TrueNZ SMART
Accommodation Limited

Technology + Tourism
August 2021

TrueNZ SMART Accommodation Limited

Putting Technology into Tourism

Contents

TrueNZ SMART Accommodation Limited – The Business

Putting Technology into Tourism

TrueNZ SMART Accommodation Limited consists of 2 distinct but intertwined tourism technology divisions:

TrueNZ SMART Limited

SMART

SMART is our proprietary online reservation & guest management system. It was designed and built by us specifically for New Zealand Bed & Breakfast style accommodation. It is believed to be the only system of its kind in the world

This is a real time system for managing online bookings, guests and their payments. SMART provides accommodation properties with an entire integrated package that takes their guests 'From Looking to Booking', and for the accommodation property looks after everything 'From Staying to Paying'.
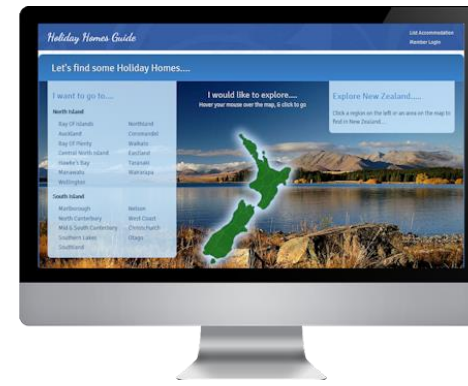
TrueNZ Guides

We publish a set of online tourism guides focused on accommodation, particularly small accommodation establishments like Bed & Breakfasts, Farmstays, Small Lodges and more.

These guides provide an important online marketing tool for listed properties creating an effective 'Front Door' for each property so enabling them to be found by prospective guests.

Our intuitive technology coupled with outstanding SEO makes this happen efficiently and effectively.

TrueNZ SMART Accommodation Limited – The Business

Putting Technology into Tourism

Executive Team

The Directors are also the founders:

Technology   ## Tourism

                    +

Chief Technology Officer   ### Chief Operating Officer

Murray Ward is a highly qualified and experienced software engineer and developer. Murray makes the websites he builds, the software he writes and makes the computers it runs on do extraordinary things.

Now focused solely on TrueNZ SMART Murray is the designer & builder of our websites and systems.

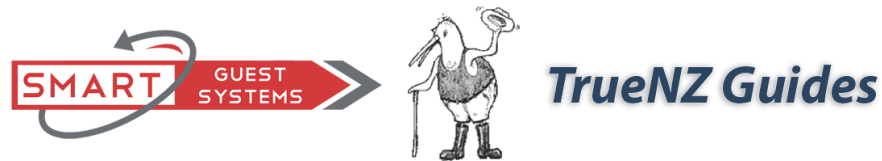Mike Raymer moved from a successful career in sales and marketing to tourism some 25 years ago. He has previously owned various successful tourism businesses including a Bed & Breakfast.

Mike looks after marketing, sales and administration for TrueNZ SMART.

TrueNZ SMART Accommodation Limited – Our Story

Putting Technology into Tourism

Timeline Summary

1999	Murray Ward launches the first online TrueNZ Guide – TrueNZ Farmstays
1999 – 2010	Additional online TrueNZ accommodation & activity guides launched. Listings entirely reliant on organic growth.
2009	Michael Raymer took a 50% interest in TrueNZ which became a formal partnership between M&C Ward Holdings Limited, representing Murray Ward's interests and Jamroc Management Limited representing the Raymer interests.
2010	New versions of the suite of accommodation guides created with primary focus on the TrueNZ New Zealand Bed & Breakfast Guide.
2011	Active marketing & listing sales commenced.
2015 March	Design & development of the SMART Guest Management System commenced.
2015 November	SMART development completed and launched.
2016	Brand building for SMART commenced.
2018 July	Design & development of SMART*direct* commenced.
2018 November	SMART*direct* launched.
2020 February	Primary focus of activities switched from international guests to domestic market.
2020 June	TrueNZ SMART Accommodation Limited formed.
2020 November	Business transferred from partnership to become wholly owned by TrueNZ SMART Accommodation Limited.

TrueNZ SMART Accommodation Limited – Our Story

Putting Technology into Tourism

Beginnings

Murray Ward launched the first TrueNZ online accommodation guide in 1999. This was the TrueNZ Farmstay Guide. Further accommodation and activity guides were added but growth was purely organic until, in late 2009 Michael Raymer took a 50% interest in TrueNZ which became a formal partnership between M&C Ward Holdings Limited, representing Murray Ward's interests and Jamroc Management Limited representing the Raymer interests.

