HotelTechReport

**2020 BUYER'S GUIDE**

# Revenue Management Software

HotelTechReport

**2020 EDITION**

# REVENUE MANAGEMENT SOFTWARE BUYER'S GUIDE

A free and simple guide by **HotelTechReport**

Buyers guide created in collaboration with

**ATOMIZE**
AUTOMATIC REVENUE MANAGEMENT

# WHAT IS A REVENUE MANAGEMENT SOFTWARE?

Revenue management software automates the process of using analytics to determine the right price for hotel rooms to maximize revenue and profitability.

The primary goal is to sell the right product to the right customer at the right time for the right price on the right channel. Revenue management software ingests historical and market data, combines this with forward-looking demand signals and recommends a rate for each segment and room type at your hotel, specific for each channel on which you are selling.

Recently, modern software has moved from on-premise to cloud-based applications that are delivered as Software-as-a-Service, meaning multiple users can login to the applications from anywhere they have an Internet connection.

# *What are the* KEY BENEFITS OF REVENUE MANAGEMENT SOFTWARE?

## 1 Drive more revenue

A revenue management system helps hotels determine how much to charge for their rooms each day. By accurately pricing hotel rooms based on real-time supply and demand data, hotels can drive average daily rate, revenue and most importantly RevPAR Index.

## 2 Forecast accurately

An accurate forecast looks at all of the available data -- past history and forward-looking data -- to help hoteliers determine what their demand is going to be for every single day as far as 365 days into the future. Forecasts help each department in the hotel make smarter operations, marketing and sales decisions.

## 3 Create operational efficiencies

Automating your revenue management with a revenue management system means hoteliers no longer have to build spreadsheets and reports, calculating the demand by hand every day, and then entering those numbers into a spreadsheet and reporting system. This frees employees up for more strategic thinking around positioning their hotel in the market.

# *What are the*
# 3 MOST IMPORTANT JOBS-TO-BE DONE

## Set & optimize prices

Hotels who switch onto a revenue management system generally experience a RevPAR increase between 7 - 20 % as a result of optimized automatic price setting per room type.

## Streamline & automate manual workflows

Hotels that use revenue management systems save between 20 - 40 hours per month by streamlining manual workflows.  An RMS also serves to visualize complex data sets into an easy to use and easy to understand user interface that saves revenue managers from difficult manual calculations and cumberson spreadsheets.

## Leverage large data sets to enable complex decision making

Whether its pulling in thousands of records of historical data from your PMS, connecting to city-wide group demand data sets or integrating rate shopping data from competitors —an RMS helps bring all of this data under one roof and deliver it in a simple way that helps revenue managers make more informed & data driven decisions.

# 📈 2019 Trends and Developments

## Open Pricing

Open Pricing allows hotels to independently yield all segments, channels and room types in real time with new and better insights into demand. Rates are no longer adjusted in lockstep based on a single BAR rate, allowing for a more surgical approach to pricing.

## Personalization & Automation

Based on dozens of data sets, hotels can present rates and packages tailored specifically to each guest that visits their website. Rates and offers are based on an individual's total value, or worth, to your hotel.

## Cloud architecture

Rather than housed on a server at the hotel, today's revenue management technology is hosted in the cloud and served in a SaaS environment. This means users are always operating on the most recent version of the software and receiving feature updates as they are available.
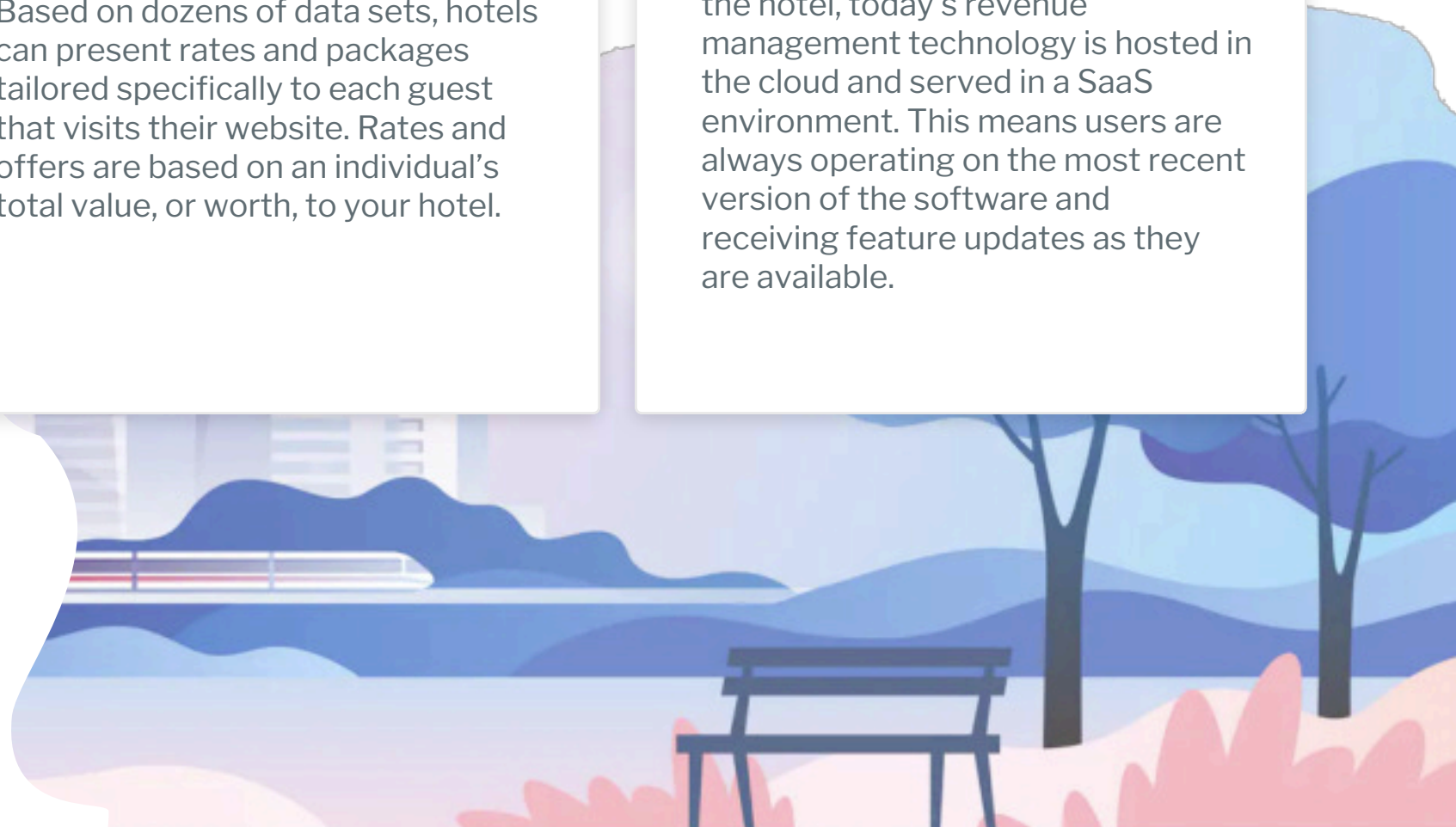
# 2020 Trends & Predictions

