



**August 2019 Strategic Case Study Examination**  
**Pre-seen material**

*ZOOM*



**Contents**

	<b>Page</b>
Background of the taxicab hire industry	3
Explanation of definitions used in the taxicab hire industry	3
Background and history of Zoom	4
Background of Jayland	5
Zoom's ride hailing services	6
Pricing	9
Ride hailing sequence	10
Bike sharing	11
Technology used by Zoom	12
Driverless car technology	14
Zoom's involvement in driverless car technology	14
External factors affecting driverless car technology	15
Competitive environment	16
Extracts from Zoom's website	17
Extracts from Zoom's risk report	19
Zoom's senior management team	21
Extracts from Zoom's financial statements	22
Exhibits	25

You are a Senior Finance Manager at Zoom, a transport network company (TNC). Zoom's primary activity is taxicab hire, using its mobile application (app) and website to match customers with drivers, in order to transport them to a destination of their choice. Zoom also offers a bike-sharing service. Zoom operates throughout Jayland, a large and prosperous country, where a significant proportion of the population live and work in urban locations.

You report directly to the Chief Finance Officer of Zoom and advise on special projects and strategic issues.

Jayland's currency is the J\$.

## Background of the taxicab hire industry



A taxicab is a form of public transport service, in which a driver (normally in a car or mini-bus) conveys passengers between pick-up and drop-off locations of the passengers' choice. This is different from other types of public transport, such as public buses and trains, where these locations are set by the service provider, not the passenger. The taxicab has become a form of transport that many people now rely on in modern cities, due to its convenience in getting from one location to another.

In the last decade, a number of businesses have entered the taxicab hire market, introducing disruptive technologies which have changed the face of the industry. These latest entrants to the taxicab hire market, referred to as transport network companies (TNCs) or as ride hailing services, use mobile applications (apps) or websites to match passengers with vehicle drivers, similar to the traditional taxicab service. However, unlike the traditional taxicab service, TNC's cannot pick up street hails because customers (also known as riders) can only request a ride through the organisation's app or website.

Zoom is classified as a TNC.

## Explanation of definitions used in the taxicab hire industry

TNC's are often referred to as both ride hailing and ride sharing businesses and the terms are used interchangeably. However, there are some differences in these offerings.

### **Ride hailing**

The term ride hailing covers a range of businesses and services, including the traditional taxicab services and the emerging TNC's. The principle idea of ride hailing is that a customer hires a driver to take them to exactly where they need to go, which can be achieved by hailing a taxicab from the street, making a phone call to book a taxicab, or by virtually 'hailing' a ride using an app or website.

### **Ride sharing**

Ride sharing relates to sharing a ride with another passenger(s) and is based on the principles of improving social interaction and mobility, environmental protection and, of course, cost savings (through sharing the cost of the ride with other passengers). Several of the new TNC's were first founded as ride sharing businesses, and still operate ride sharing services. However, traditional taxicab services (those hailed from the side of the street) are not classified as ride sharing.

TNC's are most often referred to as ride sharing businesses, but most of their revenue is generated from the ride hailing services generated through their apps and websites.

## Background and history of Zoom



Zoom was founded in Jayland in 2014 by Seema and Dev Khan, a married couple, who had the idea to start a convenient ride sharing business in their home country.

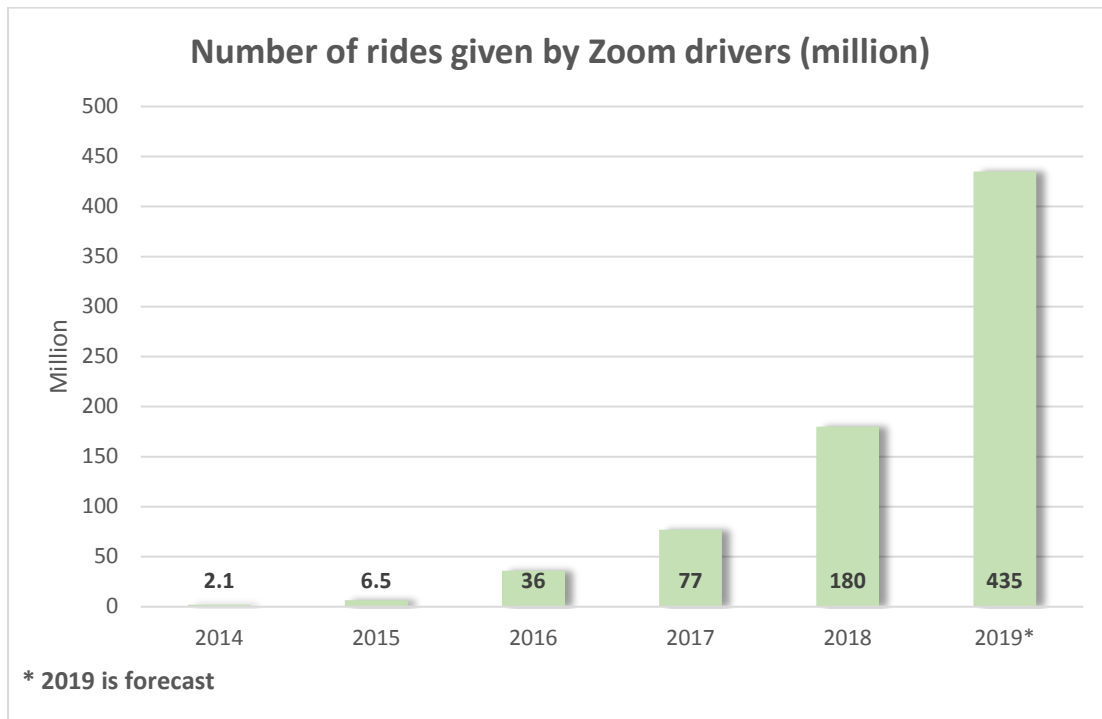
The idea for Zoom was stimulated by the difficulties Seema and Dev had experienced in finding convenient and inexpensive transport options when working and commuting in a number of Jayland's major cities.