The current format of TrueNZ was launched in 2010 with a small number of legacy subscribers which formed the core base for our completely revamped Bed & Breakfast Guide. Our first marketing campaign launched in 2011 from which new sales rapidly expanded the listing base in our Bed & Breakfast Guide tenfold by December 2014.

In common with a number of similar concept online accommodation guides, at this time revenue was derived from listing fees paid by participating properties.

Origins of SMART

By the close of 2014 it was becoming increasingly apparent that this business model was rapidly becoming a sunset industry. With the advent and growth of commission based online travel agents (OTAs) – Booking.com, Expedia, Airbnb etc – properties were becoming reluctant to pay fees to be listed on the traditional online guides, preferring the free listings offered by the OTAs.

Simultaneously we could see that the very advent of, and the expanding booking market share taken by these OTAs presented an exciting opportunity.

While hotel operators and larger motels were by then reasonably well served with booking & guest management systems these were – and still are – complex and expensive systems simply not suited to the needs of small-scale accommodation providers.

After analysing what these needs really were, in March 2015 we set about designing and building SMART, an acronym for **S**mall & **M**edium **A**ccommodation in **R**eal **T**ime

TrueNZ SMART Accommodation Limited – Our Story

Putting Technology into Tourism

SMART Launched

- During 2015 & 2016 we were focused on developing and launching SMART.
- We launched SMART in late November 2015.
- Our prediction that the fee-based model of online directory type accommodation guides would become a sunset business was proved correct. By December 2016 TrueNZ subscriber numbers had fallen to 449 and competing fee based online guides had begun to fall by the wayside.
- By mid-2018 this trend led us to have a major rethink of the TrueNZ SMART business model. We could see that the future depended on further tidying up and enhancement of SMART.

SMART*direct*

- It had become apparent to us that there was a major opportunity for SMART to legitimately allow properties to sidestep "Rate Parity*"*.
- To achieve this we designed and developed SMART*direct*.
- From the properties' point of view SMART*direct* is seamlessly integrated into the SMART system, giving them the opportunity (if they wish to use it) of offering a different set of tariffs to guests who book direct with no commission while maintaining another set for all commissionable bookings.
- The public know SMART*direct* as SMARTres, a stand-alone, fully fledged online public booking platform connecting them direct to their chosen accommodation host.
- All properties subscribing to SMART are now automatically listed on SMARTres which has become a significant driver of direct bookings. Currently we do not charge any commission on these bookings but recognise this as a potential additional income stream.

TrueNZ SMART Accommodation Limited – Our Story

Putting Technology into Tourism

Ctrip Collaboration

In 2018 we developed a close & unique relationship with the largest online booking platform in China – Ctrip (Trip.com). We succeeded in negotiating a special arrangement for properties using SMART who also wanted to use Ctrip as a booking platform, developing our unique "QuickConnect" for those properties along with a special payments & commission arrangement. We were invited to make a presentation at the official launch of Ctrip in New Zealand.

TrueNZ Guide Listing Fees Cease

By the start of 2019 paid listings in TrueNZ had fallen to the point where administrative costs of collecting those subscriptions had risen to make it uneconomic. None the less, we considered that the suite of TrueNZ guides provided a useful service.

Apart from accounting administration we had reached the point where the cost of maintaining the TrueNZ guides was minimal. This led us to the decision, effective April 2019 to scrap listing fees for TrueNZ and rebalance the SMART subscriptions.

TrueNZ SMART Accommodation Limited – Our Story

Putting Technology into Tourism

Arrival of COVID-19

By January 2020 we could see the probability of Covid-19 causing major disruption to tourism and could foresee the likelihood of border closures. This would obviously have a huge impact on the type of small-scale accommodation providers that form our client base, particularly as traditionally some 80%+ of guests were international tourists.

We immediately set about re-orientating both TrueNZ and SMART towards domestic market guests. As part of this re-orientating we prepared an online and social media advertising campaign and built a new booking / information site specifically for the domestic market

Given that the majority of small-scale accommodation providers in New Zealand are in an older age group and offer accommodation in their own homes we considered it likely that Covid would prompt a significant proportion to re-evaluate and decide to close down.

The steps we planned and took enabled us to reassure our client base, at least to some degree, and to be ready to launch this campaign immediately New Zealand was opened for domestic travel. We launched in May 2020. Our campaign enjoyed considerable success both in achieving domestic market bookings for our properties and minimised our loss of SMART subscribers.

Business Restructured

Also in 2020 we decided to restructure the business and formed TrueNZ SMART Accommodation Limited. The assets of the TrueNZ Partnership were transferred in their entirety to the company which is owned by M&C Ward Holdings Limited and Jamroc Management Limited who jointly hold all the shares. Operationally the business remains the same as previously.