## 🔥 TREND

### Revenue mgmt becomes more strategic and moves to the core of the business

The hospitality industry is going through a transformation and the way hotels do revenue management is changing. The focus of today's revenue manager is not only about setting prices and increasing RevPAR but also to optimize the company's long-term strategy, driving total revenue (TRevPAR), profitability and big-picture strategies to optimize financial performance across all parts of the organization. Revenue management is taking on greater significance at the heart of the hospitality industry.

### AI and machine learning continues to become more main stream

With the latest innovation in machine learning and artificial intelligence (AI), a system gains knowledge and insights that enables it to progressively improve the accuracy of its forecasts and pricing decisions.

### Keeping an eye on attribute based pricing and ancillary revenue

When attribute based pricing was introduced in 2008 to the airline industry, pundits questioned how consumers would react to having to pay for specific attributes or features that were once included with ticket fares like preferred seating locations, meals, priority boarding or extra legroom.  Since, average airline satisfaction scores have increased by more than 10% and in 2017 the top 10 airlines raked in more than $29.7B in ancillaries.   While attribute based pricing in the hotel industry will be complex to introduce, top revenue management providers are beginning to lay the ground work for standardization and distribution.

Presented by  🅰 Atomize

# What features to look for

**Automated recommendations**

With the push of a button, your price recommendations will instantly be reflected in your PMS. Neither analysis nor manual updates are required. Choose between accepting your recommendations one-by-one, in bulk or even override specific recommendations with ease.

**Price sensitivity chart**

When setting the room price you need to take both internal and external data into consideration. The Price Sensitivity Chart is a graph illustrating the current optimal room price in relation to change in revenue and occupancy rate. It helps you to make sure your price points are accurate.

**Open pricing**

Your RMS must be able to price room types and channels independently of each other, rather than in lockstep with a set BAR price. For example, on some days you want your AAA rate to be 10% less than BAR, on other days you may want it 1% less than BAR.

**Pacing reports**

Pacing reports help you always know your pace, down to pacing at a room type level. You can compare your pacing with the reference arrival date of choice.

**Data visualization and intelligent reporting**

A good RMS not only presents your data in tabular reports, but allows you to visual your data and reports in graphical form. This allows revenue teams to better understand trends, outliers and patterns in data. It's important that your RMS be able to build, export and share your most critical reports. Revenue teams must be able to share reports at the push of a button with management, ownership and other departments within the hotel.

**Cloud technology**

An RMS that runs on multi-tenant cloud architecture allows your systems to integrate and share data more seamlessly, and allows developers to push updates to your software in real time. No more purchasing new versions of software just to get the latest features.

**Group booking pricing module**

A Group Booking Price Module not only provides you with the current optimal group price, but also a secondary price, which is the lowest price point you should accept because you would be better off, from a yield perspective, to sell the inventory on the open market instead.

