



# Decentralized Vacation Rentals Booking Platform

White Paper

Version 3.6

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Written by the **Trips Community**

[www.tripscommunity.com](http://www.tripscommunity.com)

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## Executive Summary

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The vacation rental market has lately experienced a continuous and steady growth, particularly since Airbnb and Booking.com were born.

During the year 2017 the industry increased by 7% if compared to previous year while global arrivals (total of 1.2 billions globally) had the highest growth of the last 7 years. A further global increase of 4-5% is expected in 2018 and in the following five-year period (source: [UNWTO: World Tourism Barometer - 2017](#)).

There are two main factors that have contributed to the increase in the offer of accommodations by private individuals:

1. Growth of available housing, helped by the decline in sales and the complexity of the system of long-term rentals.
2. Growing volume of users who have the greatest chance and need to move for a short/medium/long terms (e.g. work, study, leisure).

This growth has definitely been helped and supported by large and powerful rental platforms such as Airbnb and Booking.com . Unfortunately, at the same time, their greediness and voracity has created a monopolistic and incumbent presence able to control the hosts and guests flows.

They are now able to decide which Hosts get more visibility, and how the profits are distributed, which is mostly to the platform and little to the Hosts. This at the expense of the Guests who end up paying significant commissions.

Disintermediation, or renting without these expensive middlemen, seems like a lost battle as it has been implemented until now.

**If we get rid of the middlemen with an open blockchain platform, the result will be a massive transfer of wealth and value from the corporative platforms to the actual users: Hosts and Guests. *Trips* is a blockchain-based decentralized reservation marketplace facilitating direct transactions between Guests and Hosts through the use of Smart Contracts.**

Using *Trips* means more income for the Hosts, and less expenses for Guests. Our token, *Trips*, will be used as an exchange currency for the purchase of hospitality services. Let's crunch some numbers now!

Guests are paying up to 12% (+ VAT) for booking an accommodation on Airbnb or Booking.com, and at the moment there are no real alternatives to those platforms. In addition, there is a 5% commission for Hosts, bringing the total fees to 17%. If we add up the percentages charged for credit card transactions, about 3%, we get to a total of around 20%. Rental platforms have a significant cost, and eliminating them from the scene could have an extremely positive impact on the profits of the

Hosts, and on the expenses of the Guests. Platforms extract a lot of money from the system.

**Trips will earn 5% commission on each transaction: 2.5% from Hosts and 2.5% from Guests.**

Trips will also implement systems for accommodation listing quality, fair cancellation policies, long terms rentals, Hosts and Guests reputations and payments in both crypto and fiat currencies.

## Glossary

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(feel free to skip it and come back as needed)

**OTA:** Online Travel Agency. Online Travel Agency. Some examples are: Airbnb, Booking.com, Expedia, Homeaway.

**Listing:** Page presenting descriptions, photos, prices, reviews and general information about an accommodation.

**ICO:** Initial Coin Offering. Sale of a token before the market launch. It is used to raise funds and to give a market value and liquidity to the token itself.

**DAO:** A decentralized autonomous organization (DAO) is an organization that is run through rules encoded as computer programs called smart contracts. A DAO's financial transaction record and program rules are maintained on a blockchain.

**Smart Contract:** is a computer protocol intended to digitally facilitate, verify, or enforce the negotiation or performance of a contract. Smart contracts allow the performance of credible transactions without third parties. These transactions are trackable and irreversible

**Token:** cryptocurrency used within a platform.

**Trips:** the token of our platform.

**Host Guarantee Deposit:** The guarantee deposit that a Host blocks in Trips to guarantee the Guest and the platform in case of problems caused by the Host itself.

**Trips Guarantee Fund:** The guarantee deposit that Trips blocks to guarantee the users of the platform in case of problems caused by Guests or Hosts.

**Trips Fund:** part of the 63 million Trips issued that remain available to Trips for operations to support the platform itself (e.g. example price volatility protection).

**Proof of Stake:** (PoS) is a type of algorithm by which a cryptocurrency blockchain network aims to achieve distributed consensus. In PoS-based cryptocurrencies, the creator of the next block is chosen via various combinations of random selection and wealth or age (i.e., the stake).

**Gig Economy:** The gig economy is a labour market that is distinguished by the prevalence of short-term contracts or freelance work rather than permanent jobs. As opposed to regular salaries, employees get paid in return for the "gigs" they perform.

**CLV:** is a prediction of the net profit attributed to the entire future relationship with a customer.

**CAC:** Customer Acquisition Cost is the cost associated in convincing a customer to buy a product/service.

**ROI:** Return on the investment.

**Chargeback:** Is the return of funds to a consumer, initiated by the issuing bank of the instrument used by a consumer to settle a debt. Specifically, it is the reversal of a prior outbound transfer of funds from a consumer's bank account, line of credit, or credit card.

## Welcome

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This White Paper is the result of the 18 years experience of Luca De Giglio and Adorno in the vacation rental space, and months of discussions with several Hosts and Guests.

We have analysed every single aspect of our future decentralized platform.

This document was created in August 2017 and completed at the end of April 2018, after hundreds of hours of discussions online, in collective calls and in person during several live meetings.

We believe it is a high-level synthesis of an extremely advanced decentralised platform project.

We hope it is the basis of a serious, long-term, and well thought endeavour on creating a socially more balanced alternative to the current OTAs.

There is still much to be conceived, and a lot remains to be built and tested. This project is thought as a marathon and structured from the beginning to withstand countless falls and restarts. We have no illusion that we can make it at the first try.

It is our firm belief that in a constantly evolving context such as the blockchain today, it would be wrong to present any project as a guaranteed success. Creating a resilient platform and community is utterly essential and the only guarantee at the moment is that we will go by trial and error, charting a rudderless course on a constantly moving terrain. The project will grow stronger after every difficulty.

For this reason, we decided the center of the project to be the community — not a software, nor an ICO, but a *solid community* whose participants will also benefit during the journey.

We therefore will *learn* and *grow*, not from the day the platform comes to life, but every single day as we resiliently develop this project.

Have fun!

**Luca De Giglio**

*Trips CEO and Community Leader*

[www.tripscommunity.com](http://www.tripscommunity.com)

## Localisation

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Trips is a global project and it will serve Hosts and Guest all over the world. We will initially focus on the Italian market: we want to build a model tailored on a market we do know very well.

Once the model has proven effective on the Italian market, we will open it and tailor it to other countries. In this way, we will have country-specialized model instead of a "one size fits all" approach, typical of global corporative platforms. Localisation will be our strength: the model will greatly benefit from the cooperation of local communities.

In other words, every country, or even city, will be free to consider Trips an open protocol and adapt it to their specific context.

Every community will be able to adjust the Local Settings in order to attain a healthy characterization.

The challenge will be to maintain an equilibrium between standardisation and localisation in order to keep a high level of usability.

## The Tourist Context and The Vacation Rental Market

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The vacation rental market has been expanding in the past few years, reaching a significant 7% year by year growth in total arrivals. Globally, the total arrivals have been estimated as 1.2 billions.

In this scenario, Italy is ranked fifth in 2017 with 50.7 millions international arrivals.

Tourism expenditure in Italy has reached a value of 70.2 million Euros, equal to 4.2% of the national GDP.

The industry provides occupation for 2.7 million regular and seasonal workers.

Bookings in alternative accommodations (i.e., apartments, houses, private rooms, etc.) have tripled in the last two years, with a significant growth rate of about 20.000 units across the country.

Worth of note is that the average stay in alternative accommodations is longer than in hotels (5.07 nights against 2.97 nights).

The preferred destinations are cities (35%), small urban centers and the countryside (38%), where accommodation in houses is a new alternative to agritourism.

The main motivation for seeking this type of hospitality is cultural tourism (50%), followed by seaside tourism (23%) and, at a distance, enogastronomic tourism (5%); but there are also those who choose private homes for business/work reasons (10%).

These numbers explain why so many marketplace platforms have emerged over the last decade.

It's a phenomenon now consolidated throughout the Italian, the European, and the world context.

There are two main factors that have contributed to the increase in the offer of accommodation by private individuals:

1. The growth of available housing, connected to the decline in sales and the complexity of the system of long-term rentals (risks deriving from delinquency, immobilization of capital for long periods, etc.)
2. Growing volume of users who have the greatest chance / need to move for a few days (work / study / entertainment).

## Digital Nomads

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We have been Digital Nomads since the early 2000s and have seen this niche go mainstream.

Remote workers [are expected to sharply grow](#) in number in the future

This market experiences a problem which has not been solved yet: **booking online a place for a few months is still difficult.**

The main reason is that Hosts are focused on tourists and most places are not compatible with the specific needs of the remote worker: listings do not clearly specify features such as fast internet with clear speed tests, possibility to book long term, a comfortable place to work and so on.

The good news is that just a small upgrade in the accommodation and the listing is needed.

Trips will educate Hosts to this new opportunity, help them upgrade and provide Guests for them.