TrueNZ SMART Accommodation Limited – Our Story

Putting Technology into Tourism

Airbnb Collaboration

In 2021 we were approached by Airbnb wanting to explore the possibility of some joint marketing.

This led to a well-attended Roadshow we put on in Wellington to which Airbnb sent 2 officials from Sydney. This in turn led to the development of a unique "QuickConnect" enabling SMART users to easily and quickly list with Airbnb utilising the listing data already in SMART. We believe this to be a world first.

We also put on a joint nationwide webinar with Airbnb and are currently further cementing that relationship, which we see as a potential "Door Opener" to doing something similar with Booking.com and VRBO, both of which are complex to list on but are important booking platforms for our clients and potential clients.

Our Products SMART

Online Reservation & Guest Management System

SMART was designed and built by us specifically for New Zealand Bed & Breakfast type accommodation.
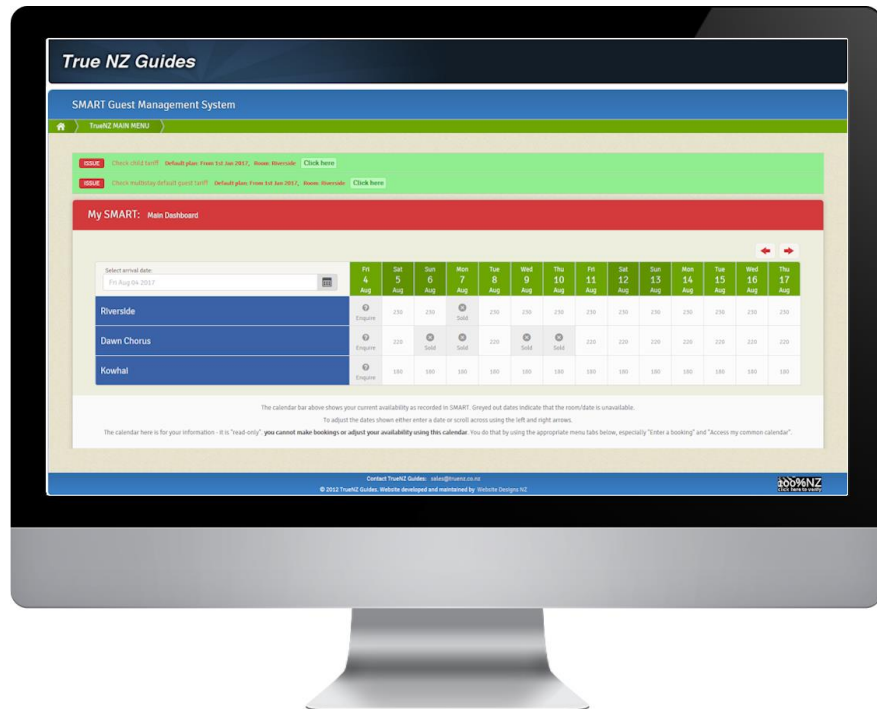
In 2015, we came to the realisation that with the growing dominance of the Online Travel Agents (OTAs) in the accommodation booking space, such as Booking.com and Expedia, there was a significant gap in the market for an online booking management product for small accommodation properties to suit their needs and requirements.

The more we looked at it, the more it became obvious to us that the systems being used by small scale accommodation providers in New Zealand were actually never intended for that market. We formed the view that they had been designed, built and priced primarily for large scale accommodation and were in the main, an overpriced mismatch for our target market.

Our specific experience and expertise provided the right understanding of what a typical small-scale accommodation provider needed in the way of tools so as to maximise both online presence and bookings.

Very importantly for our target market of small-scale accommodation properties, their online tools need to be easy, non-technically demanding, and suitable for a variety of age groups.

We could find no such integrated, easy to use, and cost-effective product available, so we decided to design and build our own. Therefore we built and launched SMART.

Our Products SMART

Online Reservation & Guest Management System

SMART was launched in November 2015, and since then constant refinements and enhancements have been made, making SMART one of the best products available in New Zealand (and internationally) for small & medium accommodation providers.

Many features of SMART are completely unique. It is an entirely seamlessly joined system to which absolutely no add-ons or accessories (or costs) are needed. There does not appear to be any other such system anywhere in the world.

From **Looking to Booking** and from **Staying to Paying**

Essential Elements

The essential elements of SMART are made up of the following modules:

Guest & Property Management   Availability & Calendar System   Instant Booking System   Channel Manager System   Payment Gateway   Travel Trade System

Our Products SMART

Online Reservation & Guest Management System

SMART "Front Ends"

The SMART system "Front Ends" comprise Booking, Guest & Property Management for the property and Instant Online Reservation functions plus Reservation Management for guests.

