



Purple Spinnaker

Customer Loyalty Services
For the Travel Industry

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"In a world of increasing competition and declining profits airlines and hotels must look at their business models and rethink the way they deliver services generate growth."

"The future leaders of the travel industry will ultimately be those who can strengthen customer loyalty to grow revenues."

**Julian Sparks, Partner at Accenture –
Transport and Travel, Sept 2002.**

"It's become obvious that international business leaders are changing and our customers take their work and leisure time equally seriously"

**Tom Oliver
Chairman - Six Continents Hotels 23rd Sept , 2002**

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Executive Summary

Purple Spinnaker has identified an unexploited and potentially very profitable market niche in the Travel Industry. We have branded our new service the "Global Lifestyle Manager", which is a community-based customer loyalty solution for the travel industry.

Lengthy and detailed study has enabled us to evaluate and develop a unique service proposition that will be sold to the top 25 hotel chains, the top 25 airline operators, the top 2 car rental companies and the 3 major alliance programmes. (Appendix I)

Purple Spinnaker is looking to raise £500,000 of seed funding to develop the new service for the Travel Industry. The money will be used to build the application suite, launch and grow the business over a period of 12/14 months, during which time Purple Spinnaker targets to have at least one customer generating revenue in excess of £50,000 per month, with a pipeline of 3 or more customers.

Our realistic goal is to achieve annual revenues of £22m by 2005, with consistent profitability being achieved by April 2004 onwards.

The Global Lifestyle Manager

"It's become obvious that international business leaders are changing and our customers take their work and leisure time equally seriously"
Tom Oliver Chairman, Six Continents Hotels 23rd Sept , 2002.

The Global Lifestyle Manager utilises new technology and personalised marketing techniques to address the lifestyle needs of the international business traveller. The programme will be sold as a managed service and will encompass hosting, hardware, software and services. The services will range from systems implementation, ongoing product development and evolution, to customer relationship marketing and personalisation consultancy. The ongoing product development will be driven by feed back and usage analytics from the programme members.

The application suite will be sold to Travel Service Providers as a managed service to compliment or replace existing customer loyalty programs for business travellers. The Purple Spinnaker customer loyalty programme will enable hotels, airlines, alliance programmes and corporate travel agencies to offer a lifestyle service which will enable business travellers to:

- Network with other business travellers
- Exchange travel tips with their peers about locations they visit on business
- Search for and purchase activity and adventure products to participate in, while on business trips or during their vacations.

The Purple Spinnaker Revenue Model

Purple Spinnaker will work in partnership with their customers and the fees will be charged as follows:

1. Initial setup fee
2. Monthly Service Charge (Software and support, hardware charged separately)
3. Charge per active user per annum
4. Hosting and hardware costs – charged at cost.

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The initial setup fee and monthly service charge will be based on the number of loyalty card holders in the customers existing programme and the number of active members of the programme.

Loyalty Customers	Setup Fee	Mthly Fee	12 Mths	Service Rev	Active Users 1%	Fee Per user	Usrs Rev	Total Revenue
15million	150k	50k	600k	750k	150k	50	7.5m	8.25m
10million	150k	35k	420k	570k	100k	50	5m	5.42m
5million	150k	30k	360k	510k	50k	50	2.5m	2.86m
1million	150k	25k	300k	450k	10k	50	500k	800k

The Global Lifestyle Manager Application Suite

The Global Lifestyle Manager will consist of a suite of integrated applications and consultancy services to optimise the use of the applications. The core applications will comprise of six core modules (Appendix IV):

- People Matching Engine
- Activity Database
- Activity Booking Engine
- Travel Tips and Ideas database
- Travel Planner
- User Interface

The Market

Purple Spinnaker will target hotel chains, airline operators and car rental firms as they operate customer loyalty programmes for frequent travellers, a large number of whom, are business travellers. The hotel, airline and car rental companies will benefit through building community based customer loyalty programmes which will address the lifestyle needs of their high value customers in the long term. (appendix I) In 2002, the global "business travel" market was valued at US\$379billion and is anticipated to grow to US\$738billion by 2012. (appendix II - WTTC 2002).

Travel Service Providers

Travel Service Provider's operate customer loyalty programmes, which consist of collecting points in exchange for using their service. The top 10 hotel chains have between 8 and 16million, customer loyalty card holders, and the airlines have in excess of 100million loyalty card holders. Currently customer loyalty programmes focus on the customers needs for a specific service, somewhere to sleep or a mode of transport to or at their destination.

Purple Spinnaker Loyalty Programme

Purple Spinnaker has identified the needs of the business traveller from a broader perspective and built a service to meet these needs. Purple Spinnaker have found that regular business travellers suffer from isolation, boredom, are short of time and lack the incentive, to explore their destinations when on business trips.

Purple Spinnaker's new customer loyalty programme will address these needs by enabling business travellers to:

1. Network with other business travellers
2. Exchange travel tips with their peers about business destinations
3. Search for and purchase activity and adventure products to participate in, while on business trips or during their vacations.