# Want to easily compare features of top rated revenue management software products side-by-side?

**Compare Atomize vs Gamechanger by Duetto vs IDeaS Revenue Solutions**

| | Atomize ★★★★★ 41 reviews | Gamechanger By... ★★★★½ 56 reviews | IDeaS Revenue... ★★★★½ 202 reviews |
|---|---|---|---|
| | Get Proposal | Get Proposal | Get Proposal |
| Dynamic Pricing | ✓ | ✓ | ✓ |
| Price sensitivity modeling | ✓ | ✓ | ✓ |
| Fully automated revenue management | ✓ | ✓ | ✓ |
| "What-if" scenario analysis | ✓ | ✓ | ✓ |
| Guided workflows | ✓ | ✓ | ✓ |
| Extended stay functionality | ✓ | ✓ | ✓ |
| Serviced apartment functionality | ✓ | ✓ | ✓ |
| Group pricing & evaluation | ✓ | ✓ | ✓ |
| Channel management | | | ✓ |

**Launch Comparison →**

# Top Rated Products

Top rated vendors in the category to add to your shortlist.
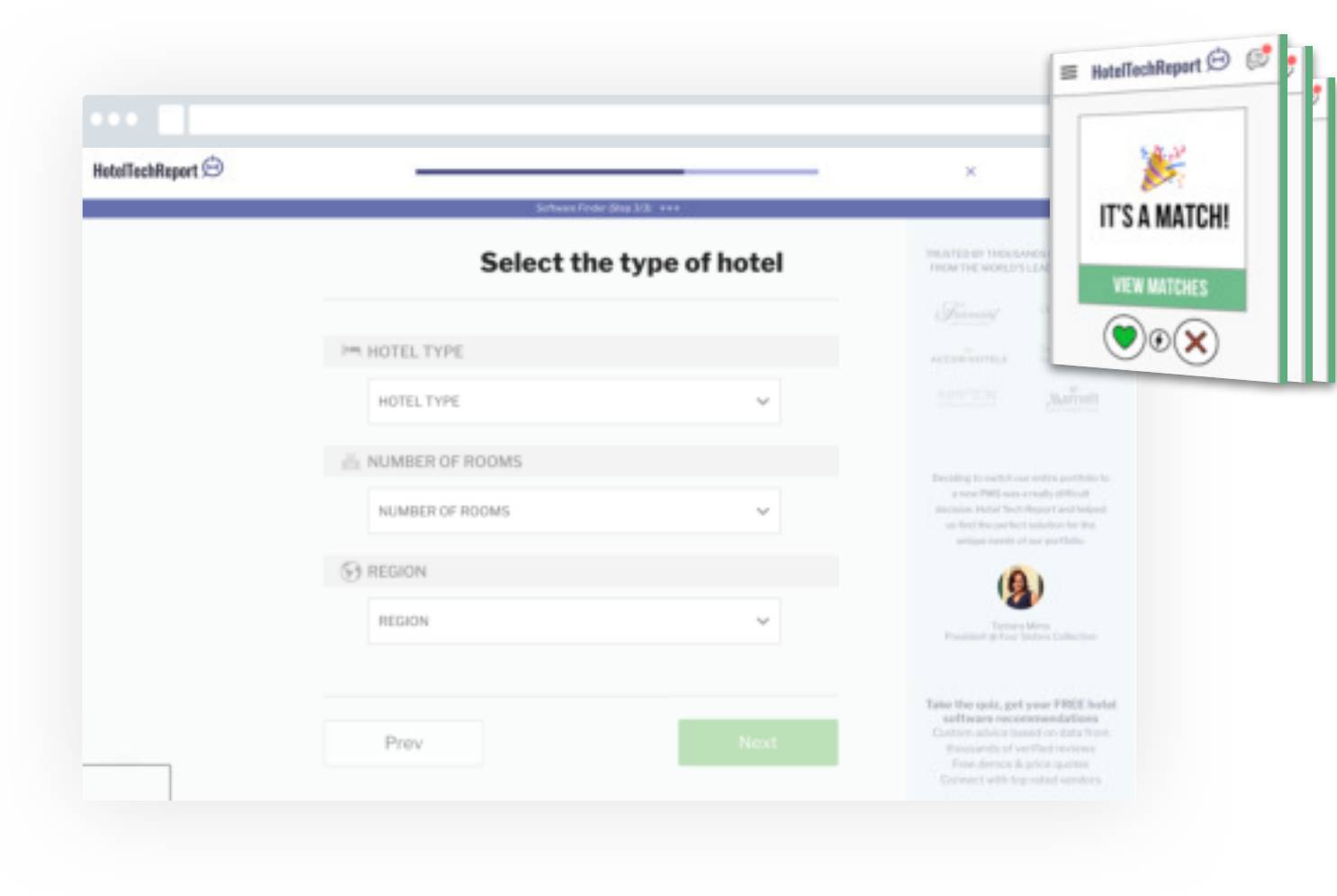
**TOP RATED**

**#1** Atomize
Revenue Management Software
**93** HT Score

**#2** Duetto
Revenue Management Software
**90** HT Score

**#3** IDeaS
Revenue Management Software
**90** HT Score

**#4** Spotpilot
Revenue Management Software
**88** HT Score

**#5** Pace
Revenue Management Software
**82** HT Score

View rankings and live leaderboard

# Want custom recommendations for your hotel in under 2-minutes?

Launch software finder →

**HotelTechReport**

Software Finder (Step 3/3)

## Select the type of hotel

🛏 HOTEL TYPE

HOTEL TYPE ⌄

🏢 NUMBER OF ROOMS

NUMBER OF ROOMS ⌄

📍 REGION

REGION ⌄

Prev          Next

**IT'S A MATCH!**

VIEW MATCHES

**Helping thousands of hoteliers make better buying decisions every month**

ACCOR HOTELS

Marriott
HOTELS · RESORTS · SUITES

Denihan
Hospitality Group

Fairmont
HOTELS & RESORTS

starwood
Hotels and Resorts

# What hoteliers like you are saying...

★★★★★

**General Manager** from **Sweden**

"They increased our RevPAR with almost 17%! I also like the new overview page where you can see forecasted RevPAR/occupancy/Revenue.."

