



Mondee Holdings, Inc. | Citi's 2023 Global Technology Conference | September 7, 2023



**Liz Milonopoulos (Citi):**

Well, good afternoon everyone. Thank you for joining us. For this session we'll be speaking with the team from Mondee. Mondee is a leading travel technology company and marketplace with a portfolio of globally-recognized technology solutions in the leisure and corporate travel sectors.

The company provides a state-of-the-art modern platform that seamlessly facilitates travel transactions to better serve travelers through travel affiliates and numerous other emerging channels. Mondee was founded in 2011, is headquartered in Austin, Texas, and is listed on the NASDAQ in 2022 through a de-SPAC with ITHAX Acquisition Corp.

From the company today we're thrilled to have us joined by Orestes Fintiklis, Vice Chairman and Chief Corporate Strategy and Business Development Officer who has served in the role since 2022. I can pronounce his name because I'm

also Greek. That's how we got there. He has more than 15 years of experience in hospitality, investment and asset management, and is the founder and managing partner of Ithaca Capital Partners, a private equity real estate investment management company that acquired Mondee through the de-SPAC transaction last year. Thank you for joining us Orestes. I guess, just to begin, why don't you tell us a little bit about the company, where you were, how you were founded, and how you came to today?

**Orestes Fintiklis (Mondee's Vice Chairman):**

Yes. So what Mondee is in a nutshell, it's a \$3 billion travel marketplace and travel technology company, which is very different from the major travel companies out there. And to give you, I mean, when we say travel marketplace, most of the people right away they think online travel agents, Expedia, Booking.com. Those kind of marketplaces, what they do, they sell full-price tickets directly to the whole world in a B-to-C strategy. They do it with very kind of legacy 90s based technology internal base, and they work in competition with airlines. So one flight sold on Expedia.com is one less flight sold on aa.com, right? Their channels are selling directly to the whole world. Now, our marketplace is very different. I mean, we started 2011, like you mentioned, and what we do, we sell discounted flights and now hotels, cars, and cruise content, and we sell it B-to-B-to-C through a channel of intermediaries or travel experts who are evolving over time.

We do that with cutting edge technology, including what we believe to be the most sophisticated and the only integrated AI platform out there. And we work collaboratively with the airlines because we're not a competing B-to-C channel, but we basically assist the airline to sell the excess capacity through non-competing complimentary channels.

We're the largest in North America in what we do, and we connect directly with 500 or so airlines and million hotels and other vacation inter-accommodations, and we sell through 65,000 travel experts to effectively more than a hundred million end consumers. So that's kind of the company in a nutshell and its history.

And one noteworthy point is that not only we're growing very fast, we have been growing 40% organically going into the pandemic, 60% if you include the M&A strategy, 70% last year in terms of organic growth. But not only we have this very high growth, but very uniquely, we are also profitable. We have been profitable for more than decade, and we have an EBITDA margin that is growing over time. So this unique combination of profitability and high growth is something that we think is a compelling proposition in the travel tech industry.

**Liz Milonopoulos (Citi):**

That's great. So we've seen a lot of pent-up demand post-Covid. Travel category continues to do extremely well. How much longer does that continue?

**Orestes Fintiklis (Mondee's Vice Chairman):**

Yes, so I would like to highlight two points there. The first one is to differentiate between domestic and international travel. In domestic travel, if you look at the overall figures, in this year, we are already higher than the pre-pandemic peak now, which was 2019. In international travel, there is still a long way to go. For example, last year international outbound demand from the U.S. was about 75% or so of the pre-pandemic peak, and this year is more than 80%. So in terms of domestic travel, there is a feeling that we're reaching a point of saturation, but in terms of international travel, there is more tailwinds because there are certain markets that only opened last year like China, for example, etc., etc. And it's important to highlight that the Mondee business, 80% is U.S. outbound. So we still have the tailwinds from the recovery of international travel.

Now the second point I want to highlight in relation to that is that you are right that there appears to be some softening, at least in the domestic market, which is driven partly because of the pricing, flights, etc., set at a higher price. So what happened the first few years after the pandemic? Everybody started traveling regardless of the price. They are lying with double the ticket, the consumer will did it, right? So now what you're seeing, you are seeing people still wanting to travel, is we're not seeing a softening of the actual demand, but for the first time, the consumer is saying, okay, let me find more cost-efficient ways.

