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What JetBlue Is Doing in Silicon Valley

The airline started a venture-capital arm to invest in startups looking to bring fresh ideas to air travel

By Agam Shah

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JetBlue Airways Corp. has gotten into a business that is far removed from flying planes: venture capital.

In 2016, JetBlue took an unusual step for an airline: establishing a hub in Silicon Valley to invest in startups that bring fresh ideas to air travel. JetBlue Technology Ventures is working with the startups on technologies for better customer service, a smoother overall travel experience and timely plane maintenance. Since its launch, the venture operation has scanned around 3,000 companies and invested in 28.

The airline sees technology as a way to attract and retain passengers in a market driven by pricing. For instance, the airline is testing a better way of predicting airport weather to help redirect flights and notify customers of possible delays, and personalizing travel by remembering where passengers left off in a movie or show between flights. Another focus is on automating check-in, bag drop and boarding via biometrics, such as facial recognition.

Eash Sundaram, chief technology officer of JetBlue and investment-committee member for the venture operation, spoke to The Wall Street Journal about JetBlue's presence in Silicon Valley and how it fits into the airline's future. Here are edited excerpts.

WSJ: *Why does an airline need a presence in Silicon Valley?*

MR. SUNDARAM: The speed to market at which new-generation companies are coming in travel, hospitality and tech spaces is super amazing. When you think about the last five to seven years, companies like Airbnb and Uber, even the supercharged growth of Expedia, is happening through the tech space in the valley. We want to have a seat at the table and be the disrupter into the future.

WSJ: *Why is JetBlue Technology Ventures a good way to invest in technology as opposed to having your own tech team?*



MR. SUNDARAM: When you think about future-proofing JetBlue, you have your own challenges running a large \$8 billion company in terms of the operational and commercial complexity. Innovation has been in our DNA, but the pace at

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which the innovation is happening today, it makes it incredibly difficult for the mother ship to just put a process in place to evaluate these startups and make sure there are focused teams around ingesting these startups within the company. This venture-capital unit is driving the innovation within JetBlue by bringing products in our portfolio that do not exist now.

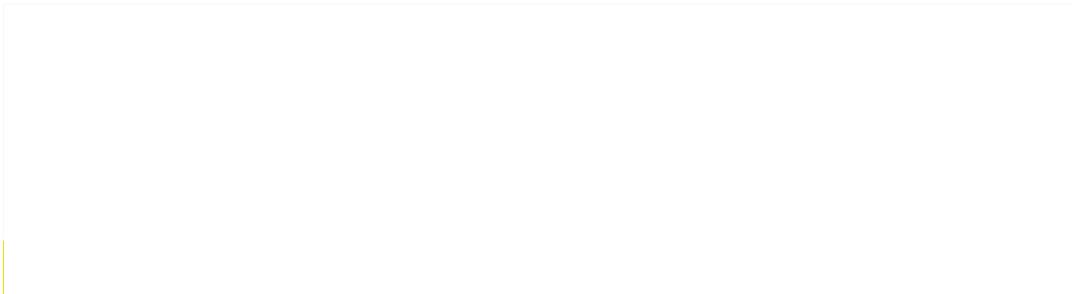
WSJ: *Are certain innovations crucial to you?*

MR. SUNDARAM: One is the way we manage customer experience. It's also very critical for JetBlue to preserve our cost base and manage it better. Maintenance planning not only drives

significant cost but also is key to the safety and security of the airline. A lot of advancements in AI and machine learning are changing the way these planes are maintained, how these planes are scheduled.

WSJ: *What kind of startups are helping improve the customer experience?*

MR. SUNDARAM: Gladly [a customer-service messaging startup in San Francisco] provides a 360-degree view of customer interaction via multiple channels such as voice, chat or text. When a customer contacts us via phone or email or text during the course of booking through the day of travel, the tool consolidates all these communications into one integrated story line. Customers used to call us or chat or send a message—it never synchronized together in one single view.



So our customer-support response time to solve a problem is much shorter compared to the past—I would say 30% to 40% faster in minutes to close that problem. The savings across tens of thousands of interactions a day is a big deal for us in terms of how efficient that contact center could be. We started rolling this out to customer-support crew members in Salt Lake City about three years ago. Now we're looking at an enterprisewide rollout in the next year or so.

Making the call

WSJ: *Are there any interesting ideas you didn't fund?*

MR. SUNDARAM: We have said more no than yes. There's a lot more, "It's not the right thing for us, it's not ready for us" than "We made the investment." There are technologies that have come to us that go deeper into customer data. We typically stay away from those kinds of companies. Most companies leverage customer data extensively, and our legal teams are very cautious in terms of how we approach these companies.

WSJ: *What's the role of your team in the selection process of the startups and technologies?*

MR. SUNDARAM: Shape Security is one of our first unicorns, an investment that we made about two years ago. It's a Silicon Valley-based internet security software company. Security is huge for JetBlue, whether it's physical security or digital security, so we chose to make this investment in this company. My team was involved in early stages investigation of the company, the investment process, but now my team completely manages that relationship along with my presence on the board, as a board observer. And the product has grown dramatically in the last two years into a much larger portfolio of products that we have worked with Shape to co-develop some of the platforms. Being forefront in this development process gives us a significant strategic advantage for us to competitively work with these companies in the future.



'A lot of advancements in AI and machine learning are changing the way these planes are maintained,' Mr. Sundaram says.

PHOTO: SETH WENIG/ASSOCIATED PRESS

WSJ: *Can you give an example of addressing plane maintenance with respect to JTV?*

MR. SUNDARAM: If you think about the new-generation planes that are coming out, they have an enormous amount of data in their engines and in the cockpit that doesn't come back to the base real time. Think about the diagnostics that you can run while the plane is flying, so that when the plane arrives at the airport, you are ready for any type of fixes that need to be put in place.

We're thinking about companies like Lumo [a JTV investment], where maintenance planning could be better, which can significantly increase [the time that we utilize planes]. Lumo looks at aircraft maintenance systems within JetBlue, and it also takes information from the aircraft and gives us long-range predictive planning scenarios for us as to what we need to look for.

WSJ: *Could you talk about new technologies JTV plans to bring to the airline?*

MR. SUNDARAM: We have a company called ClimaCell. ClimaCell predicts weather by a few hundred feet. Think about a thunderstorm coming into JFK. ClimaCell uses cell towers to track

the transmission from one cell tower to another to monitor precipitation and predict weather to that precise location. It's being tested in a few airports, in parallel to our current systems.

If you can predict weather at an airport to the level of the 15- to 30-minute range, multiple diversions can be prevented, our gates can be much more ready. There's a huge impact to our operations in terms of keeping people safe and secure, but also keeping our customers informed on what's going to happen and how to avoid certain diversions and things like that. It's currently in testing phase. We're working with the FAA on a certification path. These kind of technologies you wouldn't know if you weren't in the valley.

WSJ: Do you make technologies from startups available to other companies? When do you actually take them in?

MR. SUNDARAM: JetBlue Technology Ventures has something called the partnership program. Air New Zealand partners with us where they get access to our entire ecosystem. When it comes to JetBlue making an investment, we promote to our partners to try this out. It gives us a wide range of geographic regions and business models to try their product out versus just having access to JetBlue.

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