It was Seema and Dev Khan's frustration with the lack of reliable and affordable public transport options in Jayland's Capital city that gave them the idea to start Zoom. By designing a website and prototyping and testing several mobile apps in 2013, they were able to operate a few cars around Capital city to test the service out, initially as a ride sharing facility, whereby using the website or app, riders could find other passengers travelling to similar destinations and who wanted to share a ride. This was not only to reduce the cost of the ride for a customer, but also to create an opportunity for social interaction. Even with just a few cars, it was clear that demand was high and the service grew rapidly. Following this successful trial period, Zoom was subsequently formed in 2014.

Over the next 4 years, Zoom grew rapidly, supported financially throughout this period by a number of venture capitalist investors, who have invested a total of J\$1.2 billion to date. These investors have been attracted by the growth prospects and future returns of Zoom. By the end of 2018, Zoom was operating its ride hailing services in over 200 towns and cities throughout Jayland and had 10 million registered users.

Zoom has 1,400 employees. Most of these are employed at its Headquarters located in Capital city and work in marketing and communications (40%), technological infrastructure management and development (10%), customer services (20%), business development and other (20%), and research and development activities (10%). Drivers are not employees of Zoom but work as independent contractors.





## Background of Jayland

Jayland is a country with a developed economy and a population of over 100 million people, 85% of whom live in urban towns and cities. Public transport services and infrastructure in Jayland's towns and cities are well developed but have come under pressure in the last decade due to an increasing urban population. This has resulted in over-crowding on public trains and buses, and in more people owning and using their own cars, causing increased pollution and traffic congestion.

The population of Jayland is highly educated and very responsive to technological developments and innovation. Jayland's Government is also supportive of the technology industry and is currently seeking innovative ways to improve the transport challenges facing the country.

## Zoom's ride hailing services

### For the customers

In order to request a ride, the customer (often referred to as a 'rider') has to create an online account using Zoom's website or mobile app. The customer is requested to enter their name, an email address and a phone number. Payment can only be made electronically, so the customer also needs to enter their mobile phone-based payment or credit or debit card details online. Once registered, customers can open the app and enter the destination they want to travel to in the 'where to' box. Then, they need to enter their required pick up location, or allow their phone to locate them using global positioning system (GPS) and after being quoted a price for the journey, the customer confirms acceptance of the ride. They will then be matched to drivers nearby, and one driver will accept the job (by clicking 'Accept' in the driver app), thus agreeing to drive the customer.



Once the customer confirms acceptance of the price and details of the requested ride, the app will display the driver profile, the car model and the licence plate number, so the customer can check before getting into the driver's car. The driver profile allows the customer to check the driver's ratings, trip history and feedback left by other customers.

Customers can use the app to track the arrival of the driver on the in-app map. On arrival at the pick-up

location, the driver will also confirm the customer's name before the journey commences.

When the customer arrives at the destination point, payment is automatically taken using the payment method the customer entered when registering. Customers are also asked to rate their trip and leave feedback each time they take a journey with a Zoom driver.

### Customer Safety Features

#### 1. Emergency assistance button

The Zoom app has an emergency button for customers to call if needed. The app displays customer location and trip details, so these can be shared with emergency services.

#### 2. Incident support team

Zoom operates a 24/7 customer support service, which is staffed by people trained to respond to urgent safety issues. Every Zoom journey is tracked by GPS from start to finish, providing a record of each customer's journey.

#### 3. Share Trip Details

The app contains a 'Share with Friends and Family' function, which allows customers to share their journey status in real-time with selected friends and/or family.

#### 4. Driver rating monitoring

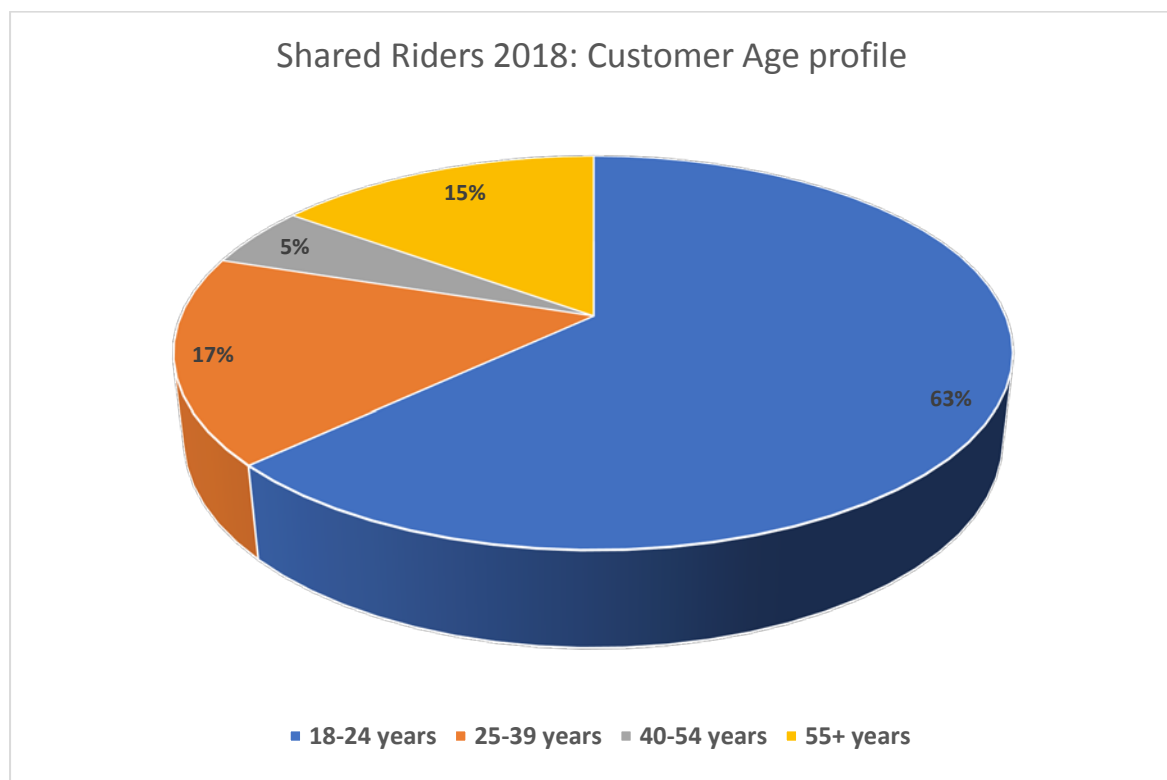
Customer feedback is regularly monitored and consistently low-rated drivers are removed from Zoom's approved list of drivers.