We have extensively researched the specific accommodation needs of the Digital Nomad and have created a set of specifications which we will apply to the platform. This creates a huge opportunity for us as we are perfectly placed for both markets.

Joining Trips will come with the added bonus of being introduced to a new, growing, market.

Furthermore Guest acquisition is arguably cheaper as the demand is already there while the offer is lacking.

It is important to note that a Host targeting Digital Nomads will not in any way penalised her chances to get bookings from tourists as the upgrades improve the property and each of these improvements will make the property even more attractive for them.

As a result, probably our Hosts will see a mix of short and long term bookings.

## Why Trips?

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### *The Decentralization of Vacation Rental Market*

As explained above the alternative accommodation renting is experiencing a high growth moment.

Airbnb lifted it from the niche it was in, and brought it to the same level of traditional accommodation (hotels, hostels, resorts, etc.).

While demand and supply are constantly growing, the dynamics of the sector persist unchanged: it is still a basic marketplace, completely dominated by handful of well-known platforms, such as Airbnb and Booking.

Since the market is dominated by the growing voracity of these platforms, the margins for housing providers get thinner and thinner. Guests pay high commissions to book, often without even realizing it: they pay a premium for the privilege of using a platform, rather than booking directly with the owner.

Hosts have tried to attract direct bookings for years, but the results are at best poor, as the advantages of booking through a platform are many, and it has proven to be very difficult to convince guests to avoid the portals.

Disintermediation, or renting without these expensive middlemen,, seems like a lost battle as it has been implemented until now.

**And here is where the blockchain technology kicks in. If we get rid of the middlemen with an open blockchain platform, the result will be a massive transfer of wealth from the corporative platforms to the actual users: Hosts and Guests.**

**Trips is a blockchain-based decentralized reservation market facilitating transactions between Guest and Host through of Smart Contracts.**

Using Trips means more income for the Hosts, and less expenses for Guests.

Our token, Trips, will be used as an exchange currency for the purchase of hospitality services.

Thanks to these new technologies and approach we plan to redefine the industry and make it more equitable and efficient.

In other words: what the OTAs do today, software and the community will do tomorrow.

## Who we are

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### A Long History in The Vacation Rental Space

In 2001, way ahead of Airbnb launch, Luca De Giglio created Airbnb-like website in Prague, with the sole purpose of propelling his digitally nomadic lifestyle (again, way before even the words “digital nomad” entered the layman vocabulary).

The project was successful, and Luca could travel the world full time for 8 years.

In 2005 Luca created the first booking platform with new features such as reviews, host-managed content, a filtered message system, algorithmic search, Host profile and so on.

It was called Apartmentoski.com and was based in Germany.

In 2008 Luca started the process of scaling its business model with a new project. Thirty people joined as early customers, each with the aim of building a local site dedicated to a specific city.

The project was indirectly destroyed by Airbnb, which was based on the same model, but with much better and faster execution and investments.

In 2013 Luca changed his model and launched a startup called Adormo in Sofia, Bulgaria, where he had found investors ([Eleven Fund](#)).

He moved there and his startup prospered in a growing alternative accommodations market.

Working for hosts and helping them manage Airbnb, Booking, Homeaway, Tripadvisor, etc., Adormo has acquired a new perspective on the vacation rental market.

When Airbnb started moving its focus from a Host-centered approach to a more Guest-centered one in 2016, it became clear that the golden age for Hosts was coming to an end.

Today Adormo is very well positioned in this market, as we know it extremely well and we are part of a larger community of professionals of the vacation rentals industry.

### *The Trips Community*

The Community is the basis of the whole project.

Its members provide the everyday work and financing for the first phase, while will be the foundation of the platform.

On February 7, 2018 we launched an online workspace on the Discord collaborative

platform in order to create a Community.

That was the moment the Community was born.

From the very beginning many people made themselves available to collaborate, and within a few days the Community had translated the White Paper to Italian, extracted videos of the conferences Luca has held around Italy, thoroughly discussed and improved not just the various chapters of the White Paper, but also the basic ideas of Trips, from how to handle payments, to guidelines for Hosts, etc.

To date Discord has about 228 members, of whom about 40 have actively worked and collaborated on the project.

This result was obtained in a completely organic way (no money was spent on marketing).

In February the first meeting in Tuscany was held, in which 18 people gathered to meet and take strategic decisions on our shared project.

The Community is currently formed for the most part by Hosts. So at moment we are very hungry for people who aren't Hosts, since they can help keeping the community perspective as balanced as possible.

**All skills are valuable: blockchain, Travel experience, Marketing, Programming, Finance, Accounting, Investments, Social and so on.**

This is not, and should not be, a platform made by Hosts, but by all the future users of the reservation platform.

We believe that this community can continue to grow, supported by interest in the new concept of decentralization and the need to leave the world of the alternative accommodation industry in the hands of a few large corporative platforms.

*Where We Are*

Luca De Giglio has his basecamp in Sofia, Bulgaria, but he also lives in Italy and South-East Asia. Adormo is based in Sofia, Bulgaria. ☐☐

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The Community is 90% in Italy with some people living in other countries.

**Trips will become a foundation based in Switzerland, Malta, Gibraltar or other countries with a coherent and advanced blockchain legislation.**

## Introduction

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*How Airbnb lost the Host's trust while Booking has never had it in the first place.*

In short: The dream is over.

There was a time when the word "community" made sense for Airbnb. However, with the increase in investments on the platform, the company has slowly but steadily transitioned into a classical corporation.

In 2016, many Hosts began to notice that the platform was moving away from the initial Host-centric approach to the current approach, way more Guest oriented.

For example, the fees for Hosts rose from 3% to 4% or 5% (+VAT), depending on cancellation policies chosen.

In some countries the cancellation policies have been modified in order to allow Guests to cancel their reservation without penalty, thus increasing the risk of vacancies for the Hosts.

Let's be clear about one thing: these moves make sense and are understandable. Airbnb is a marketplace and one of its main duties is to balance demand and supply.

When in some cities the offer of accommodation is too high, they make the business less profitable for the Hosts and more interesting for potential Guests in an attempt to keep an equilibrium.

What really opened the eyes of many Hosts was the introduction of Smart Prices: it is an algorithm that was presented to the Host as a great way to adjust prices to demand.

Within this algorithm there are the Price Tips: price suggestions that in many cases are completely unacceptable for most of the Hosts.

In some cases the suggested prices are even 50% less than the current market prices.

Some Hosts nevertheless often accept these suggestions and receive bookings, and as consequence a race to the bottom starts.

The result is that average prices have decreased by 30% in some regions.

Who benefits? Well, for sure Guests, who can book at the most advantageous prices and Airbnb itself, which in this way is able to increase the number of Guests who

book through its platform, and therefore its commissions.

If the perception of the average customer is that it's cheaper to book through Airbnb, rather than through Booking, the advantage for Airbnb is enormous. Many hosts instead feel betrayed and "squeezed".

Let's not forget Hosts are the ones who make the house available, provide clean sheets, welcome the Guests, etc.

At first they were invited to this market with the promise of easy earnings and easy Guests acquisition. In a few years, however, Hosts found themselves in an impossible position where they are required to provide high quality services, but with less and less profit margins.

Many Airbnb hosts are angry and ready to switch platform.

But another truly competitive platform which does not employ the same strategies does not really exist (yet!).

Booking is older than Airbnb and for many years only offered Hotel bookings.

When they entered the vacation rental market, they did it in their usual way: they took over the market using aggressive advertising and a strong loyalty policy through the guarantee of excellent conditions for guests.

They have introduced in the market policies such as "Best Price Guarantee" (later made illegal in some European countries) and free cancellation.

All this is advantageous for the Guests, but it is often a problem for the Hosts.

So, while Airbnb hosts had been happy. at least for a while, many of the Booking Hosts had never really been happy.

## Why we can't expect an improvement

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*Airbnb and Booking are not to blame. That's how centralised platforms work.*

You may wonder why Airbnb has renounced all the good intentions expressed over the first years.

In our opinion, simply they had no alternative.

If you look at this market as a struggle between the two giants, Airbnb versus Booking it is easy to understand why they both cannot afford to reduce their profitability.

Airbnb needs to maximise the CLV (Customer Lifetime Value = a prediction of the net profit attributed to the entire future relationship with a customer) to be able to maintain a CAC (Customer Acquisition Cost = the cost of acquiring an additional customer) sustainable and compete with Booking.

Booking has an advantage, as it can also offer accommodation in hotels, having thus a variety in its offer far greater than Airbnb.

This is probably the reason why Airbnb is trying to expand its offer by creating new markets such as "Experiences", or offering Hotel rooms as well.

In other words, if Booking can invest more than Airbnb to acquire new customers, Airbnb is doomed.

Vice versa, if Airbnb finds the way to maximise the CLV, Booking will need to react or be slowly kicked out of the market.

These dynamics should not be surprising: they are the basis of capitalism.

What we want to emphasise here is that this trend will not change.