Revenue for Travel Service Providers

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The Global Lifestyle Manager, will provide the travel service providers with two new revenue streams, an annual subscription for the use of the service and commission from activities booked through the Global Lifestyle Manager.

Subscriptions

For a TSP with 15 million loyalty card holders, we anticipate that 25% of them will be regular active travellers. 3.75m. In the first year we aim to convert 5% of 3.75m, 187,500 customers to becoming subscribers to the service at a cost of £75 per annum. The TSP will generate a gross profit of £14m.

Loyalty Custs	Active Cust 25%	Conv %	Number of Customers	Subs. Value	Subs Revenue	Activity Revenue	Total Revenue
15m	3.75m	5	187,500	75	14m	656,250	14.65m
10m	2.5m	5	125,000	75	9.375m	437,500	9.8m
5m	1.25m	5	62,500	75	4.8m	218,750	5m
1m	250k	5	12,000	75	935k	43,200	978k

Leisure Activities

For a TSP with 15 million loyalty card holders, it is anticipated that 25% of them will be regular active travellers. 3.75m. In the first year the aim is to convert 5% of 3.75m to purchasing one activity with an average value of £50, giving the TSP a gross profit of £3.5 per activity, which will generate £656,250 in revenue.

Loyalty Custs.	Active Cust.25%	Conv %	No. of Custs	Activity Value	Activity Comm %	Comm Value	Total Revenue
15m	3.75m	5	187,500	50	7	3.5	656,250
10m	2.5m	5	125,000	50	7	3.5	437,500
5m	1.25m	5	62,500	50	7	3.5	218,750
1m	250k	5	12,000	50	7	3.5	43,200

Using personalised marketing techniques, Lastminute.com, which is a service focused on a mass market with broad needs, have increased their average conversion rate from 5% in their first year, 2000, of trading to 20% in the last quarter, therefore 5% is a realistic conversion rate target for the first year.

Value of Customer Loyalty

Appendix II, shows the value of a loyal customer to both the hotel and airline industry and Purple Spinnaker will provide a valuable service to these customers in order to keep them loyal over a period of years.

Unique Proposition

Currently there is no one offering this form of customer loyalty programme. Purple Spinnaker are looking to provide a new flexible customer focused loyalty programme which addresses the needs of the business travellers when they are on a business or leisure trip, by giving them a way to enhance their experience, socially, culturally and through different activities.

Market Goals

Purple Spinnaker aim to be the market leader in the provision of community based customer loyalty programmes within the Travel Service Provider Industry, replacing or complimenting customer loyalty programmes in 70% of the TSP market.

Exit Strategy

It is anticipated that, when successful, an exit strategy for potential investors may be through Purple Spinnaker management buying out the investors, or through the sale of the service to an existing customer loyalty organisation or to a travel industry organisation such as USA Interactive, or one of the reservation system providers, Amadeus, Galileo or Sabre.

Opportunity

- To harness the First Mover Advantage in the provision of new customer loyalty programmes to international travel service providers.
- To be the first community based customer loyalty program which provides a personalised service and improves the Lifestyle of Individual Business Travellers. (see Appendix XI – Press Release from Six Continents Sept 23 2002)
- To change the way business people network and do business across the globe.
- To provide the target market with a flexible customer loyalty program which can be tailored to meet the needs of the individual traveller.
- To build a personal service for travellers, providing them with an online tool set which will enable them to enhance their lifestyle while travelling.
- To build a safe, secure, high quality, easy to use service which can be access through a number of means enabling individuals to manage their lifestyle on the move.

The Company

Purple Spinnaker is a customer loyalty software services company. Purple Spinnaker was founded in October 2001 by Julie Walker. The background of the company can be found in Appendix VII.

The Global Lifestyle Manager from Purple Spinnaker, focuses on the needs of **the individual business traveller while travelling on business**, and building a product which will enable the travel industry, specifically, hotels and airlines, to provide a personalised service which will enable business travellers to **improve their lifestyle while on business trips**.

The Global Lifestyle Manager will provide business travellers with the opportunity to network, socialise and pursue selected activities while travelling. The service will create opportunities to meet others in the same place at the same time and to have alternative ways to spend free time when on business trips.

The service will be marketed to travel service providers, hotels, airlines, alliance programmes and corporate travel agents as a new way to develop and enhance customer loyalty.

Purple Spinnaker will work in partnership with their customers and the fees will be charged as follows:

1. Initial setup fee
2. Monthly Service Charge (Software and support, hardware charged separately)
3. Hardware and hosting charges – charged at cost.
4. Charge per active user per annum (can be % of subscription fee)

The initial setup fee and monthly service charge will be based on the number of loyalty card holders in the customers existing programme and the number of active members of the programme.

The Management Team

Managing Director

Julie Walker

Julie has 16 years experience in customer focused international market and business development within the technology industry. She has played a key role in identifying and servicing market needs through the use of leading edge technology. As the Regional Manager for PCDOCS, Greater China and ASEAN, Julie established PCDOCS, first fulltime team in the region and managed the transition from distribution sales model to direct vendor sales.