**Liz Milonopoulos (Citi):**

Yeah.

**Orestes Fintiklis (Mondee's Vice Chairman):**

And that is why our business model, which we sell discounted inventory, is more kind of recession-proof in a way. So even with an adjustment to the market, we believe that actually we are more suited to an environment where there is more excess capacity and more willingness on the part of the consumer to find the value option to travel.

**Liz Milonopoulos (Citi):**

In terms of international travel, where are people going, and where are you most exposed?

**Orestes Fintiklis (Mondee's Vice Chairman):**

Yes. So I mean if you look at the overall trend, right after the pandemic for the first two years, people from the U.S., and again, our main business is when the American and the Canadian traveler go outside America and Canada.

**Liz Milonopoulos (Citi):**

Yeah.

**Orestes Fintiklis (Mondee's Vice Chairman):**

So in the first few years, what you saw, especially in the first year, was people traveling within the U.S. Then the second year they said, "Okay, let's venture a bit more. Maybe go to Mexico, maybe go to the Caribbean." Now, from 2022 onwards, we started seeing people going to Europe, people going to Asia, and there are certain markets that only open in '23, for example, China. China used to be 10% of our overall market. When I say China, I mean traveling from the U.S. to China.

**Liz Milonopoulos (Citi):**

To China.

**Orestes Fintiklis (Mondee's Vice Chairman):**

So by way of indication, in 2019, there were about 2.5 million flights from North America to China, and we sold almost 20% of those. So we had a huge piece of the Chinese market. So in 2022, that business was zero, almost zero, right? This year is coming back to be 50 or 60% of the pre-pandemic levels, which is basically five or 6% of our business effectively. But the node where the point here is that Mondee, because of its high growth in 2022, we were already 70% higher than the 2019 numbers, even though many of our major markets were still closed. So that was the point I was saying before about if you're in the international travel, there is at least one or two more years of tailwinds. Whilst in the domestic one, it seems that the market has reached a plateau of some sort.

**Liz Milonopoulos (Citi):**

So travel distribution has been traditionally dominated by the GDSs, with NDCs becoming more prevalent. What problems did you solve and for whom to gain a significant share of travel distribution in the way that you have?

**Orestes Fintiklis (Mondee's Vice Chairman):**

Yes. So when Mondee was founded about 13 years ago, the first customers that we had were the travel agents. Now our customer distribution is expanding, and we'll discuss that later on. But the original two problems that the travel agents had before Mondee, the first one was technology, tech. So you mentioned the GDSs. So those platforms they had and still have a number of shortcomings, like for example, they're command-based systems like MS-DOS. For you to operate them, you need these blue screens that you see in movies, in the old days, people typing in front of over a screen to change your ticket. So command-based systems, not real-time all the time, no mobile app, just desktop, no payment

platform other than a credit card. The first problem we solved, we invested about \$200 million, and we created the first graphic space interface segment for the market, which is bit like moving from MS-DOS to Windows in a way.

And of course with our platform, provided all the Fintech tools, our platform provided mobile app, not just desktop, real-time connectivity. So the first issue we solve for our original customers was to provide a more suitable and modern technology.

The second problem that you had, if you were a travel agent before Mondee, was effectively that you would buy the flights and the hotels at the same price as Booking, Expedia, etc., because you would buy them from the same source. Now, so if you were a travel agent before, you would sell to your customers at the same price as they could find on Expedia. So you could only offer a better service, but you couldn't offer a better price. So the way we solved that problem in 2011 and '12, funded by private equity, we went and we bought all the wholesalers of flights at the time. So we gained access to discounted content.

So not only we gave to the first travel agents who are our customers at the time a better tech, but we gave them access to discounted content. And by doing that, we expanded from a few thousand of these travel experts and travel agents to now having 65,000, which is by far the biggest penetration in the market. And in a way you can say it's almost a defacto operating system in this subsegment of the market. Now, the other big problem that we solved was for the airlines because the question is why are the airlines giving you the inventory at the lower price than they're putting it on their own website or on Expedia booking? The answer to that is excess capacity.