**While the majority of OTAs will continue to fight for customers, the Hosts will feel more and more crushed and mistreated, while the Guest will continue to pay high commissions.**

Furthermore, it is easy to predict that once the market is in the hands of what seems to be on course of becoming a duopoly, commissions can only increase due to a predictable, implicit or explicit cartel effect.

## The Cost Of Platforms

Commissions are of little importance when things are going well. Take for example the exchange of cryptocurrencies: when you can get a 50% profit, you don't really care if the exchange fee is 2% or 0.5%.

The same applies to Airbnb: for years the Hosts did not consider 3% a real cost because the profit margins were still high. Now Host commissions have raised to a maximum of 5% and in some countries VAT is not included, so the real cost is around 6%. Hosts are starting to realize that 6-12% that the guest pays to Airbnb is paid to access their apartment, so it is potentially money that they could earn.

If the profit margin is 50% all this can be ignored, but if it was to fall to 10%, it would become immediately clear how much of the potential gains are reclaimed by the platforms.

This is not to say platforms do not bring value, since they surely do, but how much the Hosts should really pay for this added value?

The Guests, on the other hand, have always been happy to pay up to 12% (+ VAT) more, because there are no real alternatives: if you want that apartment, it is either dealing with Airbnb, or not getting the apartment at all.

These commissions are up to 5% for Hosts and 12% for Guest, for a maximum of 17%.

If we add up the percentages charged for credit card transactions, about 3%, we get up to a total of 20%.

On the other hand, the more expensive bookings trigger a lower incidence for the cost of the service, down to a minimum of 6%.

According to our analysis, the 12% starts to decrease when the total amount of the booking is 1000 USD or more.

So, for simplicity, we estimate the average Airbnb rates around 15%.

Booking fees are also around this percentage: in general we hear about 15% - 18%, with the chance to increase it and get more bookings thanks to the "Visibility Booster".

As for the "Smart Prices", if most of the Hosts use this feature the commissions increase for all and the visibility results would remain unchanged for everyone.

Let's do some calculations.

How much would the Hosts earn if commissions were not to be paid?

A Host whose bookings amounted to USD 10,000 / year would save USD 1500

A Host whose bookings amounted to USD 20,000 / year would save USD 3000

A Host whose bookings amounted to USD 50,000 / year would save USD 7500

A Host whose bookings amounted to USD 1 million / year would save USD 150,000

**So platforms have a significant cost, and eliminating them from the scene could have an extremely positive impact on the profits of the Hosts, and on the expenses of the Guests.**

## A Fair Redistribution of Generated Value

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### *The thin line between entrepreneurs and unprotected workers*

There is a hidden risk in being an Airbnb Host today: that of **becoming nothing more than an employee, but without any kind of job and social security**, with very high productivity requirements and with the obligation to provide the means of production.

Consider the need to be SuperHost in order to have a sufficient number of bookings and the fact that the property and all the tools and expenses associated with it are provided to the ecosystem by the Host, not by the platforms.

The difference is only in earnings.

The concept can be easily understood with this example: in a given city the average income for a hotel receptionist is USD 1000 per month.

In addition to the USD 1000, social security is paid by the employer, health insurance is included, there is a certain level of job security and employees are not required to bring anything from home to perform their duties (i.e., the computer and the telephone are provided by the Hotel).

Working hours are 40 per week and employees are entitled to, say, 20 days of vacation per year.

The question then becomes: how much should an Airbnb Host earn to make it worth?

In other words, how much should she earn monthly to ensure that the receptionist job is no longer tempting?

To simplify things let's consider that both the position of Airbnb Host and that of receptionist provide the same professional gratifications, so this is not a variable anymore.

In this example we will focus on the net gain, the earnings that actually remain at the Hosts' disposal for personal expenses after paying taxes, considering property depreciation and so on.

To simplify even further, let's analyse two extreme examples:

- 1) The net gain as Host is USD 10,000 per month: this would certainly make it more interesting than the receptionist job, as there is enough margin to pay someone to help, working 40 hours a week, or less, or even delegate everything.
- 2) The net gain as Host is USD 1000 per month: since this amount is reached working 40 hours (or probably more), with high risk, no security of any kind, being held legally responsible in case of troubles, paying pocket expenses, and so on, this configuration is obviously less attractive than the receptionist job.

The "right earning" is somewhere between these two extremes and varies according to different parameters.

It seems reasonable to assume, for the sake of simplicity, that the right earning should be at least twice the net salary of the employee in our example.

So we may theorize that a reasonable amount for this Host should be at least USD 2000 per month.

Note that this is a random figure that only serves to indicate "more than the basic salary".

Once chosen this right earning, the figure below it (i.e., below 2000 USD monthly) tells us that the Host would be better off working as an employee.

The problem with the Airbnb and Booking platforms is that they leave no alternative.

They will probably take increasingly larger fractions of the value created by the Host and push prices down to be more and more competitive.

Hosts will be paid the bare minimum to survive. The amazing developments in Data Mining, Machine Learning, and Big Data will make it easier for the platforms to define exactly where the financial breakdown of each individual Hosts is.

In other words, the OTAs will know exactly how a Host needs to earn to keep him active in the platform, maximizing OTA (and not the host) revenues.

A similar dynamic has occurred with Uber and occurs with every single gig-economy-based platform, because this feature is inherent in their very nature.

## Other Problems With Centralized Platforms

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*It is not just about the money*

Being 100% dependent on platforms generates a whole range of risks for the Hosts.

- **Account Closure**

Sometimes Airbnb terminates accounts.

No explanation is due, no appeal is possible.

Hosts who rely only on Airbnb to make a living find themselves literally out of work overnight.

Switching to other platforms is of course possible but it's not a short-term option: it takes a long time to build a reputation.

- **Account Degradation**

This happens when the listing remains online but the platform's search algorithm decides that it won't be listed in the search results.

The listing receives little or no visits.

Everything seems to be in place but the Host finds herself without new bookings overnight.

Often the algorithm understandably punishes those who perform badly and do not respect the rules.

Other times, however, the parameters are of different nature: perhaps the Host has rejected too many requests for Guest declared incompatible in the listing (e.g. young people in a residence for families), perhaps the availability provided to the portal is not enough (because the listing is present in other portals in order to avoid the account closure risk), or the Host has chosen not to accept instant bookings, therefore going against the unwritten rule which states: you **MUST** accept Instant Bookings.

The motivations can be many, but we are not entitled to know them.

There is no official report that clearly indicates where, and if, the Host has done something wrong.

She knows the health of the account is delegated to a judge, the algorithm, which does not motivate its judgments, and does not grant any appeal.

For too many hosts that are listed in a single portal the algorithm is like an employer with absolute power.

Thus we begin to understand why some speaks of a new type of job exploitation in the gig economy.

- **Damage refund**

When a guest breaks something, it is up to Airbnb to decide whether or not the host receives money for the damage.

The decision is made by some employees sitting in an office somewhere in this world, with a marginal (at best!) knowledge of the host, the guest, and the accommodation.

Often the decisions are influenced by the personal opinions of the employees.

For example, an employee who lives in Dublin may have difficulty judging a case in which there was no hot water in Sofia because he does not know that in that city hot water is centralized at the city level and the Host has no control over it.

Some other times the decisions are influenced by the political climate of Airbnb for that specific city.

If it is a city where there are too many Hosts, for example, we can assume that there are more chances of a decision in favor of the Guest, as opposed to a city where there is a shortage of Hosts.

Obviously these are only our intuitions, but in the absence of official statements by the OTA, we can only reason with our knowledge of the market and our case-based experiences collected over the years.

- **Retention**

The platforms make it very difficult for a Host to host returning customers.

Every time a Guest returns to the OTA she is presented with a wide range of alternatives, often highlighting special offers.

Fidelization via direct bookings contacting the Host is, obviously, even harder to achieve.

- **Unfair competition**

Airbnb was built on the basis of illegal listings, and Booking does not care if Hosts are legal or not.

We can certainly agree that it is not the role of the platform to make sure that Hosts comply with local laws, which are often outdated or unclear, but it should be noted that Hosts who try to follow the law are often disadvantaged, as fairness on the platforms is not assured.

## The Weak Points of The Platform

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### *The "Empty Box" Risk*

The reason booking platforms are so successful is at the same time what makes them weak: they own no properties (we will ignore in this document specific and limited cases of ownership).

Imagine if every single property in the world blocks all dates on Airbnb and on Booking for a specific month.

Search is performed on the platforms, nothing appears.

You cannot book, OTAs do not earn, and there's nothing they can do.

### **Without Host, OTAs are empty boxes.**

So, theoretically, **the power is in the hands of the hosts.**

This is the theory and the potential.

But the reality is that Hosts do not have a real way of using that power.

It's really hard, if not impossible, to get organized and make their voices heard.

It's true that Hosts are all on the same side as assembly line workers might be, but they are also competing with each other, so there is no real Host union to talk about.

Yet, the power is there, waiting for a way to be unleashed.

The Blockchain can free it.

## Our Proposal

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### Solutions

Let's see how we can improve this market, and the lives of both Host and Guest with a decentralized booking platform on the blockchain.

