

# Flexibility above all

**A constant development of the offer and competences, selection of accurate directions of expansion, and above all - investing in own technological solutions - all these factors are the reason why the eSky Group from Radom has become an important player on the global OTA market.**

OTM means Online Travel Agencies - intermediaries in the online booking of tickets for travel and accommodation. Łukasz Habaj, Łukasz Kręski, Agnieszka and Piotr Stępniewscy founded the company in 2004. The company was related to Work & Travel - holiday student trips, combining work and study, and the platform to optimize the costs and time of these trips was just an additional element. However, after joining the EU, the main business started to shrink, the platform was the key to the company's development. In 2005, they started selling airline tickets through their own website. - After an hour of operation, they got their first reservation - recalls Łukasz Neska, vice president of the eSky Group, associated with the company almost from the beginning.

At that time, they used to operate in a search engine created by Bulgarians. Thanks to cooperation with partners from another country, they could get to know the local market and people, which helped them plan their future expansion. In addition, solutions available in Poland were used by the competition, and the eSky group wanted to be unique. The Bulgarian engine was the only one that allowed them to gain access to a very attractive sales offer due to integration with the global system. Competition on the market was huge - there were many companies, but after some time they went bankrupt or were sold to large enterprises that started to operate abroad. After gaining the competition's clients, the founders of eSky also decided to start their expansion outside of Poland.

The first step, however, was to replace the Bulgarian engine with their own engine. They adopted a new development strategy based primarily on proprietary, more flexible solutions that provide more possibilities. - Our presence in other markets didn't guarantee development. We had to combine it with the appropriate infrastructure and technology – explains Łukasz Neska.

The construction of our own engine was associated with large expenses because they had to create an IT department (today it is 100 employees). They financed it from current profits because they didn't want to give shares of the company to other external investors. They also financed their expansion in the same way.

## **10 TIMES MORE MARKET AREA FOR THE SAME MONEY**

They started with Bulgaria and Romania. - It was not the same extension as now. This operation wasn't based on a deep analysis, in fact, it was something like "Let's go outside, Bulgaria will be the best place because we know the local community and we know how to work with them. This market has potential." - recalls Łukasz Neska. Today they have 80 percent of the market there.

They also achieved success in Romania. After an hour of launching the website, the traffic was so huge that the team, which at that time had 20 people, wasn't able to serve it. They became very popular. What made them special was a website adapted to the needs of users. Of course, marketing was also very important. – After a week, we were already profitable. – says Neska.

Then they began to wonder: should we expand our operations in Europe: the Czech Republic, Slovakia, Hungary, or should we choose South America? They decided to choose South America, because with a similar amount of work and money, they were able to reach a 10-times larger market. They weren't afraid of the competition at a higher level. They were ready to compete and check their competencies and skills.

In 2011, they entered the Brazilian market as eDestinos. It was the country where none of the foreign companies from their industry was able to survive. Today, they are number three there. They quickly adapted to local conditions that are completely different than in Europe, for example domestic flights account for up to 75% of the Brazilian market. In addition, in most sales channels, such as the most popular search engines, they competed not only with other OTA companies, but also with airlines. Another thing is that most of the card payments are in instalments.

They also managed to overcome the huge reluctance of Brazilians to foreign companies. However, the biggest problems are payment frauds. Monthly fraud attempts in eDestinos are estimated at several million PLN, this is why their detection is the basis of financial liquidity. – We use advanced systems based on machine learning technology, analyzing in real time about 300 different indicators, which allows us to assess whether this is a real transaction or not. – says Neska.

Thanks to that, they gained an advantage over the competition, and Brazil became a stepping-stone to Bolivia, Peru, Colombia, Costa Rica, Paraguay, Panama, Puerto Rico, Honduras, El Salvador, Nicaragua, Guatemala and the Dominican Republic.

Today, eSky operates in 21 countries (with the Czech Republic, Slovakia, Hungary, Moldova and Turkey), and its revenues exceed PLN 100 million per year. The company also sells an average of 1 billion services per year and believes that it owns a large part of the global OTA market. It is difficult to determine the size of this part because there is no one way to report shares in this market. The company also estimates that its biggest rivals - Expedia and Priceline - have together no more than approximately 10 per cent of the market.

## **SLOW DOWN TO MOVE FORWARD**

The rapid growth of the company (100 percent per year) in the first years of operation was dangerous for its stability. They decided to slow down and focused on technological solutions.

They were afraid that their engine from 2008 wasn't prepared for such a development. They

needed several months to enter the new market and adapt to local requirements, and each website was a separate system. They created a new solution - scalable when it comes to new language versions and flexible in terms of increasing the offer.

That time, they needed external financing. In 2014, they found an investor who bought 6.2 per cent of shares in their company. After a year, the fully customizable eTS platform was ready. Now, entering a new market takes about a week. The platform also gives the opportunity to service many markets and entities at the same time, integrating data from independent suppliers, including from Booking.com. The group also carried out rebranding.

They constantly add new products and optimize existing ones. In 2009, they launched an online hotel reservation and travel insurance system, and in 2015 - car rental. Two years later, as the first company in Poland, they launched a dynamic packaging of offers such as "flights plus hotel".

They invite more airlines to cooperate (today there are 800 airlines). They combine them using access to local carriers. They can compete when it comes to cheap or comfortable ways to reach their destination in any of their markets.

They also often do tests with users from different parts of the world. They don't want to miss something, so they watch the actions of customers on their websites - how much time do they spend, do they have moments of hesitation and uncertainty?

In South America, smartphones were more important than in Europe. It forced them to develop a mobile application. They started in 2012 and launched it two years later. They weren't sure, because mobile shopping applications in Poland weren't as popular as today, but it was a good step. Thanks to a large number of users, they kept testing and improving the application. Today, they get awards for it and the application has been downloaded by 2.5 million people.

Plans for the future? - development in Central Europe, but also in the West, and even in the Americas - says Neska.

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