

# THE NEW RMS: A BUYING GUIDE

*Hotel revenue leaders are rethinking their RMS needs and reevaluating their options. Dozens dish on “why now,” bust myths, and share what to look for in a modern RMS.*



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# The New RMS: A Buying Guide

*Hotel revenue leaders are rethinking their RMS needs and reevaluating their options. Dozens dish on “why now,” bust myths, and share what to look for in a modern RMS.*

**E**ven before the pandemic, hospitality revenue management systems (RMSs) were not perfect.

Many revenue leaders have long felt RMSs weren't keeping pace with platforms in other industries, to say nothing of the increasingly robust consumer technologies we enjoy.

“RMSs have a lot to learn from the Apples of the world,” Terence Sham, head of revenue management for Ace Hotels, pointed out.

COVID-19 has only made the problems worse. As revenue professionals have been forced to do more with less, the weaknesses in their RMS platforms have become untenable for many.

“If you're running the revenue management department and you don't have any concerns about your revenue management system, you're not doing your job,” said Monte Gardiner, managing director of revenue management services for Best Western Hotels & Resorts.

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**“RMSs have a lot to learn from the Apples of the world.”**

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As a result, many revenue leaders are reevaluating their RMSs and the entire tech stack, looking for better solutions to meet their rapidly evolving needs.

“Grab a blank sheet of paper and look at technology, distribution — everything,” said Tom Magnuson, CEO of Magnuson Hotels. “There’s never been a better time to streamline costs and refocus your strategies towards new business segments.”

“There are a lot of frustrated people out there,” added Dana Cariss, vice president of revenue strategy and distribution for CoralTree Hospitality. “Honestly, now, as we ramp up and accelerate, is the time to evaluate options. Don’t wait for a super-stable environment.”

Through interviews with revenue leaders across the industry, we’ve created this buying guide to help you make informed decisions about your revenue technology now and in the coming years.

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**“Honestly, now, as we ramp up and accelerate, is the time to evaluate options.”**

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## THE NEW PRIORITIES

To start, the shifting realities of revenue management have created new priorities and new must-have features for any RMS.

These are the priority features that our expert sources identified:

**Affordability:** Budgets are still tight, and that won’t be changing anytime soon. In fact, this is part of a trend that predated COVID and has only gotten more pronounced, which makes cost-effectiveness a top priority for any RMS.

“Leadership has looked for immediate opportunities for savings,” said Eric Gravelle, vice president of revenue management for Diamond Resorts International. “Is it slashing a program we’ve been using that looks like a luxury item? The number of people performing analysis? We’ve been hit hard with that.”

Atlific Hotels Executive Vice President Wendy Lamont agrees: “Managing and containing cost in all areas of hotels is going to be a challenge for the next number of years.”



**Resilient forecasting:** Forecasts are broken. We heard that from our expert sources time and again.

“The big debate is: Do you use 2020 data, and how?” Gravelle said.

“We’ve had a few markets that had record years, so we don’t want to entirely discount that, but there are places where we can’t rely on the data.”

“The RMSs having most success use multiple forecasts,” added Timothy

Wiersma, CRME, principal of Revenue Generation LLC and 30-yr. revenue management veteran.

“They’re not placing their bets on just one forecast, but they’re playing multiple algorithms to come up with a forecast and then tracking the results for accuracy.”

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**“The RMSs having most success use multiple forecasts.”**

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“RMSs need to be dynamic,” said Bryan Bailey, vice president of revenue management for Minor Hotels, “like the weighting of an algorithm from historic to more recent history has changed dramatically.”

**Native multi-property functionality:** More hotel companies are shifting to clustered and centralized models for their revenue teams and need an RMS platform that is purpose-built for that dynamic.

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**“Most RMSs were designed for one-property DORMs. But there’s not many of those people left anymore. That was true before the pandemic and is doubly true now.”**

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“When the algorithm says, ‘You’ve got Chinese New Year coming up and you’re going to get Chinese demand,’” Bailey said, “and we say, ‘Did you know, RMS, that people from China cannot travel to Thailand, and therefore there will be no Chinese New Year?’ — then the RMS has to be able to cope with that.”

“Most RMSs were designed for one-property directors of revenue management (DORMs),” said Dax Cross, CEO of Revenue Analytics.

“But there’s not many of those people left anymore. That was true before the pandemic and is doubly true now.”

“We’ve always had regional directors of revenue, and that’s what was minimized by about 50 percent,” said Christen Garb, vice president of global revenue management operations for Hyatt.

“And then, at the property level, there were areas where it made sense to cluster. Instead of a key downtown city having three directors of revenue over three big hotels, in some markets where it made sense, that was moved to an area director of revenue position.”

“If I have to get in there and do something 20 different times for each of my hotels to see what I need to see, that’s a huge letdown,” added Nicole Young, CRME, corporate director of global revenue management for Rosewood Hotel Group and chair of HSMAI’s Revenue Optimization Advisory Board.

“Build to the cluster and it will always serve the individual hotel. But if you build to the individual hotel, it doesn’t serve the cluster.”

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**“If I have to get in there and do something 20 different times for each of my hotels to see what I need to see, that’s a huge letdown.”**

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**GM orientation:** Because general managers are the ultimate decision makers at the property level, your RMS also needs to feel accessible and useful to them.