Review of | **A** Atomize

★★★★★

**Sr. Revenue Manager** from **Singapore**

"System is robust and easy to use. For properties with limited human resources IDEAS will be very helpful when it comes to forecasting and recommending rate strategies. Sophisticated optimization that is refreshed a few times a day to ensure that the rates are always competitive."

Review of | **IDeaS**

★★★★★

**Global Revenue Manager** from **Amsterdam**

"Duetto is extremely Intuitive, has easy connection with our PMS, great development capacity, easy configuration and excellent support. Strong product and constantly improving."

Review of | **duetto** Duetto

★★★★★

**Marketing Manager** from **Thailand**

"The software itself is very simple to use. It gives clear suggestions to adjust prices, comfortable UI and nothing more. It's useful tool in daily price management, simplifies this process a lot."

Review of | **A** Atomize

# Featured review

★★★★★

"I love the price recommendations and automatic change of prices through Atomize to my hotel PMS which is MEWS. The two-way integration that they have makes using Atomize a breeze!."

**General Manager**
City Center Hotel in Czechia

✓ Verified by Hotel Tech Report

## ATOMIZE
AUTOMATIC REVENUE MANAGEMENT

Read more reviews →

# Critical integrations

Without the right integrations even the best product can add complexity and cost. Make sure any vendor you consider has the integrations you need to set your team up for success.

**CRITICAL INTEGRATIONS**

CRS

CRM

PMS

Booking Engine
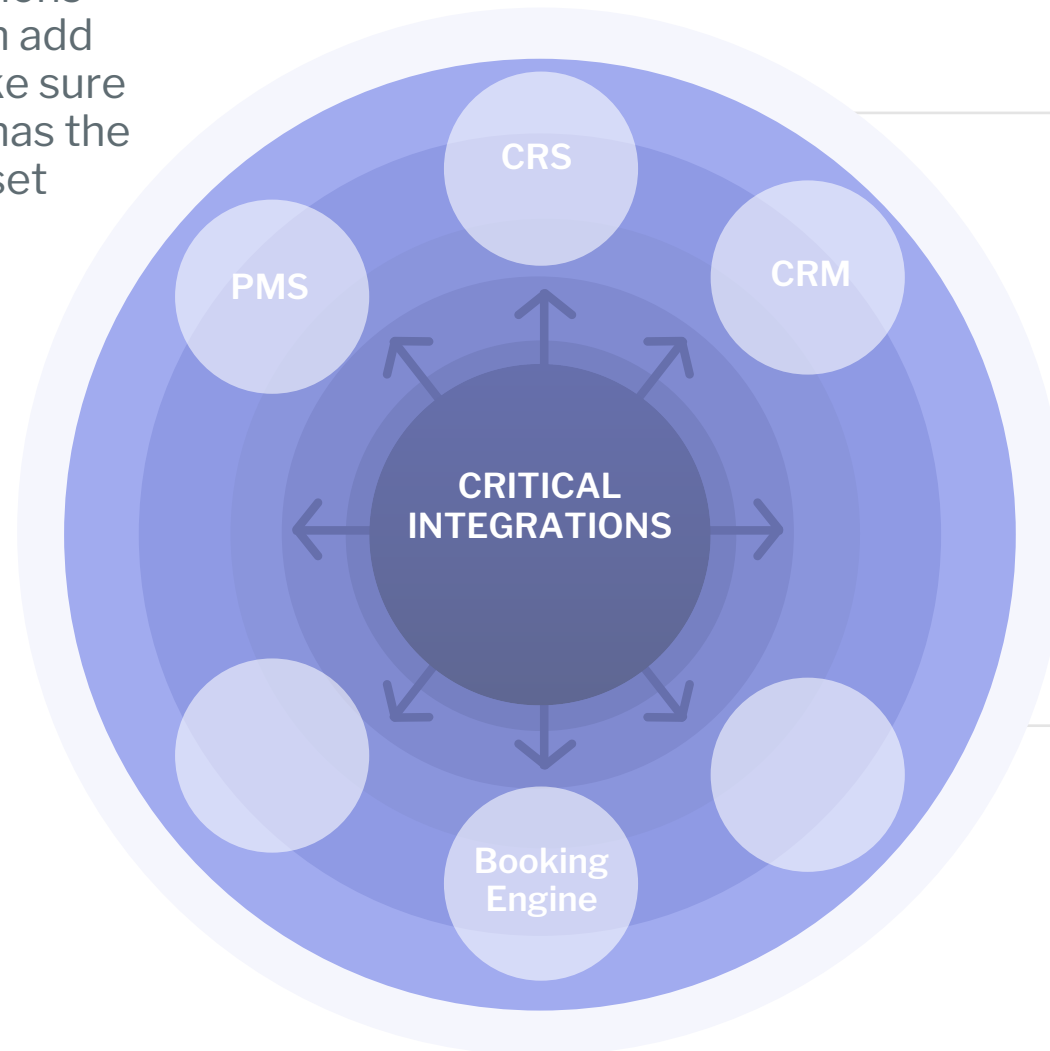
## Property Management System

A strong two-way integration with the Property Management Systems allows Duetto to pull historical information on rates and revenue, analyze the data and then return an accurate matrix of pricing recommendations for each segment and room type.

