

Q&A

BARRY KAHN, CEO OF QCUE

The team behind the qcue platform includes Barry Kahn, center, Andrew Mills, left, and Jitendra Dalvi



Barry Kahn foresees a day when primary tickets are sold like stocks on the NASDAQ exchange, with prices fluctuating based on demand and volume. His Austin, Texas-startup qcue [pronounced q] is gearing up to launch two new box office applications that allow promoters and box office managers to adjust their prices to meet the demands of the marketplace. Kahn hasn't announced any clients yet.

While the system is still in its test phases, it got a big boost in March after winning the Rice Business Plan Competition, taking home \$327,000 in seed money. Venues Today talked with Kahn – who has a PhD. in economics from the University of Texas – to discuss his new venture.

Venues Today: How did you first get the idea for qcue?

Barry Kahn: My dad was a promoter trying to move up in the world and finally got his show, Bob Weir from the Grateful Dead. They sunk a whole bunch of money into the show and put the tickets on sale and then Jerry Garcia got booked the weekend before at the same club and they lost their shirts on the deal. There always seemed to be something wrong to me about that picture. The value of those tickets changed and there was nothing that could be done to actually change the price. Whenever you have this many tickets go unsold, and at the same time have the quantity of resale that goes on, something is wrong.

VT: So how does it work?

BK: It's a white label solution that really transforms the existing box office into an efficient market. Our program qATq (qcue Automatic Ticket Quotation System) blends the primary and secondary markets inside the box office. We're allowing the box office to guarantee the reputability of the secondary market and maintain data for all customers, not just the ones who buy tickets at the box office. The second part is qTrade, our revenue management tool. Revenue management made billions of dollars for the airlines, the hotels and the rental cars but it has never really made in-roads in the live entertainment industry. We've created this revenue tool that really tracks the change in demand. The goal is to deliver the proper price at any point in time.

VT: Does price of the tickets actually change over time?

BK: The price most promoters originally set is very accurate, but they can adjust the ticket price to change based on the market. The number of tickets remaining before the event is a key variable, but we also track customer arrival-rates and click-throughs, along with some external variables.

VT: Do promoters have the ability to approve price changes created by your software?

BK: Yes, they have full over-ride capabilities. We've talked to people who want to approve every change, while others want them to move on their own.

VT: So essentially, it's a flex-pricing system.

BK: Right. With most ticketing systems, each seat can only have one price. With our software, you can have multiple prices for the same seat. We also allow customers to submit bids of tickets. You can go to the box office, see a ticket listed for \$40 and place an order for \$20 apiece. Now that these bids are stored, the box office or promoter has a list of individuals willing to pay for a ticket. If the promoter had 2,000 seats left, they could take the 2,000 highest bids and let them all in.

VT: Do you capture their credit card information so the transactions can be automatically processed?

BK: Yes, everyone has a user account. If someone needs to know two weeks prior so they can buy a plane ticket, they can adjust their expiration date accordingly. But for someone in town, they can have it expire the day of the show.

VT: How do your products integrate with ticket platforms?

BK: It's a fairly simple integration process – there are only five points of contact between our software and other software. We're not trying to replace ticketing software.

VT: What's your short-term growth strategy.

BK: We're trying to finalize our first set of ticketing partners right now. We'd like to have three or four ticketing companies on board by the end of June. It's going to depend which teams and promoters are going to want to be at the forefront of this and try something new.

VT: Can it integrate with a system that already uses a primary and secondary platform?

BK: Yes, we're able to expose tickets in different places. We're developing applications for MySpace and Facebook where buyers can tie in directly to the box office inventory. The same goes for the secondary market – we could allow for tickets to be dual-listed on secondary sites.

VT: Like airlines tickets?

BK: Exactly. This isn't necessarily our core-value add, but it goes along with what we're doing. It's multiple listings of the same ticket. Some people go to the box office to buy the ticket, some people go to StubHub and some people go to Ticketmaster. It will be nice to have tickets in all those places. And by tying tickets back to the primary market, we can regroup tickets. Right now, if you want to buy three tickets and you go to StubHub, you're going to have a hard time doing that. By having access back into the box office we can regroup tickets, even for people who didn't buy tickets at the same time. – Dave Brooks

Interviewed for this story: Barry Kahn, (512) 626-5503

TRAVELOG

IAAM DISTRICTS 2 & 3, COLUMBUS, OHIO, April 20-22, 2008

Brenda Pennington, IAAM; and Melanie Ayers and Scott Dickson, Schottenstein Center, Columbus, Ohio, check delegates in for the conference in Columbus; (right) Dexter King, IAAM; John Cox, Nutter Center, Dayton, Ohio; and Jordan Hergot, Spec Seats, catch up with each other.