## Shared rides

Shared rides connect customers with other riders who are travelling along the same route at the same time. The advantage of this is that each customer pays a discounted price for their journey. The aim is to ensure that space is maximised in a vehicle, with customers who are travelling in the same direction and along a similar route. Therefore, several customers are able to connect and share one ride. The customer has to specifically request 'Shared ride' on the app to use this service.

Pickup and drop-off points will vary depending on the most efficient route chosen by Zoom's driver routing system. The driver is instructed to always follow the directions given in the app and customers can also see the route that they are taking. A shared ride is always cheaper than the same ride if taken as a single passenger.

Shared rides are particularly popular with millennial customers, who seek lower fares and who also enjoy the social interaction of shared rides.





## For the drivers

Drivers wanting to drive for Zoom must first register and sign up online. The first step is the driver identifies the city they wish to drive in and the type of driving licence they hold. In order to drive for Zoom, every driver must hold a private car hire licence, which is recognised by the local authority of the city they wish to drive in. In addition, all drivers must have a full Jayland driving licence and must upload a recent photo to their driver profile, in order for customers to identify them.



Drivers must also have a vehicle that meets certain specifications set by Zoom (such as vehicles must be less than three years old), and which must be insured. Vehicles must also pass an annual road safety test.

However, drivers do not need to own their own vehicles. Many Zoom drivers use leased vehicles.

Up to this point, drivers have not needed to use electric cars, but in the next 2 to 3 years, Zoom is

planning to implement a policy to only allow newly registered drivers to drive for Zoom using an electric vehicle.

At the end of 2018, Zoom had built up a pool of over 200,000 registered drivers. Zoom drivers are independent contractors and not employees. This provides drivers with the flexibility to choose their own working hours, attracting a wide diversity of drivers, from retired people wanting to make use of their free time to self-employed men and women seeking a full-time occupation. Currently, Zoom collects the total fare and pays the driver 80% and retains 20%.

Zoom has a number of personal requirements for its driver. Drivers must meet strict requirements on health and must undergo criminal background checks before commencing driving for Zoom. Drivers with recurring health issues are required to undergo annual medical checks.

All drivers' personal and vehicle details are held in Zoom's central database and are checked annually to ensure that they are up to date. All drivers must re-confirm their details annually to ensure that all details held are up to date.

Zoom currently identifies itself as a technology company. Its main purpose is to connect drivers and customers. As drivers are independent contractors, this means that Zoom does not have to consider employment laws for its drivers, and the related responsibilities and obligations that come with them. Zoom is not required to pay any social security taxes, unemployment insurance or drivers' compensation or holiday payments. Whilst some drivers are unhappy at being considered independent contractors, others welcome the flexibility and freedom this employment status provides them.



