

Hotel Engine: Review and Updates

Accounting Policy Meeting April 18, 2019

Steve Holtkamp, Anwar Musa & Stephanie Schneider — Hotel Engine

Today's Agenda



- Overview of Hotel Engine
- Hotel Engine Adoption & Savings for the State of Texas
- Inventory Availability
- Top Cities for State of Texas Travel
- Top Hotel Chains for State of Texas Travel
- Recently Released Features and Functionality
- Upcoming Features and Functionality
- Hotel Engine Support Review

Overview of Hotel Engine



Hotel Engine is a private hotel booking platform that connects state of Texas travelers to rates unavailable to the public and streamlines business travel management. With dedicated, 24/7 customer support, a simple search and book process, and customized account management tools, Hotel Engine is the mandated lodging service provider for state of Texas agencies.

Company Fast Facts:

- Headquartered in Denver, Colorado
- Work with over 14,000 businesses across the US
- Relationships with over 200,000 hotels globally
- Industry leading Net Promoter Score of 47



Hotel Engine Adoption & Savings for the State of Texas

| | | | | | | | | |
|---------------------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|---------|--------------|
| Column1 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 | Mar-19 | Totals/ | Avg % Change |
| Room Nights | 4,540 | 7,315 | 11,311 | 20,936 | 23,358 | 21,702 | | 89,162 |
| MoM % Change | | 61% | 55% | 85% | 11.6% | -7.1% | | |
| Customer Total | \$ 437,543 | \$ 724,186 | \$ 1,058,919 | \$ 2,029,361 | \$ 2,322,914 | \$ 2,837,782 | \$ | 9,410,705 |
| MoM % Change | | 66% | 46% | 92% | 14% | 22.2% | | |
| Bookers | 790 | 1,296 | 1,965 | 3,448 | 4,068 | 4,544 | | 9,772 |
| MoM % Change | | 64% | 52% | 75% | 18% | 11.7% | | |
| Total Users | 13,057 | 16,489 | 18,713 | 23,385 | 26,906 | 29,220 | | 29,220 |
| MoM % Change | | 26% | 13% | 25% | 15% | 8.6% | | |
| Number of Active Agencies | 56 | 126 | 124 | 91 | 119 | 94 | | 130 |
| MoM % Change | | 125% | -2% | -27% | 31% | -21.0% | | |
| Savings Below GSA | \$ 75,407 | \$ 154,283 | \$ 235,961 | \$ 436,246 | \$ 398,459 | \$ 464,878 | \$ | 1,765,234 |
| Savings vs GSA Percentage | 15% | 18% | 18% | 18% | 15% | 14% | | 16% |
| | | | | | | | | |

Key Insights:

- Nearly 30,000 travelers have signed up for an account with 9,772 having booked across 130 different state agencies.
- Since October 1, there have been 89,162 room nights consumed for ~\$9.4 million.
- State of Texas travelers have **saved nearly 16%** vs the GSA rate benchmark equivalent to **\$1.765 million in lower costs.**

Inventory Availability



| Inventory | October | Current | Growth |
|------------------------------|---------|---------|--------|
| Total Hotels | 22,267 | 43,251 | 94% |
| Total Hotels at or below GSA | 12,805 | 11,683 | -9% |
| SoT Negotiated Rates | 221 | 3,565 | 1513% |
| SoT Negotiated Rates in TX | 221 | 1,579 | 614% |

Key Insights

- Since October, Hotel Engine has grown inventory across the platform. (Note: hotels at or below GSA is affected by seasonality.)
- There are currently nearly 12,000 properties offering GSA or below, 3,565 properties that provide specific state of Texas rates, of which 1,579 are located in Texas.

Top Cities for State of Texas Travel



Roomnight Percentage **by City** from October 2018 through March 2019

| City | % of Total room Nights Booked |
|----------------|-------------------------------|
| Austin | 21.59% |
| Houston | 7.48% |
| San Antonio | 6.63% |
| Corpus Christi | 3.46% |
| McAllen | 3.36% |
| Tyler | 2.94% |
| El Paso | 2.27% |
| Dallas | 2.15% |
| Lubbock | 2.14% |
| Abilene | 1.98% |
| Amarillo | 1.93% |
| Forth Worth | 1.91% |
| Laredo | 1.86% |
| Georgetown | 1.54% |
| Arlington | 1.50% |

Top Cities for State of Texas Travel (cont'd)



- Half of total room nights booked in the state of Texas occur in 8 cities:
 - Austin
 - Houston
 - San Antonio
 - McAllen
 - Corpus Christi
 - Tyler
 - El Paso
 - Dallas
- As a result Hotel Engine will focus on supplier relationships in these cities to continue to enhance the state of Texas agencies' experience on the road.

