



Profit Optimization: IDeaS G3 RMS

Profit Optimization is a change to the RMS optimization engine that enables it to capture the most valuable business while considering the total contribution for each guest. This approach evaluates total revenues, profit margins and the costs associated with acquiring and servicing the guest's stay in real time, while determining highly sought metrics such as profit per available room (ProPAR).

LEVEL UP YOUR PROFITABILITY

For far too long, profit optimization has remained an unattainable object of desire for the hospitality industry. While others have talked about it, or offered simple reporting solutions, IDeaS has innovated a core optimization process that enables hoteliers to book the most profitable business. With an understanding of your ancillary revenues and margins, costs to acquire and service a stay, in any combination, you can now go beyond a room revenue-based optimization, leapfrog total revenue management, and start optimizing profits.

Key Benefits

- ▶ Optimize your business mix to target the most valuable demand: the most onsite spend potential and least expensive to acquire and service
- ▶ Gain insight into the true costs associated with the revenue streams driving your core business
- ▶ Understand total guest spend so you can focus on guests who impact your bottom line
- ▶ Foster a profitability mentality throughout your organization
- ▶ Understand and forecast profit KPIs
- ▶ Achieve greater profits with more money for reinvestment or expansion, long-term growth, and greater return on your hotel investment

CHOOSE YOUR OWN APPROACH

IDeaS offers hoteliers a choice in approach to maximize their business. Traditionally, a revenue management system (RMS) optimizes room revenues or room rates. This model

works great for many hotels, as the largest portion of their revenues and profits. In fact, thousands of IDEaS clients—of all hotel types—effectively optimize this way, automatically, every day with IDEaS G3 RMS.

But for other hotels with available profit data, especially those with multiple revenue streams or those who want to optimize a key aspect of their business, such as servicing costs, a profit optimization approach will better enable them to transform business performance.

UNDERSTANDING PROFIT

Through select partner integrations, IDEaS can provide adjusted decision data that results in the PMS/CRS yielding the value of reservations to account for profit elements, defined below:

Service Costs: The costs associated with cleaning a room and amenities, how they differ depending on the servicing offered by your property during a guest's stay, and the cost to clean a room when the guest departs.

Channel Costs: The costs to acquire each reservation from a channel/source. The costs may vary based upon contractual agreements with channel, technology, or agency partners. IDEaS accounts for these costs very granularly e.g., by season, day of week, room type, etc.

Ancillary Revenue & Margins: All revenues from non-room revenue streams, transaction codes, and associated margins using a model that allocates expected spend to reservations.

FORECAST THE MOST PROFITABLE BUSINESS

Using Profit Optimization in G3 RMS, your hotel will understand the true value of each guest segment and room type. The G3 RMS optimization and pricing engine will consider any combination of servicing costs, ancillary revenue and associated margins, and acquisition or channel costs. This approach enables you to get the most profitable guests into your property, while maximizing other inventory beyond the guest room, such as restaurants, bars, retail, and activities.

OPTIMIZE ALL BOOKINGS

G3 RMS uses a unique and proven approach that automatically produces a combination of decisions. Working together, these decisions maximize what you take to the bank—overall profit—rather than prioritizing RevPAR.

- ▶ Last Room Value acts as a hurdle to accept the most profitable business and optimize stay patterns. This is important on days and for specific room types.
- ▶ Overbooking controls let you avoid lost revenues due to cancellations, no-shows, and demand imbalances across room types to maximize profit (e.g., where you must upgrade rooms to maximize room type use).
- ▶ Pricing decisions are optimized down to the product level for profitability.

TAKE YOUR HOTEL TO THE NEXT LEVEL

Talk to us today about how you can leverage profit optimization to increase your asset value, stimulate long-term growth and ensure a return on your investments.



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