So if you look at international travel, the peak of international travel was 2019. So even at the peak, on an average international flight, 30% of the seats would fly empty. So the airline has a choice to either let that excess capacity perish or sell it at the discount. They're clear not going to sell a discount on their own website because they'll be diluting their own yield. They're not going to give it to Expedia or Booking.com either, because if the flight is lower on Expedia than aa.com, nobody would buy from aa.com. So the airline is looking for an alternative B-to-B channel to sell this excess capacity at a discount without competing with its own channels. And that's the problem that we're solving for the airlines as well. So at the same time we solve the technology and the content issue for our first customers, the travel agents, and for the airlines, the excess capacity issue.

**Liz Milonopoulos (Citi):**

Got it. And so take rates have been improving, correct? Will they be able to remain at these levels, and how do you see further opportunities to expand them?

**Orestes Fintiklis (Mondee's Vice Chairman):**

Yes. So take rates, just to give a bit of a background on the audience, is basically the percentage of our net revenues compared to our gross transaction volume. So it's what we take as a marketplace as net revenue from all the billions... billions of flights and hotels that we processed. So our take rates were traditionally driven by a markup. So a \$1,000 flight, we would buy at 800, sell it back to back to 850 to a travel expert. The travel expert would sell it to you for 950. So this \$50 was part of our take rate, and we would also get some economics from the airlines themselves that would give us volume-based incentives, et cetera. So that was the main source of our take rate before the pandemic, which was about 4%. So in a billion of transaction, we would take 40 million of [inaudible 00:11:32]. Now, why has this doubled to today and why is this continuing to grow? The first one is that we're no longer just selling flights. Flights is the lowest margin, the lowest take rate because the airlines, there are only 500 in the world, less fragmentation, more bargaining power on the part of the supplier.

So in the hotel space or the cruise space, you get much bigger discounts because there is more excess capacity and much more fragmentation. So we started now selling not just flights, but since the pandemic, we started selling hotels, recently cruises. So this additional content is higher take rate. And as we sell more and more of this incremental content, then the take rate goes up.

The second reason that our take rate doubled and continues to grow is that we are diversifying our revenue stream. So before we were just making a markup and some economics from the airline, right? Now, what we did, we said, okay, we have disrupted an asset class by providing the booking engine and providing discounted content to the travel agents. But

these customers, they have more needs. They need payment platforms. They need FinTech solutions. They need CRMs to manage their customers. They need a website. They need travel insurers. They need fraud protection tools.

So we started selling all these ancillary services to our customer base, which basically is higher margin and more to carry. So this is the combination of selling more non-air content and this expanded services fees is basically what is driving the growth in the take rate. And another new variable, very, very recently, we started charging a subscription for access to the tech because it took us 13 years to become the biggest player and own this network, which we were giving the tech for free. We're only making money on the transaction side. Now that we are the biggest player, we started charging for use of the tech, which is basically converting a portion of our revenues into subscription-based revenues, which now you're not even talking take rate, right? Because it's subscription, it's not transaction-based revenue. So these are the dynamics that are transforming our business model and why our take rate has doubled and will continue to grow in the foreseeable future.

**Liz Milonopoulos (Citi):**

Of those new developments products, what are the areas you think are the most ripe for disruption? Where do you think you can take the most share right now?

**Orestes Fintiklis (Mondee's Vice Chairman):**

Yes. So if you look at the travel industry, one of the biggest issues is the tech debt. So if you look at the last disruption, the last major disruption that happened to travel was in the 90s when the Boomers discovered that they didn't need to go to some sort of intermediary. They could go online. They discovered the internet. And with the internet came Expedia, Booking, aa.com, [inaudible 00:14:07], et cetera. But if you look at the modern consumer, the majority of travel is not consumed not by the Boomers. It's consumed by the Gen Z and the millennials. So if you go tell a millennial to go use the internet, to them, the internet is no longer innovation. It's just a utility. It's like the old telephone line. So for the millennial, it's all about social media. It's all about AI. It's all about conversational comments. It's all about mobile apps.

And if you look at the major players in travel, some of them still have technology from the 70s and others have technology from the 90s. So what is missing is a modern platform to reflect the way that the current traveler is interacting, making decisions, and booking travel. So to give you a simple example, so in the context of e-commerce, you basically have social media influencers that are a huge part of the Amazon and part of eBay, a huge part of all the kind of retail and goods, clothes, et cetera, industry.

