> **❝** The tourism industry will become one of the world's largest industries. Currently, it is growing at a rate of about 10% annually. In 2018, there were 11 billion tourist trips worldwide which 1.6 times of the global population. Blockchain technology will allow the tourism market to develop in an orderly manner, including data security, de-intermediation, trust system construction and more. A new tourism ecology will be born due to the application of blockchain technology. **❞** ■ Liu Yanxin = Interview Report

B L O C K C H A I N

BLOCKCHAIN, THE REVOLUTIONARY TECHNOLOGY CREATING THE NEW TRAVEL ECOLOGY

> **Chairman of OMT Group James Yeow**

Q. **What are the challenges faced by travel wholesalers in the market?**

James Yeow：
"All the businesses come from the fact that information is asymmetric.", is a standard that traditional businessmen pursue and this is more applicable for traditional wholesalers. The birth of the internet and new retails changed everything and the law of business that many traditional businessmen pursue also slowly evolved. Today, we are faced with information overload and the transparency of prices. Therefore, the method where we depended on information to earn the differences in the past is slowly eliminated.

In the context of this mobile internet era, the traditional business model is impacted by different intensities under the "internet+" generation. The novel game rules of the industry surfaced new survival issues for travel wholesalers.

Firstly, the wholesalers are unable to get in touch with end customers, making it a disadvantage to develop the market. Secondly, there is fierce competition within the industry, severe price competition, small profit margin, and the wholesalers are earning from the differences in product prices, making it a single profit channel.

The upstreamcustomers drag out the payment period and as this payment period is long, the burden of the capital cost increases for enterprises with limited finances. At the same time, it is difficult to have the perfect cash flow to carry out other plans and new development in the market which is detrimental for development.

Disintermediation is the trend of most industries. In export cities, it is already the trend that traditional wholesalers reach their destination, carry out product development and purchases and enter associated industries that can drive the sustainable development of the company. In the future, there is still a certain degree of space and opportunity for growth when traditional wholesalers engage in and develop customised travel trips.

Q. **What are some of the pain points in the traditional travel industry that need immediate interventions?**

James Yeow：
In traditional industry, there exists a need for multiple cumbersome verifications of tourist's identity, possible disclosure of sensitive personal information, high prices remain due to the rather monopolised travel service industry, the quality of service by providers in the industry is jagged and many travel organisations engage in malicious price wars. This then results in large expenses, high intermediate costs and poor travel experience. This creates a domino effect where it is difficult to account for the complaints received and a whole series of other issues follow. This is detrimental to the quality and sustainable development of the tourism industry.

A study reflects that over 70% of customers are more willing to engage in online booking on OTA platforms, yet the complaint rate remains high. This also points to the fact that while the tourism demand increases, the customers' satisfaction is plummeting. This is due to information asymmetry. On one hand, there is information discrepancy between the travel industry of different countries. On the other hand, OTA platforms are unable to ensure the credit value and service quality of service providers and wholesalers in different areas. This leads to customers paying high prices for the information asymmetry.

The operation model of the traditional travel industry also has its obstacles.

Firstly, every aspect of the traditional travel industry's cost and profit lacks transparency. As such, customers are unable to choose the best travel plan and the service quality of service providers are unable to be justified. At the same time, there is only a single settlement method by offline service in the traditional travel industry and thus, they may be unable to receive the service remuneration that they deserve. There are restrictions to the operation model of the traditional travel industry where there is little exposure to the public and it is unable to make known to tourists all around the world and become a brand of its own.

All industry chains in the traditional travel industry are unable to maximise their profit due to the distribution of resources at the moment. For example, XXX hotel has 100 suite rooms and the actual annual occupancy rate is 70% on average. However, the cost of the remaining 30% of non-occupied suite rooms already exist. How then do we configure the remaining 30% to achieve a 100% profit?

