



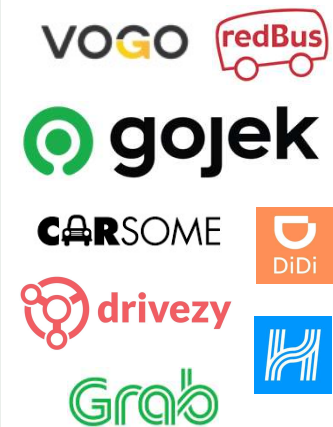
Activities & Tours



B2B Distribution, Revenue, & Booking



Mobility & Transportation



OTAs & Metasearch



Accommodations





GoQuo

Location	Kuala Lumpur
Founded	2002
Total Funding	\$5.6M (USD equivalent)
Description	Full-service eCommerce solution to leading airlines and OTAs in creating a personalized digital shopping experience.

"At certain times throughout a trip, there is a need for customers to research content. We expect that in the future more and more airline websites or mobile applications will allow customers to research local events, food reviews, localized deals, and other things. This is one way to increase customer engagement."

- Alvin Chin

Head of Strategy at GoQuo

TRAVEL STARTUP SPOTLIGHT



PORTIER TECHNOLOGIES


Portier

Location	Hong Kong
Founded	2016
Total Funding	Undisclosed Seed
Description	Portier offers a mobile guest engagement tool for luxury hotels that enables them to improve revenue, guest satisfaction, and reduce opex.

"Hospitality firms in Asia are generally more receptive to technology than Europe for example. In countries like, Vietnam, Thailand, Malaysia, & Singapore – you have new hotels that are popping up and they are more open to adopting technology, because they want to be on the forefront regarding technology from the very beginning."

- Deniz Tekerek

Co-Founder of Portier Technologies

 Dropee	
Location	Kuala Lumpur
Founded	2017
Total Funding	\$564,000 (USD equivalent)
Description	B2B eCommerce marketplace solution that enables businesses to digitally monitor their orders, products, customers, and insights

As the travel technology industry develops further, the expansion of accommodations providers is likely to necessitate cross-border eCommerce solutions. "Currently, there are no fully integrated cross-border eCommerce solutions. We plan to roll out this capacity within two years. With that said, customs clearance is a major obstacle due to a lack of transparency."

- Lennise Ng
CEO & Co-Founder of Dropee

TRAVEL STARTUP SPOTLIGHT

 Travelio	
Location	Jakarta
Founded	2015
Total Funding	\$24M (USD equivalent)
Description	Online short-term home rental provider based out of Indonesia, providing access apartments, villas, houses, and "kost" (shared houses).

"Travelio is very strong on monthly rentals. We want to increase the interaction in our app. Our customers are not necessarily interested in personalized travel experiences, but they are interested in their daily living needs. We plan to offer services to obtain water, laundry services, meal delivery, and toiletries."

- Christina Suriadjaja
Chief Strategy Officer & Co-Founder of Travelio

SeaMiles	SeaMiles
Location	Singapore
Founded	2018
Funding	\$100,000 (SGD)
Description	Loyalty program tailored to incentivize seafarers and shore personnel working in the \$6 trillion maritime industry

"SeaMiles allow the customer not only to interact with maritime vendors, but they can shop online, book hotels, get discounts at restaurants, and other activities. While we are a sea travel-based loyalty rewards company, **we plan to be connected to the food, e-commerce, and hospitality industries.**"

- Saurish Nandi
Co-founder of SeaMiles

TRAVEL STARTUP SPOTLIGHT

IDEM HOSPITALITY	Idem Hospitality
Location	Singapore
Founded	2018
Funding	\$325,000 (SGD)
Description	Solutions provider for hotels regarding the administrations, planning, and contracting of events and group business

"27% of guests booked through our platform are choosing to extend their stay. It's a burgeoning trend called "bleisure" – combining leisure with their business trips. If you're going to a city for a meeting and the hotel provides a good experience, the guest want to extend their stay. 56% said they are more likely to consider a bleisure trip in a destination **with great food and restaurants.**"

- Matt Howden
Co-Founder of Idem Hospitality



Airalo

Location	Singapore
Founded	2019
Funding	\$1.9M (USD)
Description	eCommerce store for travelers to access eSIMs at a local and affordable rate

People are travelling more and more, and when they travel, local connectivity is very important. In fact, 45% of travelers actually look for a local SIM card when they arrive at a destination. Airalo is an eSIM store which allows a traveler to buy eSIMs, so they don't have to physically go to a store."

- Ahmet Bahadir
Co-founder of Airalo

TRAVEL STARTUP SPOTLIGHT




Pomona

Location	Jakarta
Founded	2016
Funding	\$3M (USD)
Description	Customer loyalty solution to drive customers to offline retail and increase transactions

"There's a lot of travel between countries in Southeast Asia. Eventually, we will be able to track consumers purchase behavior when they travel. We will be able to track the behavioral change while consumers are travelling which can give us a good sense of brand loyalty."

