Google

Proprietary + Confidential

Google & Travel

BRM Update

23 July 2018

Attorney Client Privileged

REDACTED & ABRIDGED FOR PUBLIC FILING

EXHIBIT
PSX00608

Objectives

- Provide top-level view on **Google's role and impact in travel distribution**
- Outline **industry concerns** and resulting potential **risks** for Google
- Discuss and agree on **joint EMEA approach to mitigate concerns and risks**

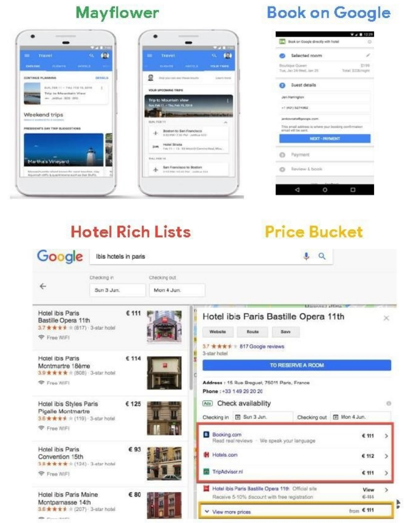
Google

NEW SPEAKING NOTES
We're here today to provide a top-level view and Google role/impact in/to the travel industry as we see it. We'd like your confirmation that you share the same views on both the market and partner challenges.
We'll skip over the high level travel summary that you would have read in the pre-read and focus mainly on the Partner Concerns and how we may be able to tackle Trust issues that currently exist in EMEA
Additionally, we will be asking for your support and agreement on a shared EMEA approach to represent to MTV.

ORIGINAL NOTES
Provide top-level view on status quo of the travel industry
Highlight Google impact on the travel industry
Outline industry concerns and resulting risks for Google
Show Google approach to mitigate concerns and risks□(on voice track: "... and especially How EPS empowers local LCS teams)
Discuss next steps and gain BRM support

But looking at ‘small’ changes holistically, Google's impact to travel distribution is significant

- [redacted]% of travel online sales coming through Google platforms (SEO, SEM, Hotel/Flight Search)
- **Google Hotel Ads (GHA) + Google Flight Search (GFS)** live in UK+DE since 2013, GHA live globally 2018, GFS live in all of Europe since 2017 + increasingly integrated into core search
- **Mayflower & Unified (Travel) Header** [blog] integrates flights + hotel search UX
- “**Book on Google**” [doc] implies Google is acting like an OTA
- **GHA Hotel Rich Lists** don’t allow enforcement of OTA & Hotel contracts
- **GHA Change to Auction Price Budgets** [article] was perceived as favouring T1 OTAs/Metas and incremental advertising revenue
- **Trips App expanding coverage** and adding discounts
- Mobile search results **reducing visible organic inventory**
- Assistant / Voice search leading to **‘single answer’ environment**



Voice track: We believe are just tweaking/optimizing the user experience), looking at Google holistically through our partners eyes, Google is really tightening its control over travel distribution.

We do a lot of seemingly small experiments but it creates insecurity when ☐a) we're not communicating our plans, and☐ b) partners in the industry are always seeing change to our products officially or via tests, which creates "insecurity or FUD"

A reason is certainly also our internal structure / fragmentation

Mayflower & Unified (Travel) Header [blog] UX changes to our platform evoke concern from the market as these cosmetic changes ‘look’ and ‘feel’ like an OTA albeit without fulfillment, MoR, and/or customer service.
“Book on Google” [doc] Name implies that Google is acting like an OTA; “Easy Checkout” or “Facilitated Booking” would better represent the action and concurrently alleviate partner concerns
Hotels Rich List trigger on branded queries (Aug’15) which introduces competition from aggregators contravening aggregator/hotel contracts on brand term use in digital campaigns. This allows OTAs to feature in GHA even when hotel brand terms are protected under OTA/Hotel contracts.
GHA Change to Auction Price Budgets [article]: OTA/Metas claim that change favored Google revenue over User’s interests where Users aren’t provided the ‘cheapest’ rate upfront and are required to clicking through
Trips app (incl. Reservations, tourist attractions, weather, events, restaurants, itineraries and maps) is expanding coverage and adding discounts