“You’re asking GMs at limited-service properties to do things like configure overbooking by room type,” said Jennifer Schneider, vice president of revenue optimization for the Americas for Radisson Hotel Group.

“It’s complicated, and the training is complicated. Now more than ever, we need a better way because of GM turnover.”

“Systems focus on educating the user. Fair enough, gotta do that,” added Carolee Moore, vice president of revenue management and e-commerce for Crestline Hotels & Resorts.

“But the user — the revenue manager — isn’t the decision maker. That’s the GM. And educating the decision maker is a very different conversation.

“I’m not going to tell a decision maker to go through 80 hours of certification training, because it’s not going to happen,” Moore said.





“So, then I’m fighting an uphill battle to get the decision maker to understand what the system does — the system that the user has been educated on — and the user works for the decision maker. That’s a huge challenge.”

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**“I’m not going to tell a decision maker to go through 80 hours of certification training, because it’s not going to happen.”**

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**Profit optimization:** Another trend that the pandemic has intensified is the shifting focus from revenue optimization to profit optimization as it’s become even more important that every dollar counts. “All of our Revenue Optimization Advisory Board meetings recently have revolved around profit

optimization,” Young said. “It’s absolutely critical.”

“More of a profitability management model is needed,” added Sean Lynch, vice president of revenue management for Graduate Hotels.

“The RMS should show what the greater good is for my business, whether it’s for the day, the month, the year, and make profitability management decisions. It’s understanding your labor costs,” Lynch said.

“Should I push a two-night or three-night minimum over most of my weekends because it helps save on labor costs? I don’t have to staff as much at front desk. With my team of regional and area DORMs, we’re constantly thinking about how much can we inflate the top, but also what can we do to minimize expenses? If an RMS can do that and the company can confidently stand by recommendations it’s making, it’ll pay untold dividends.”



**Flexible reporting:** In a turbulent, ever-changing environment, your RMS has to deliver centralized, accessible, easily digestible information to revenue and non-revenue professionals alike.

“With revenue managers overseeing more hotels and the increased scrutiny over what they need to stay on top of,” Lynch said, “it is not sustainable to log in to six to seven separate systems to get the data — future market, competitive

pricing, pricing recs, group data, etc. — to piece together what you want to do. There needs to be a single place for this data to reside.”

“I think the RMS limits itself to an audience that is mostly revenue. Ops and sales teams look at all these charts and tables like they have no idea what’s going on. It shouldn’t be that way. We need to make sure all these reports are easy for people to understand,” said Sham.

He added: “In an ideal world, in revenue meetings, we should look at the RMS screen together: ‘This is what you want to look at and why.’ But RMSs can’t do that yet. You have to export a few things and combine them together, and you lose your audience if you do that.”

**User experience:** The consensus among the experts we talked to is that RMS platforms aren’t easy to use at a time when they really need to be. Things take too many clicks, implementation is too painful, and training is too hard.

“We work in a hotel, right?” Sham said. “It shouldn’t be that complicated. If it’s that complicated, then it’s not that intuitive.”

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## COMMON MYTHS ABOUT RMSs

Here are four current myths about RMSs, with corrective information supplied by our expert sources:

### **Myth 1: There's no revenue to manage — so you don't need an RMS.**

In other words, business has slowed way down, so what do you need an RMS for?

Quite a lot: Pricing is critical when demand is down, and the right RMS can answer the key question of “How low do you go before you start diluting revenue?” Pricing also has an outsized impact on profit.