- Benz Budiman
CEO & Co-founder of Pomona

	KKDay
Location	Taipei
Founded	2014
Funding	\$22M (USD)
Description	eCommerce travel platform that connects travelers with local experiences around the world

"As we see rising demand for online tours and activities booking, our platform aims to provide one-stop offerings including own-developed **tours, local experiences, restaurant bookings, attraction tickets, and transportation products.**"

- Steven Yang
Strategic Analyst at KKDay

TRAVEL STARTUP SPOTLIGHT

	Tribe Theory
Location	Singapore
Founded	2018
Funding	\$1M (SGD)
Description	Venture hotel for startups and entrepreneurs with eight locations across Asia and Europe

"From my vantage point as country manager of Singapore at Tribe Theory, Singapore's local startup community has definitely gotten more vibrant over the past three years."

- Monikca
Country Manager for Tribe Theory

SELECT FUNDED TRAVEL & TOURISM STARTUPS

Name	Location	Description	Funding (USD)	Founded
GoJek	Jakarta	App that provides payments, delivery, transportation, and logistics services	3,300,000,000	2010
Grab	Singapore	App that provides transportation, logistics, and financial services	91,000,000,000	2012
Traveloka	Jakarta	Online travel aggregator	920,000,000	2012
Luxstay	Vietnam	Online short-term rentals platform and hospitality service	10,500,000	2016
LokaLocal	Malaysia	Travel experiences booking platform	42,000	2016
ZUZU Hospitality	Singapore	Provider of hotel operating system for independent hotels	6,700,000	2016
Innaway	Singapore	Travel experience booking platform	110,000	2016
Freedrop	Hong Kong	Handy luggage storage service	3,640,000	2017
Bobobox Indonesia	Bandung, Indonesia	Capsule hotel startup	1,500,000	2017
Stay One Degree	Hong Kong	Social network for luxury holiday home rentals	1,500,000	2017
UZ Hotel Berhad	Malaysia	Hospitality company that focuses on boutique and capsule hotels	571,623	2017
LapakTrip	Bali	A marketplace that connecting users with local travel planners directly	25,000	2017
Travelstop	Singapore	Platform to manage business trips and automate expense reporting	4,200,000	2018
Tribe Theory	Singapore	Venture hotel for startups and entrepreneurs.	737,789	2018
ACCOM BERHAD	Malaysia	Hotel bookings platform startup	144,016	2018
DDIY	Singapore	Online home concierge that provides and manages a full suite of in-home services	143,941	2018
Trambellir.com	Malaysia	Online booking platform website for medical tourism	110,000	2018
Radius App	Bali	Travel and lifestyle experiences platform	100,000	2018
Airalo	Singapore	an eSIM store for travelers	1,850,000	2019

Q&A WITH DR. MARIO HARDY, CEO OF P.A.T.A.

The travel industry has an enormous positive effect on economic growth, as it stimulates growth in peripheral industries such as the food and transportation industries among others. The growth and development of travel tech in Asia is likely come Asian travel tech companies.

How has the travel & tourism industry impacted economic growth in Asia?

Enormously. Almost every country in Asia has had double digit growth for tourism arrivals. Tourism represents about 10% of GDP globally. The hospitality sector which includes travel tech startups in hospitality has the most impact on economic growth because it affects farmers who produce food, restaurants, taxi drivers, activities providers, etc.

What governments have invested resources into facilitating growth in the travel & tourism?

What comes to mind is the government of Indonesia relaxed their policy in 2015 to allow 170 countries to enter Indonesia. This hasn't really been done before and has been successful in increasing tourism in Indonesia. Additionally, the country has poured funding into infrastructure and creating new tourist destinations.

Do you foresee the larger travel tech companies in Europe and the US playing a larger role in the Asian markets?

No. I foresee innovation originating internally. European and American companies are having a hard time developing products fully suitable for the Asian populations & markets. Perhaps companies from Europe & the US could play a role in the English-speaking Asian countries, but it's not likely for the rest of Asia.



Dr. Mario Hardy
C.E.O.
Pacific Asia Travel
Association

WORLD TOURISM ORGANIZATION ON TRAVEL TECH

How has the traditional travel tech industry evolved?

Over the last decade the business models have been changing vertically and horizontally. In this context, the travel and tourism tech industry converge with other industries, creating new solutions, for a new travel and tourism value chain that includes: transportation, mobility, accommodation, restoration, and especially experiences. Additionally, there are several startups that are developing solutions focused on customer experiences using AR, VR, and 360 technologies to generate engagement. The numbers of solutions are growing. From the 400 tech companies across all industries worldwide consider unicorns, 44 of such billion companies belong to the travel and mobility sector. This funding record is a strong signal that the speed and level of innovation amongst startups are further accelerating as technology is becoming central to the travel and tourism sector, especially in business to consumer (B2C) .

What areas of travel tech do you think new ventures can most positive affect economic development?