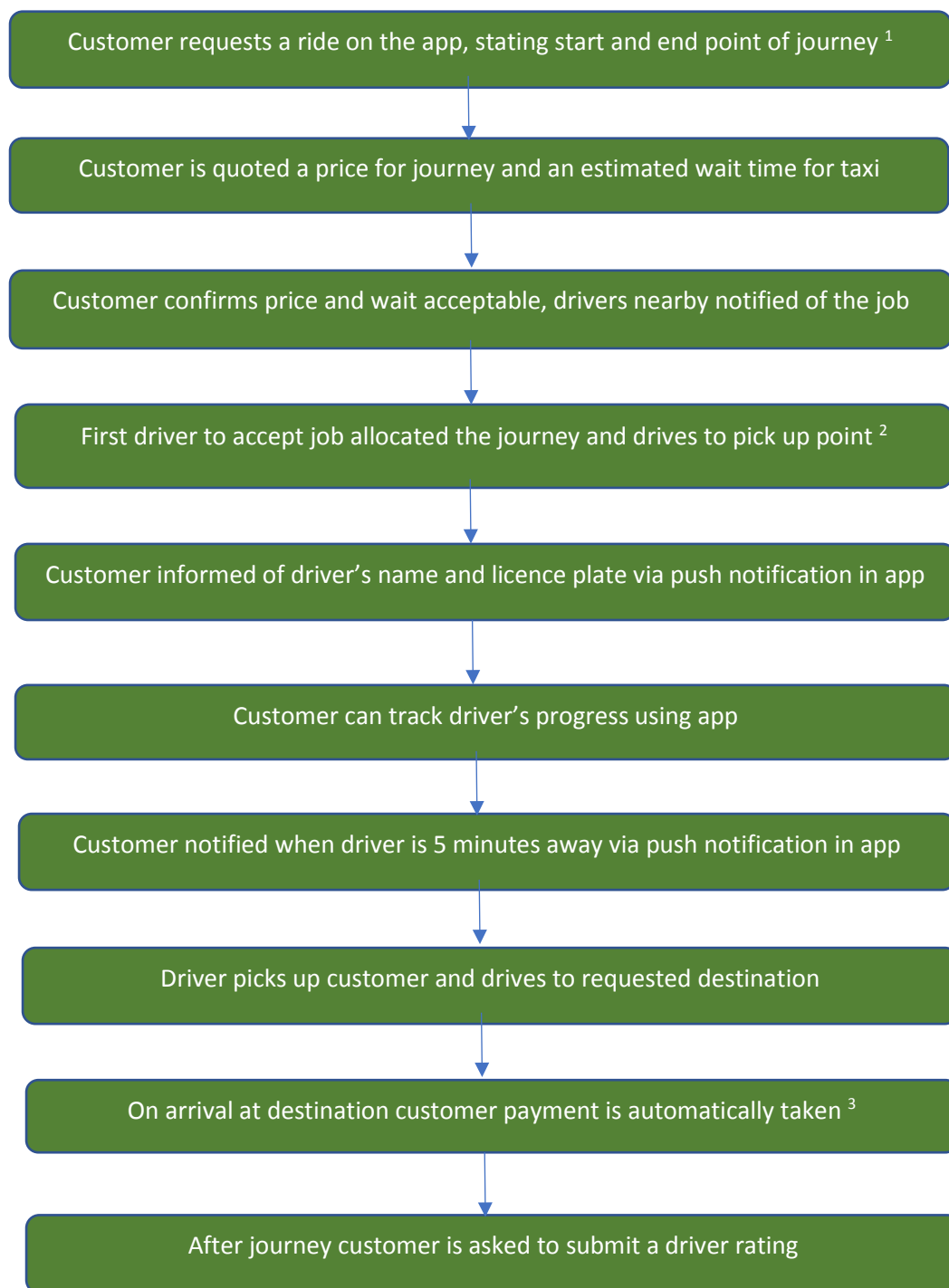
## Pricing

Drivers do not set their own prices for each ride. These are calculated by Zoom. The price of each ride varies based on which city the customer is in, and each element of the fee structure can differ. The cost of each ride is made up of a standard base fare plus a charge per kilometre travelled. Zoom also charges a cancellation fee if the customer fails to show up or cancels within 5 minutes of the designated pick-up time. Prices tend to be higher in the larger cities, where demand for drivers is higher.

Zoom also applies a policy of 'surge pricing' in some of the major towns and cities in which it operates. This is a form of differential pricing whereby the price of a ride is increased because a lot of customers are ordering cars from the same area at the same time. For example, if large sporting events or concerts are taking place in a particular area, Zoom will increase its prices when demand for journeys is higher.

	Capital City	Second City	Aye Town	Bee Town
	J\$	J\$	J\$	J\$
Base Fare	4.50	4.25	4.00	4.00
J\$ per Kilometre	1.15	1.10	1.00	0.90
Minimum fare	8.00	10.00	5.00	4.80
Cancellation Fee	6.00	5.50	5.00	5.00
Average Distance per journey (Kilometres)	7.0	6.2	4.4	5.9

## Ride hailing sequence



<sup>1</sup> At the point of the initial request, the customer will state whether they would like to travel alone or share their ride. Ride sharing will only be facilitated if another customer is requesting a similar ride at the same time.

<sup>2</sup> When a driver accepts the ride request, it is removed from the notification system.

<sup>3</sup> When the customer gets out of the taxi the driver presses a button in the app to record that the customer has departed. This is matched to the GPS data to calculate a final price which is automatically charged to the customer.

## Bike Sharing



Bike sharing is defined as any application where bicycles are pooled for multiple users to hire at their convenience. Zoom has been investing in developing a bike sharing service since 2016. Zoom has invested approximately J\$350 million on bicycles and docking stations over the last 3 years. Zoom's bikes are placed in clusters of 10-20, fixed to docking stations in key locations (such as outside train

stations) and at regular and convenient intervals around towns and cities in Jayland. The docking station contains a terminal to release the bike. Customers use the Zoom app to book and pay for the hire of a bike (on a half or full day basis), at which point they are provided with a code to unlock the bike from the docking station. The bikes can be returned to any docking station to end the hire.

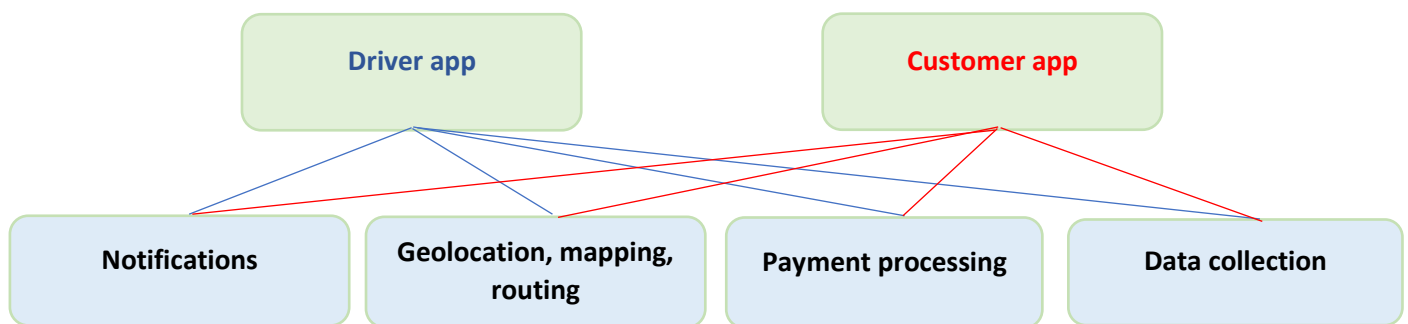
None of Zoom's direct competitors offer a bike sharing service. However, there are several other dedicated bike sharing businesses operating in Jayland.

### Zoom's bike sharing data 2016-2018

Bike share locations	Total number of bikes	Total number of registered users	Average bike trips per day
2016 30 cities	2016 31,860	2016 51,739	2016 25,488
2017 59 cities	2017 58,587	2017 216,686	2017 46,870
2018 98 cities	2018 102,410	2018 459,350	2018 92,169

## Technology used by Zoom

Zoom creates value by utilising a mixture of different technologies and technology providers to facilitate its ride sharing service that is fundamentally different from the traditional taxicab hire provision. At the front-end of the technology is Zoom's website together with the driver and customer apps, which are all designed and managed by Zoom. Behind the website and apps, there is a complex network of continually interacting software, supporting the operation of the service. This network of interacting technologies is described below:



### Data collection

Zoom uses a database designed by a software provider called 'Datastriker' to collect and manage its driver and customer data.

This data is held on the 'Zoom-D' database, which holds both static and dynamic data.

Relatively static data held about drivers includes their driving licence number, insurance details, car registration details, bank details and home address. There is also dynamic data generated continually whilst drivers are working including driver ratings, number of kilometres driven, average journey time, and car speed. The Zoom-D database captures all this information as it happens and can use it to provide analyses of driver activities for performance monitoring and market intelligence purposes. Occasionally, the database management team at Zoom undertakes one-off analysis of information such as car speed per driver.

Customer data is collected from the point of registration, where customers are asked for their name, home address, email, date of birth and mobile phone number. Customers will also provide payment information at this point that will be automatically used when they take a ride with Zoom.

The Zoom-D database also stores dynamic customer data including information about each journey taken. Data about journey durations, time of day, start and end points and fares are all stored but little analysis of this information occurs at present.