### Commissions

Platforms extract a lot of money from the system.

We think it's way too much for what they provide, and the huge share they spend for marketing proves that only a fraction is actually needed to run their operations.

**We can give back a lot of this money to the market, i.e., to Hosts (more earnings), and Guests (less expenses).**

**Trips will take 5% commission on each transaction: 2.5% from Host and 2.5% from Guest.**

This difference may seem small, but when we look at the "EBITDA" (earnings before interest, taxes, depreciation and amortization) it is clear how important lower fees are.

We will call them Earnings from now on in this document, for sake of simplicity, even if it is not the most appropriate legal term.

For a Host collecting 1000 USD in a month, and managing to withhold 200 USD after all the expenses (such as commissions, bills, check-in, cleaning, maintenance and so on), a commission dropping from 15 to 5% means the Earnings grow significantly .

It is very difficult to define an average Earning because there are different markets and types of accommodation: there are people making 5%, and people making 50% earnings.

What happens when the earnings are only 10% and the commission is significantly lowered? Basically they would double.

To simplify: being able to add only 10% to earnings has a huge impact on profitability.

This concept is very clear and present to Property Managers who are more advanced in accounting.

But it is also becoming clearer even among private Hosts who tend to be less attentive to the statistical financial aspects (but are evolving).

Trips 5% fees will be used for platform management and marketing.

There are no dividends.

This aspect differentiates us from other blockchain projects, which all tend to be 0% commissions and rely on tokenization for the redistribution of profits in the network and the financing of operations.

We clearly see the advantages of tokenization, but we believe the sustainability of the model in the long term is a must, and therefore opt for the fee-based maintenance.

The platform must be able to provide support to the operations and substantial budgets for marketing on an ongoing basis beyond the success of the token itself.

## Listing Quality

In all the years we have been in this market we have learned a very clear lesson: high quality listings bring value to the platform, while low quality listings come at a cost.

Let's first define what we mean by that.

**High Quality:** a well run, clean and safe property presented in an honest way on the portal. Information such as description, calendars and prices is accurate and complete. The Host replies politely in a timely fashion. All these characteristics need to be true to define High Quality.

**Low Quality:** a poorly run, poorly cleaned and unsafe property presented in a dishonest way on the portal. Information such as description, calendars and prices is inaccurate and incomplete. The Host replies rudely with long delays. Only one or more of these characteristics need to be true to define Low Quality.

In 2006 Luca first created in his portal a feature called Best Owner in which the highest performing Hosts got a boost in the rankings.

The rationale behind the function was that these high-level Hosts guarantee guest satisfaction and act as value multipliers.

The numbers in this example are random, without any statistical basis and only serve to clarify the concept:

if you invest 1000 USD in advertising to bring traffic to the platform and you only have Best Owners, you will probably get commissions for 2000 USD or more.

While if the same traffic leads to a mixture of Good and Bad Hosts, you could lose some money.

Traditionally, the problem of the quality has been managed through reviews, which we do not consider as a very reliable tool.

Reviews are a great way to convince potential Guests to book and complete the transaction.

As a result, they are an excellent sales tool.

On the other hand, they are a mediocre indicators of quality, since Guests tend to leave reviews that do not objectively reflect the quality of their stay.

The reasons are many, first of all the desire not to damage the Host.

In other words, reviews have a strong tendency to align with the current average except when Guest's expectations have been completely disregarded.

For example, a Guest might think: *"Yes, ok, the accommodation was not perfect, the sheets were not spotless, but the owner was so kind... but she has 5-star reviews only, and I do not want to ruin her average... so I will give 5 stars"*.

In fact, an expert Guest knows that 4 out of 5 stars in Airbnb is not a good average. Or that in Booking it is advisable to avoid any accommodation with a score of less than 8/10, regardless of how attractive the price may seem.

The point is exactly this: **if the reviews were objective, 4 out of 5 stars should be considered a good average.**

Airbnb has introduced the "SuperHost" status to get around the problem and pass the message that "This Host is EFFECTIVELY a good one".

Our platform will solve the quality dilemma by applying a Quality Standard for incoming Hosts to be considered, filtering out Bad Hosts. The reasons are the following:

- **It conveys a message of quality of the platform**

Airbnb and Booking accept anyone as long as they generate turnover. **They let the Guests pay the price of a bad experience.**

They basically let the Guests make a selection on their own.

It takes at least 3 Guests to define a "Bad Host" and bury it in the depths of the search algorithm.

But these 3 Guests had to pay with their own money to let the platform know the host is bad, and have their vacation ruined.

If we can afford to avoid these situations we will not need such strong Customer Lifetime Value (CLV) and Customer Acquisition Cost (CLC) constraints and marketing ROI will be much higher.

In simpler words we will need less money for marketing in order to attain the same results as OTAs.

- **Increase Word of Mouth**

If most Guests are satisfied, we get to the point where they will say: *"Trips has only good accommodations, they don't let just everyone in without control as on Booking or Airbnb"*.

This will increase word of mouth exponentially.

- **Reduces requests for assistance, claims and reimbursements for damages**

When a Host knows what she is doing, potential problems are drastically reduced. The Good Hosts are even able to solve the problems caused by the Guests themselves, due to their ignorance of rules or lack of experience.

Our direct, more-than-a-decade-long experience on the market convinced us that a Good Host greatly reduces the necessary support that the platform has to provide, both to her and her Guests.

Actually, the very fact that support is needed indicates a weakness in the hosting practices.

It follows that being able to minimize support requests is an element of strength.

- **Increase Host satisfaction**

In short: it is much easier to satisfy good Hosts rather than others.

Conversely, it is practically impossible to ensure that those Hosts who work badly are satisfied.

It happened several times to see bookings canceled because the Host forgot to update the availability on the calendar, or see Hosts receiving 3-star reviews (thinking it's a good rating), and then publicly complaining online (damaging the brand) about the lack of bookings because "the platform does not work".

It may be said that the platforms provide the tools to choose the best listings, but the reality is that **many Guests do not have the necessary knowledge to use them.**

Many active Guests for instance still do not know the meaning of the "SuperHost" badge, or consider 7/10 on Booking as a good average.

Therefore the best solution, in the interest of the Guests, is to filter out from the beginning those who work badly or dishonestly, or the Bad Hosts.

## Listing Approval

Here we describe what will do to maintain a high level of listing quality.

### 1) Listing analysis

Anyone can open an account in Trips and upload a listing, but its publication needs the approval of the Community. (No worries, it is a quick process.)

The approval is carried out by the Panel.

The Panel, described in much more detail below, is a group of 5 people (different for each new listing), taking decisions regarding various aspects of the platform in order to guarantee its quality.

The Panel oversees the quality of every aspect of the platform, not only listing quality.

The approval process includes:

- an analysis of the new listing in Trips.
- an analysis of the same listing in the other platforms.
- review of reviews in other platforms.

Minimum standards will be established for features such as (but not limited to):

- Truthfulness of the statements.
- Completeness of information.
- Quality of pictures
- Reviews.

Note that we do not want to create an elite platform: with this filter we just intend to discourage unmotivated Hosts (who, for example, upload only three low quality photographs) and dishonest ones.

An objective standard must be defined to minimize the Panel's interpretative space.

The Panel has 4 hours to approve or reject a listing.

We believe it is appropriate to request a certain speed as it is foreseeable that before the approval there will be various iterations of rejections, improvements, and re-submissions.

It is important to note that the evaluation is not about the accommodation, but about the listing.

Even the most basic accommodations are welcome.

What matters are aspects such as cleanliness, security and compliance with the law (within the limits of what can be verified by third parties).

## **2) Listing Rejection**

In the event that a listing is not approved, the Panel will suggest the actions to be taken to improve it:

- Truthfulness of the statements: indicates which statements are not true (for example "5 minutes walk from the center" must become a more correct "15 minutes walk from the center")
- Completeness of information: the missing elements will be indicated.
- Quality of photographs: suggestions about taking better pictures or contacting a professional photographer. Later on, it will also be possible to buy the services of professional photographers trained to specific Trips standards within the Trips marketplace.
- Reviews: in case of low review average for the same ad on other platforms, the Panel suggests the Host to follow a free online course (provided by Trips), the possible participation in paid courses (always provided by Community members),

and a paid visit at the accommodation.

This visit is made by an expert Host who will recommend changes and improvements based on her first-hand experience, aimed at solving the problems. In this way, the approval of the announcement becomes an opportunity of improvement for the community.

The Host may request a new analysis confirming that she has solved the problems reported.

A new analysis can be requested several times with this scheme:

- 2nd analysis after 12 hours
- 3rd analysis after 24 hours
- 4th analysis after 48 hours

And so on, doubling the waiting time each time.

The Trips are the tokens of the system and will be described later.

The acquired Trips could be used to pay the Panel fees for analysis.

The fees of the Panel are determined by the market, and therefore in the presence of more people willing to act as panel judges, the fees will be lower.

In this way we foresee that the cost of the analysis (and of the other services of the Panel) is proportional to the time it requires.