Top Hotel Chains for State of Texas Travel



Roomnight Percentage **by Hotel Chain** from October 2018 through March 2019

| Hotel Chain | % of Total Room Nights Booked |
|----------------------------|-------------------------------|
| Holiday Inn Express | 13.77% |
| La Quinta Inn & Suites | 11.06% |
| Drury Hotels | 10.71% |
| Staybridge Suites | 5.66% |
| Hampton by Hilton | 4.16% |
| Holiday Inn | 4.08% |
| Courtyard | 3.58% |
| Springhill Suites | 3.08% |
| Best Western Plus | 2.67% |
| Comfort Suites | 2.13% |
| Fairfield Inn & Suites | 1.79% |
| Independent Managed Hotels | 1.71% |
| Candlewood Suites | 1.51% |
| Homewood Suites by Hilton | 1.42% |

Top Hotel Chains for State of Texas Travel (cont'd)



- A little over half of total room nights booked occur within 6 Hotel Chains:
 - Holiday Inn Express
 - La Quinta Inn & Suites
 - Drury Hotels
 - Staybridge Suites
 - Hampton by Hilton
 - Courtyard
- Hotel Engine will focus on supplier relationships with these hotel chains in order to secure even better nightly rates.
- The Hotel Engine Suppler Relations team is working with hotels and brand representatives to ensure hotels are abiding by the agreed upon terms and conditions with state of Texas travelers.
- Hotel Engine will focus on negotiating better cancellation policies in the top producing markets.



RECENTLY RELEASED FEATURES AND FUNCTIONALITY

Direct Bill



- Direct bill allows state agencies to pay for their consumed nights on a monthly basis in lieu of stay by stay.
- The direct billing feature has been implemented for 15 state agencies.
- Payment method can be selected as Direct Bill during the checkout process and invoices are viewable in the billing tab with details on totals, balances and due dates.

| At Ch | | Billing Information | | | Add New Card | | | |
|--|---------------------------|---|-------------------------------------|-------------------|---------------|-------------|--------------|---------|
| At Cn | eckout | DB Direct Your | t Bill Company Will Be Invoiced. | Availa \$100,0 | ble 000.00 | | | |
| Viewi | ng Invoi | ces | | | | | | |
| Current balan \$0.00 | Available cre \$100,00 | | | | | | Payment | Methods |
| Status 🗢 | Statement Period | I ≑ Statement | Total \$ | Paid \$ | Balance \$ | Due Date \$ | | |
| Pending | March 2019 | 388181-1903- | L \$0.00 | \$0.00 | \$0.00 | 04/15/2019 | | View |
| Please make o Hotel Engine Download W- | LLC 72 Su | ail to: 10 S. Colorado Blvd. ite 1050-S enver, CO 80246 | | | | | 10 25 | 50 100 |

GSA Rate Notifications

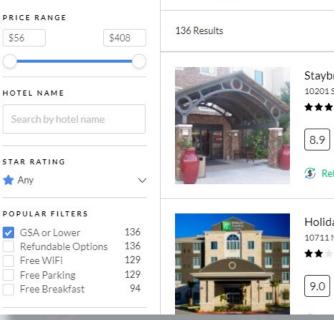


- Hotel Engine added a filter for "GSA or lower" pricing which is visible under "Popular Filters" on the search results screen.
- GSA rates were not aligned in a handful of locations due to zip codes covering multiple counties with different GSA rate.