### Geolocation, mapping and routing

Zoom uses off-the-shelf 'Truemap' software to assist with the process of coordinating the locations of drivers and customers. Truemap uses GPS technology to pinpoint the position of the customer and to locate drivers nearby.

When a customer makes a ride request, they can enter the pick-up location manually, or ask the app to use their current location as the pick-up point. Either way, the geolocation, mapping and routing software will then use that initial position to identify drivers nearby.

Zoom then uses its notification software (described below) to inform nearby drivers that a ride is required, stating the details of the requested ride. Drivers can then choose whether to accept the job or not.

When a driver accepts responsibility for providing a ride, Truemap will then provide details of the optimal route to reach the customer and their ultimate destination. This mapping and routing software continually updates, using mobile data technology, ensuring the driver is presented with the best route at all times.

Truemap also provides the information required to give the customer ongoing information about where their taxi is and the expected time of arrival.

## **Notifications**

Drivers and customers receive notifications through the Zoom apps. The notification software designed and used by Zoom is called 'Note1'.

When a customer requests a ride, drivers in the area are notified via a push notification through the driver app. Drivers can accept the requested ride or reject it. When a driver accepts a ride, it is removed from the system so that other drivers can no longer see it and the customer is notified that their request has been accepted and informed of the driver's details and expected time of arrival.

Customers are notified again when the driver is five minutes away, but can proactively track the position of the taxi at any time through the app.

Both customers and drivers are notified through the apps if the ride is cancelled by either party.

On completion of a journey, the driver uses the app to state that the customer has left the vehicle. At this point the pricing software generates a final journey price, and this is automatically taken from the customers pre-registered payment card.

The customer is notified that payment has been taken and informed of the amount. They are asked at that point to flag any issues with the price charged and asked to provide a rating for the service received.

Once the driver has informed the app that all customers have left the taxi, they have the choice of whether to log back in to the system as active or not. Note1 also facilitates drivers logging into and out of the system as available and unavailable for work.

## **Payment processing**

When a customer requests a ride, they are quoted a price for the journey. If they accept that price, then Zoom has a mandate to take payment automatically from the payment details associated with the customer's profile on completion of the ride.

Drivers are paid weekly by Zoom by a direct bank payment, at which point they are also provided with a statement showing journeys completed and their percentage of the amount earned.

Both receipts from customers and payments to drivers are processed via 'Globechipper' software.

## Driverless car technology

The theoretical notion of a 'driverless car' creates an image of an empty or passenger only vehicle, moving around the roads with no human input whatsoever.

The current reality, however, is still rather different from this, and presently, there is not a single country in the world that allow cars to operate on its roads in a truly driverless manner, without any human supervising their movement.

Driverless cars are still largely in the testing phase in all countries where they are being used, and would be more accurately labelled as 'autonomous', rather than driverless, at present.



Consistent with many other countries, driverless cars are operating on Jayland's roads but always with at least one supervisory person sat in the driver position to override the car if something goes wrong.

To date, testing of driverless cars has led to varying levels of success across the industry, with industry leaders boasting human interventions only every 10,000 kilometres.

## Zoom's involvement in driverless car technology

Zoom currently commercially operates only 4 driverless cars and, to date, has recorded the need for human intervention every 1,300 kilometres. Zoom's driverless cars have completed 42,000 kilometres and have had no serious adverse incidents so far.

The small fleet of Zoom driverless cars has been provided free of charge by Xota, a Jayland-based car manufacturing company. Xota and Zoom are currently working in collaboration on the testing of Xota's latest driverless car technology, with the expectation that Zoom will invest in a larger fleet of cars in the future. Up to this point, Zoom has not made any significant financial commitment themselves in driverless car technology but the senior management team are currently considering its options for future investment opportunities to develop this strategy.

Xota prides itself on the technological superiority of its driverless cars, which use the latest systems of radar and video sensors, combined with the latest Artificial Intelligence (AI) systems, which provide the ability to perceive every aspect of the cars' surroundings and learn from every



experience encountered on each journey made. Xota is confident that its latest release of driverless cars can outperform any of its rivals in Jayland.

By contrast, Zoom's main competitor in the ride sharing market, Optim (see page 16), has had much worse results in its home country of Ulandia. In its recently completed test phase, human intervention was recorded as being required every 15 kilometres in the Optim driverless car fleet. To date, Optim has invested far more in driverless car technology than Zoom, operating a fleet of 350 driverless cars in Ulandia and having completed 3.5 million driverless kilometres so far. It has experienced three minor incidents.

As the need for human interventions falls, investment increases and safety and public confidence grows, driverless cars look likely to become more popular and could ultimately transform not only the taxi industry but driving and car ownership in its entirety.

## External factors affecting driverless car technology

There are still problems with advancement in driverless car technology, however. Accidents reduce public confidence in the driverless cars concept and the technology is not yet 100% reliable. There are questions over liability if accidents occur and every country has unique conditions relating to its roads and the way the public behaves. At what point governments will allow driverless cars to operate without a person in the 'driver seat' is unpredictable. This is likely to differ from country to country, in line with the preferences of the government concerned, the quality of road and technological infrastructure and the needs and desires of the population.

As a country Jayland is advanced in its thinking about driverless cars, with a government and population keen to see rapid progress towards fully operational driverless car technology.

The Jayland government is investing heavily to support the future of driverless car technology and is aiming for widespread use of completely driverless car technology by 2040. Jayland roads are currently very congested and the government wants to move the population away from car ownership, towards extensive use of driverless cars, via a rental or taxi-based system on a journey by journey basis. It sees companies like Zoom as potentially critical to these developments and has shown enthusiasm for ongoing communication about driverless schemes. There are grants available for up to 30% of the cost of eligible projects supporting the advancement of driverless car technology.