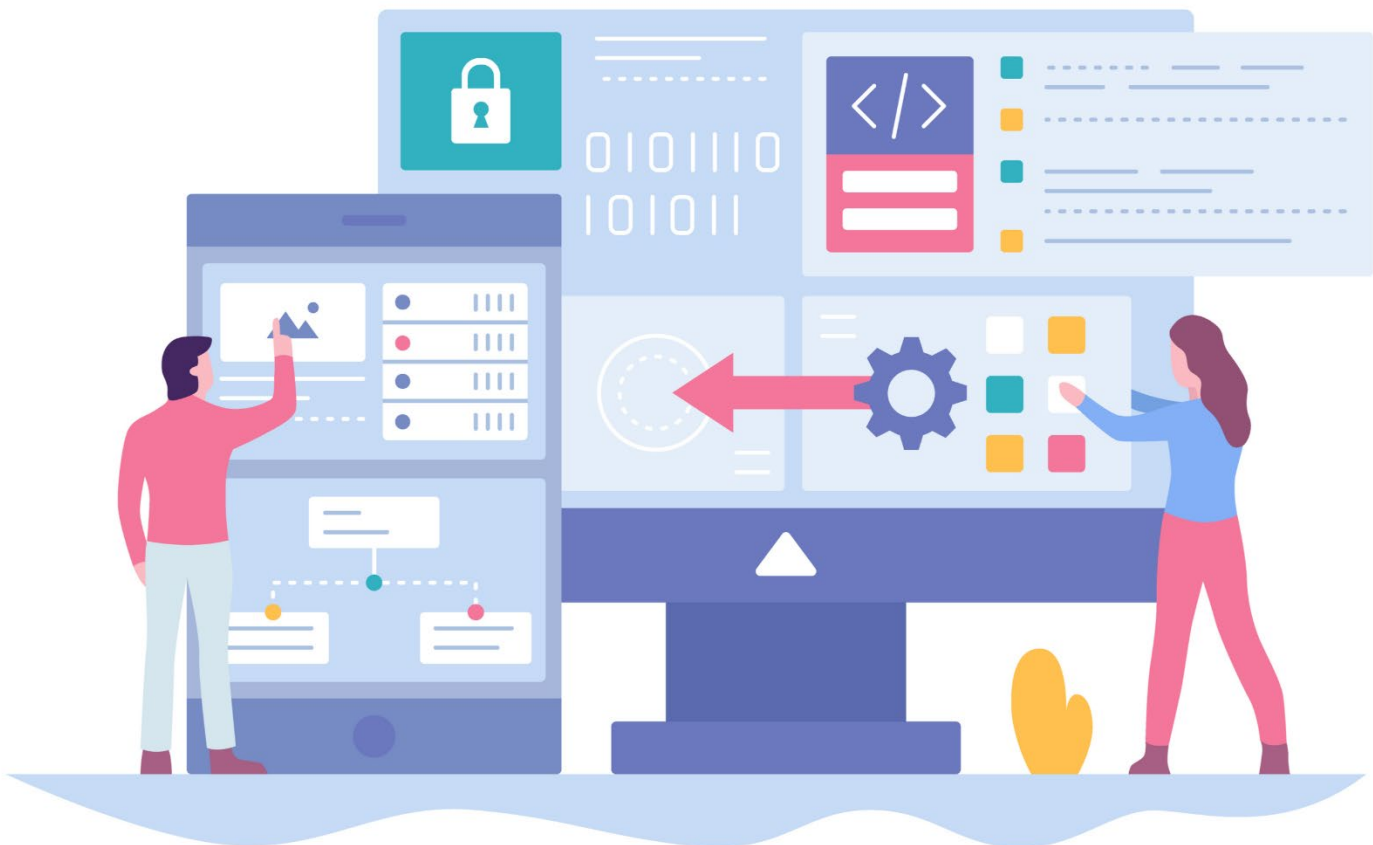
- “In order to get back to a profitability standpoint, utilization of the revenue management system is the best way to get there.” — *Brian Hicks, IHG*
- “When you're not selling out, inventory controls aren't useful. But pricing can tell you how low to go on discounts to drive demand and where you're just leaving money on the table because there is no demand.” — *Dax Cross, Revenue Analytics*
- “Pricing is key. With the drop in or lack of demand, we need to be extra vigilant with rates and pricing.” — *Wendy Lamont, Atlific Hotels*

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**“Pricing can tell you how low to go on discounts to drive demand and where you're just leaving money on the table because there is no demand.”**

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- “It’s shortsighted to say you don’t need an RMS because of the pandemic. What about the booking window a year or 18 months out? With less resources and less staffing, we need some type of system automation to look at the shorter and the farther booking windows.” — *Karen Codilla, CRME, CHDM, Outrigger Hospitality Group*
- “I’ve heard ‘there’s no revenue to manage,’ but I think when you look at the success of our company right now, at least from an index point of view, my team has absolutely made a difference. They are the ones pulling the levers and every room counts.” — *Linda Gulrajani, CRME, Marcus Hotels & Resorts*



## Myth 2: One size fits all.

In other words, there's one RMS to rule them all, and every hotelier and property should use it. Not true. A midscale hotel off the interstate is a completely different business than a downtown luxury hotel, so their RMS needs are completely different.

- “Hoteliers these days are realizing that for RMSs, it really isn’t just one size fits all. You need to determine what your product requires, and what the best system for it is.” — *Wendy Lamont, Atlific Hotels*
- “We need a range of solutions, some with far more capabilities than others. Our job is to come up with the right solution — best commercial outcome from its usage, acknowledging what market they are in, what type of business they have, the people available to use the solution and what they can afford. They might not need the Ferrari.” — *Bryan Bailey, Minor Hotels*

- “You need to be sure it will work for *your* property. What I’m looking for is very different than what the 500-room Hilton is looking for.” — *Amanda Engstrom, WHG Companies*
- “You don’t need all the bells and whistles of catering if you don’t have meeting space. Perhaps there are features that are dimmed because you don’t need them. But don’t sacrifice quality.” — *Jennifer Schneider, Radisson Hotel Group*

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**“You need to be sure it will *work for your property*. What I’m looking for is very different than what the 500-room Hilton is looking for.”**

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### **Myth 3: All forecasting algorithms are created equal.**

In other words, two different systems will produce the same quality forecast and identical recommendations. But that's not accurate. In reality, forecasting methodologies are usually quite different and yield different results.