SMART is automatically displayed on and linked to a property's TrueNZ Guide listing, and is easily added onto a property's own website. SMART automatically sets up a guest record for check-in and helps manage a guest's accounts ready for checkout. It will store guest details and transactions allowing for quick and easy access for guest management and to retrieve reports to help with GST returns and accounts.

SMART provides automated alerting for upcoming stays and is able to request the balance due from guests as a cancellation 'lock in' period approaches (we call this 'Arrival Assured'), or to ask for a further confirming part payment, whatever a property wishes. They set and define their own rules.

TrueNZ developed the Availability & Calendar System to exactly suit the needs of small property management. This functionality is exclusive and proprietary to us. By design the availability calendar and booking engine uses the conventional and familiar user experience with 'smart' touches. Our system has several major and distinctive features that are unique outside of OTAs.

Using SMART, each 'Booker' automatically creates a unique identity within SMART allowing them to make multiple bookings without the need to re-establish credentials; and they are provided with login access to the guest side of SMART for managing their own bookings and, importantly, have the ability to make secure online credit card payments to their accommodation hosts.

SMART will allow guests to book available accommodation with instant confirmation. Each property is able to set their own parameters for an immediate online deposit payment on advance bookings, and take full payment for short notice bookings. This allows property managers to get a firm booking commitment from their guests without any accompanying booking barrier found on many other booking platforms.

Guest & Property Management

Availability & Calendar System

Instant Booking System
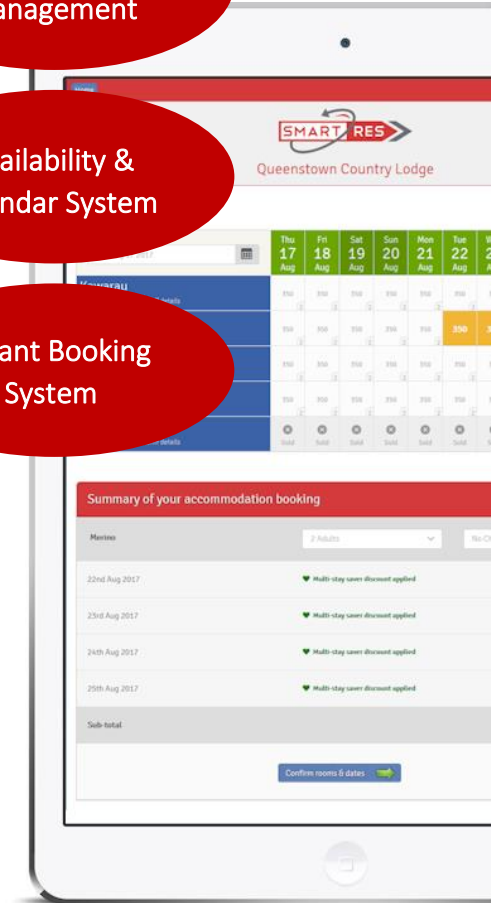
Our Products SMART

Channel Management System

The SMART Credit Card System

Today even the smallest accommodation provider needs to have a means of accepting credit card payments from guests. For small accommodation providers cost and perceived complexity has been a major issue. The traditional solutions range from leasing an EFTPOS terminal, along with associated software and fees, through to PayPal. Even the relatively common online systems such as Payment Express incur what are, for small accommodation providers, quite substantial standing charges in terms of bank merchant accounts and other fees.

SMART revolutionises this by providing users with a secure and efficient online credit card processing *system with no standing costs at all* for the property. This suddenly makes accepting credit card payments easy and affordable for even the smallest accommodation provider.

Payment Gateway

The SMART system is what we term a 'Dual Function' payment gateway. It accepts advance online payments from guests at the time of booking *and* onsite payments from guests at the time of stay.

The SMART credit card payments gateway utilises the ANZ eGate system in a unique manner. ANZ eGate is seamlessly joined into SMART with transactions automatically linked to and imported into each individual guest record by way of electronic data exchange. This provides SMART users (both host and guest) with an instantaneously updated guest ledger integrating credit card receipts into the record automatically. The effect of our contract with the ANZ Bank is there are no individual property merchant account (or other) fees.

To our knowledge there is no other system available in New Zealand that does what SMART does.

Our Products SMART

Travel Trade Booking System

Channel Manager System

The SMART Channel Manager

Our Channel Manager System functions to connect and synchronise a property's calendar, and a range of availability and tariff settings, with that of other distribution platforms the property uses for selling its available room nights. For example, a property might distribute through both their own website (and calendar) plus a number of OTAs such as Booking.com, Expedia and Airbnb etc. There are literally hundreds of options available today.