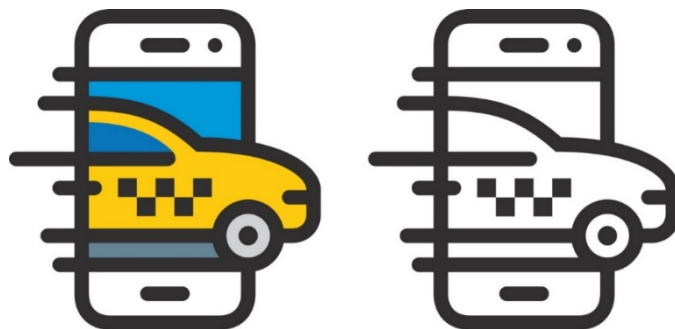
The Jayland government is investing heavily in the quality of the road infrastructure to support driverless car technology. For example, pot holes present a significant challenge to the operation of driverless cars, so the Jayland government has pledged to remove all pot holes from Jayland roads by 2025. The government is also investing in mobile data coverage across Jayland as the cars can't operate without access to mobile data meaning that they can only drive in well-connected areas of the country at present.

## Competitive environment

Zoom's main competitor is Optim.

Optim is a major global ride sharing and ride hailing service originating in Ulandia. Optim has grown rapidly across the world and has a solid presence in Jayland, a market entered in 2013, a year ahead of Zoom.

Optim initially dominated the Jayland TNC market, but since its formation, Zoom has proved to be very popular with Jayland residents, who are loyal to home brands.



Zoom has emphasised in its marketing material that it only operates in Jayland and therefore understands Jayland customers far better than Optim. It also highlights Zoom's socially responsible approach and efforts towards carbon neutrality compared to its competition. Using this message, Zoom has won favour with Jayland customers and is gradually winning market share from Optim.

Although Optim holds 90% of the global TNC market, it now only holds 57% of the TNC market in Jayland.

### Jayland TNC market share information

	2013	2014	2015	2016	2017	2018
<b>Optim</b>	100%	88%	72%	70%	65%	57%
<b>Zoom</b>	-	10%	25%	27%	32%	39%
<b>Other</b>		2%	3%	3%	3%	4%

It is also important to note that although ride sharing and ride hailing services provided by TNC's is a rapidly growing market, there is still significant competition from traditional ride hailing taxicabs in many countries across the world. In many Jayland cities, taxis hailed on the roadside, or booked by a phone call, are still very popular and pose a considerable competitive threat to the newer models of taxi provision.

In Jayland, the new approach has been well adopted, fundamentally changing the shape of taxi provision but, in Capital city, taxis hailed by the roadside are still popular.

Zoom also faces broader competition from other forms of public transport, including the Jayland railway, tram and bus networks.

## Extracts from Zoom's website

### Mission Statement

To provide shared transport experiences that connect and bring people together.

### Vision Statement

We want to change the way our world moves. We want to see a world where transportation and technology bring people together and where our cities are communities of people sharing experiences in a safer, cleaner and more connected way. We want to make life easier for everyone.

### Summary of Key Performance Measures 2018



## **Social Responsibility and Sustainability Focus**

### *Employment Focus*

Zoom is committed to creating a workplace that serves the communities in which it operates. To help work towards building a company which offers the best transportation option, we are committed to creating a workplace where every employee can have a voice and make an impact.

We employ people from a wide variety of backgrounds, experiences and viewpoints, and create an environment that encourages them to reach their full potential. A key aspect of this is our recently formed Staff Focus Groups (SFG's), which encourage team working and connections, innovative ideas and open and honest communication.

We are striving to create a work environment where our staff continuously learn, innovate, and work together to move toward creating an inclusive company culture.

### *Environmental Focus*

The reality for our business is that transportation is one of the largest contributors to greenhouse gas emissions. As a growing part of the transportation industry, Zoom takes full responsibility for working towards a sustainable transport future.

In 2017 and 2018 we undertook a series of surveys of our customers and identified that one of the primary concerns was the emission levels and air pollution in Jayland's towns and cities. As a result of this, in 2018 we launched our 'Eco-travel' option for customers in Capital city, allowing customers to request rides in electric vehicles or hybrids instead of gasoline-only vehicles. This was launched at the same time as we set up a system for our drivers to use electric vehicles, through offering discounted rentals of electric cars with our partner CC Cars.

This policy is well ahead of the new law being implemented in Jayland which comes into effect in 2020, which will require all taxicab hire services to electrify their vehicles by 2030. The law will commence in early 2020, with increasing annual targets for the percentage of zero-emission vehicles used by each business. However, since we do not own the vehicles used by our drivers, we must find ways, in the coming years, to incentivise more drivers to use them.

We have committed significant financial resources in the last two years to ensure our rides are now carbon-neutral, achieved through the direct funding of emission reduction efforts, including renewable energy programs, forestry projects, and the capture of emissions from landfills. As well as investment in these carbon offsets, we are building a strong focus on encouraging customers to pursue shared rides, bike sharing and the use of electric vehicles. The more we can achieve this, the fewer carbon offsets we will need to purchase.

To support our focus on reducing emissions, we are committed to growing our bike-sharing business, due to its positive net effect on carbon emissions when customers choose this mode of transport. We will be continuing to invest in this aspect of our business in the coming years.

## Extracts from Zoom's Risk Report

<b>Competition</b>	<p>Zoom faces strong competition from other ridesharing businesses, such as Optim, and from the other traditional taxicab hire companies operating throughout Jayland. There is also a significant threat from new entrants into the ridesharing market, as demand for ridesharing services increases.</p> <p>We need to ensure that we keep our customers happy by continually reviewing our competitive prices and ensuring that we have sufficient drivers to meet demand.</p>
<b>TNC Technology</b>	<p>Zoom relies on its ability to operate a complex network of continually interacting software. There are three potential risks: theft of Zoom's intellectual property; theft of sensitive customer data; and hacking of our operational capabilities.</p> <p>We continually work with our software providers and our internal IT resources to monitor these threats and mitigate them.</p>
<b>Licensing and Regulation</b>	<p>Zoom is dependent on local authorities granting the necessary licences to allow us to operate in the many towns and cities throughout Jayland. There is increasing pressure on local authorities from the traditional taxicab hire companies to protect them from disruptive businesses like ourselves. Increasing industry regulation in environmental and safety requirements will represent a significant cost to the business in the coming years.</p> <p>We continue to work with local authorities to ensure that our drivers and our services fully meet the regulations set out in order to maintain the highest standards of service so that we meet and, in fact, exceed the expectations of our service.</p>
<b>Safety Issues</b>	<p>There is always a risk that, despite the rigorous safety systems we put in place to safeguard our customers, these systems can be by-passed and, as a result, our customers are harmed. As we grow, and more drivers are needed, then the risk of using inappropriate drivers could increase.</p> <p>We continue to focus great efforts on security screening and testing all new drivers and the vehicles used.</p>
<b>Employment issues</b>	<p>We are repeatedly challenged on our drivers' rights and benefits. We face a significant risk of losing talented drivers and an inability to recruit drivers if we do not address these issues.</p> <p>We continue to offer our drivers a higher than industry average proportion of customer fares earned. We also continue to look for more ways to support our drivers to optimise their earnings potential with Zoom through training and assistance with sourcing vehicles.</p>

**Driverless  
Technology**

The use of driverless car technology to ultimately deliver our ridesharing services is the long-term goal of Zoom. However, with this long-term goal comes the risk that this goal does not come to fruition or does not gain enough public and government support.