- “Some systems base their algorithm heavily on market prices rather than demand. And that makes for a forecast that doesn't make sense, doesn't work.” — *Sandy Chun, Engage Hospitality*

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**“Some systems base their algorithm heavily on market prices rather than demand. And that makes for a forecast that doesn't make sense, doesn't work.”**

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- “There's a different methodology behind what's showing on the front end. They each have a very different forecasting algorithm.” — *Bryan Bailey, Minor Hotels*
- “Boy, are we learning the value of forecasting during this pandemic.” — *Wendy Lamont, Atlific Hotels*

#### **Myth 4: You don't need a human if you have an RMS.**

Put another way, an RMS can effectively manage revenue by itself. Absolutely not the case. RMSs do the work that a computer can do most effectively, but humans are still needed to oversee the RMS, set the strategy, collaborate with cross-functional teams, and be creative.

- “People can start to go on autopilot, and that’s not good. You still need human intervention.” — *Jeff Farr, Grand Pacific Resorts*
- “I would caution people about putting blind-faith trust in technology. You have to have people making decisions along the way as you deploy that technology, so that you get to that better place. It doesn’t just happen.” — *Monte Gardiner, Best Western Hotels & Resorts*
- “Automation is absolutely an *enabler* of revenue managers being able to make better-informed decisions and, hopefully, faster decisions.” — *Brian Hicks, IHG*
- “You want your DORMs focused on bigger-picture strategy and not stuck in the weeds on exceptions or length of stay.” — *Travis Breen, Modus Hotels*



### 3 PRIMARY RMS USERS

Our research identified 3 primary users of RMSs, each with unique advantages, challenges, and needs:

#### Single-property director of revenue management:



*RM expert with time and local market knowledge.*

The single hotel professional

manages is large, complex, and either a resort property or located in a city center. So, the stakes are high with each decision. The single-property DORM needs an RMS that offers granular control, detailed data, and maximum functionality.

#### Multitasking revenue manager:



*RM expert with less time and local market knowledge.*

This revenue professional oversees revenue function for multiple properties, is part of a cluster or a

centralized revenue team, and/or is a single-property DORM who wears multiple hats. RMS needs include a multi-property workflow, time-saving features, and an intuitive user interface with drill-down ability.

#### On-property general manager:



*Local market expert without time or RM expertise.*

This GM runs an economy, midscale, or boutique hotel focused on transient business. The GM is an RMS user because he or she has ultimate decision authority on pricing and other revenue decisions. RMS needs include an at-a-glance user experience, mobility and time-saving features, and automation.

Many enterprise hoteliers have 2 or 3 of these user types and need processes and systems to be more scalable to ensure efficiency and effectiveness. Throughout the charts in this next section, we've **highlighted** features that are of special importance to enterprise hoteliers.

## WHAT YOU NEED FROM YOUR RMS

The following charts (pages 17–27) break out each user’s needs in detail. While not exhaustive, they highlight critical capabilities, services, and elements to consider when evaluating RMSs,

Ease of Use			
	1-property DORM	Multitasking RM	On-property GM
Complexity of UI	Data, features supreme	Clean and intuitive	At-a-glance simplicity
Importance of mobility	Not critical	Valuable	Essential
Focuses user time	Not critical	Biggest impact items	Items needing approval

### KEY TAKEAWAYS

In the past, RMS platforms have focused too much on analytics and too little on user experience. This “inside-out” mentality has limited trust and adoption. In this age of virtual assistants and ubiquitous apps, people now expect a more intuitive user experience. Multitasking RMs and GMs, in particular, need a simpler UI that focuses their time where it’s needed most. And for GMs, a mobile app is a must for on-the-go management. [Learn more.](#)

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**“I’ve got this phone that cost \$1,000 and I don’t need a user manual. RMSs shouldn’t be this hard.”**

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— Carolee Moore  
Crestline Hotels & Resorts

## WHAT YOU NEED FROM YOUR RMS

Forecasting			
	1-property DORM	Multitasking RM	On-property GM
Accuracy	Highest		
Update frequency	Intraday		
Adjustable weighting	Critical	Valuable	Not needed
Responds to pacing changes	Addresses manually	RMS speed is key	
Special event management	Manual mapping	Auto-detection	

### KEY TAKEAWAYS

Accuracy is crucial to every user, so look for forecasts that leverage a library of different models. As booking windows become shorter-term and competitor pricing becomes more dynamic, all hotels require intraday updates. And for multitasking RMs and GMs, prioritize RMSs that include time-saving features like special event auto-detection and a quick and automatic response to pacing changes. [Learn more.](#)

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**“Forecast accuracy is an incredibly important piece that we look for. You’re trying to model a complex, 24-hr. business.”**

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— Travis Breen  
Modus Hotels

## WHAT YOU NEED FROM YOUR RMS

Pricing			
	1-property DORM	Multitasking RM	On-property GM
Mix of factors considered	Critical		
Support for pricing strategies	Critical		
Depth of data underlying rates	Detailed	At-a-glance	
Optimizing rate structure	Entire: manual	Entire: automatic	
Intraday updates required for	Competitor rates	New bookings, too	
Notification required when	Big external change	Big price change	Approval needed
Reliance on automation	Low	Medium	High

### KEY TAKEAWAYS

Pricing should be based on a mix of three critical factors: demand versus capacity, price sensitivity, and competition. Avoid RMSs that are overly reliant on market metrics or designed to follow competitors. Look for RMSs that provide transparent rate recommendations. (There's a lot of talk about pricing automation, but you need trust and adoption first.) Choose an RMS that supports your current/future pricing strategy. Multitasking RMs and GMs will save time with automatic rate structure updates and configurable notifications. [Learn more.](#)

