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** In cooperation with
Trench, Rossi e Watanabe
Advogados

11 September 2015

Dr Richard Chadwick
General Manager Adjudications
Australian Competition and Consumer Commission
23 Marcus Clarke Street
Canberra
ACT 2601

Dear Dr Chadwick

ihail Pty Ltd application for authorisation [A91501] - request for information

We refer to our meeting with the Australian Competition and Consumer Commission (**Commission**) on 8 September 2015 and the request for further information from the Commission on 9 September 2015 in relation to ihail Pty Ltd's (**ihail**) application for authorisation and correspondence of 10 September 2015 in relation to the use of the term 'ihail' in white label apps. ihail has provided its responses and further information for the Commission below.

1. Single in-app payment method

In addition to the information set out at paragraph 6 of our previous submission dated 3 September 2015 (**previous submission**), ihail's business model operates on receiving a payment each time a customer makes a booking.

Ingogo charges a \$2.00 fee per completed booking¹, Uber takes up to 25% of the completed fare value² and goCatch uses a bidding system which sees them take a percentage of fare or a fixed booking fee depending on the value of the transaction.

This is a similar method to that adopted by Uber, RideBoom and goCatch, which restrict payment to in-app credit card payments only (and in the case of goCatch and Uber that also allow payment through PayPal upon completion of the journey). To ensure that ihail remains competitive with these companies, ihail needs to be able to provide a similar level of convenience to customers (through a simple one-stop payment option).

Cabcharge already has all the necessary driver information (ABN, operator, taxi number etc.) which means it can provide each network a single consolidated list of all ihail fares over the requisite period.

¹ <http://www.ingogo.mobi/docs/legal/driver/DRIVERTandC.pdf>

² <http://www.forbes.com/sites/ellenhuett/2014/09/22/uber-now-taking-its-biggest-uberx-commission-ever-25-percent/>

By using Cabcharge drivers can press a single button on their Cabcharge terminal at the end of the shift which prints out a consolidated receipt of all ihail jobs completed during that shift. This helps reduce the administration burden on drivers, networks and operators.

2. Tipping function

ihail's primary concern is not whether it is able to utilise the tipping function, but whether it is able to compete effectively with its competitors. Taxi drivers will be more attracted to passengers who provide a tip to drivers. In particular, some taxi booking companies allow for a tip to be provided upfront incentivising drivers to provide that customer with priority when making a booking.

In instances where competitor taxi booking providers are able to provide the ability for users to provide a tip to drivers (especially where that tip is provided upfront and therefore guaranteed to the driver) such as goCatch or in instances where another mechanism is used to attract drivers in peak time (ie the use of surge pricing by Uber) drivers are likely to be attracted to those services.

Taxi booking companies, such as ihail, seek to overcome this by providing consequences for default. For example, under ihail's terms of service if a taxi driver accepts a job from the app they are not permitted to recall the job.

ihail requests an even playing field across all taxi booking service companies in relation to tipping services.

3. Information Protocol

The Information Protocol allows the company to re-evaluate the terms of the Information Protocol at the end of a two-year period. The term of two years has been selected to allow for certainty of ihail's operations for a set period and also allow for the rapidly changing market dynamics. ihail considers that the operating landscape will be significantly different in two years time and therefore consider this to be an appropriate time to reconsider the issue.

ihail notes that the application has been requested for a term of five years. If the Commission has any preferences as to the term of the Information Protocol or additional information about what changes may be made upon expiry of the initial two year term, ihail is willing to discuss the Commission's preference and any concerns raised by setting a fixed two year term for the Information Protocol.

4. Pre-booking function

The ihail app will allow for a future booking function. This will enable users to select a time and date in the future to receive a cab at particular place of interest. The app will also allow users to store locations for convenience to allow them to order a cab from that location at a later date.

5. Access for users without a credit card

As identified in our previous submission, consumers already have a number of methods for paying for taxi services. A consumer who flags, calls or takes a cab from a rank may choose to pay by cash or card in-car.

A consumer who books via an existing app can generally choose to pay cash or may be required to use that app's in-app payment system. In most white label apps, the customer may then pay by cash or card in-car.

The customer has all the current choices available to them. ihail is an additional choice which is aimed at providing convenience, including to customers not from the location they are booking the cab, and that consumer is not required to do anything in-car. A customer who does not wish to use ihail without a credit card, can choose any of the options currently available to them. This is similar to the use of other taxi booking companies such as Uber, goCatch and RideBoom which rely solely on in-app credit card (or in some instances PayPal) services.

ihail's app was designed to be a feature light application with a simplified booking and user experience. Customers can book standard (4 door) and wheelchair taxis. ihail's core business is to be a complimentary product not an all-encompassing supplementary product. Users who wish to book a service that requires special instructions can use our call operator function in the menu to book from ihail's operators nearby. By calling a taxi operator a user can choose their payment method and provide detailed booking instructions. If a user uses this feature in the app then ihail does not receive any revenue from the network or the user.

6. Government subsidy scheme

As identified above, customers will require a credit card to establish an account with ihail. Customers will not be able to use government subsidy schemes through the ihail app. ihail reiterates that consumers will continue to have all other existing options available to those users to hail a cab including the use of the government subsidy scheme through existing providers that utilise that service.

7. White label apps

As identified in our previous submission, ihail is only suitable for those consumers that do not have a preference for a particular taxi company. If any consumers have a preference for an existing taxi company (for any reason whatsoever, be it pricing, service, particular drivers) those users will continue to use existing white label apps or to book that taxi company through another means (ie phone booking). This is because they will not be guaranteed a particular taxi company if they make the booking through ihail.

Further, the ihail app does not permit a customer to book maxi taxis, add remarks, provide fixed priced fares or use priority dispatch rules. These features are already well catered for in existing white label applications and via telephone dispatch. Consumers who wish to utilise these options as well as additional payment options to

in-app credit card will favour the white label apps which allow for payment through a variety of different mechanisms.

Finally, existing users may favour the convenience of their existing taxi company provider. ihail submits that not all users will be drawn to new technology. For example, many users continue to use the existing white label apps despite the entry of Uber to the taxi market. Recently in Calgary the eCab app was launched and all companies in Calgary have maintained their applications. These examples demonstrate a willingness for consumers to continue to use their existing services despite a new service provider entering the market.

8. Fares remitted to drivers

Fares will continue to be remitted to drivers through the existing payment processes established under their respective taxi companies. ihail will process the payment for the customer which will be sent through to the appropriate taxi company as if it were a normal fare paid using the existing white label app or paid in the taxi.

9. White label 'ihail' feature

ihail notes the use of the term 'ihail' by both Black and White Cabs and Yellow Cabs on their websites. The term 'ihail' was originally an internal brand name that MTData first registered several years ago when it developed the white label apps. The term ihail refers to an ability to hail a cab electronically. MTData then licensed this software to each customer that selected MTData as its app vendor. This included Black and White Cabs and Yellow Cabs. MTData's white label app is a separate technology platform to ihail.

Each network that selects MTData as its app vendor rebrands the app with their own marketing and style, as well as deciding what features will be offered in the app. As a result both Black and White Cabs and Yellow Cabs have their own customised white label app with references to ihail (ie the ability to electronically hail cabs). This is a purely marketing term and is unrelated to the ihail app the subject of authorisation from the Commission. There is no formal relationship between ihail (the applicant for authorisation) and the term ihail (to electronically hail a cab).

Yours sincerely



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