

**From:** Steinberg, Andrew <Andrew.Steinberg@Evercore.com>  
**Sent:** Saturday, March 31, 2018 1:23 PM  
**To:** Jim Davidson; Theo Kruijssen; Sue Carter; Edna Lopez; John Stewart; Tim Reiz; Project Firebird  
**Subject:** RE: [EXT] FLX Business Model "Circularity"

Jim,

Thanks for the color and context on this dynamic. Could not agree more, definitely a "virtuous cycle". I think worth having a page on this cycle in the CIM.

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**From:** Jim Davidson [mailto:jddavidson@farelogix.com]  
**Sent:** Saturday, March 31, 2018 10:09 AM  
**To:** Theo Kruijssen; Sue Carter; Edna Lopez; John Stewart; Tim Reiz; Project Firebird  
**Subject:** [EXT] FLX Business Model "Circularity"

All,

I really like the word *circularity* even though it may not be the right word to define how our business model with airlines works at a high level.

But look at it this way...If we start with the belief that airline's improved profitability has a direct correlation to delivering more product choices and personalization, dynamic pricing, etc. and that legacy airline technology is severely limited in delivering, then an airline's natural path to fix this condition will be one of two directions: 1) look to acquire the technical capability that enables the airline to create and optimize new offers – a path to the Farelogix door (our offer engines); or 2) build or buy an NDC API distribution capability, which again if they choose the buy option leads them to the Farelogix front door. The interesting thing is it becomes a circular concept -- either path the airline chooses first, will lead them to the other path, hence, back to Farelogix again.

Example:

Pick Path 1 – the airline buys our engine(s) (or someone else's) and guess what, no way to deliver that wonderful new enhanced and personalized offers to their indirect channel...back to Farelogix for FLX OC

Pick Path 2 – The airline buys our FLX OC and low and behold they quickly realize that to be competitive they need to create new types of dynamic, personalized offers, so once again they head to our (or someone else's) front door.

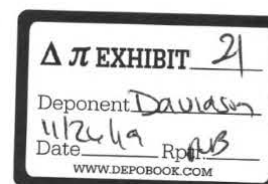
Circularity!

Happy Weekend.

JIM

James K. Davidson  
CEO and President

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