## Central Reservations (CRS)

A strong connection between the RMS and the CRS helps hoteliers avoid failed updates, lost reservations and bad reports when data and files are not transferred accurately between the two systems.

## CRM

An RMS-CRM connection is critical when hoteliers want to price based on a guest's value to your property. Without this connection, hotels cannot price based on loyalty or past purchase behavior.
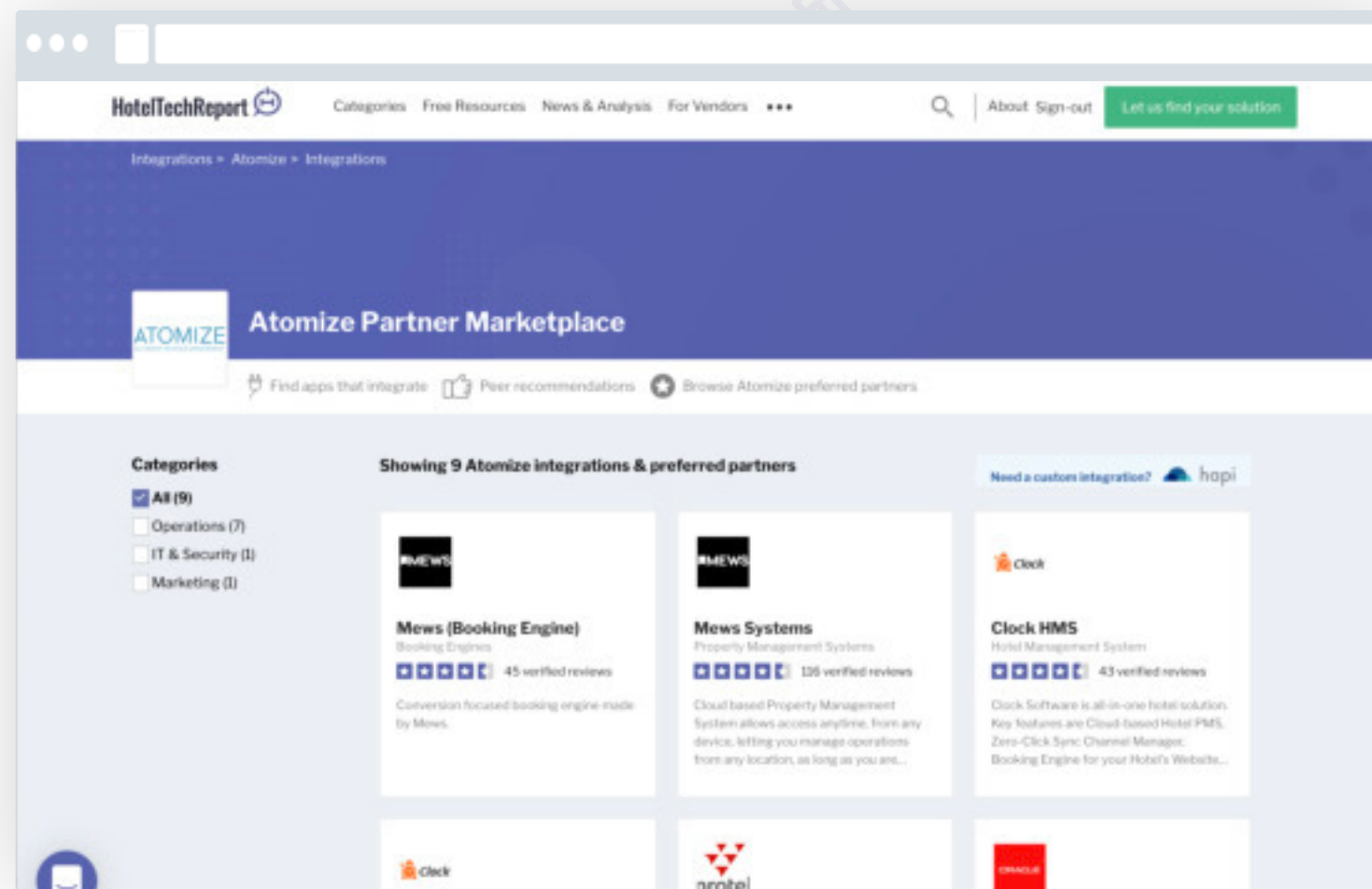
## Booking Engine

Without a connection between the RMS and the booking engine, the right recommended rates cannot be pushed to the guest at the time of booking.

Sponsored by hapi

# Looking for integrations?

Browse hundreds of integrations for top rated revenue management software to save time, drive revenue and automate your workflows

**Browse top integrations**

# What questions should smart buyers ask vendors?

**1 Can the software price room types, segments and channels independently of each other?**

An RMS should allows hoteliers to flex their rates and discounts independently based on demand. For example, on high demand days, hotels should be able to lower a discount channel to 1% or even 0% without lowering the BAR rate.