With the current market dominance of OTAs any property not making use of them will simply not reach its true potential for bookings.

Given the time zone New Zealand resides in; it is essential for any property accepting bookings from international guests to have synchronised calendars at a minimum. Most OTAs operate on a confirmed booking basis only, with quite severe penalties for overbooking. Without a channel manager overbookings and double bookings become inevitable, equally so for New Zealand domestic market guests.

In the early design stages of SMART, we considered building a proprietary channel manager. While we assessed that we could do so, as an alternative option we decided to explore partnering with existing channel managers. We were successful in securing an agreement with one of the world's leading channel manager exponents, STAAH. We seamlessly 'white labelled' a modified version of their channel manager into our SMART product.

STAAH is a New Zealand business operating globally and ranks as a preferred partner with some of the most prominent OTAs. STAAH is a recipient of the Prime Minister's Award for Excellence in Innovation.

This gives SMART one of the most reliable and innovative channel managers maintaining the nuts and bolts of SMART channel connections. Our customised version of the STAAH channel manager is invisibly & seamlessly built into SMART. Communication between the two systems for availability and tariffs etc is by custom built automated electronic exchange of data between SMART and STAAH (API).

We recognise that a rapidly growing number of small & medium accommodation properties are also doing business direct with retail (and to a lesser extent, wholesale) travel agents. As we saw this trend developing, we decided to build our own custom 'channel manager' for these outlets.

The SMART system for this sector is unique and entirely proprietary to TrueNZ.

Our Products SMART

Online Reservation & Guest Management System

SMART*direct*

Book Direct

SMART*direct* is a sub system of SMART, seamlessly integrated into the Guest Management System while simultaneously, from the point of view of "Lookers & Bookers", being a stand-alone system and separate website.

SMART*direct* provides properties with the option, should they choose to use it, of legitimately offering "Lookers & Bookers" a different set of tariffs for direct bookings. Doing so in SMART*direct* does not breach any Rate Parity rules.

Properties will usually elect to use SMART*direct* rates to offer a discount or incentive to book direct, thus avoiding the commission charged by other OTAs.

From the "Lookers & Bookers" perspective SMART*direct* is a stand-alone online booking platform similar in all respects to other OTAs except that they are booking directly with their chosen accommodation, often at a better rate than offered by other OTAs.

SMART*direct* is a very easy to use booking platform with significant advantages over others, especially in regard to seeing availability and selection of date of stay.

As with most other booking platforms, once a booking is made in SMART*direct* the "Booker" has personal login access and the ability to manage their booking, including making credit card payments.

Bookings made using SMART*direct* are commission free.
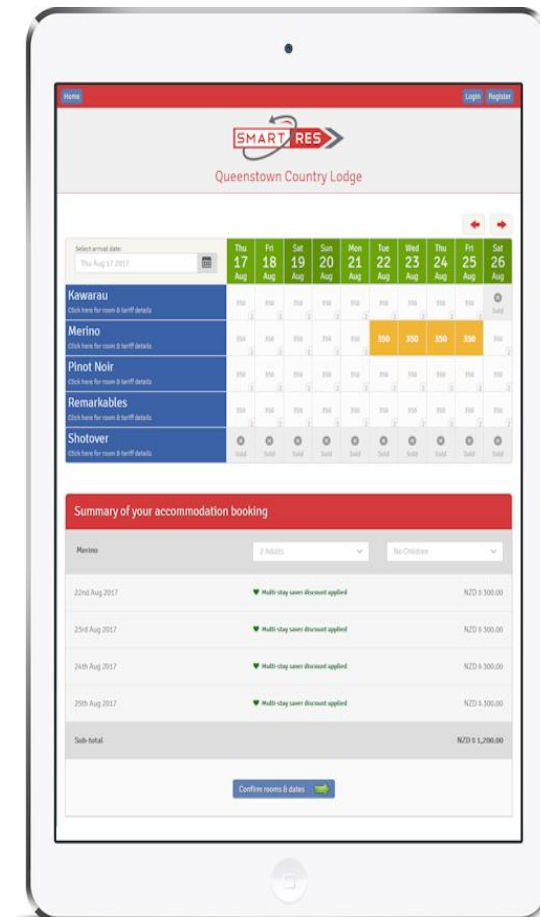
Our Products SMART

Payment Gateway

SMART for the Travel Trade

Recognising the growing interest within the retail and wholesale travel trade in booking accommodation with New Zealand small accommodation, we added a unique Travel Trade module to SMART.

