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As a kid growing up in Penang, Dylan Tan liked sitting next to his father as they listened to music. His father's of course. Cliff Richard was a favourite and one day the tune "Apache" by the Shadows, Richard's backing group, came on.

Now for guitar aficionados, "Apache" is the stuff of legends. It was the first tune to be played by Hank Marvin using the tremolo arm of his guitar and it produces a very distinctive sound that is today still recognizable as one of the best guitar riffs of all time.

(If you are interested, listen to it [here](#))

Young Dylan didn't know all this at the time, but what he heard caught his attention. "He was a very different kind of guitarist, one of the first to play with the tremolo arm and it caught my attention."

So much so that Dylan took up the guitar right after and to this day, plays in a band in Singapore. He was such a fan that he tracked down Marvin to where he lived – the musician had moved from the UK to Perth – and got to meet him.

"I was so starstruck and he gave me his guitar pick," said Dylan. Marvin also influenced him in other ways. "He wore these nerdy glasses and he taught me that it is okay to be different and try something new, which is why I wear these glasses, I guess."

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This lesson about being different was what gave Dylan the courage to leave a corporate job with Skyscanner to launch his own startup with co-founder Vishvesh Suriyanarayanan, Split, which enables customers to pay for their travel purchases in instalments. It won the WiT Singapore Startup of the Year prize last year.

“After five years with Skyscanner, I felt I had done enough learning and realized there were a lot of problems to be solved in travel and one of these was payments. In travel, you are paying for a future enjoyment but you have to pay for everything today. For those of us with credit cards, this is okay but in markets where credit cards are not the norm, the access to facilitate split payments was missing.

“This problem is especially true in emerging markets which Skyscanner dealt a lot with. On average, if 100 people land on an OTA site, less than 10% convert. We see the opportunity to help airlines and OTAs lift conversions by offering their customers the ability to pay in instalments.”

Paying in instalments in ecommerce is not new. Companies like Afterpay in Australia have built huge businesses and these days, you rarely get pushed an email offer without the option to pay in instalments. And new companies are popping up.

Dylan however said there is no travel specialist, other than Uplift in the US which he got to meet at the Phocuswright Innovators event last year as part of the prize he won at WiT. “Even in a market with high credit card penetration, Uplift has given \$1 billion in instalment plans already. That proves to me how big the addressable market in South-east Asia could be, with a rapidly rising middle class wanting to travel and low credit card penetration. It is said that 10% of customers are choosing to pay in instalments where it is available.”

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Of course, there's nothing to stop companies like Afterpay to get into the travel vertical, which it is doing, but Dylan believes travel is a complicated vertical for general ecommerce companies to tackle.

"We can tailor specific commercial models and we understand how travel companies work on the tech side. In travel, it's not plug and play. You have to integrate with the booking engine, live pricing through the GDS, prices fluctuate, customer service is complex. In travel, cash flow is super important. For the airlines, we have a specific solution to pay the airline instantly at point of sale, we build the tech to transfer money to them automatically.

"Travel is defensible, which is why we chose to specialise in travel."

It is also a capital-intensive business because the company has to pay for the instalments first to the supplier and then get paid by the traveller. Isn't that risky?

"Yes, it has some risks but there's data that will tell us the percentage of people who will default. Credit cards default are in the low single digit. Fin tech lending companies doing micro loans in emerging markets have double digit defaults. We estimate mid to high single digit default. By using data smartly, we can minimize this risk. Of the 50 instalments we have given out, only one has missed a payment."



Dylan Tan all grown up; left a corporate job with Skyscanner to launch his own startup Split. Since offering its first instalment plan last December, Split has been operating with limited funding. It raised an angel round to kickstart the business and is the midst of raising Series A.

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“It’s been much harder than I thought,” said Dylan. “It’s very different from having a corporate job. There, you have one job and you do it right. In a startup, you have multiple functions and each rely on the other, so you have to balance every function. For example, raising funds – the investor wants you to sign a supplier, the supplier wants you to have an investor.

“You also have to be super careful with spending – say, you only have a few thousand dollars left, do you put it in internal expenses or spend it on marketing? If you make one mistake, it has a domino effect.”

To kickstart the business, Dylan even used his own credit card to pay for flight purchases. “It was simply unscalable, and I maxed out my credit card.”

One thing you get used to, said Dylan, is being rejected. “I got so used to getting no for an answer, and I learned to turn them into a yes, like I knew the three questions airlines would ask and had my answers ready.”

It is currently working on getting its first airline customer live.

Other than airlines, Split sees as potential customers hotel groups, OTAs, and offline businesses such as traditional tour operators and cruises. Currently, its basket value is capped at US\$2,500.

Asked if some OTAs would see this merely as a feature they could develop, for example, Traveloka offers “Paylater”, Dylan said, “Traveloka is the outlier here. I asked other OTAs why don’t they offer instalments since it’s useful to increase conversions and they told me they weren’t going to do it themselves. They are not in the business of lending money, cash flow is expensive, you would need to build a new payment product and have a recovery team. Having a third party do it takes away the risk.”

Split will have a team of six by year end. One skill Dylan knows he wants to get better at is managing people. “I have never managed people before and that’s the most important trait you need to run a company. I could do much better in this regard.”

One trait Dylan has is knowing when he isn’t comfortable doing something. After graduating from Singapore Management University, he got a job as an intern first with Accenture, and then with Unilever. “My job was to sell whitening cream to emerging markets, that didn’t sit well with my values – promoting marketing messages that white is beautiful in those markets didn’t sit well with me.”

That’s when he joined Skyscanner, when he was recruited by then-Skyscanner head for Asia, Andy Sleight, who happened to be working at Accenture during Dylan’s internship. “Andy knew I liked to learn and he drew up a two-year learning programme for me. I was so impressed with his methodical approach to my career path, he taught me how to be a general manager.”

• Featured image credit: Rattankun Thongbun/Getty Images