**2 Will the software integrate with my PMS, CRS, CRM and booking engine?**

An RMS won't work properly unless it is connected with a two-way integration to the PMS, meaning the system can pull rates and availability, analyze the data and then return a recommended rate to the PMS. Without a connection to the CRM, rates will not factor in loyalty or past purchase behavior.

**3 What kind of data shapes the pricing algorithm?**

All revenue management systems will pull in historical data, plus factor in pace and pickup, but advanced systems are able to react quickly to changes in market conditions with real-time pricing data, such as website activity, competitive rates, reputation scores and air traffic.

**4 Does the software sit on premise or does it operate in the cloud?**

A SaaS model is beneficial in many ways: it means less cost up front, it usually comes from an OpEx budget rather than a CapEx budget, it allows multiple users to login from anywhere there is an Internet connection, and it allows developers to be more agile, pushing feature updates to all users as they are available rather than releasing new versions of the software.

**5 Will I need a dedicated staff to operate the system?**

Modern RMS technology will automate much of the process, but most still require acceptance of the recommended rates. Users can override the rate recommendations should they know something about the market that the system doesn't.

**6 Does the software provide forecasting by segment and room type?**

To price appropriately, hoteliers must understand the supply and demand dynamic of each segment and room type independently, rather than making blanket statements that apply to the entire hotel.

# Pricing & Implementation Guidance
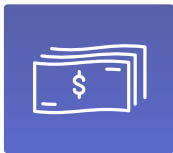
## Pricing
What are the typical pricing models and ranges that I should budget for?

### MONTHLY SAAS FEE
Pricing depends on the type of property, functionality needed and other factors - but what you pay should be in line with the returns you expect. Some providers offer free or near-free solutions, while pricing for others ranges up to $20 per room, per month. As this technology is directly connected to how much revenue you capture and profits you earn, it's the one area you don't want to skimp on.

PRICE RANGE                    Freemium-$20/mo

## Implementation
What does the typical implementation timeline and process look like to go live?

Hoteliers will first go through a thorough discovery meeting where the vendor will learn and document the hotel's current business processes and goals. Once the contract is signed and discovery is complete, the typical rollout timeline is 8-12 weeks. It starts with a deployment and onboarding stage where the vendor will map out the hotel's system data and activate integrations. Next, the vendor will go through a data quality evaluation process before preparing the hotel to learn the application and activate pricing recommendations. The final step once all integrations are live and data passes quality assurance is on-site team training.

TIMELINE                    8-12 WEEKS
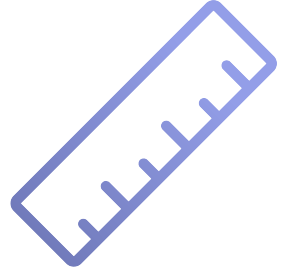
# How do I measure success?

**Revpar growth**

Revenue management software is designed to find your hotel's optimal business mix, balancing occupancy and ADR to ultimately drive revenue per available room.

**Net REVPAR/ GOPAR**

More importantly, a modern revenue management system will place an emphasis on net revenue per available room, or RevPAR after operating costs like labor and acquisition costs are deducted. It's critically important for hoteliers to focus on bottom line profitability (gross operating profit per available room) as well as top line revenue.

**Revpar index**

Perhaps the most important metric, RevPAR Index measures a hotel's revenue versus it's defined competitors in the market. If every hotel in the market sees revenue increases, RevPAR Index will show a hotel how its revenue has changed in comparison with the comp set. Duetto users on average see year-over-year RevPAR Index growth of 6.5%.
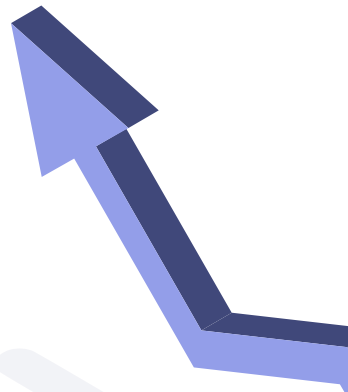
# How can I convince ownership that its worth the investment?

## SAMPLE ROI CALCULATOR

| | | |
|---|---|---|
| 👁 Annual hotel revenue<br>*$100 RevPAR x 150 rooms* | $5.5M | |
| 🛏 Expected revenue uplift | 1% | |
| 📈 Annual Revenue Uplift<br>*(per 1% increase)* | $55,000 | |
| 💵 RMS Cost (annual)<br>*(based on $15/room/mo x 150 rooms)* | $27,000 | |
| **ROI PER 1% REVENUE UPLIFT** | ▲ 2x ROI | |

"
One of the best ways to test potential ROI before investing in an RMS is to run a 90-day split test where you feed your realtime data into an external system and compare results to your actual 90-day results from your current RM strategy to see simulated vs. actual.