**The message we would like to convey is that in Trips no one is alone: experienced Hosts help the less experienced ones to improve, and this is embedded in the core mechanics of the platform.**

We are profoundly different from traditional portals, where the community support is unheard of.

An expert Host may not wish to train future competitors, and for this reason we embedded an economic incentive:

- The visit is paid by the new Host to the expert Host, in Trips.
- The experienced Host is entitled to a portion of the commissions collected in Trips on the transactions of the newly trained Host, provided that the reviews are above a certain level. This applies to the first 12 months only.

Minimum review level for listing approval: 4/5

Minimum level of reviews to earn commissions on trained Host: 4.5 / 5

### **3) Listing approval**

Once approved, the announcement goes online.

## Marketplace

Trips will develop a marketplace of products and services provided by the Community for the Community.

In the marketplace payments are performed in Trips.

With regard to the quality of announcements, the following services will be present:

- Professional photographs.
- 3D floor plans.
- Video: videos are not allowed in centralized portals mainly because it is difficult to automatically verify the presence of direct contacts (email, phone, website etc ...) in the video.

Trips will allow them.

- Consultation visit: furnishings, procedures, check-in, bureaucracy, legal and fiscal aspects, etc.

The marketplace will be open, review based, and anyone can propose goods and services.

In the presence of decentralized market-specific projects, we may decide not to develop in-house but to start a partnership.

For instance [Origin Protocol](#) is developing one such decentralized marketplace.

## Cancellation Policies

Each market has different cancellation policies.

For example, a villa in Greece that in high season accepts a minimum of seven nights has different cancellation policies than the apartment in London which accepts 1 night stays.

We are therefore convinced that Hosts need to be able to choose their own policies based on the market and their own inclinations.

Ideally, the granularity of such policies should be maximum. But for usability and simplicity's sake we believe a choice amongst a limited number of options to be more appropriate, for three reasons:

- Simplicity of communication for the Guest.
- Simplicity of management for the Host.
- Simplicity of development and maintenance of the platform.

An extremely versatile system often tends to become too complicated to use.

Based on our experience gained from years of booking platform development and property management, and the current market conditions indicating a trend

towards greater flexibility, we have envisioned the following cancellation policies:

- **Free:** the Guest can cancel up to a day before without any penalty.
- **Flexible:** the Guest can cancel up to 7 days in advance with a full refund. After this period the Guest gets a 50% refund.
- **Strict:** the Guest can cancel up to 7 days in advance with a 50% refund. No refund for later cancellations.

For the following Strict-type policies there is a grace period: from 0 to 48 hours after booking and if check-in is more than 14 days in the future (both conditions must apply), cancellation with a full refund is allowed.

- **Strict 30 days:** the Guest can cancel up to 30 days in advance with a 50% refund. No refund for later cancellations.
- **Strict 60 days:** the Guest can cancel up to 60 days in advance with a 50% refund. No refund for later cancellations.
- **Strict No Refunds:** No refunds under any circumstances.

## Long term

- **Long term:** this policy applies to all bookings of at least 28 nights. Cancellations before arrival: the Guest pays the first month. Cancellations during the stay: the Guest pays the following 30 days (or the whole stay if the stay is less than 30 days). Given the growth of this trend and the need to allow adaptation to various markets, we consider it appropriate to give the Host more flexibility: they can change the 30 days to a lower or higher number on their listing

## Host Cancellations

The cancellations generated by the Host can be of various kinds: errors in calendar management (overbooking); problems with housing, the building, the neighborhood, the city (strikes), the services (electricity supply, water, etc.); problems of a personal nature (illness); management errors or economic advantage (for example, a booking request has arrived at higher prices or for a longer period).

The structural nature of the problems cannot always absolve the Host of responsibility: if the water boiler is very old and faulty, a problem is foreseeable and should be anticipated.

Some Hosts are considerate and change it, others use it until it breaks. We believe it is fair to reward those who manage their properties more carefully, spending what is necessary to minimize risks.

Not being able to be present for check-in can also happen to anyone. There are hosts with back-up plans (self-check-in or a person who helps), and there are Hosts who do not even worry about this possibility. The real or presumed motivations can be so many and varied that we think it is necessary to have them evaluated on a case-by-case basis by the Panel.

Here is the flow as we intend to develop it:

- 1) The Host communicates the cancellation.
- 2) The Guest is notified and can immediately use the funds deposited in the Smart Contract for another booking.
- 3) The Guest is informed that the Panel is already looking for alternative solutions to offer them.
- 4) The Panel analyzes the Host's communication and requests documentation to support the reason for the cancellation.

Then the Panel decides the compensation to the Guest for re-booking.

The Panel can assign to the Guest a bonus equal to the cost of the stay: for example if the customer has paid 1000 USD, she can receive as much , in credits, to book elsewhere.

These extra 1000 USD come from the Host Guarantee Deposit and the Trips Guarantee Fund which are explained in detail later.

The amount taken from the Trips Guarantee Fund must always be equal to or less than the Host Guarantee Deposit.

The aim of the Panel is to resolve the problem for the Guest in an elegant and expedite way, making her feel more secure when compared to the service offered by other platforms, but at the same time not squandering the Trips Guarantee Fund or making the Host pay too much in penalties.

Measures will also be envisaged to avoid Host and Guest frauds as some may try to cash in on the Trips Guarantee Fund.

We believe it is possible to mitigate these risks as the malicious Host loses its Guarantee Deposit.

The canceling Host also loses positions in search rankings.

### **Final considerations on cancellation policies**

- We will study the possibility of allowing different cancellation policies for different periods (for example Flexible in low season and Strict in High Season).
- The Host always has the possibility to grant the total refund, obtaining in return a higher score in the search algorithm.
- Cleaning fees are always reimbursed.
- The commissions paid by the Guest are refundable only if they do not have other bookings in the same period, even if partially overlapped.
- The day before is calculated as 24 hours from check-in (3pm if not specified).

- Cancellation after check-in: in the absence of an agreement between Guest and Host, the Panel intervenes.

## The Panel

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We believe it is possible to improve the management of some aspects of a platform compared to traditional portals if certain decisions are entrusted to community representatives, at least partially located in the territory.

One of the things we want to decentralize and improve from the outset is quality control and dispute management.

Our hope is that their decisions will be better than those made by remote customer care employees who do not have any direct experience, and do not know the city where the accommodation is located.

As explained above, for some critical situations we plan to assign the decision-making to a group of users that we will call Panel.

For example, in case of dispute for the damage refund when the parties (Host and Guest) did not reach an agreement, the matter is entrusted to the Panel.

The Panel is formed dynamically: the system sends a notification to all users who have made themselves available for the role and the first five who accept are assigned to the task.

This is done via the Trips App for which each Panel member will be able to perform their tasks remotely, provided they have the time and desire to do so.

To be part of the Panel one must deposit a certain amount of Trips as a guarantee (with a mechanism similar to the [Proof of Stake](#)).

Once a case has been taken on, Panel members are obliged to give an answer within the defined deadline.

Those who do not are penalized with the loss of a part of the Trips under warranty. To improve the quality of judgment, we prefer the Panel to be partly formed by users living in the area where the accommodation is located.

Users in the area are able to better interpret the specific problems of the case: if, for example there was a strike that caused delays, or if the internet did not work in the whole neighborhood (and not just in the home of the Host) or if the information provided by the Host (for example the classic "park for free and easily on the road" even if it is not true) were not correct.

Priority will be given to users who have already demonstrated credibility and authority based on parameters such as, for example:

- the reviews received for activity as Guests and Hosts.
- the competence already demonstrated in previous Panel experiences.

The discussion between the two parties (Host and Guest) will be made visible to the Panel.

Consensus will be reached with a majority.

Upon reaching the judgment, Panel members will receive a reward in Trips whose amount is defined based on the demand and supply of the Panel service itself, in a way inspired by the mechanism regulating Bitcoin fees. In practice, the amount of remuneration is defined by the market forces of demand and supply of the Panel service.

The system would allow the Panel members to schedule the vote and cast their votes within 24 hours.

The judgment requires that the reasons that led to it are described.

The other members of the community can in turn evaluate the judgment (thumbs up / down) to indicate their opinion on the judgement, within a set time limit. Not only the final decision will be evaluated, but also the reasons provided.

The prize established for the Panel ruling will be reduced if a majority of "thumbs down" is exceeded on the total expressed opinions.

Below a certain approval threshold, the judgement will return to "not judged" status and the decision will be canceled.

The process will then start again with a different panel.

The exact method of selecting the group of members forming the Panel will be discussed before this function is implemented.

Here are some qualitative aspects that can be managed by the Panel:

## Good Guests

From the Host's point of view, the elimination of the "Bad Guests" is a dream. Bad Guests tend to generate a lot more work at all levels and therefore lead to higher costs and headaches for the Host.

If the Host could only deal with kind and respectful people her life would be much simpler.

