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MANAGEMENT DISCUSSION SECTION

Brian A. Johnson
Analyst, Barclays Capital, Inc.

[Abrupt Start]

but you're close enough, so people still remember. Very pleased to have with us Avis Budget. Arthur Orduña, the Executive Vice President and Chief Innovation Officer. Prior to being the Chief Innovation Officer at Avis, he was at ADT and something called, before that, Canoe Ventures, which was formed by the top six U.S. cable companies, as Chief Technology Officer and Chief Product Officer. I wanted to do a couple of quick ARS just to kind of ground who's in the room vis-à-vis Avis Budget stock, so you could follow up Avis Budget, number one, do you currently own the stock. So, I can't vote, not allowed to own your stock.

Okay. So, a lot of prospects in the room. And number two, bias towards the stock. Neutral is the middle, and then 38% negative, which probably explains why given that attitude which you can hopefully change here. There aren't more owners in the room.

QUESTION AND ANSWER SECTION

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

So, let's just start, Chief Innovation Officer is a relatively new position in corporate America and certainly at Avis Budget. What did you think the Chief Innovation Officer job was going to be when you joined Avis and then how has it evolved.

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

Sure. My expectation of the Chief Innovation Officer role, frankly, was kind of shaped by having had a similar role at ADT as you mentioned, Brian. But overall, if you unwrap the strange title, what I'm really focused on and what my team is really focused on is new product development, new business and market development, initially focused at increasing and hopefully increasing value in the core and existing business, but in improving that core business seeing if we could leverage what improvements we make to identify new business opportunities in emerging mobility markets.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

And what would you say has been different in the last couple of years since you thought coming in?

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

It's even more exciting than I thought it would be. I was modestly new to the rental car industry, although I've been an Avis customer, and I was new to Car Share, although I'd been a longtime Zipcar member. And what I found is that there's even more opportunity in terms of looking at not only improving car rental and Car Share but leveraging the assets, the skill sets, the new partnerships that we're developing, the new technologies and the specs that we're putting together to actually go after some of these new opportunities on the mobility side.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

And I should have mentioned, Neal Goldner joins us on the podium as well, their Head of IR that many of you might know at Avis Budget. What would you say the two biggest accomplishments today from the CIO office has been?

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

First one is very personal. The first one is putting together the right team. Some of the folks who are now with me are people I've worked with before both in broadband, going all the way back to embedded system days, and some in the cable and broadband and even ADT days. You can't execute without the right team. So, I would say that, to be blunt about it, that's a key accomplishment.

The second I would say is laying the right foundation so that we can actually do quick integrations and development work with new digital economy companies and that means that the very first project that we did

quietly when I first started was really making Avis Budget Zipcar into an API-based platform so that, first and foremost, we ourselves could take advantage of services and elements and features that were previously siloed say on the Zipcar platform, now take advantage of it over on the Avis Budget platform, but in turn expose those services in a secure fashion through a contemporary and best of breed API platform to new digital economy partners such as the ones that we've announced such as Airbnb Luxury Retreats, such as Lyft, such as Waymo where instead of a previously very long integration process with older technology we now have a contemporary developers portal. We now do this through APIs and through what the rest of the digital economy does.

So, I think that was incredibly important to lay the foundation to be able to test new business models, to be able to add on new partners and increase that ecosystem, and to therefore start hopefully launching out new products and services that would expand our global TAM, and increase our customer engagement and loyalty.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

Let's talk about one of those initiatives, the Connected Car pilot in Kansas City. Can you maybe update us how many cars are involved, what the kind of core technology is there using sort of the manufacturers embedded SIM, for example if it's an OnStar system, are you doing aftermarket add-ons to the OBD port or others.

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

Sure.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

Just start there and I have some questions on the business impact.

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

Absolutely, Brian. First, why we're doing it and then I'll tell you about the size of the fleet and talk a bit about the technology. Our thesis, and Larry De Shon, our CEO, has said this really as a challenge is that if we have a totally connected global fleet which we've said we want to do that by the end of 2020, that it would significantly improve the operating efficiencies, the customer experience and therefore the margins of our business. And one of the best ways we thought and my team and I thought to start testing out that thesis and to see how we actually change the business and the customer experience is to do this in an entire marketplace. So, we selected Kansas City as you said, Brian, primarily because of the appropriate size, the size of the fleet there on average is about 5,000 dedicated fleet for three airports and about 20 local offices. It doesn't travel very far. In other words, you don't rent at Kansas City airport and drive to Phoenix typically because we needed to contain the movements of that fleet. And it's also pretty high in NPS and we have good management on the ground.