Our Travel Trade module allows each property to construct its own in-house database of travel agencies it does business with, and for each agency they can define their own:

- Negotiated commission rates
- Negotiated tariffs
- Availability restrictions

In addition, our Travel Trade module allows each agency to login directly to the SMART reservations system and for each property it has arrangements with allows them to:

- See the availability and rates as negotiated with the property
- Make instantly confirmed bookings
- Make payments for the booked accommodation
- Allow its clients to make payments for booked accommodation

Each agency can see at a glance all the properties it has arrangements with throughout New Zealand. Our Travel Trade module is seamlessly joined to all other parts of SMART, and all linked calendars are instantly and automatically updated.

Our Travel Trade module is another strong example of the modules that make TrueNZ and SMART unique to the New Zealand industry.
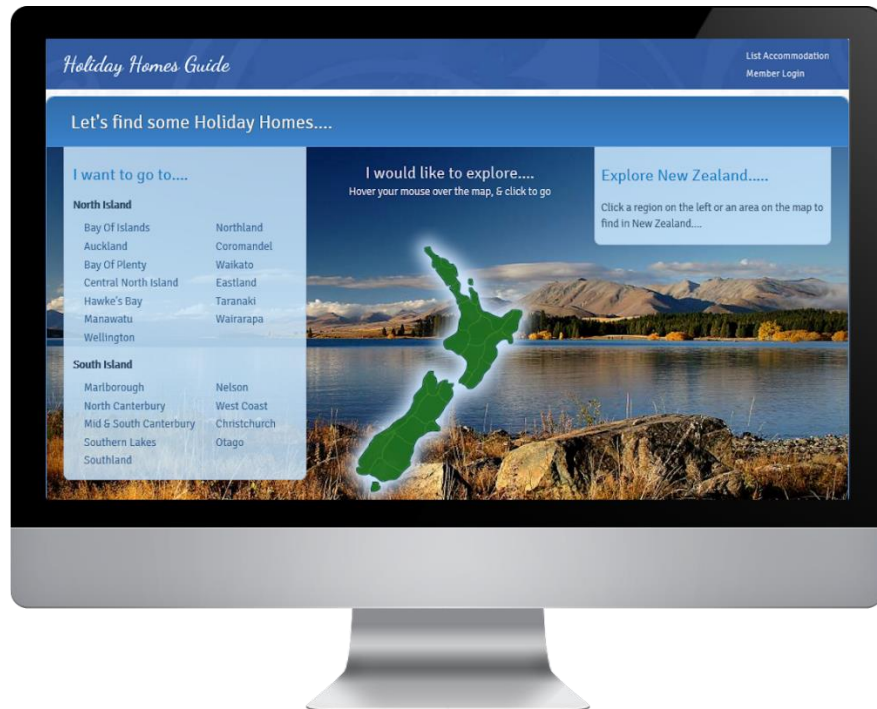
Travel Trade System

Our Products TrueNZ Guides

Guiding the World to New Zealand Accommodation

TrueNZ has been publishing online guides for New Zealand accommodation & activities since 1999.

Usually targeted primarily at an international audience of people looking and booking their trip of a lifetime to New Zealand, TrueNZ offers a selection of some 500 properties nationwide to choose from.

We cater for a range of speciality small accommodation properties, particularly:

- Bed & Breakfast
- Farmstays
- Small luxury lodges
- Vineyard stays
- Hosted self-catering accommodation, and more

We also have provided a number of activity guides to complement our accommodation guides. These are currently archived

In April 2017, we released the TrueNZ Holiday Homes Guide as we saw a gap in that market for a holiday home guide with integrated channel management capability. Neither of the 2 main New Zealand online guides currently have that capability. TrueNZ does.

Our Products TrueNZ Guides

Guiding the World to New Zealand Accommodation

The TrueNZ Guides are easily found as they hold prominent positions in response to key search strings on all major search engines all around the world. All our accommodation guides work in the same, intuitive and user-friendly way, ensuring the best experience for both guests and accommodation providers.

Unlike other guides available today, with TrueNZ users do not need to know specific destination place names or specify dates of stay. The reality is that our international audience generally do not know these fully and simply want to explore. This is where TrueNZ excels.