In the context of travel, if you look at social media influencers, they are not really selling travel. What they do, they would go to a hotel and they would say, "I'm going to take a picture of myself in your swimming pool and you give me a \$1,000, but they're not selling travel to their followers. So whilst that disruption has happened in the commerce of e-commerce, it hasn't happened in the context of travel.

So what Mondee is doing, for example, you remember that our first customers were the travel agents. Then we started selling to more and more freelancers. We basically started converting everybody that had a network into a travel agent, for lack of a better word, just like Uber converted everybody into a taxi driver.

So now with our latest technology, we have launched a two version app. Just like Uber has a version for the passenger and a version for the driver, there is another version for the expert, a version for the social media influencer, and then a version for the follower or the customer, the traveler and the two are linked. So now if you're a follower of an influencer and you get the app for the influencer and you book discounted travel, the influencer automatically gets a cut, a piece of the action. So we are finding ways basically to sell travel in the way that the modern traveler is booking and making decisions about travel. So that's basically the motto of Mondee, to basically produce solutions that are in line with the way that the modern traveler is consuming travel and solve the tech debt in the industry in general.

**Liz Milonopoulos (Citi):**

That's very smart. Tell us a bit more about your new AI marketplace. Why is AI so critical to your growth?

**Orestes Fintiklis (Mondee's Vice Chairman):**

So AI for us, we started working on an AI platform almost four years ago. Whilst for most of the industry players in travel, they started talking about AI just because it's a cool word, right? Now, the reason that it was critical to our mission is because from the way what we discussed before, one of the major areas that we're expanding our distribution is that we are making everybody into a travel expert, travel agent. So in the beginning we started giving you the booking engine, the discounted content. Then we give you a platform that if this very moment, if you decide to become a travel agent, the only thing that you need is to download our platform. It will give you the booking engine, the discounted content, the CRM, the marketing, everything. The only thing it wouldn't give you is the expertise. We cannot go inside your brain and make you an expert.

But that was the missing piece of the puzzle because AI can do that. So AI conceptually is not about empowering the sophisticated and the privileged. AI is about leveling the playing field and making a dummy into an instant expert. So there is this article in the Financial Times that says "Is ChatGPT Homer Simpson's Salvation?" So that's what AI is all about. It's about empowering everybody and bringing instant expertise. So we realize that if we're going to turn everybody into a travel expert, we can give them all the tools, we can give them the booking engine, we can give them this kind of content, we can give them the CRM, we can do everything. But what we couldn't do is the expertise. And now we have launched an AI platform, which is what we believe to be the most sophisticated, and in reality, they only truly integrated AI platform. So that's why AI is so critical, because it's intrinsic to the mission of Mondee to convert everybody into a travel expert.

**Liz Milonopoulos (Citi):**

Why do you think Expedia and others haven't transformed their model into something similar notwithstanding their relationships with the airlines today?

**Orestes Fintiklis (Mondee's Vice Chairman):**

Yeah, so there are a number of reasons. So the first one is that Expedia and the major OTAs in general, they mostly have technology from the 90s. They have a website. They still have the same technology. So there are many, many, many more things that they need to do to reach the... Much more simpler things that they can do before they become an AI platform, which they haven't done. The GDSs that you mentioned before, they still have command based systems from the 70s. So when you become a big company, you usually you become less adaptive to circumstances, et cetera, et cetera. So the reality is that even though some of them have talked about AI. So for example, Expedia, they launched an AI platform in April. I mean, you can go and test it yourselves, but it's nothing more than a plug into ChatGPT. You ask it to book a trip and it tells you go to expedia.com.

So the first one is the tech debt in the industry. And now when it relates to specifically the Mondee business model, like we discussed before, in addition to the technology strength, we also have the discounted content, which typically the airlines would not give to a B2C player. They would only give it to a B2B player. And then of course, it's a completely different business model because Expedia and Booking.com, they sell to the whole world. I sell through a group of intermediaries to very specific consumer personas. So even if they wanted to do what we do, they need to replicate the technology, they need to replicate the content, and they still need to go and sign up 65,000 travel intermediaries that took us almost 15 years to do. Right? So that's the other point here is that there are very high barriers to entry to doing what we do, and it's not just technology. There's also content and distribution.

