HOSPITALITY

Checklist for evaluating and selecting the right hotel revenue management system

Fueled by the rapid growth of big data processing, demand forecasting and pricing optimization models, the latest revenue management solutions generate pricing recommendations based on real-time analysis of relevant data. These systems automate the decision-making process, driving increased revenue from not only guest rooms, but from all parts of the hotel property.

Most hoteliers have come to embrace the concept of revenue management as a strategic imperative, given the opportunity to improve the financial performance. But determining which solution is right is critical. How can a hotelier rest assured that the solution they implement will allow them to achieve optimal results? The following are a few key buying considerations to help you make the right investment for your organization.

1

Technology integration capabilities

No revenue management solution can be treated as a standalone application. It needs to seamlessly integrate with multiple data streams, starting with the hotel property management system (PMS). It needs to integrate with marketing, sales, and distribution systems as well as with OTAs and other third-party channels. Buyers need to know that all technology components and data sources are compatible with the solution and also that all historical data can be readily extracted and validated.

2

Flexibility in data analysis and reporting

Not all data queries can be anticipated. A significant percentage of pricing questions may, in fact, need to be investigated on an ad hoc basis. A solution should provide for flexibility, which is important when it comes to setting pricing rules, flagging special events, adjusting segmentation schemes, etc.

Make it easy to accommodate virtually any need including the need to monitor and measure individual property, portfolio, and departmental performance, the need to create customizable hierarchies for different geo-markets, channels, room types, time periods, loyalty programs, and the need to do manual overrides of the automated rates suggestions for OTA channels.

3

Channel (OTA) optimization

A hotel's room rates, as well as its inventory, need to be up-to-date across all OTAS and other partner-and-guest-facing channels. Rates and inventory information need to be reflected accurately across all systems and touchpoints. Inputting room rate and availability changes manually can result in errors that damage the brand's reputation and lead to revenue loss. An important buying consideration, therefore, is the extent to which room change updates are handled automatically rather than manually, and what the average lag time is to implementing channel updates before they update across the board.

4

Customization to user and property needs

Because users of revenue management solutions have differing needs, any solution will invariably require some degree of customization. Revenue managers should be able to create notifications based on their own predefined triggers. They should be able to define the data inputs and dashboard views based on their own priorities and display preferences. Flexibility in configuration is needed to mine the right data and generate actionable insights. Prospective buyers should have a high level of confidence that any solution under consideration has the flexibility and customization capabilities to meet the needs of the property as well as those of the revenue manager(s) and other end-users.

5

Cloud versus on-premises hosting

As with most enterprise technology solutions, revenue management solutions are moving to the cloud. Hoteliers are benefiting from the global scale and distributed access to interfaces and information. Other benefits include: reduced stress on hotel technology infrastructures, elimination of resources otherwise needed to maintain hardware and provide the IT support and data security, and, in some cases, more seamless integration with other applications. Prospective buyers should keep these benefits in mind and also know that a big advantage of true software-as-a-service "SaaS" solutions is that software updates and bug fixes are "pushed" as they become available, meaning that users always have the most current software version running on their system.

6

Vendor reputation

As with any technology solution purchase, reputation and customer satisfaction are important factors in the decision-making process. No input may be more important to the buying decision than that which can be gleaned from existing clients, preferably lodging properties that share some commonalities in terms of size, business type, and existing technology infrastructure. And some clients, particularly those operating in noncompetitive markets, may be willing to share their experiences and perhaps even disclose results in terms of percentage increases in RevPAR. Client testimonials and success stories can also be valuable sources of information.

Evaluation Checklist

The following is an Evaluation Checklist for conducting an apples-to-apples comparison of key buying considerations for revenue management solutions. Relative weightings can be assigned on a scale of 1 ("This buying consideration has no bearing on our purchasing decision") to 10 ("This buying consideration is a very important factor").

Buying consideration	Weighting	Vendor 1	Vendor 2	Vendor 3
1. Technology integration				
2. Flexibility in data analysis and reporting				
3. Channel (OTA) optimization				
4. Customizability to property needs				
5. Cloud vs. on-premises hosting				
6. Vendor reputation				

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INF-2035302-en-US-0818-1