Your question about the end technology of the connected fleet, it is a deliberate mix of both. It's a deliberate mix of telematics coming embedded by the OEM and also third-party devices, aftermarket devices, and a mix of those two. The key reason is because pragmatically that is what our global fleet will look like and it will look like that for basically for as far out as I can see. The real importance, however, is the connected fleet management platform that we've developed to manage that varied fleet that is data-driven, that has next-generation analytics courtesy of the relationship that we just started talking about with Amazon in AWS and allows us to identify and learn new operating efficiencies in terms of managing that fleet.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

And what's been the business impact, if you look at some of the KPIs for the car – rental car operations at Kansas City?

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

It's still relatively early days. I think that 2019, the year ahead is where we're going to start feeling more comfortable talking about some of the numbers that we're starting to see, and also as we start distributing, Brian, more of the connected fleet. At this point in terms of our fleet which, as you know, averages about 600,000 globally under our corporate fleet, we're a little over 100,000 of our fleet now with the connectivity.

And so, I would say that the key KPIs that we're looking for, as you said, first are tied to the operating margins of the efficiencies of actually managing the fleet, as well as if we manage the fleet and can do things like preemptive maintenance on cars before we actually get warning lights on the dashboard. So, for example, we're preset which is what we're testing, we're preset that we want the cars to tell us when they're at about 10 PSI above the threshold of actually triggering the warning light. And so, every day in Kansas City some of our RAs actually open up their tablets check out of the fleet that there are 10 cars this morning before they go on the ready line, which particular tire is low, get that up to speed and up to code and then put them on the ready line.

A couple of benefits immediately, and this is what we're testing out and want to see the numbers and we can talk about next year. First benefit is customer experience, how many would rather not have a warning light go off on the dash during your average four-day rental of an Avis car. So, improvement on customer experience.

The second is efficiencies of the work fleet, right, because now our service agents know exactly which car, which tire as opposed to trying to do this sort of – only after the fact. And the third, hopefully, is improving the residual value of that vehicle because along with tires we're also doing that kind of preventive maintenance in terms of communication, maintaining and really managing those cars and my hope is we buy less tires, Brian, right. And with a fleet of 600,000, the shekels add up.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

Right. So, what's been – what's the rollout plan? I mean why not flip the switch nationwide or everything worldwide or kind of when does that happen?

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

It happens when we're confident that we know the baseline of what changes actually have to happen at the service level, right. We're talking about an industry and we're similar to our competitors that has a very refined process in terms of end-to-end fleet management, the lifecycle of our vehicles in our fleets from acquiring them to making them street-ready and legal in 180 countries to managing them preemptively and preventively for at this point two use cases, right, two business cases of car rental and Car Share to de-fleeting which is our colorful word that basically means selling them. And there are literally hundreds of processes contained on that end-to-end.

What we're doing in Kansas City is very much digging into each one of these particular areas and saying now that we have a fleet that we can talk to literally and talks back to us, how does it change and improve at each one of

these different areas. So, what we're doing actually, Brian, is we're recreating a playbook, a living playbook that then is also being communicated and actually getting contributions from all of the other area managers that we have.

And so, two things in parallel probably the best way to think about it, we'll quietly continue to increase the connectivity of the fleet as we build out this digital operational playbook that we're putting financial benefits against this, we're doing this in proofing. And when that playbook is ready, it's not as if we're just going to spring it completely [ph] out of Zeus' brain (00:12:19) so to speak on everyone. Everyone will have been brought up incrementally as that playbook is built up and testing out as well. Our hope, right, our target is by the time that we've reached that global saturation for connectivity by the end of 2020, we will have brought up our stations that way, right.

And the final note I'll say to the seriousness that we're doing on this is one of our most senior managers actually manages one of our key region, manages 15 states, has close to a \$1.8 billion business and also has a very strong management team around him. We've actually asked him for the foreseeable future to actually lead what is the operationalization of connectivity across the business and, obviously, that also will impact our back office systems. It's a full 360-degree. It's essentially a data-driven digital transformation of the business.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

Another data-driven digital transmission I'm wondering to is around the whole idea of what you call Demand-Fleet-Pricing or just basically the idea of kind of using the trends and the forecast data to sort of better price and better – add the capacity on the lots to get the kind of right price. So, can you kind of make us – just kind of briefly recap of what is this Demand-Fleet-Pricing system? What impact do you see it having already? And then where can it go?