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**“Some providers have a methodology that is very heavily weighted to market metrics. But pricing shouldn't be determined by just one ingredient.”**

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— Bryan Bailey  
Minor Hotels

## WHAT YOU NEED FROM YOUR RMS

Multi-property			
	1-property DORM	Multitasking RM	On-property GM
Designed specifically for MPM	N/A	Critical	N/A
Prioritizes opportunities			
Surfaces demand spikes			

### KEY TAKEAWAYS

Traditionally, RMSs have been built for individual property management. But today, the vast majority of RMs manage multiple properties. Multitasking RMs need a native multi-property management framework. Key features include smart workflow that makes it easy to prioritize highest-impact opportunities across the portfolio, and guidance on where users should focus their attention, such as recent demand spikes. [Learn more.](#)

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**“The days of having 1 RM at 1 hotel are pretty rare, and in my world have been rare for a long time. You want to be able to get in, analyze the data, make the best strategic decisions quickly, and work with sales closely.”**

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— Wendy Lamont  
Atlific Hotels

## WHAT YOU NEED FROM YOUR RMS

Inventory			
	1-property DORM	Multitasking RM	On-property GM
Flexibility of controls	High		Low
Reliance on automation	Low	High	
Overbooking control	Granular control	High-level control	N/A (reluctant)

### KEY TAKEAWAYS

Inventory controls are critical for hotels that sell out frequently and confusing for those that don't. In general, if a multitasking RM agrees with the forecast, they'll agree with inventory controls. Therefore, automating controls is recommended for most hotels. On-property GMs don't have time to dig into length-of-stay controls and are often reluctant to overbook their hotel, so they desire more automated control and less overbooking. [Learn more.](#)

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**“Back in the old days, RM was all about setting length-of-stay controls and closing out inventory. But that only helps when you sell out, and that’s not in the cards for many hotels for the foreseeable future. That’s why we believe pricing is more critical than ever.**

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— Dax Cross  
Revenue Analytics

## WHAT YOU NEED FROM YOUR RMS

Group			
	1-property DORM	Multitasking RM	On-property GM
Quote recommendations	Quick and detailed	Quick and high-level	
Function space tools	Complex and inside RMS	Simple and outside RMS	
Group forecasting	Detailed view	Group factored into transient	

### KEY TAKEAWAYS

Group pricing decisions are fundamentally different and have a group of different stakeholders — both revenue managers as well as GMs. That means that for multitasking RMs and GMs, speed (and at-a-glance transparency) is critical. Hotels that prefer group pricing decisions to run through the DORM will need more detailed data for analysis, and capabilities like function space optimization, where applicable. [Learn more.](#)

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***“We need to get back to basics at our group hotels, making sure we look at total hotel revenue and contribution. And what about the optimization of space? How far out should you take a wedding in ballroom vs. holding onto it waiting for a group with overnight rooms?”***

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— Linda Gulrajani, CRME  
Marcus Hotels & Resorts

## WHAT YOU NEED FROM YOUR RMS

Reporting			
	1-property DORM	Multitasking RM	On-property GM
Accessibility	Easy for sales and non-experts		
Data source handling	Easily integrates		
Usability	Intuitive for all		
Configurability	Critical	Less important	
Feeds BI platform	Critical	Less important	

### KEY TAKEAWAYS

Look for RMSs that provide views and reporting that non-RM experts like sales and GMs can easily understand. Many hotel groups are building or buying BI/analytics platforms, so the ability to feed those platforms with RM data is becoming more important than reporting inside the RMS. [Learn more.](#)

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***“RMs can be a linchpin, providing insights of value, but if you can’t gain support from stakeholders for what you’re trying to achieve, then all the numbers and analysis mean very little. RMs can’t produce a page full of numbers and hand it to a GM. A page full of numbers doesn’t cut it.”***

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— Bryan Bailey  
Minor Hotels



## WHAT YOU NEED FROM YOUR RMS

Change Management			
	1-property DORM	Multitasking RM	On-property GM
Build case for change	Experience getting buy-in		
Organizational engagement	Experience getting buy-in		
Proving success	History of rigorous benefit analysis		
Training	Intuitive system, quality training		

### KEY TAKEAWAYS

The pain of change is a big reason that hotels don't buy or upgrade RMSs. All users need comprehensive change management support, from helping build the case for an RMS, to engaging stakeholders. Look for providers with a track record of rigorous benefit analysis for large, complex organizations to give your team confidence in success. Training is crucial to driving trust and adoption, but while 1-property DORMs have time for a three-day training program, GMs and multitasking RMs need a much more intuitive system.