Looking at it from another angle, the enormous global pool of tourists contributes to the annual GDP of the travel industry. However, tourists cannot directly take part in the distribution of profit and unable to realise a closed ecological loop.

Q. **How will blockchain technology bring about innovation and revolutionise the travel industry?**

James Yeow：
Blockchain is a revolutionary technology. It consists of features like distributed ledger, distrust, P2P transmission and it is traceable yet non-tamperable. In terms of technology, it can solve trust issues and also service traceable issues in the tourism industry.

There exist many problems with regards to third-party platform service providers such as OTA in tourism today. All the proposed solutions to this problem point towards disintermediation and intermediate third-parties like OTA will then be omitted.

If the smart contract function of blockchain is used while formulating relevant rules, it will allow online travel deals to operate normally. Decentralising organisations will not be necessary to operate the entire platform and the tourist transactions will be actualised by the P2P method. Consumers can pay directly to service providers and providers can directly provide the service.

This would omit the intermediate third-party and as such, drastically decrease the operational cost of providers on various major platforms.

Secondly, blockchain can shorten the industrial chain and prevent personal travel information leaks. Flight SMS scams, leaks of flight information and accommodation details and others are just some that frequent the news and the transaction processes on OTA platforms have a high probability of falling into such vice paths. While it is true that OTA platforms have taken many measures to protect the privacy of users, but due to the long industry chain, it is not full proof. Blockchain technology, however, is fully encrypted. Every individual has a digital identity that comprises of his information. This way, only the traveller and the terminal service provider have access to the detailed information, which targets the source of the issue and puts an end to any intermediate providers from leaking consumer's information.

Thirdly, blockchain allows for transparency of platform information and increases the trust between consumers and service providers. In the traditional travel industry, it is difficult for most OTA platforms to perform effective reviews and supervising to service providers and consumers. Similarly, it is unable to completely guarantee the qualifications and authenticity of the services provided and also unable to verify the consumer's information, thus making it challenging to control the actions of consumers and providers. The most important point is that the data information of the platform itself is unable to be transparent to the public and asymmetric information amongst third parties. The main example would be price discrimination which resulted in a mutual lack of trust between third-parties and possibly lead to a massive contradiction.

However, after using blockchain technology, all the transactions and actions carried out by participants of the platform during this transaction process will be copied and transmitted to all blocks of the network in an extremely short timeframe. This allows for synchronisation of data in the network where every node can be used to retrace all the transactions that have occurred between the two parties and does not allow the edition and deletion of any records. This ensures that all actions and speech of participants can be traced from the source.

Entry to blockchain platforms attempts to decentralise the hotel booking process through blockchain distributed ledger and its own tokens. The aim is to build a more direct connection between travellers and the hotel, allowing P2P interactions and omitting commissions and other administrative costs related to intermediary and OTA. Through the activation of the direct access function, users can obtain more desirable prices, hotels can better manage their stock while not compromising the transparency of services.

In this area, blockchain's ability to connect played its part by providing users of blockchain with activities and suggestions and they can abandon the complex processes of reviewing and verify it for themselves. In contrast, they can immediately contact the locals through the platform, allowing service providers the flexibility of earning through their methods and travellers can be ensured that they are receiving what they have paid for.

By implementing blockchain, the industry can start to eliminate unnecessary obstacles and bottlenecks, streamlining travel itinerary and provide greater value to everyone involved, regardless of travellers or the company itself. Fully utilising the advantages of blockchain technology such as its multi-party participation, transparency, consensus trust, traceability, tamper-proof, and privacy protection, to provide standardised, intelligent and big data support services.

From this, travel service providers are able to actualise effective management, smart service, precision marketing, and other business promotion while bringing convenient, highly effective, trustworthy and favourable travel experiences to travellers.

Q. **How do you view the fact that CYTT Blockchain has changed the travel industry? What are some areas of innovation?**

James Yeow：
Blockchain is the core technology that will build future cyberspace where it will serve important purposes in the field of travel economy and the sharing economy. Regardless of whether it is the internet of things, finance, smart devices, healthcare, education, archives, judicial, copyright or even family entertainment, all of them depend on the development of blockchain technology.