Customer Relationship Director

TBA

The Customer Relationship Director will be responsible for the end user customer relationship marketing strategies. The CRD will be responsible for the development and implementation of both strategic and tactical marketing campaigns. This role will be filled as the need requires it.

Business Development Director

Doug Kyne

Doug has 30 years sales and business development experience in the International software industry. After working for a number of database vendors, Doug co-founded Recital Corporation with his business partner in 1988. In 1994, Doug left Recital to take up the role of VP of International Operations for PCDOCS Inc , then Keyfile Corporation and is currently VP of International Sales for Asia Pacific for Netscout Inc.

Customer Service Director

TBA

The Customer Services Director will be responsible for the post sales service and support of the customer, the travel service provider. This role will be filled as the need requires it.

Finance Director

TBA

The finance director will be responsible for ensuring Purple Spinnaker are operating a financially sound organisation, controlling cash flow and monitoring the financial progress of the organisations. This role will be carried out on an advisory basis in the short term by Purple Spinnakers accountant, the payroll activities will be outsourced to a payroll agency and when the role demands it a full time FD will be recruited, with the suitable skills to take the company forward.

Technology Delivery Director

TBA

The Technology Delivery Director will be responsible for the selection of technologies and the delivery, maintenance and development of the suite of applications. At this time Purple Spinnaker have initiated discussions with two individuals who may be suited to this role.

Non-Executive Director

Bob Martin

Bob has been associated for nearly 40 years with the computer/IT industry, of which the first ten years were in a technical role, first as a programmer, then as a systems designer, progressing to become IT Manager for a large UK manufacturing company.

The 1970s saw a change of career to sales management. At various times, he headed up teams selling and implementing ICL and IBM mainframe computers, optical scanning page readers, cheque and document processing systems, large-scale data and image capture services (including the conversion of the British Library catalogue from paper sources to CD-ROM) and multi-media presentation systems.

Bob founded his own company in 1978 selling and installing document/cheque-processing workstation systems in UK and Europe. In ten years, he grew the company (CES Limited) to 80-plus people and nearly £6.0 million annual revenues, with consistent profitability. He left CES, after it was acquired in 1989, to work as an independent consultant for three disparate American corporate clients requiring UK and European market research and market development services.

Bob became involved with the Internet and e-commerce in 1997, providing consulting services to help reposition his Client, an outsourcing services company, to become an Internet services company, focussed on fulfilment, logistics and CRM.

His most recent clients include Scottish Software Company, where in 1999 he developed and helped implement, a business plan to change the company's direction from that of a bespoke software provider to a CRM/Content management software products supplier. He is currently directing the entry of a US-based security software company to open up its operations in the UK and Europe.

Advisors

Peter Dinham	Director of Product Development - US Software Co.
Daryl Gunn	Business Development Manager – US Software Co.
Gavin Hawthorn	Director of Customer Relationship Marketing – Hotel
Jono Heinemann	Managing Director - Winning Teams UK
Rob Knight	E-Commerce Director - UK Plc
Rose Lewis	Partner – Pembridge Limited
Brendon Voogt	Managing Director – UK Web Design Company

Some of the advisors may be offered executive or non-executive positions when a full time role arises for their skill set and funding is adequate funding is available.

Financials

Purple Spinnaker was founded by Julie Walker in November 2001. Julie has worked full time on developing the business model and exploring the market opportunities for the "Global Lifestyle Manager". Julie has been advised and supported by a team of advisors who have given their time and expertise to the project. Purple Spinnaker has been funded by Julie, from her savings, releasing equity from her home and carrying out ad hoc consultancy projects. Additional company background can be found in appendix VII.

Purple Spinnaker have initiated discussions with 2 hotel chains and are now, in a position where funding is required in order to put an initial management team together and build the core suite of applications. In order to estimate the amount of funding required, three financial models have been prepared by Purple Spinnaker:

1. Purple Spinnaker Revenues and Costs over a 60 month period, based on 1st customer going live in month 12, least optimistic.
2. Purple Spinnaker Revenues and Costs over a 60 month period, based on 1st customer going live in month 9, most optimistic.
3. The 5 year revenue and growth model for a customer over a 5 year period is developed in Appendix III C.

NB. Both Purple Spinnaker revenue models assume that the actual cost of hardware and hosting will be passed on to the customers at cost. Estimates have been provided for full scale application in the region of £1.5million for hardware infrastructure, no costs have been included for full scale hosting.