All TrueNZ Guide – and SMART -websites are fully mobile compatible and reside on secure platforms.
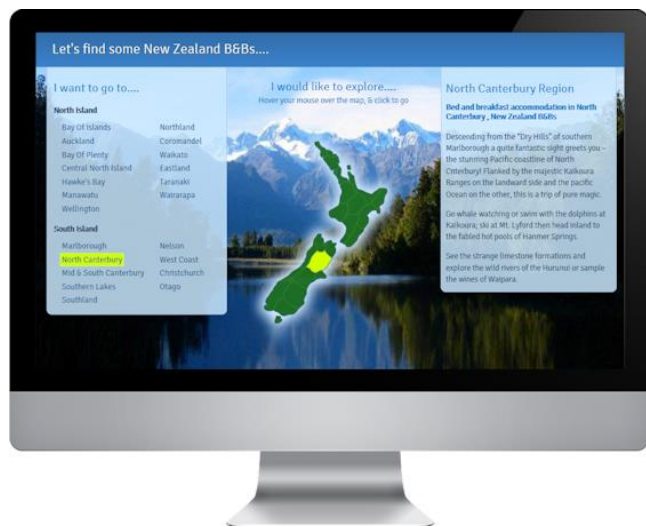
TrueNZ SMART Accommodation Limited – Clients

Putting Technology into Tourism

Our Client Base

Our speciality is small scale accommodation providers in New Zealand. In particular:

Bed & Breakfast Providers

Farmstays

Special Places to Stay

Self-Catering Accommodation

TrueNZ SMART Accommodation Limited – Marketing

Putting Technology into Tourism

Brand Building

Recognising that we had to build our SMART brand in order to attract subscribers, we started on a series of Road Shows in April 2016. A significant part of our marketing concept was to invite the major OTAs to partner with us in these Road Shows.

This enabled us to not only promote our own product but to simultaneously demonstrate to properties the necessity for them to have a cost effective and efficient channel manager (such as SMART) to allow them to open themselves to the booking streams from the OTAs without experiencing double bookings.

In 2016 we ran Roadshows in Taupo & Rotorua partnered with Expedia; Kaikoura (solo); Nelson & Blenheim partnered with Booking.com; Coromandel & Waikato (Cambridge) partnered with Expedia; Auckland Central & North Auckland partnered with Booking.com.

By December 2016 we had 79 active paying properties enrolled in SMART. Further detail of subscriber numbers is shown in our provided documentation.

In 2017 We continued the Roadshows, putting on events in Wellington (Kapiti), Wairarapa and Palmerston North partnered with Booking.com, Wanaka & Queenstown also partnered with Booking.com followed by Dunedin, Oamaru & Timaru (solo). We ended the year's campaigning with Roadshows in Auckland & Whangarei partnered with Expedia then 2 Bay of Islands locations partnered with Booking.com

We ended 2017 with 113 (net) paying properties using SMART.

In 2018 we focused our marketing on developing a close & unique relationship with the largest online booking platform in China – Ctrip. We succeeded in negotiating a special arrangement for properties using SMART who also wanted to use Ctrip as a booking opportunity, developing our unique "QuickConnect" for those properties along with a special payments & commission arrangement. We were invited to make a presentation at the official launch of Ctrip in New Zealand and, in turn put on a major Roadshow event with them in Taupo.

By 2019 we were attracting quite sufficient numbers to our Roadshow events to run them solo. We put events on in Pauanui (Coromandel), Auckland, Bay of Islands (Russel) and Picton.

Throughout 2017 and 2018, we remained largely focused on brand building while further developing and refining SMART. During this time we expected and did experience a drop in TrueNZ subscriber numbers with our focus being on SMART

TrueNZ SMART Accommodation Limited – Marketing

Putting Technology into Tourism

Target Audience

Guests

In pre-Covid times the primary target audience for the suite of TrueNZ Accommodation Guides were international tourists planning to visit New Zealand. Our meta tags were designed accordingly.

In particular our experience and research pinpointed the "Silver Brigade" as the prime target. This is the older age demographic in the upper mid to upper socio-economic strata.

Particularly strong audiences are: The UK; Germany; The Netherlands; Switzerland; USA; Canada; South East Asia; France; Italy in approximately that order.

With the arrival of lockdowns and travel restrictions we moved quickly and aggressively to target the domestic market. That this move has been successful is borne out by our traffic, results and ability to retain customers.

Properties

Our services are primarily suited to those accommodation types detailed in "Our Clients". They have been our mainstay.