*Note: Its important to allow for at least a 90-day test to ensure proper calibration of the RMS to get*

The best way to assess ROI for investing in an RMS is to run a 90-day split test with your chosen vendor

✓ At $15/room/mo, this 150 room hotel would see a 2x ROI on its investment for every 1% lift in revenue
*Pricing varies by vendor, property size and features included*

✓ To determine true ROI, it is important to run a 90-day split test with your chosen vendor to see potential revenue uplift

**QUICK PITCH TIP**
Need an easy way to think about ROI convince ownership to invest in this software?

# Featured direct booking software success stories

Read real stories from hoteliers like you about how they leveraged direct booking software to grow their business.
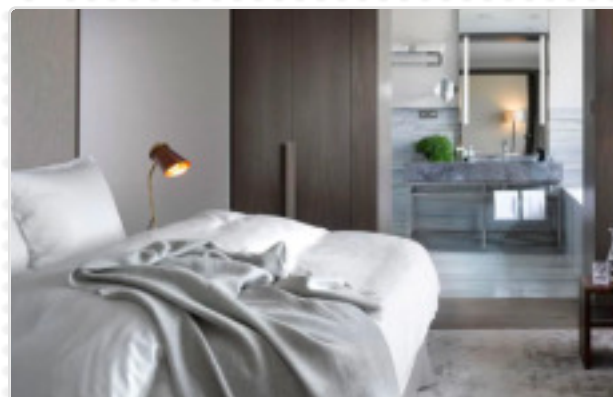
Presented by **A** Atomize



**Atomize and the 5-star Eccleston Square Hotel in London**



**Automating revenue management with hotel Frimurarehotellet**



**Increasing RevPAR while saving hours every month: The Emblem Hotel in Prague**



**The Best Western Case Study, 16,9% RevPAR increase with Atomize**

# Further reading

Presented by △ Atomize

## How to Kill Your Hotel: Price Rooms in a Spreadsheet

Remember what happened to those taxi cabs who doubled down on fixed pricing structures when Uber launched?  In a few short years the entire industry has experienced upheaval and for most the classical idea of a taxi is nothing more than a hazy memory with a touch of…

## 5 Upsell Techniques to Explode Your RevPAR

Airlines made nearly $93 billion on ancillaries in 2018 -- this fact foreshadows the imminent opportunity for upselling in hotels. Needless to say, ancillaries are a massive opportunity for hotels. With resort fees attracting the attention of regulators, it's an ideal time for hotels to pursue ancillary revenue

## How to Improve Hotel Profitability with Rate Parity Data

There are many industries where third party reseller issues present a profitability and liability problem. Even Amazon is forced to contend with marketplace reseller issues, where federal courts ruled in an "unprecedented" decision that customers…

## Atomize Founder Tells All: Paddling a Kayak from Norway to Finland, Automating Revenue Management and Going 'All In' on Life