**Liz Milonopoulos (Citi):**

Got it. That's helpful. So Mondee has been fast grower for a long time now. How is this sustainable?

**Orestes Fintiklis (Mondee's Vice Chairman):**

Okay. So Mondee was founded about 13 years ago and like I mentioned before, up until the pandemic, we were growing organically at the rate of about 40%, inorganically more than 60%, and last year we grew 71% year over year. Now, why have we been growing so fast and why is this growth sustainable? The first one is because we are gaining market share. So in the four or five years before the pandemic, we more than tripled our market share and we continue to do so because we have what we believe to be the best technology and the best content out there.

The second reason we're growing fast, at least for the next two, three years, and this is more of a short-term thing, is the international recovery we discussed before, right? Last year, international travel was 77% of the pre-pandemic take. This year is probably going to be 85%. Next year, maybe 100%. So there is still some tailwind on the international market recovery. The fourth pillar of growth is basically the addition of new content. We own this big network of 65,000 intermediaries, which initially we were only selling them flights. Then we started selling them hotels, then car rentals, now we added cruises. So the idea here is that we have the network, we have the technology, so it's just a matter of selling them more and more stuff. And there is no limit to what we can add. We will add soon impacts. We'll add sporting events. We will add theater. So at the end of the day, the vision there, and

**Orestes Fintiklis (Mondee's Vice Chairman):**

And that's a vision in the short term, is to basically add all discounted content in one platform. And the more content you add to this very powerful network, the more it creates accelerated growth, right? So if you start hotels from zero, of course for many years, you're going to have a huge growth, right? If you start cruises from zero. So that's another element of the growth. The other element of the growth is the social commerce we discussed. We just basically expand the distribution to get social media influencers, which is an entirely new asset class, consumer class, or actually intermediary class in our case. And then of course you have geographic expansion. We are the leader in North America. We started expanding in Latin America. We made four acquisitions this year. Europe, there is still a lot of opportunities, Asia. So we believe that there are at least another 4, 5, 6, 8 years that we can sustain this exponential growth whilst at the same time improving our profitability.

**Liz Milonopoulos (Citi):**

And you've had an impressive track record on the M&A front. What is your strategy going forward?

**Orestes Fintiklis (Mondee's Vice Chairman):**

Yes, so on the M&A, I mean one misconception, and you may have seen it in some publications, they describe Mondee as a roll-up, as a roll-up strategy. This is entirely not correct. So what we do, the reason we do M&A is not because we're buying companies, we are buying certain pieces that would help us accelerate our organic growth, and we are plugging them into our ecosystem. And you can see that chronologically. For example, we bought seven companies in 11 and 12 who were their wholesalers. Then for eight years we made no acquisition and we still grew 40% year over year. Then we took opportunity of the pandemic and we bought another seven companies to expand into hotels, [inaudible 00:23:42] et cetera. And of course very attractive valuations. And now the latest stage, the third phase in our M&A strategy is more about hotel and non-air content and international expansion.

So what do I mean by that? So take two of the last acquisitions we did, we are the biggest player in North America in selling this country. They refer to intermediaries. We found two companies in Brazil that do the same, but in the Brazil market. So take an example. Or they have 10,000 hotel contracts, which they sell to 3000 travel experts. We have hundreds of those, thousands of those contracts that would sell to 65,000 experts. Now, when we buy this company, what are we buying? We're buying their contracts. So we can sell now their 10,000 contracts to my 65,000 experts and we buy their customers. So to the 3000 people that they're selling a very limited inventory, now we're selling all of our content. So it's opportunities on both sides. We buy the companies, we plug their contracts into our supply, into our content hub, we plug their customers into our distribution plug, and we're basically making the machine more powerful. So it's all about adding pieces that are necessary to accelerate the organic growth of the company.

**Liz Milonopoulos (Citi):**

Got it. And that's very hard to do. How is the integration going of all these pieces?

