

Duff on Hospitality Law

## **OTA & Travel Distribution Update: Blackrock leads funding round for guest acquisition platform SiteMinder; CheapAir transforms into a new 'boutique' OTA; Hipmunk seeks to resurrect itself from its M&A ashes**

By Greg Duff on 1.24.20 | Posted in OTA Update

This week's Update features a number of stories on growing online travel platforms – including the launch of an entirely new travel application and the possible resurrection of an old familiar travel application.

### **Blackrock Embraces Hotel Technology Space**

*("SiteMinder Gets Funding Boost as Financial Titan BlackRock Bets on Hotel Tech," Skift Travel News, January 16, 2020)*

Another billion-dollar unicorn is possibly in the making. Last week, Blackrock, the world's largest money manager, led an investment round in channel manager, SiteMinder, that values SiteMinder at a staggering \$750 million. To put this in perspective, SiteMinder reported revenues of only \$67 million in its most recent fiscal year that ended on June 30, 2019. To justify such a large valuation (and Blackrock's bet on the channel manager), SiteMinder will need to find a variety of new products and services to offer its existing and prospective hotel customers. So why SiteMinder? Why now? Is Blackrock's embrace of this relatively small channel manager an anomaly or the sign of more things to come?

### **CheapAir to Become Qtrip**

*("Industry veteran launches new boutique OTA," PhocusWire, January 16, 2020)*

Last week, industry veteran, Jeff Klee, announced plans to launch a new "boutique" OTA for discerning leisure travelers seeking value over price. Rather than rely on great marketing to sustain an average product, Klee hopes to take a somewhat contrarian approach by launching a great product that over time people will love (with a little great marketing on the side). Initially, the new site hopes to offer the lowest prices (hello, parity) through a modern 21<sup>st</sup> century storefront that features personal travel advisors assigned to each booking and a wide range of payment options.

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#### **Hipmunk Seeks to Resurrect Itself From Its M&A Ashes**

*("Hipmunk Co-Founders Spurned by SAP Concur in Attempt to Buy Back the Company," Skift Travel News, January 14, 2020)*

Last week, SAP Concur announced plans to shut down its price comparison service Hipmunk (effective January 23) and in the process rejected an apparent offer by Hipmunk's founders and employees to buy the company back. The demise of this once promising travel startup (remember the "Agony" index) is not surprising given the circumstances – large company buys small startup to harvest its IP and/or human resources and then ultimately discards its remains. It's a story that has been told many times.

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Other news:

#### **With App, Delta Aims for Travel Service**

*Arkansas Online on Jan 13, 2020*

Delta Air Lines Inc. is creating its own version of a "digital concierge" to tie customers more tightly to the carrier for travel needs ranging from navigating traffic to booking a hotel. An improved mobile app will allow travelers to arrange rides to the airport, stay on top of weather and traffic changes, get customized directions through unfamiliar airports and receive notifications when their flight is ready to board, Chief Executive Officer Ed Bastian said at the CES technology trade show in Las Vegas last week.