

Some companies see innovation as being integral to who they are

CREATE AN ENVIRONMENT FOR INNOVATION



**The Academy
in Sepang, KL**



“We are Air Asia Allstars. At Air Asia our assets are our people. We are the Asia Asia brand” (Blog).

AirAsia

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- Penang
- Langkawi
- Siem Reap

and many more.....

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The first low-cost airline to experiment with long haul lie-flat beds in Premium



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lor's

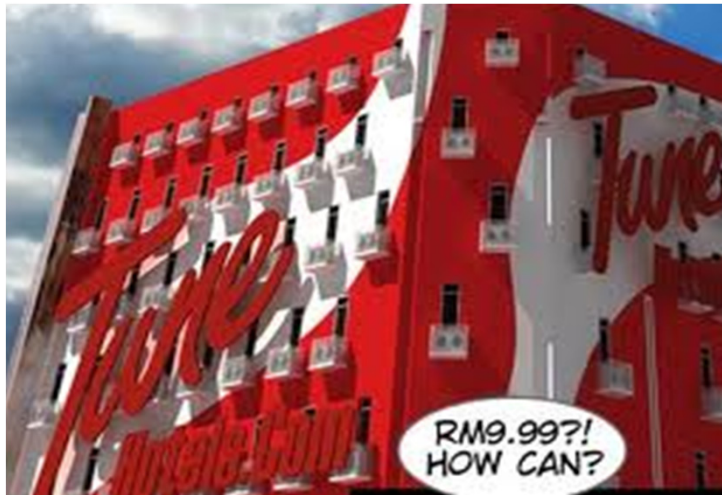


**While the physical product may
now be premium ...**

**..... the service/food
remains pretty minimal**



Adopting the Low Cost Model For Hotels



Its innovative as it uses a pay-as-you go low-cost airline concept

	Car Park	No
	Ceiling Fan	Yes
	Hairdryer	Yes
	Air Conditioning	Chargeable Extra
	In-Room WiFi	Chargeable Extra
	Towels + Toiletries	Chargeable Extra
	Cancellation Policy	48 hours prior to arrival date



Why Innovate? After all imitation is rife

So how to move from Imitation to innovation?



Apple vs Samsung



What is the impact of innovation?

95%
Competition
feel innovation can drive a more competitive economy



91%
Go Green
feel innovation can create a greener economy



88%
Jobs
feel innovation is the best way to create jobs



86%
Partnership
feel partnership is more important than stand-alone success



87%
Society
feel we should bring value to society as a whole not only to individuals



Improve Lives
can successfully change citizens' lives in the next 10 years in:

90% Communications	87% Health Quality	84% Job Market	84% Environmental Quality
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What drives Innovation?

66%
Value of Innovation
believe that innovation will happen when the general public is convinced of the value that innovation will bring to their lives



65%
Universities & Schools
feel that innovation happens when local universities and schools provide a strong model for tomorrow's leaders



62%
Patent Protection
agree that when the protection of the copyright and patent are effective then innovation can occur



58%
Private Investors
believe that innovation will occur when private investors are supportive of companies that need funds to innovate



Budget Allocation 48%
believe that when government and public officials set aside an adequate share of their budget to support innovative companies, innovation can brew



Government Support 43%
think innovation can occur when governmental support for innovation is efficiently organized and coordinated





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Innovations & business plans are now being protected



**Anyone heard of
Denizen Hotels?**





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Denizen Launch Party in Berlin, 2009





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Copying the ideas, innovations & business of others is now being protected

Hilton halts Denizen work amid theft claims

The first major legal battle over the copy and theft of new hotel concept occurred in April 2009.



Hilton



DENIZEN
HOTELS

Hotel giants' legal battle of the brands

Former Hilton executives stole thousands of design and business plan documents from Starwood's W brand to create the new Denizen Hotel brand

STARWOOD
HOTELS & RESORTS, WORLDWIDE, INC.