TrueNZ also has an online guide for Motels & Motor Lodges - https://truenz.co.nz/hotels-motels as well as for Holiday Houses https://truenz.co.nz/holidayhomes.
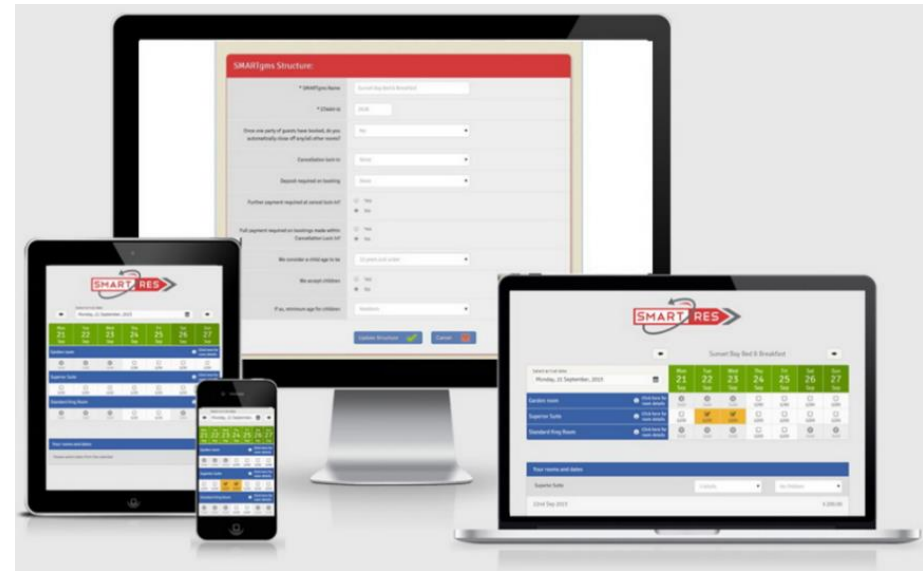
TrueNZ **SMART** Accommodation Limited – Our Technology

Putting Technology into Tourism

Our Technology – We Live in the Cloud

All our websites are fully mobile compatible. That allows both SMART and our suite of accommodation guides to be used anywhere, anytime subject only to internet access. They are all on secure platforms.

From the user perspective the entire SMART system is cloud based. Neither accommodation providers nor "Lookers & Bookers" need to download any software to use it.
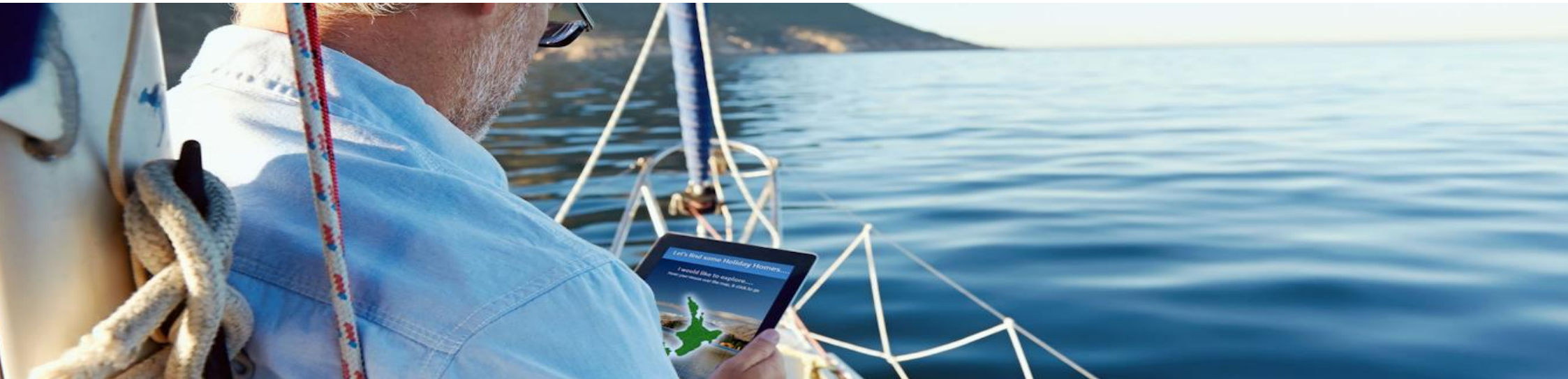
We Are **TrueNZ SMART** Accommodation Limited

Putting Technology into Tourism

We are interested in pursuing discussions with genuinely interested parties to whom we will disclose further technical, financial and cash flow details on completion of suitable confidentiality documentation.

TrueNZ SMART Accommodation Limited is proven and the future is vast,

For more information please refer to:

SMART Guest Management Information	https://SMARTgms.co.nz
SMART for properties	https://SMARTgms.co.nz
SMART Reservations	https://SMARTgms.com
TrueNZ	https://TrueNZ.co.nz
New Zealand Bed & Breakfast Guide	https://TrueNZ.co.nz/bed-and-breakfast
SMART Travel Trade information	https://SMARTres.co.nz
SMART Endorsements	https://SMARTgms.co.nz/endorsements

Or contact Mike Raymer on 03 4233565 or email sales@truenz.co.nz