Priority partners increasingly voice concerns

Proprietary + Confidential

Concern 1:

Google is disintermediating end user relationships

"We don't need to ask if Google is becoming an OTA, we already have the answer"
- Confidential Chief Brand Officer

"I think we are in an absolute war [with technology platforms like Google, Amazon and Facebook] for who owns the customer." - Confidential CEO, Confidential

"The main concerns are around FS as another disintermediation tool" Confidential

Concern 2:

Costs are rising, and traffic is falling

"Google is deliberately making it impossible to compare Hotel Ads and SEM to squeeze maximum revenue from us"
- SVP Acquisition Confidential

"From a monetization perspective, Google have not shown the same efforts to support direct as they have done for programmatic and indirect." Confidential Global Head of Ad Operations, Confidential

Concern 3:

Mobile is reducing organic inventory; Assistant may make that worse

"In a world of voice search, how can I prevent Google owning all our traffic?"
- SVP Product Confidential

"On mobile, GFS is already taking the entire screen"
- COO Confidential

"We don't believe that all (or 90%) of the Hotel Ads traffic is incremental." Confidential CMO, Confidential

Concern 4:

Google favors Tier 1 OTAs/Metas

"With GFS, Google is expanding on my core business and we already know that no one can compete. What's the future for a flight Metasearch?"
- Confidential

In relation to GHA price bucket auction changes, "You favor the big guys (eg. Booking, Expedia) at the expense of the smaller OTAs and Metas"
- Confidential CEO Confidential

Confidential

Google

Source: Partner feedback from external and internal interviews with both Googlers and partners.

T2 OTAs fear HF/FS as a competitor. ☐We continue to invest in better User tools.
Google flight features hurt suppliers and discriminate OTAS by displacing organic
Concern that Google is becoming a booking engine (or Meta)
Meta-to-Meta Policy has been perceived as unfair by Metas claiming Google had 'banned' them. Press attributes policy changes as a response to Shopping decision
Suppliers claim our costs are rising, and traffic is falling. ☐As auction pressure rises, so do prices. As our user 'answers' improve, traffic decreases.
Suppliers fear commoditization of their offering
Market believes CPC rises are controlled by Google
Mobile is reducing organic inventory; Assistant could make that worse.
Suppliers claim they have to spend more on SEM to be found.
OTIs concerned about single answer voice searches
Suppliers and T2 OTAs/Metas feel we favor T1 OTAs/Metas. ☐ Confidential charges 15%+ to hotels. EMEA/APAC hotels have limited negotiating power (75% non chain vs. 25% US).
Hotel Rich Lists benefit OTAs
T2 perception that Google gives T1s preference to test new products
Confidential

Redacted - Privilege

REDACTED & ABRIDGED FOR PUBLIC FILING

Such concerns lead to business and policy risks

Proprietary + Confidential

Business risk: opportunity cost / revenue loss	**Policy** risk: EC competition investigation
"We understand that it is important to work with you (on GFS), but **we do not trust Google** because we believe you will change your strategy in the future at a cost to us." - Confidential SVP Confidential	Redacted - Privilege
Negative perceptions are hindering our ability to move conversations beyond marketing and distribution, and capture further opportunities including **Product Adoption, Data, Assistant & Cloud** across the whole value chain of Priority Partners	

Google

The larger we become, the more humble we need to be.
Trust is the main issue as partners fundamentally do not believe we're only doing this for the "User" as partners claim that our actions suggest that "Revenue" is our main priority. Concern that we'll change direction later again at the expense of our partners.
Our partner managers are often having difficult conversations; if a disproportionate amount of time is spent on these issues, it means it is distracting from discussions around expansion and partnership to support long term growth with our partners. [eg. BoG 1-2 years for Confidential focus on Google Flight Search perceived OTA exclusion, etc]