We are collaborating with other businesses and government to ensure that this goal is supported effectively and moves in the right direction to satisfy the needs of the world in which we live in, now and in the future.

We are rigorously and extensively testing our partner's driverless technology to ensure that customer and driver safety is at the heart of this strategic direction.



## Zoom Senior Management Team

### **Seema Khan**

#### *Chairperson and Chief Executive Officer*

Seema is one of the original founders of Zoom. Together with her husband Dev, she was inspired to create Zoom to address the challenges both she and Dev had faced on their daily commute to work after graduating from university. Seema has a degree in Business Studies and since starting up Zoom, has played an active role in the day-to-day management and development of the business.

### **Dev Khan**

#### *Chief Operating Officer*

Dev is one of the original founders of Zoom. Dev has a degree in Web design and digital development and it was his knowledge and experience of web and app design which laid the foundation for the creation of the original Zoom website and apps. Dev now has responsibility for overseeing and managing Zoom's business development opportunities.

### **Kevin Sato**

#### *Chief Finance Officer*

Kevin joined Zoom in early 2014, not long after it was formed. He is a qualified accountant and prior to joining Zoom, worked for a large private rail network company in Jayland.

### **Lou Cruz**

#### *Chief Technology Officer*

Lou officially joined Zoom in early 2014, although he worked with Dev Khan in 2013 on the initial design concept of the website and apps. Lou graduated from the same university course as Dev and he is now responsible for managing Zoom's collaboration work in autonomous technology and overseeing the management and development of its website and apps.

### **Mina Khan**

#### *Chief Communications and Marketing Officer*

Mina joined Zoom early in 2015. She has a Masters degree in Digital Marketing technology and she and her team work closely with Zoom's information technology teams to devise the most effective methods of communicating with existing and potential customers. Mina is the sister of Dev Khan, the Chief Operating Officer.

### **Jaki Moelg**

#### *Human Resource Officer*

Jaki joined Zoom in 2017. She has a degree in Human Resource Management and is responsible for managing not only the staff directly employed by Zoom at its headquarters, but also for ensuring that effective procedures and policies are in place to manage Zoom's self-employed drivers.

### **Corporate Governance arrangements**

As Zoom is not listed on the Jayland stock market, it is not required to report on, or apply in full, Jayland's Corporate Code of Governance. However, Zoom does operate and report on its regular board meetings (for the benefit of its venture capitalist investors) and it also operates a risk committee, which meets twice per year. Zoom also currently has two non-executive directors who are representatives of the venture capitalist investors and who attend all board meetings.

*ZOOM*



## Extracts from Zoom's financial statements

### Zoom

#### Statement of profit or loss for the year ended 31 December 2018

	<b>2018</b> <b>J\$ million</b>	<b>2017</b> <b>J\$ million</b>
Revenue	2,425.0	1,040.9
Cost of sales	(2,159.1)	(920.8)
Gross profit	265.9	120.1
Administration costs	(597.2)	(291.5)
<b>Operating loss</b>	<b>(331.3)</b>	<b>(171.4)</b>
<b>Loss before tax</b>	<b>(331.3)</b>	<b>(171.4)</b>
Income tax expense	0	0
<b>Loss for year</b>	<b>(331.3)</b>	<b>(171.4)</b>

#### Cost of Sales

In addition to the drivers' share of revenue, cost of sales includes other costs such as licence fees for proprietary software and liability insurance.

#### Administration costs

This comprises customer support costs, marketing costs, database and software support and development costs, depreciation, research and development costs and carbon neutrality expenditure.

## Statement of financial position as at 31 December 2018

	2018 J\$ million	2017 J\$ million
<b>Non-current assets</b>		
Property, plant and equipment	328.6	184.8
<b>Current assets</b>		
Trade and other receivables	13.3	5.7
Cash and cash equivalents	264.1	151.3
	277.4	157.0
<b>Total assets</b>	<b>606.0</b>	<b>341.8</b>
<b>Equity</b>		
Share capital	1215.0	665.0
Retained earnings	(693.5)	(362.2)
	521.5	302.8
<b>Current liabilities</b>		
Trade and other payables	84.5	39.0
<b>Total Liabilities</b>	<b>606.0</b>	<b>341.8</b>

### Property, plant and equipment

In 2018, approximately J\$270 million was included in property, plant and equipment for bicycles and bicycle docking stations.

# Statement of cash flows for the year ended 31 December 2018

	2018 J\$ million	2017 J\$ million
Operating loss	(331.3)	(171.4)
Depreciation	55.8	30.4
Increase in trade receivables	(7.6)	(3.1)
Increase in trade payables	45.5	16.4
<b>Net cash outflow from operating activities</b>	<b>(237.6)</b>	<b>(127.7)</b>
Capital expenditure	(199.6)	(138.6)
Equity raised	550.0	300.0
<b>Net increase in cash and cash equivalents</b>	<b>112.8</b>	<b>33.7</b>
Cash and cash equivalents brought forward	151.3	117.6
<b>Cash and cash equivalents carried forward</b>	<b>264.1</b>	<b>151.3</b>

# INDUSTRY INSIDER

## Editor's Choice

*In five years, when you take a ride in a Zoom car, it's likely to be driving itself.*

That's one of the ambitious predictions made by Seema Khan, Chief Executive and co-founder of Zoom, in a blog post this week called "The Transport Revolution: Zoom's Vision."