**On the other hand, OTA-based platforms force Hosts to accept anyone, at any time, without any possibility of using filters for incompatible or undesirable people.**

We believe that if, for example, the Host of a family-only residence does not want young people, then young people should simply not be allowed to book, without the Host being penalized.

It has been like this for decades before the advent of online booking, and there is no real need to overcome the Host's will, besides the greed of the platforms. Trips will actively filter out Bad Guests and encourage participation of Good Guests.

**Trips does not need to maximize its own profit, as it has none.**

The strategies may be different: increase booking fees for low-profile guests; lower booking fees for good ones; temporarily suspend accounts; and, above all, let Hosts refuse bookings from a Guest without any penalty.

We also anticipate the possibility of creating a Black List function in which the worst Guests are registered.

The Host will access the information from the reservations panel.

In short: **the house belongs to the Host, not to the booking portal.**

## Account Health

In order to keep the accounts quality high, accounts will be temporarily suspended or permanently terminated as a result of reprehensible behavior.

Community members will be able to report listings and users to the community with a specific procedure.

Reported users will be able to respond by documenting their version in writing and media (e.g., photos)

If Hosts and Guests cannot reach a compromise, the Panel and the community will be brought in to solve the issue.

## Damage refund

There are two kinds of possible damage the platform needs to deal with:

- 1) Damage to the property.
- 2) Damage to Guests and their personal effects.

### **Damage to the property**

Guests break stuff regularly.

The way the platform handles the problem is a very good indication of its quality.

Airbnb encourages the parties to reach an agreement and, if they do not do so, will take care of dispute resolution.

Their third party guarantee system is currently the best in the industry.

In Trips a "Security Deposit" will be charged to the Guest and automatically released via Smart Contract 48 hours after check-out in case no claim has been made by the Host.

Once the Host's "Damage Report" is drawn up, the Guest has 48 hours to agree and refund the damage, refuse, or make a counter proposal.

If the request is accepted, the agreed value will be automatically transferred to the Host via Smart Contract.

In the event of a dispute by the Guest, the negotiation begins.

If the parties do not agree, the case is passed to the Panel.

There will be an additional parameter compared to other cases managed by the Panel, namely the amount of the reimbursement, but conceptually the process remains unchanged relatively to any other Panel process.

The party deemed to be wrong will be required to pay the fee to the Panel.

### **Damage to Guests or their personal effects**

Examples of this type of damage can be, for example: cancellation by the Host, damaged clothing due to faulty washing machine, malfunction of the Internet that causes damage to those who need it to work with it, and so on. If the two parties can't reach an agreement, the Panel will intervene as explained above.

The money required to refund the Guests comes from three sources:

#### **1) Host Guarantee Deposit**

The new Host pays a Host Guarantee Deposit to be part of Trips.

This money is returned when she reaches a certain reliability (depending on reviews, seniority of the account, confirmed future bookings, etc.).

The Host may also decide to leave the Guarantee Deposit in the smart contract or even increase it, in exchange for better ranking in searches.

The logic is that the more a Host is exposed the more the whole network is guaranteed.

Also, some Guests may prefer to book only from Hosts with a minimum level of Deposit Guarantee.

#### **2) Amount spent for the Stay**

Trips releases the amount paid by the Guest 48 hours after check-out.

In the event of disputes by the Guest, the payment is blocked until the Panel decision.

#### **3) Trips Guarantee Fund**

Trips will retain part of the commissions to build up a common Trips Guarantee Fund to be used in cases where the Panel deems more support for the Guest is needed.

For example, in the case of last-minute cancellations for which the amount of re-booking in another structure is greater than the sum of the Host Guarantee Deposit and the Amount of the Stay.

This allows Trips to protect the Guests even in difficult situations, and sometimes even provide a free upgrade to a more expensive structure.

The protection and reassurance of the Guests is fundamental to the success of the platform, so we consider it necessary to provide exceptional levels of guarantees.

The maximum refund a Guest can get is therefore the sum of the Deposit Guarantee + Amount of the Stay + Trips Guarantee Fund.

In this way, Trips encourages quality Hosts as well as giving a strong signal of security to Guests.

### **- The amount of the security deposit**

The Host has the possibility to define the amount of the Deposit that the Guest has to pay, which can also be zero.

The choice is therefore left to the Host who must be able to evaluate how much, if any, Security Deposit to request.

The decision of the Host on this will depend above all on commercial and risk considerations.

Commercial: the higher the security deposit and the less bookings he receives.

Risk: the value of furniture and objects in the property.

It is also possible that some Hosts may decide to ask for a Security Deposit to filter out some Guests based on the assumption that those who are not willing to pay it are less reliable.

The concept behind this reasoning is that the decision on the Security Deposit is up to the Host.

### **- Insurance**

The management of the damage refund is by definition limited to the value of the transaction.

In fact, a marketplace platform never exposes itself above this value.

We currently debating an option for Trips to provide additional insurance to cover damages exceeding the Maximum Value of the Refund.

Only decentralized insurances will be taken into consideration, as we have established that traditional insurances are not compatible with our Decentralized marketplace.

An example of possible integration into the blockchain is given by the [Etherisc](#) insurance project.

In addition, some Hosts will have their own traditional insurance for damage to the property or guests.

We can provide the possibility to enter the relevant documentation and receive the "Insured" badge to obtain a better ranking in searches.

The panels will accept or reject this documentation.

### **- Fair Competition**

The nature of the Blockchain and the privacy inherent in the platform could attract Hosts who want to hide their activities to avoid regulation and taxes.

As mentioned above, we do not believe that it is up to the platform to replace the authorities, but we fear that, unless there is a level playing field, the malevolent actors may win.

In order to achieve our minimum degree of fairness, the first users and Best Hosts will become members of the Panel and analyze new accounts. The basic idea is to let the network regulate itself.

### **- Integration with External Panels**

In the Blockchain world it is often appropriate to integrate specialized services rather than to create some new features from scratch. There are blockchains projects dedicated to resolving disputes such as [Kleros.io](https://kleros.io) or [Beetoken](https://beetoken.com); we could develop the Trips Panel on top of them. The Trips community is currently evaluating the opportunity to integrate these services.

## Features

### ***A Distributed Portal with Advanced Features***

The system is based on a Blockchain: Hosts and Guests interact directly, and the governance is ensured by the network. There are the usual features of any booking platform, plus some new ones, which we list as follows:

### Automatic Creation of Listings

Hosts will not have to create a new listing. They can simply paste the link from Airbnb or Booking and Trips will read all the needed data to create an advertisement in only a few seconds. Hosts must give permission to use these data, and at the same time declare that all imported data belongs to the respective Host, and not to the portal, including descriptions, images, availability, prices, position, etc.

Alternatively, Hosts can manually create a new listing.

The Automatic Creation of Listings will make it easy to start using Trips because all data will already be present; they belong to the Host and do not need to be repeated manually.

### Advanced Synchronization of the Calendar

The traditional calendar synchronization allows a Host to centrally manage the calendar and distribute it automatically on all the platforms in which the property is advertised.

So if the availability is changed, in a few minutes the change will be propagated on all the other platforms, avoiding overbooking cases.

The more widespread protocol is called iCal and it is already accepted by the main platforms, and even by Booking, though only for some accounts.

Booking is based on XML through Channel Managers, a better system, as it acts in real time (iCal updates occur every few minutes, or even hours, depending on the platform). The downside of this system, however, is that it obliges Hosts to buy software or to sign for a subscription to Channel Managers. For this reason only a low number of small owners use it.

Trips, on the other hand, will allow Hosts to make certain dates available on Trips itself, and to block availability on all other platforms. Through this system, we envision attracting more bookings through Trips, because they are more profitable. So for example, a Host could define:

- Open availability in all channels for the next 30 days, and for days after the 30th only on Trips

In this way the Host tries to have full occupation in the coming 30 days using all the platforms, but leaves Trips priority for the next period.

- Give availability on other channels only for the Low Season

In this way the Host allows the property to be booked through the other platforms only during the low season, when their help is needed. In high season, on the other hand, the Host will try to optimize earnings with Trips.

- Open the availability for the upcoming 30 days on Airbnb, for the upcoming 15 days on Booking, and without limits on Trips

The Host defines a priority for the different channels according to his/her preference. Some Hosts, for example, might consider customers coming from a specific channel as preferred.

The system considers the number of nights for which the Host gave priority to Trips, and will respond by giving a better ranking as result. E.g a Host giving 100 nights priority to Trips will enjoy a higher search rank than a Host which gives just 10 nights.

This is in line with what the other platforms do to reward loyalty.

## Advanced Guest Loyalty

Guests who have just stayed in the property booking on, for example, Airbnb are invited by the Host to participate in Trips and to book the same accommodation again the next time with a specific discount, calculated on the price Airbnb.

In other words, a guest who wants to return to the same apartment can check the price on the platform from which he/she booked the first time, and be sure that the rate on Trips will be lower.

This will be achieved by automatically reading the price from the platform used the first time and applying the discount on it.

In this way it will not be up to the Hosts to enter and synchronize prices: the system will do it for them.