First customer Live in Month 12

Purple Spinnaker require £1.5million to fund the formation of the management team and build the application which will drive the Global Lifestyle Manager over a 12 month period of acquiring the first customer. Table 1, below shows anticipated revenues based on Purple Spinnaker acquiring 6 customers over 24 months and the revenue generated over a 5 year period based on users being converted to subscribers at a rate of 5% in the first and subsequent years:

TABLE 1	Year 1	Year 2	Year 3	Year 4	Year 5
Active Users	15,625	320,833	620,833	650,000	650,000
Customers	1	4	6	6	6
Service charge	200,000	1,650,000	3,600,000	3,600,000	7,500,000
Active User Charge	781,250	16,041,667	31,041,667	32,500,000	32,500,000
Total In	981,250	17,691,667	34,641,667	36,100,000	40,000,000
PS Costs	1,237,520	2,543,240	3,204,740	3,228,740	3,223,990
Gross Profit	-256,270	15,148,427	31,436,927	32,871,260	36,776,013

It is anticipated that by month 12, Purple Spinnaker will have acquired their first customer and have a pipeline of 3 more customers.

A summary of the revenue and costs can be found in Appendix III A.

The key points to note are that based on the revenue and cost models, Purple Spinnaker are anticipating a positive cash flow in month 10 and to show a profit in month 12, when the second customer goes live.

First Customer in Month 9

Purple Spinnaker require £1million to fund the formation of the management team and build the application which will drive the Global Lifestyle Manager over a 12 month period of acquiring the first customer. Table 2, below shows anticipated revenues based on Purple Spinnaker acquiring 6 customers over 24 months and the revenue generated over a 5 year period based on users being converted to subscribers at a rate of 5% in the first year, 10% in the second year and 20% in subsequent years:

TABLE 2	Year 1	Year 2	Year 3	Year 4	Year 5
Active Users	46,875	607,292	2,408,333	4,400,000	4,850,000
Customers	1	4	6	6	6
Service charge	200,000	2,550,000	3,000,000	3,000,000	3,000,000
Active User Charge	3,645,833	30,364,583	120,416,667	220,000,000	250,950,000
Total In	3,845,833	32,914,583	123,416,667	223,000,000	253,950,000
PS Costs	1,327,520	3,125,240	3,984,740	3,984,768	3,980,152
Gross Profit	2,518,313	29,789,343	119,431,927	219,015,232	249,969,848

It is anticipated that by month 9, Purple Spinnaker will have acquired their first customer and have a pipeline of 3 more customers.

A summary of the revenue and costs can be found in Appendix III B.

The key points to note are that based on the revenue and cost models, Purple Spinnaker are anticipating a positive cash flow in month 12 or 13 and to show a profit in month 15, when the second customer goes live.

Return On Investment

Based on the conservative business model, which assumes the first customer goes live in month 12 with the following 5 customers coming on board in the subsequent 12 months, with annual growth in subscribers at a constant 5%. Revenues generated in the second year of trading are expected to be in excess of £10m, growing to revenues in excess of £35m by the 5th year of trading.

Based on the optimistic business model, which assumes the first customer goes live in month 9 with the following 5 customers coming on board in the subsequent 12 months, with annual growth in subscribers of 5%, 10% and 20% in subsequent years. Revenues generated in the second year of trading are expected to be in excess of £25m, growing to revenues in excess of £250m by the 5th year of trading.

NB: Purple Spinnaker appreciate corporation tax may affect some aspects of our business model and we will take advice before making any firm decisions.

Purple Spinnaker have prepared a cost benefit analysis for prospective customers in Appendix III C. These figures show that with a 5% conversion rate and charging £(\$)75 per annum in subscription fees, customers will see a return on their investment in the first year.

The Global Lifestyle Manager

The Global Lifestyle Manager from Purple Spinnaker is a new customer loyalty solution for the travel industry which utilises new technology and personalised marketing techniques to address the lifestyle needs of the international business traveller. The programme will be sold as a managed service and will encompass hosting, hardware, software (Diagram 1) and services. The services will include systems implementation, ongoing product development, customer relationship marketing and personalisation consultancy. The ongoing product development will be driven by feed back and usage analytics from the programme members.