Redacted - Privilege

REDACTED & ABRIDGED FOR PUBLIC FILING

The action plan to agree today:
Gain trust by conveying Google's value in Travel

EPS initiatives empowering front-line teams	Desired Outcomes
• Commission consulting firm analysis to demonstrate that Google leads are more qualified and more valuable than alternative channels **[Q4'18]**	• Higher trust, Google = valuable intermediary • Lower fears over rising costs, seeing higher RoI of using Google's vs. other channels
• Develop One-Google partner-centric "Enabler" narrative incl. solutions across GBO & PAs (eg. Cloud, Assistant) **[Q3'18]** • Expand scope and depth of responses to policy questions "TravelToughQuestions" **[On-Going]** • **Trial** Confidential Machine Learning 'proof of concept' on route network planning. **[TBD]**	• Higher trust, Google = reliable enabler of all (T1+T2 OTAs, Metas) partners' success • Clarity about changes + benefits of new solutions (incl. Mobile and Assistant) and beyond marketing • Positioning of Google as innovation partner

Redacted - Privilege

Google

Partnerships Solutions equips front-line teams with the right proof points to convey Google's value in travel distribution and beyond

Proprietary + Confidential

Local front-line teams leading partner relationships

	Priority Partner	Executive Sponsors	Partner Managers	Relationship Tone*	Comments
Suppliers (Air, Hotel, Rail, & Packages)	Confidential	Ronan Harris	Sébastien Pichon		Active engagement with BA/VY/IB, but lacking engagement at senior IAG level.
		Sebastien Missoffe	Romain Mouchet		Agreed to inaugural One-Google JBP; successful
		Marianne Stroehmann	Lutz Behrendt Tobias Guhlke		LCS effectively driving One-Google; establishing working cadence and expectations with GCP & GPP.
		Sebastien Missoffe	Jalil Chikhi Romain Mouchet		Strong relationships at all levels
		Marianne Stroehmann	Lutz Behrendt Patrick Haller		Positive LCS engagement, requires further engagement x-functionally (eg. GCP, Cloud)
		Sebastien Missoffe	Romain Mouchet Gentiane Pozzi Barret		One-Google engagement across LCC, GPP, & TravelBD; further upside in c-level relationship
		Marianne Stroehmann	Lutz Behrendt Sarah Glate		Best in class One-Google engagement across multiple business lines.
Online Travel Agents & Metas		Matt Brittin	Marcel Verboom		Positive working relationship despite pull back on spend.
		Ronan Harris	Finnbar Cornwall Amit Goyal		Positive working relationship, yet have open EC complaint
		Fuen Clemares	Guillermo Albizuri Javier Catalán		Positive business relationship (eg. $6m Cloud contract); they have an open EC complaint and voice GFS issues
		Ronan Harris	Zakie Beg		Positive engagement in LPS/LCS; work required in Cloud and other Google business/product lines
		Marianne Stroehmann	Henrike Lewerenz Bryan Simis		Positive working relationship, yet have open EC complaint

*Relationship Tone automatically RED if there is a formal complaint lodged (in)directly   EMEA Priority Partner OKR tracking / *Relationship is based on their relationship with Google, not necessarily the teams working with them

Google

- Goodwill gained with the Customer Intimacy gtech premium project: a Senior Global tech Lead, Fernando Benito, spends half of his time for Confidential n°1 priority Customer Intimacy project
- Confidential Cloud Deal made possible through effective One-Google Engagement / the ES team have showed perseverance in managing Odigeo who have been very vocal.
- Confidential is happy working with us and is supported by a very engaged and capable Google team, especially after their inclusion in Google Hotels Ads as a Meta (Meta-to-Meta) policy

REDACTED & ABRIDGED FOR PUBLIC FILING

Proprietary + Confidential

Key points for discussion

- Agree on concerns/grievances that are impacting trust in Google?
- Feedback on planned approach to counter these grievances?
- Can we work together and assign a small team to work on a shared EMEA view on Travel priorities (and OKR alignment) with Eng/Product?
- **Redacted - Privilege**

Google

Recommended Questions:

Do you agree that the 4 concerns/grievances that are impacting “trust” are the right ones to focus on?
Costs are rising, and traffic is falling
Mobile is reducing organic inventory; Assistant may make that worse
Google favors Tier 1 OTAs/Metas
Google is disintermediating end user relationships

Do you agree with our approach to counter these grievances? Suggestions for additional initiatives welcomed.