**Orestes Fintiklis (Mondee's Vice Chairman):**

Yes. The beauty of it is because we don't have to rely on maintaining separate organizations, and it's all about plugging pieces into one ecosystem. So the integration is much more straightforward. So for example, we take their contracts and then the same contracts, we don't have to renegotiate them again. We just have to integrate them through various

switches into our technology hub. The same thing on the customers, apart from some language issues. And that's for example, why now we were only in English and Spanish, now we're in 20 different languages, our platform. So we take their customers, we plug them into our tech. So the integration is much more straightforward and there is less kind of room for blunder than if you are having a traditional [inaudible 00:25:42] strategy of buying various companies, maintaining separate organizations, maintaining different technology stacks, maintaining different content stacks.

So in Mondee, what we do, we have one content hub where we have all these kind of contracts, 500 airlines, hundreds of thousands of hotels, 50 cruise companies, et cetera, and then one technology platform through which we distribute to all of our customers. So because of the way that we're looking at M&A, which is buying pieces and integrate them into one platform, is much more straightforward, the integration process.

**Liz Milonopoulos (Citi):**

Got it. You have a playbook.

**Orestes Fintiklis (Mondee's Vice Chairman):**

Exactly. And we did it 18 times in the last 13 years. So it's part of the DNA of the company.

**Liz Milonopoulos (Citi):**

Yeah, that makes sense. And so we talked a little bit about the OTAs earlier. What is there to prevent someone like a Google with the AI capabilities to enter the space?

**Orestes Fintiklis (Mondee's Vice Chairman):**

Yes. Google hasn't even entered. I mean, there are a number of players that they can try to enter the space right? Now, Google in particular, they haven't even made their own OTA yet. So what they did so far is that they created a meta search company effectively, which basically took a lot of market share, especially in the US from the likes of Kayak, Trivago, et cetera. Now, the next step, at some point in time, assuming that they go through antitrust kind of considerations, they may decide to take the food of Expedia and booking.com either, but they cannot take the food of Mondee simply because to take the food of Mondee, they have to go and do private contracts, which they have to go and sign up one by one. They will have to create a completely different technology, which we spend more than \$200 million.

And they will have to... The strength of Google is to basically sell directly to consumer, not to go and sign up 65,000 intermediaries. Now, if they do decide that what we do is interesting is much cheaper for them to buy Mondee than replicate the three pieces. Go and replicate all these contracts, replicate the technology, and go and sign up 65,000 intermediaries. I mean, it's going to cost you just a few billion and 13 years. I mean, if Google decides to come into our space, they can pretty much buy Mondee for a fraction of what it would take them to replicate the strategy. So there should be also kind of an acquisition premium built in our stock, right?

**Liz Milonopoulos (Citi):**

Yeah. That makes sense. And to fund your growth, what areas are you investing in exactly?

**Orestes Fintiklis (Mondee's Vice Chairman):**

So the growth... So Mondee is all about three things. Technology, content, which is the contracts and distribution. So our investments is to... We have 150 developers, mostly in the West Coast and India that create all these tools, including the AI, which we have been working in the last almost four years. So that's one area of investment. Another area of investment is to keep adding more and more direct relationships. We have 500 direct contracts with airlines, but with hotels, we do have almost the entire hotel content globally, but not all of it is direct. So we buy some of it from other wholesalers, regional wholesale, et cetera. So another... We're investing, we're building more direct connectivity in the hotel space as well. And then of course, the biggest investment is in distribution, in signing up more and more of these travel experts, travel intermediaries. But that one, we also have a differentiated model because if you look at the major



travel companies like Expedia or booking.com, et cetera, what they do, they basically pay Google to buy transactions. It's called performance marketing.

So they pay... I mean, if you look at the P&L of any of these OTAs, the single biggest cost is sales and marketing. And this is because they need to keep feeding the Google monster to keep generating transactions. Our sales and marketing strategy is very different. So what we do is that we would go to a travel expert, travel intermediary and influencer, et cetera, and would say, "Look, if you start using our platform, we will give you a thousand dollars credit. And a thousand dollars credit, you can amortize it against your first 50 transactions." So why is that different? Because number one, if they don't use my platform, I don't even care the sales and marketing costs.