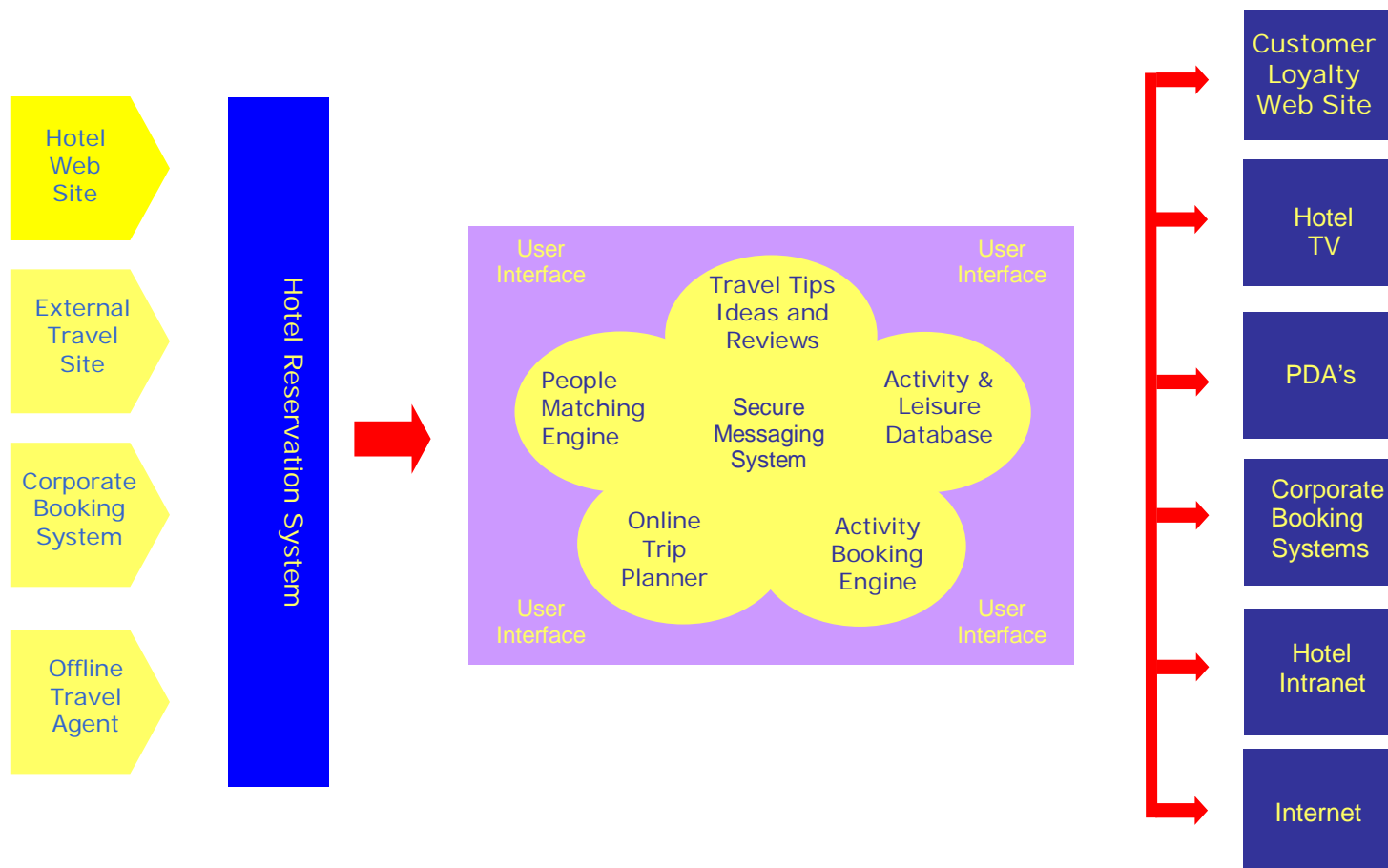


Diagram 1 - The Global Lifestyle Manager - Appendix XII Application Overview

The Global Lifestyle Manager will focus on three principles of delivering an online service, **meaning**, **value** and **trust**. The service will have **meaning** in that, it will address the issues of isolation and boredom which arise from the transient nature of regular business travel; the service will provide **value** to business travellers as it will be focused on their needs and evolve through interaction with the client base; and the service will be delivered through **trusted** suppliers to business travellers, hotels, airlines and car rental firms.

The Purple Spinnaker customer loyalty programme will enable the travel service providers to offer a lifestyle service which will enable business travellers to:

1. Network with other business travellers
2. Exchange travel tips with their peers about locations they visit on business
3. Search for and purchase activity and adventure products to participate in, while on business trips or during their vacations.

The Global Lifestyle Manager will be delivered and managed by Purple Spinnaker for individual customers, where a customer may be, an organisation or a group of organisations which work together to service a common group of customers with similar needs. Purple Spinnaker will work in partnership with their customers in order to deliver the new service.

How it works:

The Global Lifestyle Manager will be triggered by a guest booking a hotel room, booking a flight or hiring a car, through a number of mediums (the example below is for a hotel room, although the method will be similar for each service provider):

Via the hotel Web Site

When a guest books a room online using the hotels own web site, at the point of confirmation the guest will be asked if they would be interested in, 1. meeting other guests who will also be staying in the hotel at the same time, 2. in taking part in a leisure activity or 3. finding out about some travel tips from other guests who have visited the destination in the past. When the guest confirms their interest they will be offered another screen which will become their personal travel management page which will enable them to find out how many other guests are interested in meeting up socially or taking part in an activity, golf, diving, opera etc and also be able to search for things to do.

Via the telephone

A guest will book a room via the telephone, they will be sent confirmation of the booking via an post, email or both. When the guest receives their confirmation they will be given information about the new service offering them the opportunity to: 1. meet other guests who will also be staying in the hotel at the same time, 2. take part in a leisure activity or 3. find out about some travel tips from other guests who have visited the destination in the past. The guest will be pointed to the web site where they can use their loyalty card holder number or their booking reference to access their personal travel manager.