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

Happy to talk about it. So, the Demand-Fleet-Pricing system that Brian mentioned obviously brings together all these different variables. But the simple headline here, it's a system that optimizes profitability. So, for example, the example that we like to give is our least profitable rental is a one day rental, right. Our most profitable rentals are actually those that are longer term.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

Even if they're lower priced per day.

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

Even if they're lower price day, we're touching that car a lot less. So, the cost of maintenance of that car is much less, so it's a much more profitable, it's a much more profitable transaction for us. And so, what DFP is doing is it's actually letting our service managers because it operates obviously at the service level. It's giving all folks preemptive and forecasted orders and tasks to actually increase the profitability of the business tied to real-time ability like you said to change pricing, tied to real-time ability to be able to move and shuttle fleet, and specific cars at the VIN level to the appropriate location. And the impact that we're seeing, Brian, just to close on your question, I'd say, Neal, it's approximately about...

Neal H. Goldner

Vice President-Investor Relations, Avis Budget Group, Inc.

1% to 2%.

A

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

...1% to 2%. So, that's what we're seeing right now.

A

Neal H. Goldner

Vice President-Investor Relations, Avis Budget Group, Inc.

[indiscernible] (00:15:06) utilization or pricing or EBIT margin [indiscernible] (00:15:08) and it's mostly coming from the rate side.

A

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Okay. So, it flows right through to the bottom line.

Q

Neal H. Goldner

Vice President-Investor Relations, Avis Budget Group, Inc.

Yes.

A

Brian A. Johnson

Analyst, Barclays Capital, Inc.

And what's kind of the secret sauce? Is it kind of the algorithms you have? Is it the depth of the data that you get? Is it putting weather or travel pattern forecasts?

Q

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

Yes and yes and yes, especially as you've said the ability to have the platform that we can ingest appropriate third-party or external data into this obviously beginning with competitive pricing, but also contextual and environmental data is required so learning systems. So, now that we've got this rolled out, it took quite a while to actually build it, our intent is for continuous improvement, all right, to the learning side. And our hope, quite frankly, is that the rest of the marketplace also follows, all right, it is very symbiotic as you know.

A

So, when we are de-fleeting we want to see our competitors appropriately doing so, when our fleets are tight we want everyone's fleets to be tight.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

In order to get the pricing?

Q

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

Yes.

A

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

Questions, audience? Okay. You mentioned as we talked about connected car, a new relationship with Amazon, AWS, Amazon Cloud Services, can you maybe tell us what that is? What you're hoping to accomplish?

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

Sure. So, it's not just storing in the cloud which actually we've been doing for quite a while.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

With them?

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

With them and we have used other cloud providers as well. We're global, so, from a regional basis. For example, some of our European operations have tried other cloud providers. But specifically with AWS, and we've actually been asked to present this at an event in a couple of weeks, we're among the first to start leveraging their next-generation of real-time and highly-scaled analytics tools that are actually focused on managing a connected fleet.

So, what we want to get to, and I'm glad you asked this question, is not just after the fact processing and analytics that are then actioned manually. What we see in the near future is the ability to do on-the-fly dynamic management based on real-time ingestion of a global connected fleet. And the best way to think about it, I'd hearken back to my old broadband days walking into a knock, right? And actually being able to manage these digital endpoints which happen to have four wheels.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

Right. And are some – have they actually developed automotive-specific applications for digesting that car data or is it more of a tool kit that your developers can work with?

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

It's both. Their intent and the focus is specifically on vehicle and on automotive and mobility, what they lack quite frankly is a fleet and also the real, in my mind and from previous experience, the real value is yet ahead, the real value is applying this in real life and actually getting the data, looking at the fleet movement and quite frankly the data platforms that we've already put into place, developing algorithms that yet have to be developed that are actually based on real fleet movement, right, and real customer interaction.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

Let's talk about the app, how has the app evolved in your years and how much you're personally involved with it? And what percentage of your bookings has it trended to, and did you see economic difference between coming into the app, not into the app?

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

I'll let Neal talk a bit to the economics. The app had actually launched a few months, the most – the updated and revised Avis app is what we're talking about with, Brian. It actually launched a few months before I started. I had the great fortune of actually then inheriting the product team that developed the app and continues to maintain it. I think the headline on the app is that you can do, we put the full control of the rental experience in the hands of the customer. So, it's not just reserving and booking, it's actually going ahead and actually transacting and then being able to, once you land as an Avis Preferred Member, being able to have choice and control, being offered potential upgrades or the alternatives to do so, completely bypassing the counter going directly to that car, being able to remotely access it and unlock it, in other words, if it's one of our connected vehicles. And then during the course of the actual rental, which is an average of four days for an Avis customer in about 450 miles, being able to have services provided because of the digital ecosystem, things like on-demand parking which we're going to start testing as a feature of that, additional digital ancillary services.