If they use the credit, that's because they bought five, 50 tickets. Secondly, because we sell through intermediaries, once one of these intermediaries signs up, they have to onboard all their customers, they have to link it to their buying accounts. So it's very unlikely they're going to use another platform. So what I'm buying is not transactions. I'm buying lifetime customers. So the investment that we are in sales and marketing, it's also a big part of our P&L, but at least I'm buying lifetime customers as opposed to transactions, so.

**Liz Milonopoulos (Citi):**

Got it. That's excellent. Very helpful. I'd like to open it up to the audience, any questions?

**Audience Question:**

Your position [inaudible 00:30:31], but as you think about generative AI, and I've personally been going on to chat to ask for different [inaudible 00:30:39] based suggestions, [inaudible 00:30:41] sort of reminds me of the internet starting when people change their habits. When you think about the change in the travel industry, what do you think that looks like? Are there any different players that come in, like an open AI that eventually partner with [inaudible 00:31:00]?

**Orestes Fintiklis (Mondee's Vice Chairman):**

Yes. Yes. So let me explain to you, let me answer that question in terms of how our AI works. Okay. So there are a number of elements to a booking a transaction. The first one is when you have the conversation either with a human person or an AI, and you ask, "Oh, what is the best beach to surf in Nicaragua?" Or "What is the best slope to surf in the [inaudible 00:31:25] Valley in the Alps?" So that part is addressed now by the generative AI. So the way we work with that is that we are actually linked to both ChatGPT and IBM Watson, and Google Bard. And our system takes the most relevant answer to that part. That part of the equation you're absolutely right, is the big platforms that are going to basically work on it. But AI is all about learning by asking specific industry or geography or kind of thematic questions. So our AI now has 50 million searches a day only on travel. Now the ChatGPT one has much more but they are not only on travel.

So in that sense, you arrive at the main players will basically own that space of the conversational part, but there is a room for a number of new entrants like Mondee to work with the existing platforms to create one that is more customized to travel. Then the second stage of the process is to actually book. ChatGPT cannot book your flight. It has to work with somebody else. And that's one of the biggest innovations we brought. So even the Expedia AI, when you ask, "I would like to go to Paris." Then it says, "Paris is a beautiful city." And it just resides the ChatGPT thing. And then you say, "I want to book." And it's, "Oh, if you want to book, go to expedia.com." Right? So what we have brought there is integration. So our AI doesn't tell you go to mondee.com. It says, "When do you want to go? When are you coming back? How many days? What do you like doing?" So

**Orestes Fintiklis (Mondee's Vice Chairman):**

That part, there is much more scope for players like Mondee. AI is all about data and integration. In our case, we have unique data and we are working with the generic generative tools, but then we have the integration in the context of traffic. Now, going to the third level, it's all about customization. If you have your own platform like Mondee, and you keep using it, it knows what you want. For example, I use the platform all the time, and because it knows I book five star

hotels, when I choose a trip to Paris, it shows me first the Peninsula, right? That element of the equation, having your own customers in a very specific context, is very, very helpful.

And then, the third piece, you have booked your trip and now you want to change it. Again, ChatGPT cannot book it for you, and for sure, it cannot change it. That's where Mondee is innovating. We are using generative AI to create a tool that is learning more in a specific context. It takes the data that is specific to travel and then it integrates it in the booking path, not only to make the trip, but also to change the trip, and to also basically create a customized itinerary. It's very interesting, if you see a demo of our AI, if you ask, "Oh, I'm going to Paris," it will tell you, "What do you like? You like museums and all of that?" And then it will create your own customized travel guide.

You are disrupting not only the traditional intermediary communities, you're disrupting the travel guides, you are disrupting the major travel providers, et cetera. We believe that in the context of travel, you have one of the most simplest and straightforward ways of using AI. I don't know if answer the question in various ...

#### **Audience Question:**

There are a couple of extra elements that are happening potentially, like voice commands where you're driving in the car and you say, "Book me in Paris to the hotel I like," or whatever else it is. And then there's another one, which is auto GPT, where basically, I'm instructing you do something and then it carries out certain instructions going to APIs, et cetera. You see the selling point of those two?

#### **Orestes Fintiklis (Mondee's Vice Chairman):**

Actually, the next version that we are launching, you can talk to the AI, not just type. Actually, now if you want to talk about futuristic stuff, the AI is all about giving you an experience that potentially is not digitized. You remember how our strategy is to basically convert everybody into a travel expert or travel agent? And a big part of the personas we have are basically providers of services around travel, like yoga instructors, ski instructors, surf instructors who we're now empowering to sell travel to their customers.