OF THE COMPTON

| the zip code ar their duty poin | | lers mu | st still identify the correct GSA rate fo | or |
|------------------------------------|-------------|------------------|---|----|
| chen daty penn | | | | |
| | Filters | <u>Clear all</u> | Q Austin, Texas, USA | |
| | PRICE RANGE | | | |
| | \$56 | \$408 | 136 Results | |
| | ~ | 0 | Stavb | |

• Hotel Engine now displays all potential GSA rates for the property based on



Nightly Rate Breakdown



- Hotels were previously displaying blended rates across an entire stay.
- New feature displays the individual nightly rates on the hotel details page. Thus, traveler can see the nightly rates on each room prior to deciding which room to pick.
- Look for the "show/hide" nightly button underneath the price.

| Choos | e a Room | |
|---|---|---|
| Check-In - Check-Out | Room & Guests | |
| 04/17/19 -04/21/19 | 1 room, 1 guest 🗸 🗸 | |
| Room Type | Nightly Rate | K |
| | | |
| BEST DEAL Hyatt Grand Bed: Coz Sofa Sleeper: Free Bre For World Of Hyatt Members:Free WiFi Fr Parking Refundable | akfast | |
| Hyatt Grand Bed: Coz Sofa Sleeper: Free Bre For World Of Hyatt Members:Free WiFi Fr Parking Refundable Wed, Apr 17 | y Corner akfast ree Select Room \$142 | |
| Hyatt Grand Bed: Coz Sofa Sleeper: Free Bre For World Of Hyatt Members:Free WiFi Fr Parking Refundable | y Corner akfast ree Select Room | |

Single Sign-on (SSO)



- Description: This feature provides state agencies who have active directory passwords seamless pass-through access to Hotel Engine's platform while also actively updating users based on status in the the state agencies' database.
- Impact on state of Texas: This feature drives more robust security while also reducing friction and time spent on user management and password administration duties within state agencies.
- Contact Hotel Engine if your agency wants to integrate with this feature.



UPCOMING FEATURES AND FUNCTIONALITY



Pass-through Customer Credit Card



- Description: Solving for Hotel frontdesk "human error" where Hotel Engine is charged instead of the business, Hotel Engine has developed a credit card "pass-through" feature to pass the travelers credit card directly to the hotel.
- Impact on state of Texas: Hotel Engine is fully removed from the payment process, eliminating the possibility of incorrect payment form.
- ETA: feature will be ready by end of April.

Add Frequent Guest Number



- Description: This feature will allow travelers to input their membership rewards numbers for major hotel chains at the time of booking.
- Impact on state of Texas: Rewards point recognition is at the discretion of the brands, but the state has specified staff may collect points based on travel booked through Hotel Engine.
- ETA: In Product Scoping.

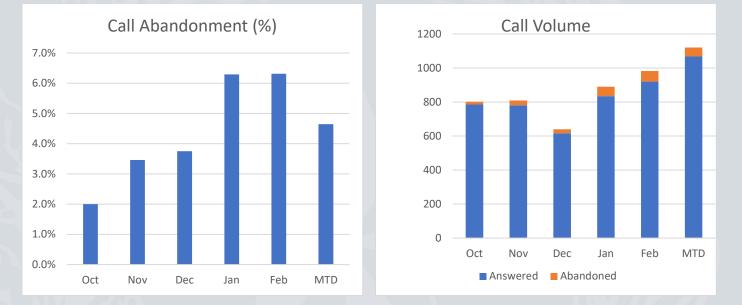


HOTEL ENGINE SUPPORT REVIEW



Hotel Engine Support Performance





- There were increases in abandonment early in 2019 as a result of the significant increase in call volume from state of Texas travelers.
- Abandonment topped out at just over 6% in February and has been reduced to less than 5% in March despite a nearly 20% increase in call volume MoM.
- Hotel Engine is currently expanding its customer support team while also implementing new technologies and processes to continue driving efficiencies and higher customer satisfaction.

Hotel Engine Customer Satisfaction





- Over the past five months, the Hotel Engine Member Experience team has maintained an average 86% Customer Satisfaction Score, well above industry averages.
- Hotel Engine is always looking for ways to continue to improve these scores.





Appendix: Resources



• State of Texas FAQs https://www.hotelengine.com/texas/help/#downloads

• Browser support

Hotel Engine supports the following browser versions as of 3/13/2019:

- Firefox v65 and higher
- Chrome v72 and higher
- Edge v18 and higher
- Safari v12 and higher
- IE v11 and higher