Her statement coincides with the huge growth of driverless car initiatives, including Xota's commitment to operating driverless cars for ride hailing use by 2021, and countless start-ups such as J-AI, a Jayland based Artificial Intelligence systems developer. All are in the business of revolutionising how we travel.



One of the biggest steps taken in driverless car technology was made two years ago by Optim, Zoom's biggest rival in Jayland, that dominates the global ridesharing market. Optim began picking up riders in a select number of cities in its home country in a small fleet of autonomous cars and since then, it has grown considerably. Optim is currently investing huge sums of money, in partnership with one of the world's biggest car manufacturers, on developing and operating driverless cars by 2022 and now has a fleet of 350

driverless cars across the globe.

In January 2017, Zoom started working with Xota, placing 4 driverless Xota cars on Jayland's roads. This may seem like a small number compared to Optim, but it doesn't reflect Zoom's confidence in the concept, who are starting small, but ultimately aiming high.

Seema Khan says that the time has come to push for a transport revolution, that will see huge areas of our cities reclaimed for parkland and enhanced pedestrian zones. "Transportation is a critical source of economic and social growth and mobility, but car ownership is ruining our urban communities. The good news is we don't have to keep building Jayland around car ownership," Khan writes. "Technology has redefined entire industries around a simple fact: you no longer need to own a product to benefit from it. Film streaming services has made DVD ownership obsolete. Music download sites have made ownership of CDs and MP3s unnecessary. Eventually, we'll look at owning a car in much the same way and expect Zoom to be a fundamental part of leading and facilitating the change"

Time will tell if this vision will truly become a reality!



## Zoom – Events

**Capital City Warriors versus Second City Spartans**  
**Posted today 6.15am**

**Don't forget to take a Zoom cab to the big game tonight! Our drivers will be on hand to make sure you arrive safely at the biggest sporting event of the year!**

**Like**

**Comment**

**Share**

**3,658 people like this**



**Jade Zui** I think I'd rather get the bus! Last time I took a Zoom cab to a big game, the price went through the roof. Total rip off Zoom – exploiting genuine fans.

Like 367 people like this comment



**Banjo** Totally agree Jade. Zoom's prices are generally pretty low and I use them all of the time. But I've noticed prices creeping up recently which just makes me use another cab company. I certainly won't be using them tonight!



**Dan the Driver** Just so you know, us drivers have no control of the prices. We have to make money and the more Zoom put up prices, the more it affects us as drivers, when customers find another way to travel. They already take 20% of what we earn so I don't know why they need to put up prices at all.

Like 122 people like this comment



**Cabbie Col** rumour has it that Zoom is going to be recruiting more and more drivers in the next few years. Stop complaining – more work for us all and hopefully prices will go down too. Win-win people!



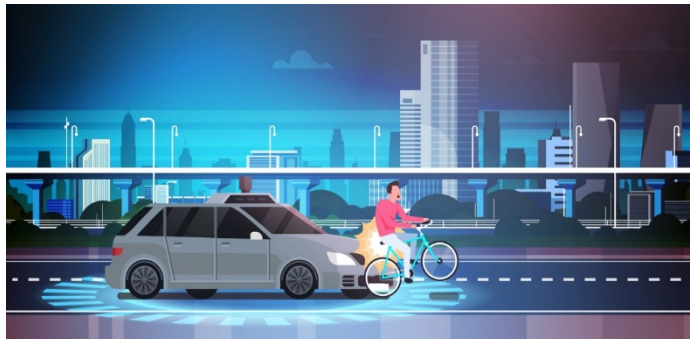
# Jayland Weekly Transport Review

## Blog post

### Driverless cars: new problems for this revolutionary technology?

**It seems the future is further away than we thought as driverless cars suffer setback.**

Optim has urged the public not to give up on its driverless car offering as it faces fresh criticism that the technology is not safe and that the driverless car programme should be scrapped.



On Tuesday, an Optim driverless car was again involved on an accident on the roads of Jayland, knocking cyclist Luther Mayer from his bike.

Luther admits “I accept my part in this – I was on the wrong side of the road and realise that was foolish, but I was experiencing problems with my bike chain and had pulled over into a quiet spot on the roadside to fix things. No

sooner had I pulled in than I was knocked clean off my bike by an Optim driverless car. The supervisor in the driver seat was eating a sandwich at the time I was hit. The car itself had not recognised that I even existed. I will be off the road for months now while I recover from my broken leg and rib. These cars are a menace and should not be allowed on the roads.”

TRENDING	NEWS	MARKETS
<b>Tech&gt;Big Data&gt;Optim</b> <b>Do you know how much they know about you?</b>		
<div data-bbox="205 504 632 790" data-label="Image"> </div> <div data-bbox="652 504 1426 739" data-label="Text"> <p>If you are an Optim user, you are probably unaware of how much it knows about you: where you work, your favourite restaurants or where you shop, how often you travel and so much more. This information has made Optim a big “data-mine” which sells this data to other companies that work on delivering customized advertising and related offers.</p> </div> <div data-bbox="205 779 1426 1014" data-label="Text"> <p>For example, last year Optim announced its partnership with Westhoe Hotel Group. According to Optim, 80% of the cities in which Optim operate, feature a Westhoe hotel. Optim offers Westhoe Special Guest (WSG) members the opportunity to earn bonus points for every ride booked on its Optim platform. Optim users can link their Westhoe and Optim accounts, and after completing a stay at a Westhoe hotel, WSG members earn one bonus point for every dollar spent on an Optim ride.</p> </div> <div data-bbox="205 1048 1426 1115" data-label="Text"> <p>However, Optim customers have complained about being bombarded by emails from Westhoe, every time they set foot in an Optim vehicle. One customer complained:</p> </div> <div data-bbox="205 1149 1426 1350" data-label="Text"> <p>‘I booked an Optim ride to the airport to visit my sister for a couple of days and when I arrived took an Optim cab to her house. Before I even left the cab, I was bombarded by texts from Westhoe offering me deals to stay in their local hotel. When I got back home a few days later, I was bombarded once again with emails and text messages asking me why I hadn’t stayed in their hotel. Talk about hard sell. I’m not sure I want Optim to tell everyone where I am 24/7.’</p> </div>		