The amount of the discount in Trips is 5% minimum.

Hosts proposing prices higher than those of other platforms will lose visibility.

This is acceptable because the lower commissions in Trips allow a higher profit margin even at the same final price.

Anything above this percentage will be harmful to the system and to the network.

## Open Messaging System

When Host and Guest communicate via Airbnb or Booking, some data is filtered or censored.

This is to prevent the two parties from coming into direct contact with each other, skipping the platform and sparing on commission, and also to protect both from potential malevolent hackers who, for example, may ask to send money.

This filter is applied before a payment is made and the booking is confirmed; and after the check-out date, to avoid a new booking outside the platform.

We are not against the filtered messages - we were in fact the first to create them in 2005 in our first booking platform.

The system makes sense, but it's far from perfect and there are some compromises between safety and efficiency.

Here's how things work in traditional platforms:

- If you write an email address, it is removed.
  - If you write a phone number it is removed.
  - If you write a number that **looks like a phone number**, it is removed.
- Sometimes it is necessary to write a number to explain something: perhaps to give the address of a restaurant or to arrange an excursion.
- Furthermore, it is not possible to send an image as the images are difficult to analyze and to be filtered automatically.

Although this might not be considered a major problem, an open and unfiltered messaging platform would surely make things easier for everyone.

As for other aspects, we can afford to give users more freedom because the Trips commissions are very low, so there is less incentive not to use the platform. We can give users more freedom because they are the real foundations of the project.

## Channel Managers

A Channel Manager is software that allows Hosts (generally with many properties) to synchronise the operations performed on the calendar and on prices. Trips will allow Channel managers to export their inventory automatically. This will make it easier for Trips to have a large inventory, as Channel Managers often have tens of thousands of registered properties. Only quality ads will be approved, in line with the principle of "Listing Approval".

## Cash back and Platform Fidelization

At each booking made the Guest will receive Trips tokens as a gift. These will be taken from the commission. In this way, the Guest acquires a direct incentive in booking again and helping the success of the platform.

## OTA outbound links

The listings and the reviews in the OTA are precious because they certify the reliability of a Host in a very objective way. On each listing in Trips there will be links to the booking sites where the announcement is present (such as Airbnb, Booking or others). This may seem counterproductive but it is actually very powerful.

In this way the Guest:

- will have the possibility to check all the reviews the Host has received in all the OTAs.
- will see that the same accommodation for the same dates is cheaper in Trips.
- will understand that Trips is an open platform, it is not afraid of competition and does not operate as a "walled garden".

## Cashback for Hosts

To encourage adoption by the Hosts, those who post a listing will receive Trips as a reward.

The amount of Trips released will diminish in time.

## Affiliations

We want the first users to promote the platform and to be rewarded for it. We will implement an affiliate program that offers Trips in a decreasing way in order to incentivize individuals and businesses to engage in basic marketing and referrals. In this way, the first supporters of the platform will receive more tokens than the later ones because the platform's chances of success are lower at the beginning.

## Data Protection

Privacy will be at the base of Trips. Data belong to users who will be able to request or delete them at any time. We strive to implement state-of-the-art data protection, with particular attention to the real anonymisation of data thanks to Ethereum and compatible protocols (see zk-SNARKs).

## Payments

Reservations are made via mobile or web app and the amount of the stay is blocked in a Smart Contract at the time of booking. The full amount is blocked and "released" 48 hours after check-out when the stay is completed successfully.

Guests can use their credit cards to pay and Hosts may opt to receive Fiat.

Users who want to skip the Fiat system may keep the tokens in their online Wallet in Trips or in their local Wallet.

## Volatility Risks

Trips will take over the risk of the volatility of the Trips-Fiat exchange rates. Let's analyse the simplest case where the Guest pays with credit card and the Host wants to be paid in Fiat.

- Upon payment by the Guest in USD, we sell the USD on the market to purchase Trips which we will then send to the Smart Contract.
- At the same time we sell Trips from our fund on the market to acquire USD. So now we have the USD to give to the Host and in the meantime we keep them in the bank.

- At the end of the stay we send the USD to the Host and we receive the Trips from the Smart Contract.

In this way even if the price of the Trips has fallen neither the Guest nor the Host have suffered any volatility cost.

Trips suffers because the value of its fund compared to USD has dropped, but this would have happened even if the booking had not occurred.

It remains to be assessed whether the booking fees are sufficient to cover the credit card and exchange fees.

These operating costs will be analyzed in a second phase.

A possible solution to the volatility problem is represented by stable coins. We will monitor their development and evaluate the possibility of using them.

## The irreversibility of cryptocurrency payments

Trips is envisioning a hybrid traditional banking/cryptocurrency system, modelled on the current market. In the current market, we have cryptocurrency transactions, but they are not widespread and the typical Guests and Hosts want to keep the ease of use of traditional currencies.

**We will use both credit cards and cryptocurrencies; however, the rules relating to payments, refunds, and cancellations, must be based on and compatible with a system founded on cryptocurrencies.**

An innate characteristic of cryptocurrencies is the irreversibility of the transactions. Once a payment has been made, there are no institutions or third parties, as banks or credit card companies, to which to apply for a refund. With traditional credit cards there is the concept of Chargeback, in which the payer can claim a refund, even months later, for not having received the expected goods or service.

Those who send cryptocurrencies, even if they do it by mistake or do not receive the goods for which they have paid, have irretrievably lost money (except in the case in which the receiver refunds them voluntarily).

**It works exactly like cash.**

The system to be used for non-finalized transactions is the Escrow managed by a Smart Contract.

**The Escrow becomes a successful payment on the occurrence of certain conditions such as lack of disputes within the deadline.**

This characteristic is a basic concept in cryptocurrencies.

The banking system in general does not separate these two concepts clearly.

Andreas Antonopoulos, a renowned expert of the cryptocurrency world, explains it well [in this video](#).

With traditional credit cards there is the concept of Chargeback, in which the payer can claim a refund, even months later, for not having received the expected goods or service.

Based on these assumptions we infer that:

- The possibility of collecting the cost of the stay at the time of booking on sites such as Booking.com exists only because the payment is always and in any case subject to a potential chargeback.

In other words, the Host receives the money months before the check-in date, but because of the Chargeback, she cannot be sure to actually own the money, even for many months after the check-out.

In this way, (a) the Guest is protected, (b) Booking has no responsibility, and (c) **the risk lays with the Host.**

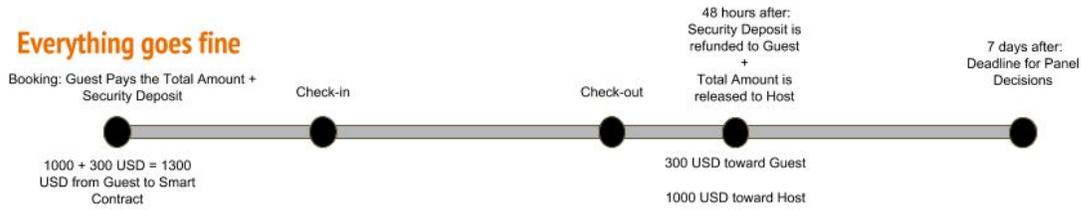
The fact that, in the meantime, the Host might have spent the money is irrelevant for the banking system, which has the option to access de facto the liquidity and assets of the Host through the Chargeback mechanism.

- In a decentralized system, on the other hand, the Escrow system must be applied.

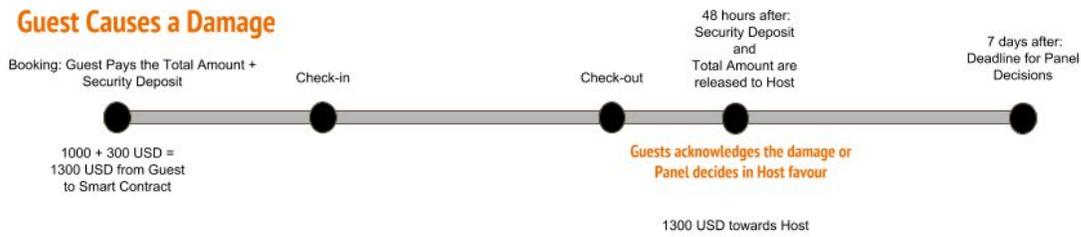
## Payments and Timings

### Payments: Use Cases

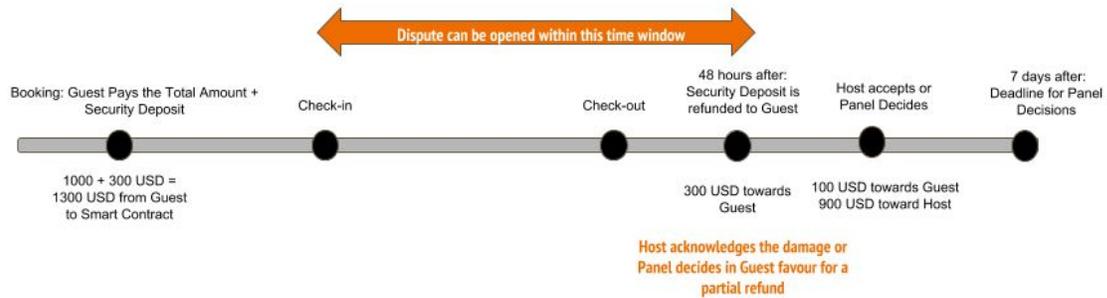
#### Everything goes fine



#### Guest Causes a Damage



#### Guest Claims a Refund



## Customer Acquisition

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One of the major problems of the project is to convince Guests to move to our platform.