[Learn more.](#)

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***“I think, as an industry, there’s a lack of training and we do need to change it. It doesn’t matter how good a system is if it’s not being used correctly. And when training is prioritized, you can see the real ROI in topline profit.”***

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— Sandy Chun  
Engage Hospitality

## WHAT YOU NEED FROM YOUR RMS

Implementation			
	1-property DORM	Multitasking RM	On-property GM
Data evaluation and tailoring	Deep data experience		
Ongoing system configuration	Rigorous testing, periodic tune-ups		
2-way integration & guidance	Meticulous support		

### KEY TAKEAWAYS

When it comes to getting implementations right, the devil is in the details. Watch out for RMS providers who close the sale and hand you the keys. Look for a partner that will do the upfront data validation for you, rigorously test configuration — e.g., pressure-test forecast accuracy before go-live, help define right competitive set for pricing decisions — and ensure seamless two-way integration (a notoriously difficult task). [Learn more.](#)

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***“You have to be very careful with the setup. There can be data issues, and you need to make sure your RMS is integrated smoothly with all your other systems.”***

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— Tammy White  
Aquilini Investment Group

## WHAT YOU NEED FROM YOUR RMS

Support			
	1-property DORM	Multitasking RM	On-property GM
Model recalibration	Automatic, continuous		
Troubleshooting issues	Quick resolution		
Adoption	Measure and support		
Insights	Proactive, impactful		
Software updates	No additional cost		

### KEY TAKEAWAYS

Look for an RMS partner that acts as an expert extension of your team, proactively communicating quality insights and troubleshooting issues quickly and reliably. Ask questions about how often models are calibrated. Look for a partner who will monitor adoption and build trust with skeptical users. Software upgrades should be included with new releases at no additional cost. [Learn more.](#)

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***“You can tell when they want your business, when you will be a priority for them. You can tell when the team really wants your properties to succeed and puts in the thought and energy – and when they don’t.”***

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— Tammy White  
Aquilini Investment Group

## WHAT YOU NEED FROM YOUR RMS

Investment & Return			
	1-property DORM	Multitasking RM	On-property GM
Cost	Value and flexibility key		
ROI	RevPAR, efficiency		
Try before buy	Offer pilot		

### KEY TAKEAWAYS

RMSs provide a lot of value but historically have been an expensive proposition. But with modern software, that shouldn't be the case anymore. Look for cloud-native software to reduce costs without sacrificing quality. Pilots are a great way to validate ROI (RevPAR uplift, efficiency gains, etc.) before you purchase. [Learn more.](#)

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***“We aren’t sitting on piles of cash right now.”***

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— Nicole Young, CRME  
Rosewood Hotel Group

## QUESTIONS TO ASK RMS PROVIDERS

“The question you should be asking at every step of the evaluation process is: how will this simplify my life?” said Clayton Morgan, CRME, senior corporate director of revenue management and optimization for Welk Resorts.

Here are some of our experts’ favorite questions to ask RMS providers:

### **How does your algorithm work?**

“There are some red flags that often get kicked up during the course of those discussions, and they tend to hover around the black box,” Gardiner said.

“The black box is what I would describe as the ‘secret sauce’ that conducts the forecasting and produces the optimization. If you’re having discussions with a provider that is not able to speak to those things intelligently, then I would run.”

**How much flexibility is there on cost?** “Find out how flexible they are on cost,” said Angie Hughes,

director of revenue management and ecommerce for Bartell Hotels. “It’s not just the total amount, but can they structure the costs in a way that’s advantageous to you in the near and long term?”

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**“The question you should be asking at every step of the evaluation process is: how will this simplify my life?”**

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### **How does your RMS facilitate multi-property management?**

“Revenue managers love being analytical, but it’s a double-edged sword,” said Sandy Chun, vice president of revenue and asset optimization for Engage Hospitality. “It’s easy to fall into analysis paralysis when you’re dealing with multiple properties. How does the system solve that?”

**Does your RMS support our pricing strategy?** “If you need open pricing, does the RMS support it?” Angie Hughes said. “If you need hurdle values, does the RMS support it? What if you need both?”

Resorts. “So, I have three highly intelligent strategists—well-paid, director-level folks—who are going to spend the next three hours doing keystrokes.”



**Is it easy to change our rate structure?** “For example, if I want to change my rate structure for the next three weeks because I’ve started to see an increase, I now have to go in and manually make changes for seven rate codes and three different room types,” said Carolee Moore, vice president of revenue management and ecommerce for Crestline Hotels &

**Does your RMS support configurable intraday pricing?**

“Once a day is useless,” Schneider said. “And how much control do you have over the timing? Overnight means different things in different time zones. If you select one time zone — say, East Coast — and it’s going to do it at 6 a.m., you’re interfering with check-in and checkout.”

**How will your RMS optimize staff time?** “What are the efficiencies gained, and how many hours does it save our team?” Codilla said.

“What’s our team doing with those freed-up hours, and are they being more strategic? Are they finding more optimization opportunities and actioning on it?”

**What type of post-training support is available?** “After you get through training, it can be difficult, to reach back out to the provider to say, ‘Hey, I need help with this,’” said Stephen Milham, director of revenue management for Kingsmill Resort. “I’ve seen it a lot where there are flowers and roses before you sign, but once there’s an issue, you’re on your own.”

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**“What are the efficiencies gained, and how many hours does it save our team?”**

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**“Training is key. Do they offer training modules? In-person training? Scenario training?”**

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**Can general managers understand your RMS?** “We have these smart systems out there and then you take them to a brilliant GM and they don’t get it,” Moore said. “Well, then it’s pointless. We should be able to represent data and info differently, so they can understand it better.”