Via external booking services (corporate booking systems and travel agents)

A guest will be booked into a hotel by a third party and they will be sent a confirmation via post, email or both. When the guest receives their confirmation they will be given information about the new service offering them the opportunity to: 1. meet other guests who will also be staying in the hotel at the same time, 2. take part in a leisure activity or 3. find out about some travel tips from other guests who have visited the destination in the past. The guest will be pointed to the web site where they can use their loyalty card holder number or their booking reference to access their personal travel manager.

An example personal travel manager can be viewed in appendix X.

End Customer Marketing

The Global Lifestyle Manager will be marketed to end customers through existing communication mediums within the Hotel, Airline and Car Rental Companies.

Analytics and Feedback

The analysis of the usage of the site, the information about the individual users and their feedback will be collated and used in conjunction with the customer loyalty teams within the Purple Spinnaker customers to evolve and develop the service on, an ongoing basis.

Target Market

Business Travel Customer Loyalty Programmes

"It's become obvious that international business leaders are changing and our customers take their work and leisure time equally seriously" **Tom Oliver Chairman, Six Continents Hotels 23rd Sept , 2002.**

"In a world of increasing competition and declining profits airlines and hotels must look at their business models and rethink the way they deliver services and generate growth." **Julian Sparks, Partner at Accenture – Transport and Travel, Sept 2002.**

The World Travel and Tourism Council, estimated the business travel market in 2002 to be US\$349billion and they anticipate it to grow to US\$748billion by 2012. The primary service providers in this market are, hotels, airlines, car rental companies and corporate travel agents (external and in-house).

Purple Spinnaker have researched the business travel service provider market and have categorised their target market as:

- Top 25 global hotel chains
 - Top 50 Airlines
 - Top 3 Corporate Travel Agents
 - Top 3 Car Rental Companies
 - Top 3 Alliance Programmes
- (Appendix I)

Why Customer Loyalty?

"The future leaders of the travel industry will ultimately be those who can strengthen customer loyalty to grow revenues." **Julian Sparks, Partner at Accenture – Transport and Travel, Sept 2002.**

Research shows that it can cost 10 times as much to find a new customer than to retain an old one. Customer Loyalty programmes operate to enable service providers to better understand their customers and to provide them with a service which better meets their needs, 6 major hotels chains have large numbers of loyalty programme members:

Hotel	Loyalty Card Holders
Six continents	8million
Marriott	11million
Starwood	6.5million
Hilton	6.5million
Choice Club	350,000
Hyatt	1.2million

Existing Loyalty Programmes are all very similar and travel service providers are in search of new services which will differentiate them in their market. An example of this is the new retail loyalty programme "Nectar" which raised £25m in July 2002 to launch as a competitor to "Airmiles".(Appendix XI)

Why the Travel Industry?

Loyal travellers are rewarded through a point system based on the dollar value of their expenditure, for the length of time they stay in a hotel, number of days of car hire or for the miles to the destination on a flight. These points are collected over a period of time and when a traveller has reached certain point volumes they

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can redeemed their points for products and services offered by the service providers and their partners:

- Free Room, Flight, Car Hire
- Upgraded room, flight, car hire
- Concierge Services
- Lifestyle Products

Why do Customer Loyalty Programmes Fall short?

Existing customer loyalty programmes focus on the central service, rooms, flights or cars provided by the hotels, airlines and car rental companies. Loyalty programmes do not look at the broader ways in which they can service their customer base.

The Objective of the Global Lifestyle Manager

The primary objective of the new loyalty programme is to provide a service which is relevant to the end customer, which has a value to the end customer, which can be provided on a subscription basis and is delivered through a trusted brand to the end customer.

Benefits to the Hotels, Airlines and Car Rental companies

The travel service providers are looking for ways in which to build and develop customer loyalty. The internet allows service organisations to be available to their customers 24 hours a day, 7 days a week. The problem is they need to find new ways in which to engage their customers and keep them for the long term. The Global Lifestyle Manager will enable the hotel, airline or car rental company to build a community around its brand where the members can benefit at the point of purchase from a personal service, based on a common lifestyle interest. The primary benefits are:

1. A new revenue Stream
2. A progressive cycle of the engagement of customers
3. Brand based community which creates bi-directional communication with their customer base.

The hotel, airline and car rental firms have two primary targets for this service:

Individual Business Travellers will benefit by being able to balance their lifestyle with their work when they are on business trips rather than waiting until they are home to socialise with their friends or pursue their interests and hobbies. The business traveller will change their "lifestyle community" to being a global one rather than a local one. A Global lifestyle will add "balance" to the life of the business traveller. (Six Continents Press Release – Appendix Xi)

Corporates will benefit as business travellers will be able to have a balanced lifestyle while on business trips, something which is currently hard to achieve. They may be prepared to travel over more years as a result.

The Global Lifestyle Manager is a toolset which can be used as a key differentiator for the hotel, airline or car rental company when negotiating contracts with corporates.

Why a Subscription Model?