FEDERAL authorities in New York are investigating allegations that Hilton Hotels used information taken from rival Starwood Hotels & Resorts Worldwide to create a new luxury hotel brand.

Hilton said yesterday that it was temporarily suspending development of its Denizen Hotels, the brand at the centre of the controversy, as a precautionary move.



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This legal battle took over a 18 months to settle (Dec 23, 2010)

Hilton was banned from developing its Denizen hotel brand

There is court-appointed monitoring of Hilton marketing

Plus an undisclosed payment – said to be many millions to Starwood

Hilton settles secrets lawsuit

ALEXANDRA BERZON

HILTON Worldwide will be banned for two years from creating a luxury “lifestyle” hotel chain under an agreement to settle a corporate espionage lawsuit.

The settlement stems from a suit filed last year by rival Starwood Hotels & Resorts Worldwide, which accused Hilton officials of stealing confidential Starwood documents to develop a new boutique-style chain that would appeal to modern tastes.

Terms of the settlement continue a court order that Hilton cease development of its Denizen lifestyle chain.

Now, Hilton can never develop its Denizen lifestyle brand and cannot start developing a similar brand for two years.

Hilton must also allow a court-appointed monitor to review its marketing and branding materials to make sure they do not benefit from the information obtained from Starwood documents.

The deal also includes an unspecified payment to Starwood, according to the court documents.

The dispute between the two chains shocked the hotel world.

Starwood is known for brands such as Sheraton, W and Westin.

Hilton is a chain with a 90-year history and is now owned by private equity investor Blackstone, which purchased the company for \$US26 billion in 2007.

The allegations placed a cloud over Hilton.

Dealing with the dispute has been time consuming for chief executive Chris Nasetta and other managers.

“It’s important to put this type of situation behind them,” said Bjorn Hanson, dean of New York University’s Tisch Centre for Hospitality, Tourism and Sports Management.

The lawsuit alleged that Ross Klein and Amar Lalvani, two former Starwood executives who had joined Hilton, took more than 100,000 documents to re-create the success of Starwood’s W Hotel. Neither could be reached for comment; both left Hilton after the suit was filed.

Starwood said it discovered Hilton had the documents only after Hilton returned them. Hilton officials have said they returned the documents out of “an abundance of caution”.

Hilton’s Mr Nasetta said the company was “committed to fair, ethical and robust competition in the marketplace”.

The hotel chain “regrets the circumstances surrounding the dispute with Starwood Hotels & Resorts Worldwide and is pleased to bring an end to this prolonged litigation,” he said. The settlement specifies that a criminal complaint from the US attorney for Manhattan continues.



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Virgin

Protecting your Design What's in a Seat?





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Virgin

Similar Designs?



DELTA



AIR CANADA



Protecting Innovation

- In 2003 Virgin introduced the “Herringbone” seat layout on which is had spend U\$75m designing
- Premium Aircraft Interiors (PAI) sold the deign to others claiming it owned the patent
- Virgin sued Premium Aircraft Interiors for \$79m in 2007
- Virgin has gone onto sue Delta, Air Canda, JetAirways and also Cathay Pacific in 2008
- Delta won in Nov 2010
- Virgin won an appeal in Feb 2011





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Who Were These Innovators?



Here's a clue.....





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Who Were These Innovators?



Here's a clue.....





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'Bland' Industry Standards



Holiday Inn became the industry standard – boasting that its hotels were in fact all the same whether you were in London, NY, Sydney, Paris or Bangkok.





What are today hotels chains like?