Currently, the large-scaled commercial application of blockchain is in its breakthrough period. Industries such as finance, insurance, and traditional IT are at the forefront of it all. Blockchain has become the second accelerator to account for the form changes in the internet. In the next few years, fields like financial services, credit reporting and service management, internet of things and supply chain and resource sharing, will start an in-depth application of blockchain.

In the travel industry, we use the tourist's travel statistics with the help of the application of blockchain technology as a lever for change, cutting into blockchain technology which increases the protection and convenience of travelling. By introducing the blockchain scene into the travel industry, it allows tourists to have boundless authentication of their personal identity in their travel around the world. This tentative idea surpasses travel itself and it will bring about unexpected value-adding potential for service providers and tourists.

Over the next two decades, the statistics breakthrough in the travel industry will bring about great power and create a new, sustainable business model that cannot be underestimated. From the point of view of how blockchain has affected the ecology of the travel industry, blockchain is a remarkable revolutionary technology. It can change the way we create wealth and the way we distribute wealth. Changing the way we create wealth could be understood as the fact that everyone not necessarily works on the real industry spread but puts in effort in terms of community building to create wealth.

Changing the way we distribute wealth, that is, capitalism is private ownership while socialism is public ownership. Blockchain is public ownership. Everyone takes part in the construction of the ecology and from that, we achieve consensus building and win-win.

Q. **In the current travel blockchain market, what are some of the market highlights?**

James Yeow：
According to the division of the industry chain, the actual role of blockchain belongs to the midstream channels and distribution category. It focuses on solving channel issues between resource providers and consumers. Currently, more startups are emerging in the three major industries: finance, aviation (flight tickets) and hotels.

Currently, many countries have adopted the model of blockchain in travel. This includes services such as aviation, hotels, tourist attractions and travel insurance. Amidst these services, internationally renowned enterprises like Shangri-La Hotel, Qatar Airline are in the sectors of the blockchain industry.

In terms of sufficient consolidation of relevant important resources in the travel industry such as visa, flight tickets, hotel, rental car, tour guide service and others, CYTT Changyou Alliance will achieve faster and more convenient traveller recognition mechanism, reliable personal data protection of travellers, direct point to point connection for travel services, traceable data of travellers and also data from service providers, solving the current important pain points of the travel industry from its source. This is done through CYTT Changyou Alliance discovering boundless travel and safe travels with the help of emerging technology such as blockchain, distributed storage, biometrics, cryptography, big data and mobile internet. Traveller's trusted static data and dynamic information recorded through blockchain technology, combined with external data of the tourism industry while using big data and AI intelligent algorithms, can be extended to all links of the tourism industry. This builds a new type of well-developed tourism ecology, which will become one of the core pillars of the future tourism industry.

Q. **How does OMT Group and CYTT Changyou Alliance build the blockchain development plan in the travel industry? What are some of the concrete advantages and development potential?**

James Yeow：
As the travel industry constantly and steadily develops, travellers' demands towards travel quality and experiences are also on the rise. The tourism industry has become a huge market which has greatly influenced economic benefits.

CYTT Changyou Alliance dedicates in providing their global customers with higher quality services, providing the tourism industry with a larger variety of ecological resources and building a tourism ecology that is more fair and transparent.

CYTT Changyou Alliance uses blockchain's distributed accounting, smart contracts, consensus mechanism, cryptography mechanism, distributed storage mechanism, information protection mechanism and token economy system. This resolves the problems that centralisation mechanism in the travel industry brings such as non-smooth channels, asymmetric information and complex settlement. It greatly reduces the manpower and system cost of participants, provides convenience and service to all business participants, by using blockchain technology and the token economy model, achieve the business goals without intermediate matching, commission expenses, so as to achieve efficient operation of the tourism industry.