The Global Lifestyle Manager will be a subscription based service. Individuals are familiar with paying for services online and also for their day to day lifestyle needs (Appendix V), gyms, club membership and online for dating, concierge services and information.

The Marketing Strategy

The primary goal of Purple Spinnaker is to be the leading supplier of the next generation of customer loyalty programmes for the travel industry.

Purple Spinnaker will adopt the direct sales approach. Purple Spinnaker will employ a business development director who's role it will be to directly focus on building relationships with prospective customers in the primary target markets:

- top 25 hotel chains
- top 50 airline operators
- top 2 car rental companies
- 3 major alliance programmes

Marketing Messages

Purple Spinnaker will focus on the benefits to the Travel Service Providers as the core marketing messages for the new programme:

"Purple Spinnaker will empower travel service providers to understand and create positive lifestyle brands."

"A brand represents a way of life, the new customer loyalty programme will enable travel service providers to build a way of life for their members."

Purple Spinnaker will provide the travel service providers with a service in which is designed to create a "Cycle of progressive customer engagement using the model from Michael Bayler and David Stoughton of "e-value".

The Global Lifestyle Manager will provide an environment where customers can, and do, talk back, an environment in which a customer's interaction with the brand is more direct and more varied than it has ever been before.

Competition

Purple Spinnaker are entering a the travel market with a new product. There are a number of existing suppliers who provide Customer Loyalty Services and consultancy in that market.

- IAPA – International Airline Passenger Association
- ICLP – International Customer Loyalty Programmes
- LRA worldwide – Customer Loyalty Consultants
- Forum – Customer Service Loyalty Consultants
- Hotel internal customer loyalty programmes

These existing, and other suppliers focus on the existing format of customer loyalty programmes, which are based on the core service of the provider. Purple Spinnaker will add a new dimension to customer loyalty by introducing community based customer loyalty programmes and services.

Why has it not been done before

Technology has not been used to deliver this form of service to the travel industry before. Purple Spinnaker are combining the technology and marketing techniques used in two successful online business models (appendix IX) to deliver a new revenue generating customer loyalty programme for the Travel Industry.

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Operational details

Location and premises

Purple Spinnaker will be based in West London.

Equipment needed

Purple Spinnaker need to build a suite of software applications. Purple Spinnaker will employ a team of people who need office space to work from, hardware, software and other office support facilities to develop and produce the application, the marketing materials, a web site and corporate brochure to support the sales efforts of the company.

Strategic planning

Purple Spinnaker are currently undertaking a direct sales approach in contacting prospective customers. The sales effort will be supported by the corporate web site being developed further and the development and implementation of both a strategic and tactical marketing plan.

Legal status

Purple Spinnaker is a Scottish Private Limited Company. Company number: SC 224899.

Financial information

Purple Spinnaker are looking to raise £500,000 in seed capital to build the suite of applications and to build a core management team in order to develop the business over the next 12 months. See the commercial model appendix III.

Funding to date

Julie Walker the Managing Director of Purple Spinnaker, has worked on this project full time for 10 months, during which she has invested her savings, released equity from her home and taken ad hoc consultancy projects to generate personal income to keep the project moving forward.

Risks to consider

Industry

Purple Spinnaker is a new entrant to a niche market with a new service which has the potential to create a paradigm shift in the market. In order to be successful, the market message and company position will need to focus on the unique selling points of the Purple Spinnaker and its service benefits to the hotel, airline and car rental companies and in turn to their end customers.

Market

Purple Spinnaker is looking to enter a growing market and therefore the expectation is that the growth in the market should have a positive effect on the sales and subsequent growth of the organisation.

The Product – The Applications Suite

The primary risk to the service, is the product itself. The management team believe the product is a good fit for its target market but the delivery of the actual product on time and within budget will be a major factor in the success of the organisation and as such the funding of the organisation will need to be sufficient to support the management team in their goals.

Sales

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If the marketing and sales activity does not generate sufficient customers in the required time, then the organisation may be at risk. If, on the other hand the highly targeted direct sales approach prove to be too successful and the growth of the organisation is not responsive enough to the demand being experienced then the use of the success of the organisation is at risk.

Research and Development

R&D is key to the future development of a software services organisation, and should be carried out on a cost against benefit to the customer base and the organisation itself.

Quality Assurance

It is imperative for any product to be of the highest quality. Therefore, a good QA process needs to be implemented in order to ensure the quality of the product and service.

Resource Constraints

Lack of the right resources with the right skill levels may impact the success of the project. Purple Spinnaker aim to have a core interdependent management team which will be responsible for recruiting additional skills on a project basis.

Capacity

If the capacity planning for the application suite is incorrect, then the individual projects will be in danger of having too little capacity, resulting in a poor performing application, or in having too much capacity, resulting in excess capacity incurring unnecessary additional costs. Purple Spinnaker will endeavour to have flexible contracts with suppliers to provide a base level service which can be expanded to meet demand without incurring additional penalties.