There is a concept in Zen Buddhism called  'shoshin' which translates to 'beginners mind'.  The concept of 'beginner's mind' refers to the idea…
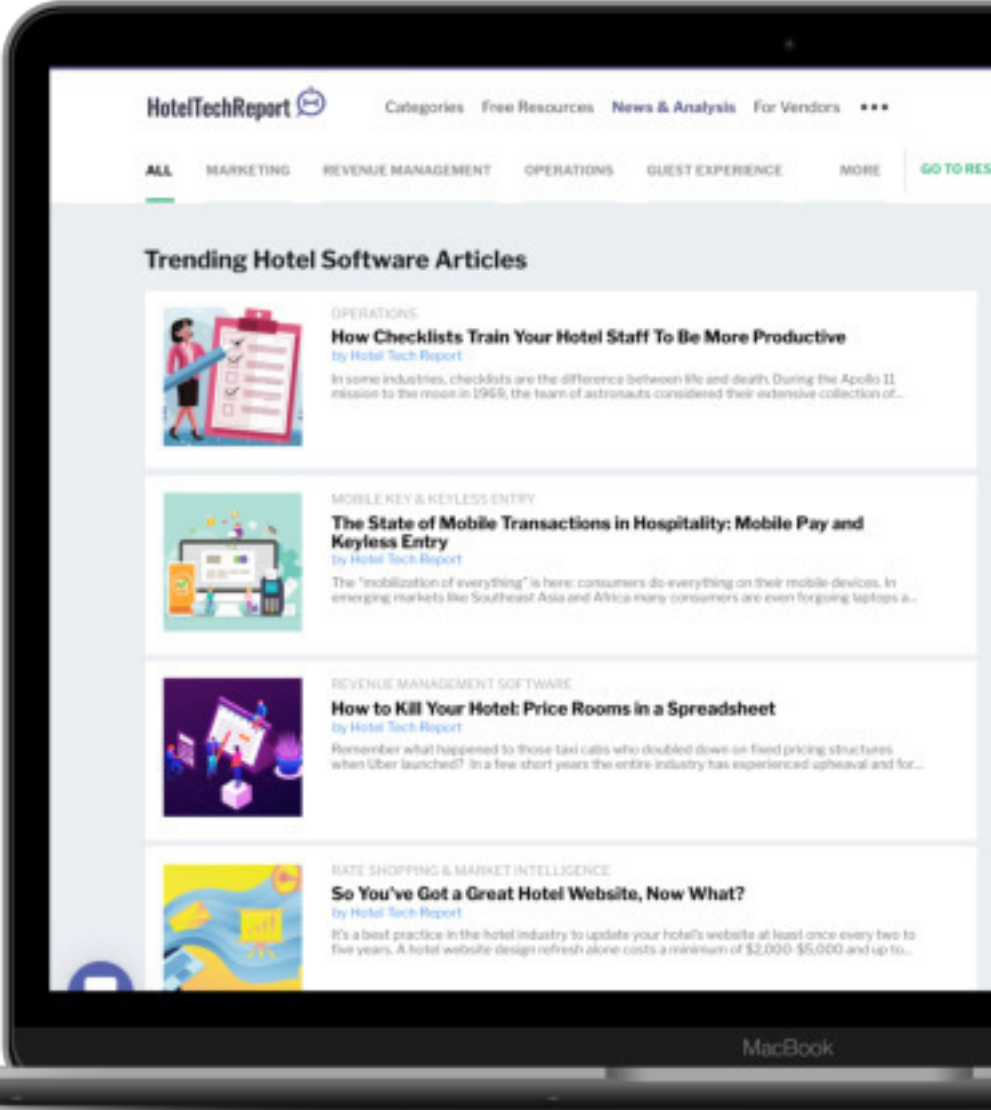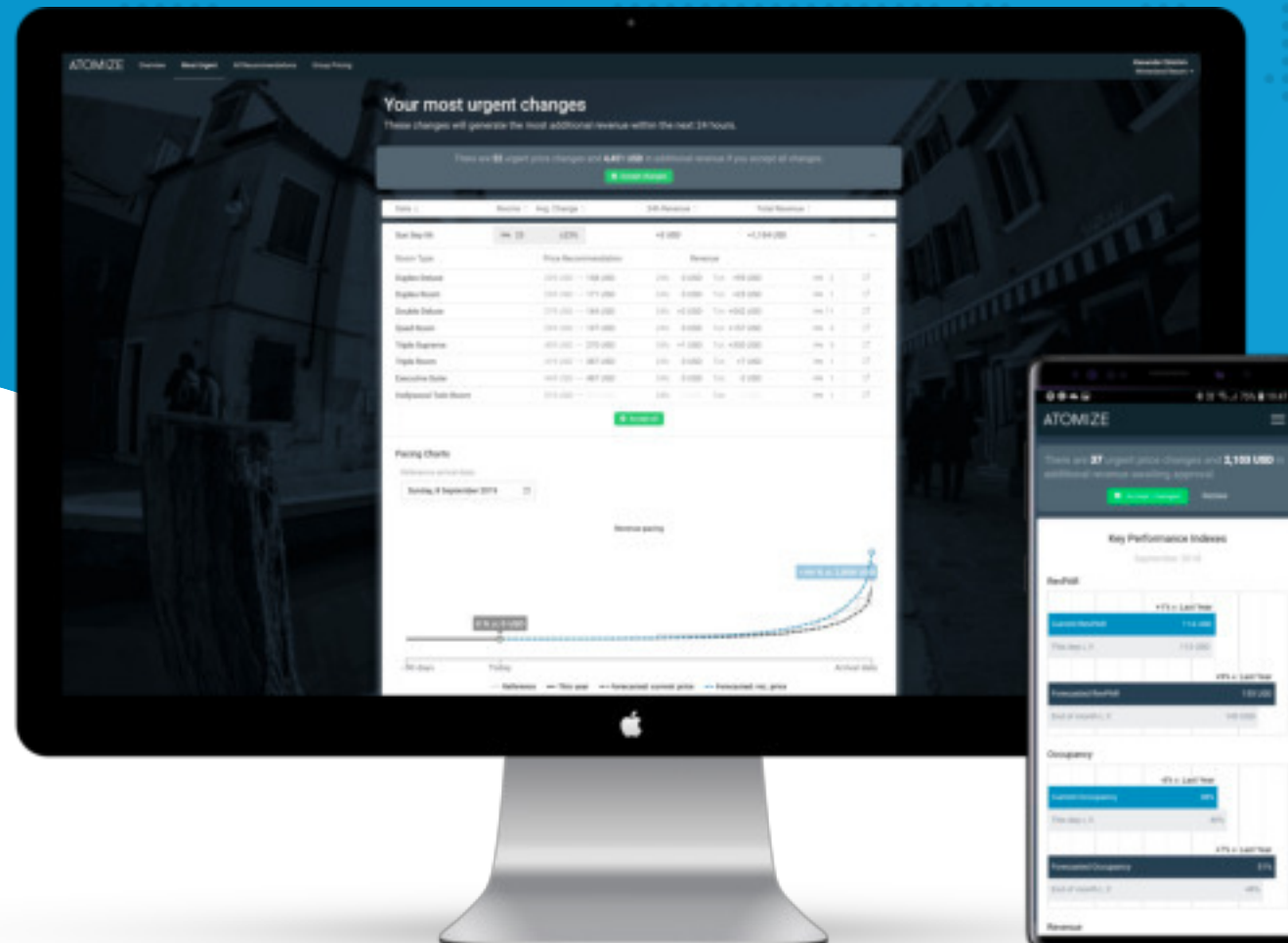
Read more insights & advice on Hotel Tech Report

# ATOMIZE
## AUTOMATIC REVENUE MANAGEMENT

## No.1 Revenue Management System for hotels
Increasing revenue and saving time by automatically setting the optimal price at any given moment, for every room type.

# Have questions?

Head to www.hoteltechreport.com for:

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Hotel Tech Report makes it fun, easy and accessible for hoteliers like you to discover the perfect technology solutions to grow your business.

**Start a conversation**
The team typically replies in a day.

> New conversation

**Find an answer yourself**

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Custom recommendations

Unlimited reference checks

Vendor price quotes

Shortlist & compare vendors

Product demos

Premium content, guides & reports

Chat with an advisor

Find top integrations

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