CYTT connects upstream and downstream resources, making use of the characteristics of blockchain to introduce higher quality goods, accurately matching the needs of the customers.

From there, it increase quality of services, ensuring that all resources and statistics is truly open, fair and transparent. By using blockchain time-stamp technology, we can achieve resource data traceability and tamper-resistance, build a tourism complex through smart contract technology, create an alliance platform for the industry, eliminate third-party intermediaries, save operating costs, integrate industry talents, and build a shared win-win ecological chain.

CYTT has innovative qualities such as integration of active market openness and transparency, consensus mechanism, decentralisation and more.

Based on blockchain transaction technology, there are no third party intermediates to optimise the tourism industry, service providers and O2O tourism market. CYTT's distribution and tourism industry contracted on-chain cooperation to achieve resource sharing and provide better services. Other than that, rapid establishment of blockchain technology + digital token currency, CYTT applies settlement on an authoritative tourism platform, giving users more choices in the consumption of tourism products and services which allows them to quickly integrate into the tourism market. In the future, it shall expand the deep-rooted travel industry, reduce operational costs and increase efficiency of the industry.

Q. **How do we construct the ecological model of blockchain in the travel industry?**

James Yeow：
CYTT Changyou Alliance builds to be an open and shared platform which consolidates the integration from all upstream and downstream resources required in the travel industry. The core idea of this is to build a resource where customers can receive better through a wider range of channels. From there, provide or create better quality products for users. CYTT applies blockchain technology on to the internet, achieving big data management, security and transparency.

Through distributed ledger of blockchain technology, CYTT Changyou Alliance integrate tourism resources, distributes assets stored at different areas of their respective system. Using on-chain storage and every node of the network to create digital assets, artificial intelligence is used to undergo analysis for statistics to extract data value and high quality travel resources. For example, geographical typography, advantageous conditions, natural scenery, tourist attractions, infrastructure and other commercial advertising sponsored on-chain storage, digital assets circulating on the chain, value conversion, and opening the interface through Internet API, involving all tourism industry, users and fans around the world.

As blockchain has characteristics such as it is decentralising, transparent, open and non-tamperable, it ensures the authenticity and transparency of on chain assets and industry investors can undergo integration investments of high quality on-chain.

In terms of high-quality travel resource smart contract technology to resource model, through data models to build virtual scenarios, it provides investors and users with more accurate investment references.

As there is no third-party intermediate, resource integration is simplified and it can reduce operational costs significantly.

Tourism assets circulate on-chain in digital forms, relevant data is authorized through the open nature of the blockchain and can be accessed and shared. When seen offline, these main bodies that are seemingly not connected, through blockchain technology can be shared on the platform, intensifying the investment channel.

Through establishing smart tourism application scenarios, circulation in the form of digital assets, circulation of relevant tourism subject assets, and easy-right investment in digital tokens, CYTT Changyou Alliance will realise the accelerated circulation and linking of tourism value.

With the help of blockchain smart contract technology, it establishes the trust between the developers, travel providers, consumers, investors and supervising departments, achieving asset on-chain to the extent of "one person, one thing, one code" detailed. Investors and users hold CYTT for the right to exchange target assets on the chain. The supplier of each asset entity makes contract formulations with investors and users to reach an agreement on asset supplied and purchased. After registering smart contracts and writing the content of the agreement into the contract, fulfilling the timing preset in the contract and after the CYTT node triggers the time consensus, the contract is automatically activated and the service supply is executed. User consumption is generated and the contract code is executed in an independent environment.

For example, as disputes arise during the supply process and execution in the contract, the status in the code will be modified by itself, and the contract will automatically handle the consensus exception until the dispute is resolved. After the entire supply process is over, the contract will be automatically cancelled. The entire supply operation mode is executed by the smart contract. Service providers and users pass the platform. Smart contracts to exchange assets.