You went on the slopes with a group of 10 people, you are the instructor, you tell them ... When you do the session, you say, "Next year when you come to Aspen, use this app and you can book at a discount and get the service of an AI, et cetera, et cetera." Now, what we're empowering in that case is the ski instructor to sell travel to his students.

Now, the reverse is to empower the ski instructor to sell his services through the AI. So now, the next version we are launching, after you book your trip to Paris or Bali or whatever, you can say, "Put me in touch with an art student to give me a tour of the Louvre." So now, it's going to find amongst the 65,000 people that we hope in a few years will be the hundreds of thousands of millions, is going find a person and giving the service to you. And what we're talking now is not distant future. This is a few months from now, right?

Now, the next level ... Again, I don't want you to hold me accountable because we're a public company ... But the next thing that we're working on is to sell you through AI, non-digitized experience. Because now, when you converse with our AI, you find flights that you can also find on a website or an airline, right? Of course, at a different price, but you can still find that content. You find hotels, you find restaurants, you find tools. What you don't find now? Say you like street art and you just landed in Paris. And you say, "AI, I want to see somebody drawing graffiti."

The idea is that, what we're working on now, the AI will tell you go 500 feet to the left and 300 to the right and you'll see somebody drawing on the wall. This is a non-digitized experience. This is what conventional tools cannot give you, but AI can. Because of the extraordinary processing power, it can go through all social media, it can go through all the tens of millions of customers that you have, and retrieve that information, and give it to you in real time. You see?

To us, we believe that AI can be potentially transformative in the context of travel without the huge drawbacks that it could have in other contexts, right? For example, you have hallucinations, things like that in the context of travel. If you're going to book a trip to Paris, okay, it's going to ask you ... There is very, very little room for the many shortcomings that you have in other contexts, where also regulation is going to weigh on AI. But travel, if you think about it from every perspective, you cannot think of a way that the AI will harm you. It will only make your experience more easy, more insightful, more relevant.

**Audience Question:**

I may have got this wrong, but you take the 5,000 intermediaries, you're a B2B provider really. But all those things, a number of those things you talk about, customization, et cetera, do you have to have a VC offering?

**Orestes Fintiklis (Mondee's Vice Chairman):**

What we're doing now, because if you look the history, if you look at the history of the evolution of the intermediation in travel, before the 90s, the only way for you to book was to go and find a travel agent and book. You couldn't go on Expedia, you couldn't go on Booking, you couldn't go on aa.com. Now, what happened in the last 35 years, the Internet and the direct self-service channels, they went and they took a big part of the intermediaries. So now, what we're doing, we are not necessarily becoming a B2C player, but we are giving the power to the intermediaries to recapture part of the market share that they lost to the self-service channels.

To give you a simple example, if you're going to go on a trip, on a safari in Africa, you may call a travel expert or a travel concierge. But if you go and you book a flight from here to Miami, you're very unlikely going to call anybody. You'll just go and book on aa.com or Expedia. Now, what we are doing by giving the app to the intermediary and the intermediary is giving the app to you, but always to the intermediary. Next time that you book a trip from Miami to New York, you'll use the app that you go through your travel expert. Get the other discount because it's part of the closed group.

Now, where does the AI come? When you come to expand the distribution to social media influencers, for example, the social media influencers, they will help you give the traveler version of the app to their followers, but they're very unlikely going to converse with the follower to book a trip. That's where the AI comes in. When the AI is there, then you are a follower of an influencer, you downloaded the app, and now the influencer is very unlikely going to give you a service, so you talk to the AI.

The bottom line, what you're saying is that we are coming closer to the consumer, but the way we're coming closer to the consumer is by giving the tools to the travel intermediaries.

**Liz Milonopoulos (Citi):**

Orestes, thank you so much. That was excellent. Thank you for joining us.

**Orestes Fintiklis (Mondee's Vice Chairman):**

Thank you.

**Liz Milonopoulos (Citi):**

Thanks, everybody.

**Orestes Fintiklis (Mondee's Vice Chairman):**

Thank you.