**How do you handle training?**

“Training is key — not just how to use the system, but for on-property staff, why the system is important and what results it can produce,” Schneider said. “Do they offer training modules? In-person training? Scenario training?”

**What functionality might I lose with your integration to X system?**

“Make sure you get a tech person on the phone to validate what the salesperson says, especially about the integration piece,” said Mark

Creger, vice president of revenue for Stoney Creek Hotels. “The RMS might connect to your PMS, but it might not be able to do everything it’s capable of doing because of limitations with the integration.”

**What data can your RMS ingest?**

“Most RMSs don’t look at upper-funnel data, just historical data and business on the books,” said Nikos Karivalis, director of revenue management for Brown Hotels.

“It would be interesting to see RMSs looking more at future-looking demand signals like booked flights and web searches which are instructive, especially now. The data exist, they are accessible, we know this. The integration with RM systems is not there yet.”

**Does your RMS include “future-ware”?** “When is that cool new feature or function going to be live?” said Jeff Farr, vice president of revenue and business technology for Grand Pacific Resorts. “Is it available today, or is the provider pitching future roadmap?”

**How much dedicated staff time will your RMS require?** “In addition to system cost, find out what labor is needed to operate the RMS and generate value,” said Amanda Engstrom, president of WHG Companies. “How much manual manipulation is required?”

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**“The RMS might connect to your PMS, but it might not be able to do everything it’s capable of doing because of limitations with the integration.”**

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## THE RMS OF THE FUTURE

“Everybody loved Pac-Man when it came out,” Moore said. “Nowadays, you look at it and it’s ridiculously basic and you laugh about it: ‘Oh, that was cute.’ I am looking forward to the day when I look back at our current system and say, ‘Well, that was cute.’”

On that day, what will non-cute RMS platforms look like? Our experts shared some possibilities — and some necessities:

**Powered by new KPIs:** “Everybody knows what RevPAR and RevPAR Index are, and that seems to be the most popular measure in the industry today,” Wiersma said.

“But with COVID, there are more profitability measures. We’re exploring net RevPAR and GOPPAR and measures like that. It has to be a balanced scorecard of what’s right for any particular property. RMS systems will need to adapt to some of the new KPIs the industry is looking at today.”

**Increased automation:** “Everyone is looking for systems that require a

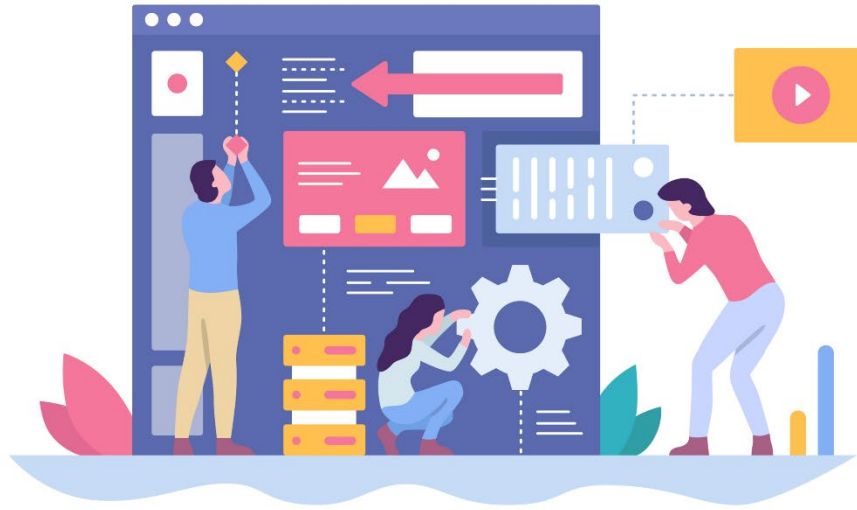
little less human intervention and will learn and do a little more on their own, all in an effort to create additional efficiencies, so my analysts can take on more properties and work more efficiently,” Eric Gravelle said. “We’re getting down that road, but we have a long way to go.”

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**“I am looking forward to the day when I look back at our current systems and say ‘Well, that was cute.’”**

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“Leveraging big data and automation and machine learning and AI is the future for all of us,” said Alex Cisneros, senior vice president of revenue generation for Red Roof Inn. “We need to make some investments in resources and technologies and make sure that we’re partnering with the right company.”



**Better integrated:** “I’d like to see a more integrated tech stack,” Clayton Morgan said. “If I switch RMSs or PMSs, I want them to be able to integrate easily without downtime or dev work.”

**Unsiloeed:** “We want F&B, group, catering, and everything all at once, because we’re looking at total revenue,” Schneider said. “In order to get a total picture, one of the last pieces of the puzzle that continues to be siloeed is, I’m only projecting our room revenue. We need to pull in that restaurant revenue, and I shouldn’t have to go into two different systems to get it.”

The RMS of the future won’t arrive all at once, but rather will evolve

incrementally as hospitality revenue management continues to change, and as revenue professionals and providers continue to identify new priorities. Meanwhile, you should never stop expecting more from your RMS — throughout recovery and beyond.