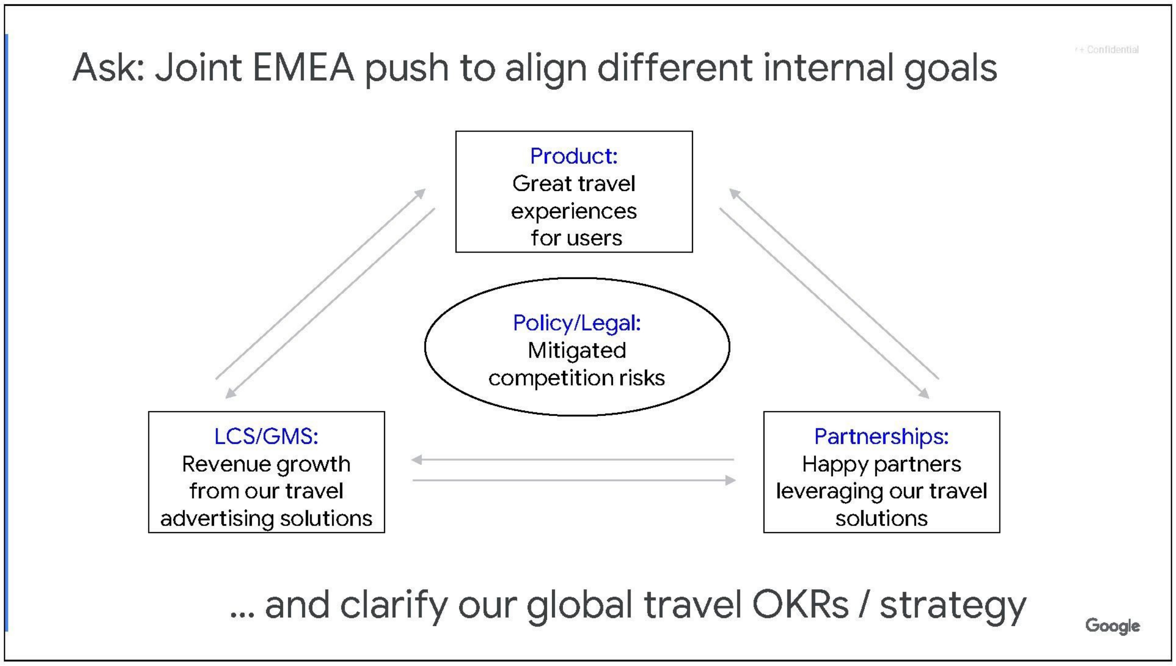
Do our ToughQuestions communication guidelines on policy issues satisfy our partner concerns?

Can we work together and assign a small team to work with us on a shared EMEA view on Product Priorities (and OKR alignment) to present to Eng/Product before business planning in September?

Redacted - Privilege

NOTES FROM CARLO MEETING 20 JULY 2018:
Do you agree with our concerns listed?
Can you agree to assign a small group to work on product priorities?
Do you agree with our approach?
Can we agree with what we discuss with on what we want to recommend before business planning in September?
Redacted - Privilege
Are tre trust issues the right ones

REDACTED & ABRIDGED FOR PUBLIC FILING



Ultimately, we need to address the root cause of the symptoms we are seeing: Lack of trust of our partners
We need to get together internally across product, LCS/GHS, partnerships, policy, legal and align our differing internal goal, create a common global travel strategy and clearly communicate that strategy to everyone

APPENDIX

Google

Travel industry - some key figures

- Global travel industry gross bookings: **$1.6 Trillion in 2017, 50% is Corporate**
- Travel and tourism account for **10.2% of Global GDP**
- International travel departures doubled from **600 million to 1.3 billion** in 20 years
- eMarketer estimates by 2020 worldwide digital travel sales is expected to reach **$855bn**
  - Gross bookings of 10 largest, publicly reported OTAs reached **$272bn** in 2017
  - Booking Holdings and Expedia Group accounted for **62%**
- **Google Ads + Vertical Search** for travel generated **Confidential** Google revenues in 2017
  - Hotel Ads generated **Confidential** in 2017; 2018 revenue outlook **Confidential**

Google

Travel is big, 10% of global GDP
and an important sector for Google, Confidential of our revenues