There are several areas of the Travel and Tourism value chain that new venture could have a positive impact in, from hard infrastructure (Tangibles) creating new business models that tackle big issues such as: infrastructure, mobility, over tourism, climate change, unemployment, and so on; to areas of soft infrastructure (intangibles) that enhance or disrupt existing business models. There is high potential for aggregation in travel tech especially in B2C/B2B startups. According to the Innovation, Investments and Digital Transformation unit, 70% of the more than 3000 startups that participated in the UNWTO startup competitions, presented B2C solutions.

Which regions are spending the most on travel & tourism in Asia?

The Asia and the Pacific region was the fastest-growing region in 2018. The international tourist arrivals 2018 reached 348 million, and the international tourism receipts generated \$435 billion. In this context, in Southeast Asia, most destinations posted strong growth, particularly Vietnam. Outbound from China and India fueled growth in many destinations in the subregion. Thailand, the subregion's largest destination, added almost 3 million more arrivals and \$6 billion more in receipts. Growth in Northeast Asia, the largest subregion in Asia, was solid overall. Japan, which has become the third largest destination in Asia, surpassed the 30 million mark in arrivals and generated \$7 billion more in revenue. Japan will host the Rugby World Cup 2019 and the Summer Olympics 2020.



UNWTO'S SECRETARY-GENERAL ON TRAVEL TECH

For a decade, international arrivals have been rising. According to the UNWTO, the growth of arrivals in the Asia and Pacific regions reached almost 40% since 2010. Tourism is a global force for economic growth and development generating US\$ 1.7 trillion; this represents about 4% of the world's GDP . From a traditional perspective, the Tourism Foreign Direct Investment (FDI) in the Asia-Pacific reached a total of 532 FDI projects between 2014-2018. This resulted in US\$ 56.6 billion worth of capital investment and almost 125.000 jobs created according to the Financial Times. However, in 2018 almost half of all tourism jobs created in that region were concentrated in China, Japan, Thailand, and South Korea . From a non-traditional perspective, venture capital funding has been growing since 2014 and investing around US\$240 billion in Travel & Mobility Tech startups only in 2018 , these figures demonstrate that investments on the tourism sector and technology are transforming lives.

Investments in tourism both traditional and non-traditional help drive the creation of hundreds of jobs. At the same time, we are seeing a marked rise in FDI in technology and innovation, which are transforming the sector with innovations of new ventures that have a positive impact in the industry, but also by creating new business models that could tackle big issues such as: climate change, mobility, over tourism, unemployment, infrastructure, and so on. Backed by forward-thinking investors, the tourism sector is at the forefront of progress.

It is for this reason the global tourism sector promises more than just returns for investors, but it also provides opportunities for sustainable investments that can help to achieve the Sustainable Development Goals (SDGs). UNWTO, as the UN's specialized agency responsible for the promotion of sustainable and accessible tourism welcomes this report developed by Vynn Capital. We hope the information in this report helps to demonstrate the link between non-traditional investments in the tourism sector and economic growth and job creation, illustrating the role of technology and innovation on the sector, but also in building a better world for all.



**Zurab
Pololikashvili**
Secretary-General
UNWTO

THE FUTURE OF TRAVEL TECH IN SOUTHEAST ASIA

PROPERTY FOOD ECOMMERCE

Products & services in the food, transportation, and eCommerce industries targeting travelers, services for properties used for increased in human mobility

INSURANCE FINTECH

Wider offering of travel insurance products, flexible payment solutions for travelers as well as businesses in cross border transactions

INTERACTIVE A.I. VIRTUAL REALITY

Virtual travel agents and chatbots, A.I.-assisted vacation planning, recruiting for hospitality industry, smart property mgmt. systems, virtual reality tours for rental

A nighttime photograph of a city skyline, likely Bangkok, featuring illuminated skyscrapers and traditional Thai architecture. A semi-transparent yellow rectangle is centered over the image, containing text.

VYNN PREDICTIONS

More than 20 travel tech companies from outside will expand into Southeast Asia in 2020

There will be series of consolidation of smaller travel tech startups due to acquisition by larger travel companies


There will be at least 30 travel tech startups that will get funded

More funds will be invested into travel/travel related sectors, especially growth funds



KEY TAKEAWAYS

1. Investment in the travel tech sector is **skyrocketing**
2. Travel tech sector is expanding beyond travel booking and management, **both along the supply chain and value chain**
3. Large travel tech players are investing in **food, property, and transportation** startups
4. New startups in Southeast Asia in travel tech are embracing this trend, **blurring lines between sectors**



Crunchbase (crunchbase.com)

U.N. World Trade Organization (unwto.org)

CB Insights (cbinsights.com)

Pacific Asia Travel Association (pata.org)

Think with Google (thinkwithgoogle.com)

U.S. Bureau of Economic Analysis (bea.gov)

Temasek (temasek.com.sg)

LUFT (luft.net)

HexGn (hexgn.com)

RESOURCES



THANKS

Questions?

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