So, because one of the things that we want to not only protect but increase is our ancillary revenue, Brian, if you're bypassing the counter where traditionally we and our competitors have made that pitch to sell ancillaries, we're now doing that in the digital booking path and doing it through the mobile path as well, pre and during the rental side.

In terms of the actual numbers and the impact, on the mobile side, I think it's starting to grow and we're starting to see some of the impact. I don't know if you wanted to add any numbers in particular, Neal?

Neal H. Goldner

Vice President-Investor Relations, Avis Budget Group, Inc.

A

We never disclose particularly numbers on bookings on the app itself. We're doing 40% of our reservation are being done digitally at this point. So, it's the app and it's our digital – the new improved website. So, it's all within one way.

I think the number now as far as – we got about a-million-and-a-half people, a-million-and-a-half transactions that have been done in the app excluding just booking the car. So, changing the car tell people I'm going to come late, I'm going to come early. We're now selling ancillaries on the car. So, you're in Chicago and you're running late, we would actually tell you ahead of time on the app that you're running late, for \$25 or possibly higher when you – we will drive you right to the curb, leave your luggage there and one of our people will take you from the Avis app right there, you don't have to go to the tram, you don't have to go to a bus which at O'Hare you know what that experience could be like.

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

I think we all do, unfortunately...

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

Yes.

Neal H. Goldner

Vice President-Investor Relations, Avis Budget Group, Inc.

A

Yes.

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

And we find it's a two demographics, I think this is – it sounds simplistic, it's actually really powerful as we're testing this out, right, both the heavy business traveler and I think this is a room for them, right. I know I'd be willing to pay a lot to be able to make that flight and have someone just drop me right off in front of Terminal C. And the other one is traveling with your family and saying, oh please I really don't want to get everybody and all this equipment onto that tram to get out – to get to Terminal C. So, I think those are key things.

And one other feature, it was interesting because we were talking yesterday with someone who is an Avis Preferred Customer, uses the app and we said what do you like and what do you dislike. We always – I'm an old product manager. I want to hear the feedback from the customers and he said I really like it, this is really good but I still get that paper and I still don't like the contract. And we're looking at him and we're saying if you use this app fully and transact, it's completely digital. You won't have a paper contract. You don't need to do that. The receipt is actually – when you're checking back in and driving in, it asks if you checked in and then sends you the receipt automagically and then we've got integration an with Concur, right, if you actually use Concur or Triplt. So, the intent is a complete paperless fairly seamless transaction.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

Questions, audience? I want to talk about a couple disruption trends that I could probably think through mid-term for the business, first has been what's the impact of the Uber Lyft, the so-called TNCs? And then second since we had Maven here earlier, what do you see as potential impact of peer-to-peer car sharing either for your overall business or Zipcar in particular?

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

Great.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

And then what are you doing vis-à-vis about those initiatives?

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

I think I'll bundle the answer into both of those, right.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

Okay.

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

When hear the word or the names Lyft and Uber, I actually hear the names of two partners, to be blunt about it. We just announced our relationship with Lyft although we've been in talks with them for quite a while where we

will be, before the end of the year, starting to provide weekly rentals to Lyft drivers and markets across North America. We're excited by that relationship. We're going to be and I think we've talked about this before, we're going to be leveraging our fleet that are coming off of our – off of its rental life.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Q

[ph] I guess older vehicles (00:24:26).

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

A

Yes, older vehicles but still in very, very good shape and that will be a dedicated fleet. And because of our investment in connected, it will be a connected fleet, and that we see as one of the key differentiators as we're working with Lyft on this because we'll be able to know in real time here's the key things for our connected fleet. We'll know the real time location of that fleet, of that car, we'll know the real time mileage of that car. So, we can we can identify when there is over driving, over usage or under. We know the real time gas level of that car to the tenth of a gallon or the tenth of a liter depending on what country you're in, and EV which we're doing right now with Zipcar in Europe. We can have real time communication with the systems of the car. I gave that example of the tires for example. So, diagnostic trouble codes, we'll get that. And then we have the ability to do remote access, remote lock and unlock and, with next generation technology next year, immobilization and authentication, Brian.

So, that gives us a degree of control of the fleet I think that none of the other providers to ride-hail have, we think that's actually going to improve profitability, that's our thesis, the same way that it improves profitability and increases the margins on our own branded fleet.