- **Dull exterior designs**
- **Typically boring interiors**
- **A pile of identical rooms**
- **Devoid of a sense of place**
- **A commodity**
- **Offering a sanitised service experience**



**Well known
international
brands.....**



HYATT



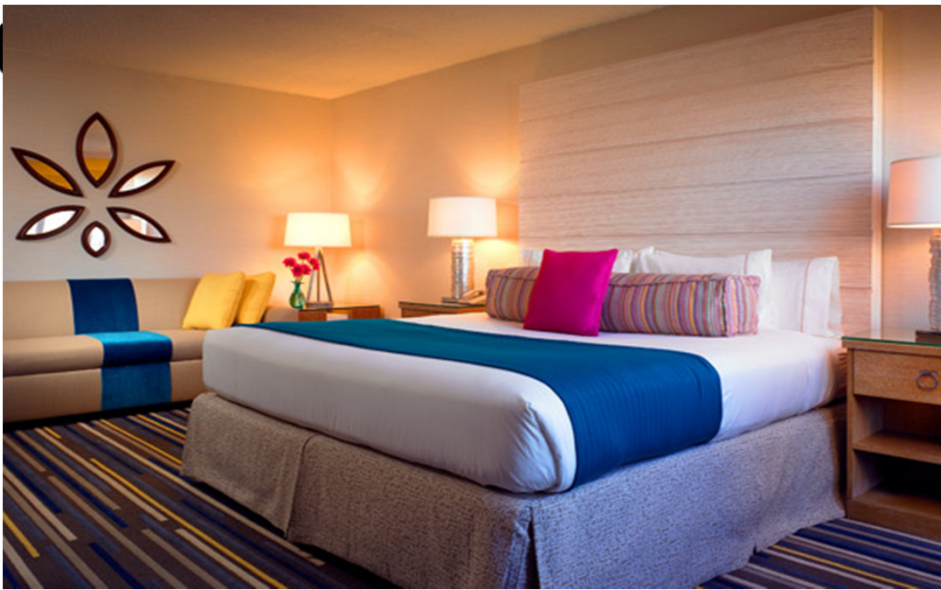
Sheraton[®]
HOTELS & RESORTS



Marriott[®]



Shine with
Taylor's



1

**But can you
actually identify the
hotel
chain from their
product?**

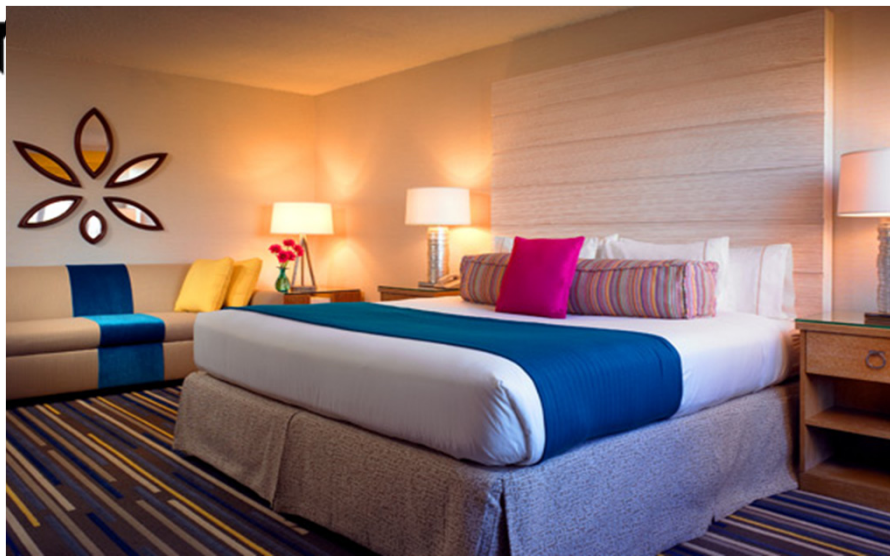


3



2





1. Sheraton

How did you do?

2. Marriott



3. Hyatt





Global Hospitality – Typical Rules

- Check-in is not before 2pm, and check-out is at 11am
- You will need to queue up at our front desk counter in order to speak to our staff
- All our rooms all over the world use the same colour scheme and design – but please note the view may vary
- There will be a minibar in the room – its expensive. We don't trust you, so on check-out we will ask you about it
- We are in the service industry but we will try and make you pay additional 'service' charges whenever possible





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What will the hotels of the future look like? How well prepared are we to design, operate and manage them?