Investment

Insufficient investment in the key areas of the organisation, technology, and marketing may result in a reduction in competitiveness. Purple Spinnaker aim to prioritise the needs of these areas and invest in them in order to maximise their ability to compete.

Information Technology

The core of Purple Spinnaker is Technology and the application of technology to meet a specific business need. Therefore it is imperative that the application suite is secure, robust, responsive and is developed using strict version control and quality assurance rules. It is important to have a contingency plan for a wide range of disasters from, corrupt backups to multi-mirrored applications across multiple locations.

Administration Blockages

Purple Spinnaker is a high growth business which will endeavour to eradicate administrative overheads through manual tasks and internal administration bureaucracy which will hinder the free flow of information and service to the customers.

Business Management

Purple Spinnaker is a new organisation and as such the management team will be a newly formed team, which up until now has not worked together in this dynamic. It is anticipated that there will be initial teething problems but it is hoped that with the professionalism of the individuals and the belief in the vision of the organisation the desire to build a new successful organisation will result in a positive resolution to any management issues.

Corporate Politics

It is hoped that as a new entity, Purple Spinnaker will not be subjected to Corporate Politics, in the short term at least.

Cash Flow

The backbone of the organisation is the flow of cash into and out of the organisation. Purple Spinnaker recognise the need to pay close attention to this aspect of the business, as it is this area which could bring down a great idea if not managed correctly.

Interest Rates

The cost of borrowing money will always be an issue for any organisation. It is hoped that the macro economic effect of a change in interest rates will not adversely affect the growth of the organisation.

Exchange Rates

Purple Spinnaker will be a global business and it may therefore have to consider the effect of payment to the organisation in multiple currencies and the subsequent effect of the fluctuation of exchange rates.

Natural Disasters

Purple Spinnaker will rely heavily on technology and therefore will ensure that there is a more than adequate disaster recovery and contingency plan in place for the business should a natural or other unplanned disaster strike.

General Risks

Purple Spinnaker are aware that there are risks involved in the setup and running of a business. It is the intention of Purple Spinnaker to identify and address the various areas of risk to the business but not to let the risks over shadow the opportunity to build a successful organisation.

Exit Options

Purple Spinnaker understand that potential investors are looking for exit routes for their investments. Purple Spinnaker have identified three routes forward for the business once it is up and running:

1. The sale of the company similar to USA Interactive (or similar), as they have purchased other complimentary organisations in 2001, Ticket master, Expedia, Hotels.com and Soul mates technology.
2. Purple Spinnaker could be sold to an existing customer loyalty specialist in the hotel and airline industry. For example, The Collinson Group.
3. Future Profits, should the business model develop as anticipated, the investors should see a return within a 3 year period.

This is not an exhaustive list, but a selection of options and routes forward for the investment and management team.

Conclusion

Purple Spinnaker is looking for a financial partner who can provide the initial seed capital of £500,00 and assist in funding future growth of the organisation over a period of three to five years.

The Purple Spinnaker Business Plan shows:

1. Purple Spinnaker is a viable business proposition.
2. Purple Spinnaker is a unique proposition, at this time.
3. There are a number of organisations who are offering a subset of the features and functionality of but no-one is combining the technology with the specific needs of a the hotel and airline target market.
4. There is a move by the hotel and airline industries to look for innovative customer centric customer loyalty programmes to develop a more personal relationship with their customers. Purple Spinnaker offer a method in which to do this.
5. A substantial amount of work has been put into this project so far and this work is being advanced by a small team of skilled professionals who are interested in being involved in the project full time should adequate funding become available.
6. The level of success of the business and the timescale for return on investment of time and money will depend on the funds and resources made available to the project.

Purple Spinnaker have initiated discussion with a three hotel chains and are actively pursuing their first customer.

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Appendices

- Appendix I - Target Market
- Appendix II - Business Travel Market Figures
- Appendix III - Purple Spinnaker Financials
Customer Financials
- Appendix IV - Loyalty Programmes
- Appendix V - What people subscribe to – online and offline
- Appendix VI - Value of a long term (career) business traveller
- Appendix VII - Company Background
- Appendix VIII - Management CV's
- Appendix IX - Successful online business models
- Appendix X - Press Releases and Articles
- Appendix XI - Sample Screen Shots
- Appendix XII - Application Overview

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Appendix I

Target Market

Top 25 Hotel Groups
Top 50 Airlines
Top 3 Car Rental
Top 3 Alliance Programmes

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Appendix II

Business Travel Market Figures

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Appendix III - A

Purple Spinnaker Financials

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Appendix III - B

Purple Spinnaker Financials

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Appendix III - C

Customer Financials

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Appendix IV

Loyalty Programmes

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Appendix V

Services people subscribe to..

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Appendix VI

Value of a long term business traveller

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Appendix VII

Company Background

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Appendix VIII

Management CV's

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Appendix IX

Successful online business models

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Appendix X

Press Releases and Articles

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Appendix XI

Sample Screen Shots