With Uber, we've been running a pilot with Zipcar in Boston with Uber where we're offering discounted memberships to Uber drivers. Take a big step back, what we're basically doing is we're saying, okay, here's our fleet, fares weekly for ride-hail with Lyft and here's hourly and daily through Zipcar with Uber and being able to not only do that as the only business model but also discussing with both of them, are there other opportunities as their fleets which right now is obviously crowdsourced for the most part as that starts to evolve. Can we start leveraging the lessons that we're learning as the fleet management partner with Waymo down in Phoenix, as they start looking at the evolutions of their fleet as well?

The things that we're doing to digitize our supply chain and create fleet management as a service as a platform that's managing our connected fleet can reapply that as a PaaS business, right, or as a SaaS business essentially to Lyft and Uber and these other ride-hails. And those are all things that we're either currently testing or are testing and being built on top of our core rental business on top of that. So, like I said, so with Lyft and Uber, I think that's actually a lot of opportunity and a lot of potential growth for us.

You'd also ask specifically about peer-to-peer Car Share and what I can say is I think peer-to-peer is great when I look at it from the perspective of someone who buys a lot of cars, right. We are testing out quietly peer-to-peer platforms, seeing is that a channel potentially for us, for fleet – for our own fleet, when we need more utilization, but also is that a future that we can add to our next generation platform that we're building, so that we can actually flex up with external fleet at our peak times, as opposed to having to purchase fleet. So, we actually see it from a technology perspective as again, potentially significantly improving our business, if we can test that out and implement it correctly.

Brian A. Johnson

Analyst, Barclays Capital, Inc.



Questions? Want to get into the – that sort of gets the whole idea of what's your long-term role in sort of fleet-as-a-service? Whether it's for the gig economy, whether it's for peer-to-peer, whether it's for economists fleets, how are you thinking about that evolution?

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.



With a lot of excitement and that's understated. I frankly believe that we have not only sort of the basic elements and advantages of having managed a global fleet in 180 countries. And like I said before when we say manage it goes really end to end on the lifecycle, but especially in the middle in terms of managing for a business model, right, and having more than 11,000 locations and having supply chains in multiple countries, et cetera, that is a fairly high barrier to entry when you think about it in terms of wanting to provide that kind of global fleet management.

But that's not the most important thing although it is important. The most important thing is what is our focus on it, to your question, which is our focus on fleet management is really heavily on the next generation of fleet, making the assumption that we are putting together the expertise and the technical stack on top of the physical assets and supply chains to manage a connected telematics fleet that will evolve over time to include EV where we're getting a lot of good experience and will evolve to AV where we're also getting a lot of good experience of managing an AV fleet today and there ain't a lot of opportunities to do that if you look around the world.

So, what we see as the final ingredient though, Brian, is how do you optimize the utilization of a connected fleet whether it's yours or someone else's so that you can get close to 90% utilization of the connected fleet say in a city scape. How do you make sure if you do that by having it run multiple demand side models, so the same car could at some point be a Zipcar hourly, at another point is doing last mile delivery, at a third point – and again this where DFP, just to tie it all up, right, becomes an optimizing brain as well that also says okay the greatest utilization I'm going to get out of this car over the next 30-day period, it may be supporting several multiple use cases. And the final kicker there I think is this all is a prelude to when you have a AV fleet well before you have an AV fleet, you are driving and managing vast fleet and someone else's fleet for maximum utilization. That's what we're testing out.

And also because we've built out this API platform and are able to integrate quickly with a lot of the digital gig economy companies, so, for example, we just announced that we are starting a pilot along those lines of fleet management with Via in the UK. And so, you can expect more of those in 2019 for us to start providing and managing our fleet on behalf of folks with different use cases and managing someone else's fleet with those use cases but with the same platform where we are investing into connecting and managing and optimizing our Avis Budget as a car brand. So, that's a good two-for as far as I'm concerned – the investment that we're making to really optimize, reinvent rental and increase the margins of our core business, we're leveraging to test out can we expand our global total addressable marketplace, test out disruptive new business models by doing that with transformative kinds of partners from the digital economy and find the next billion-dollar business in parallel. So, that in essence is what we're doing with these investments.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

Great. Any other questions? I want to thank you for a very interesting overview of the innovation at Avis Budget.

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

Sure.

Brian A. Johnson

Analyst, Barclays Capital, Inc.

We have a break until 11:15. So, just under 10 minutes we'll reconvene with BorgWarner.

Arthur Orduña

Chief Innovation Officer & Executive VP, Avis Budget Group, Inc.

Thank you.

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