We are well aware that changing user habits is extremely difficult. Nonetheless, we believe that there are several advantages of a decentralized platform, and that at least some users can be convinced to try out the new system.

Below we present the ideas and opportunities conceived so far to attract our users.

### 1) Price

A certain customer segment is sensitive to a lower price, as long as all other conditions are comparable. In particular, it will be effective to show potential Guests and Hosts that the very same accommodation, for the very same dates, is present on other platforms at a higher price.

### 2) Personalized loyalty

Platforms like Airbnb and Booking do not send their employees to meet the Guests in person. The Hosts does. This gives Hosts the opportunity to inform Guests personally that they will be able to book the same accommodation at a lower price and in a fairer ecosystem in the future.

### 3) Payments in Cryptocurrencies

Cryptocurrencies holders prefer to pay in crypto rather than having to change in cumbersome traditional (Fiat) currency.

To date, a very small part of our potential customers have cryptocurrency but this percentage is likely to rise in the near future.

It is therefore possible that in a few years the platforms offering the possibility of paying in cryptocurrency will have an edge, at least for a certain initial period.

### 4) Tokenization

A Guest who books with a traditional portal for several years does not have great advantages in the future use of the same portals, with the exception of classic loyalty strategies such as the Genius of Booking.com that reserves dedicated discounts. In the same way, the first Airbnb customers have not been rewarded for their strategic role as Early Adopters.

On the other hand, a Guest who uses Trips will receive a portion of the commission in the form of Trips, becoming immediately part of the network. From that moment

onwards the Guest will have an economic incentive and a direct interest in the success of the platform, a reason to push up the token value. In the event that the token price increases, the Guest can also book other accommodations at a fraction of the cost. If, for example, the Guest receives an equivalent value of 100 USD in Trips and after six months the Trips price doubles, she can book accommodation worth 200 USD with the same number of tokens. In Trips, Early Adopters will acquire significant wealth when the token gets price and liquidity.

## 5) Priority on availability

Some dates will be available only on Trips (see Advanced Calendars), forcing the Guest to choose between booking on Trips now or wait and hope that the same dates become available on the OTAs and are not booked by someone else in the meantime.

## 6) Marketing

A portion of the commissions will be spent in traditional marketing. We count on the possibility that the marketing ROI of Trips will be much higher than that of traditional portals, thanks to tokenisation.

## 7) Work Platform

The tokenization of all processes opens up to the chance of having Guest collaborations (for example, to contribute to the Panel or with a referral campaign). Being part of Trips therefore means not only spending to book accommodations but earning by collaborating.

## 8) Simplified disintermediation

Often, when trying to book directly, a Guest is told by the property "to go to Booking".

This is because the direct booking procedure is often challenging for the Host: there are several options to manage ("I'll block the calendar until tonight"), payments, cancellations, questions and more.

Therefore, Hosts often prefer that the booking is made via a portal. In the presence of a solution like Trips, which offers the same comforts as OTAs but a reduced commission, the Host will be encouraged to direct the Guest to Trips.

This amounts to a decentralized disintermediation.

## The DAO

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### Ownership

**Trips is a DAO: a decentralized autonomous organization** without a univocally defined owner.

Anyone who owns the Trips tokens has influence on control and decision making.

Trips is born centralized and aims to decentralize as many aspects as possible over time.

In this process we will always try to maintain the right balance between decentralization and efficiency.

### Governance

One of the main responsibilities of a booking platform is to maintain a balance between Host and Guest interests.

This is not easy to achieve, and we have seen the existing platforms swing from one side or the other in an attempt to maintain a healthy balance.

A very clear example is Homeaway, which has suffered from its imbalance in favor of the Hosts.

The cause lies in its origins as a subscription platform in which the Hosts paid an annual subscription fee, not a commission, and therefore were the real customers of the company. The consequence is that fewer Guests are interested in booking on a platform that is not in their favor.

Less Guests means fewer bookings and as a result some Hosts migrate to other platforms. This move in turn led Homeaway to have less properties to present to its Guests. This is a clear and recent example of what happens when the balance is lost.

Booking instead is, and has always been, totally in favor of the Guest. This is a much more effective strategy and the platform is very successful. However it introduces long-term fidelization problems, as many Hosts remain with the platform just because there are no valid alternatives. As soon as a concrete alternative emerges, they will be more than happy to leave a platform they perceive as unjust and open their availability elsewhere.

For years Hosts have dreamed of having a platform managed directly by them, in which all their problems would be solved. There have been several attempts but none have been effective for the simple reason that no one has been able to solve the "Equilibrium Problem", being too concerned to bend the market according to their own wishes. In other words, it is not possible to entrust the management of a platform to the Hosts because they only see half of the equation.

We are in the best position to build a balanced platform where both Hosts and Guests will have their voices heard.

**This balance can be achieved through social consent, on a blockchain, provided that each actor understands what is at stake and that there are hardcoded limits.**

In a nutshell there must be some well-defined rules in the code, to avoid the possibility that the platform tilts in favor of the Hosts, or, vice versa, too much in favor of the Guest.

The decisions will be taken through voting, in the same way that the consent works on other blockchains, with actors who have the right to vote according to the number of tokens in their possession.

Activity in the platform (e.g. by helping in the Panel, getting or making bookings etc...) will increase the tokens and voting rights of each individual. So the more a user is active, the more his vote will have weight.

Having said that, it's important to remember that decentralized Governance at the moment remains an unresolved problem in blockchains.

For this reason, our very initial approach will be mostly centralized for the sake of efficiency.

Increasing decision-making power will be released to the network as the technology and the experience of the blockchain's Governance in general matures.

## Transparency

Each booking will be visible on the blockchain, so that everyone can see how successful the platform is.

Only some data will be public, such as: dates, amount paid and number of guests.

**Users privacy is protected: nobody will know what each user is doing.**

For example, the names of hosts, guests, and property addresses will not be public.

Transparency has the sole purpose of measuring the activity on the blockchain in real time.

## Foundation and Operating Company

Trips budget and tokens will be managed by a Foundation that will entrust the operation to Adormo.

## The ICO

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We believe the best strategy for us is to build an organic, committed and healthy community around the project before launching the ICO.

The average investor of ICO does not seem to analyze in detail the "White Paper" and the project, invests only in what at first glance seems good, betting on several fronts and hoping that at least one pays off, only to then get out (and bring down the price) as soon as possible.

Rather than focusing only on this type of investor, we will strive to create a solid project, without missing any steps and coming to the ICO only after having reached a sufficient degree of maturation of the community.

We have already done so in 2009: we have sold the right to participate in the Adormo project to more people and collected the money needed to develop the software.

Therefore, we know how to build communities around a project and this is why ICOs seem to us only a new and more efficient way to do it.

## The Token: TRIPS

"Tokenization" is a new and powerful method that allows you to represent and transfer value within an ecosystem.

By creating a new token, Trips will be able to create an internal economy.

We have issued 63 million Trips and we are distributing them to those who actively collaborate with the project ([smart contract](#)).

This is an experimental phase during which we use Trips to keep track of the contribution of community members and to train them on the use of cryptocurrencies.

We are working to make the tokens themselves acquire value from the ecosystem (as Bitcoin did) in particular through the creation of services provided by community members to other members in exchange for Trips.

All our actions currently push in this direction.

The Smart Contract allows a theoretical increase of the Trips in circulation in a potentially inflationary process.

## Road Map

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Here's what we've done so far and the next steps:

- White Paper Version 1: August 2017
- February 2018: Community creation.
- From September 2017 to April 2018: White Paper Community Discussion.
- April 2018: Public launch of the White Paper.
- July 2018: Partner blockchains and integrations.
- August 2018: Creation of English Speaking community.
- To be defined: Private Sale and ICO.
- To be defined: Platform technical specifications.
- To be defined: Development and launch to follow.

## How to Participate

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In the first phase we were focusing on building an Italian community. We did that because we want to start with the Italian market first and then replicate the model all over the world.

In the second phase, where we are now, we opened to our **international audience**.

If you'd like to be alerted when we expand the community, please register at [Tripscommunity.com](http://Tripscommunity.com).

## Conclusions

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If this was an interesting read, please consider subscribing to the [mailing list](#) so we can keep in touch!

We are a growing community and we welcome contributions and ideas from people interested in growing along with us. Please find us here:

[www.tripscommunity.com](http://www.tripscommunity.com)

**Thank you!**

Luca De Giglio and the Trips Community