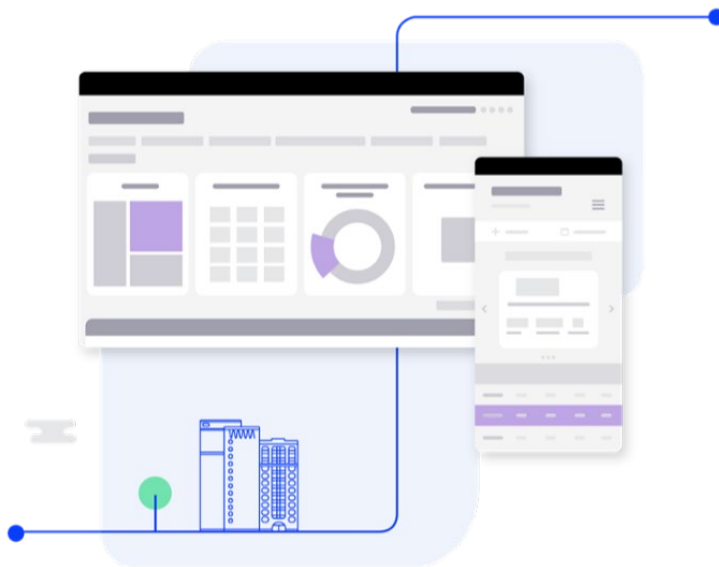
“The competitive edge doesn’t go away,” Hicks said. “If there’s one room to be had in a market, I want that room night in my hotel. Making sure that I’ve got the right product on the shelf at the right price for that customer, once they’ve got eyeballs on me, is critical. Even in low-demand periods, revenue management systems play a huge role in making sure that we have a compelling value proposition.”

# DO OR DO NOT. THERE IS NO TRY.

By Dax Cross, CEO, Revenue Analytics

Why on earth would we launch a [new RMS](#) in the middle of a global pandemic?

It's a fair question with a good answer. And it starts back in 1984, when I was a nine-year-old obsessed with Star Wars and my father, Robert G. Cross, was working as a lawyer for Delta Air Lines.



Many of you know Robert because you've got [his book about RM](#) on your shelf or worked with him some time over the last 40 years. Or you might know him as a recipient of [HSMAI's Vanguard Award for Lifetime Achievement in Revenue Optimization](#).

But in 1984, he was just a regular dad working on a hard problem: how to stop Delta from bleeding millions during the deregulation crisis. The solution he invented was yield management, which became the revenue management practice we all know and love today.

Fast-forward to 2005, when my brother Zach and I convinced him to come out of retirement because there was still so much opportunity for revenue management to create value and enrich lives. We co-founded Revenue Analytics and spent a decade plus building state-of-the-art RMSs for top brands like Marriott, Hyatt, and IHG.

By 2019, we noticed a big shift: the "1-property DORM" that legacy RMSs (both proprietary and off-the-shelf) had been built to serve was nearly extinct. What's more, those that remained were being pulled in more directions than ever.

The RM practice had evolved rapidly, but the systems hadn't kept up. We believe that hoteliers deserve modern technology for their modern challenges. So, we got to work on a new kind of RMS: [N2Pricing™](#).

Then, in 2020, we watched as the pandemic pummeled places, profits, and people. We knew it was the worst possible time to launch a new product. But it was also clear that the problems revenue teams had with their RMSs were exploding and the need for a solution was greater than ever.

And so, guided by the wise words of Yoda — “Do or do not. There is no try.” — we went for it. And N2Pricing was officially born, with these modern benefits:

- **A better forecast:** Unique innovations like *pick-best modeling*, *trendsetter*, and *special event auto-detect* boost accuracy and automate work.
- **An intuitive multi-property workflow:** N2Pricing is the first RMS built so that cluster RMs and central RM teams can manage *more* properties *more* easily.
- **Profit optimization:** Any owner will tell you that profit is greater than revenue. Our algorithms have profit optimization at their core and run all day.
- **All at a lower cost:** N2Pricing has the same analytics engines the top brands trust, but uses cloud technology and modular framework to lower contract costs for you.

**I invite you to see N2Pricing, the fruits of our years-long labor, for yourself.**

**[Schedule your product tour here.](#)**

At Revenue Analytics, we’re true believers in revenue management and its ability to create value and enrich lives. Here’s to partnering to continue to advance the impact of RM in hospitality!



**Dax Cross**

CEO, Revenue Analytics

## APPENDIX: In-Depth RMS Needs & Analysis

Ease of use			
	1-property DORM	Multitasking RM	On-property GM
Complexity of UI	Data, features supreme	Clean and intuitive	At-a-glance simplicity
Importance of mobility	Not critical	Valuable	Essential
Focuses user time	Not critical	Biggest impact items	Items needing approval

Hospitality software has a reputation for legacy technology, and unfortunately, RMSs are not an exception. Many RMSs require multiple days of training to use effectively. But revenue managers want the same intuitive user experience they get from modern SaaS applications like Salesforce or even consumer apps like Uber. What's more, as demands on their time increase — a long-running trend exacerbated by the pandemic — they need tools that are easy-to-use and that help them work more quickly and productively.

- **User interface (UI):** The need for UI complexity versus simplicity varies by user type. For GMs, a laser-like focus on UI simplicity that supports quick, at-a-glance management is critical to help with understanding and adoption. Multi-property RMs need a clean and intuitive UI because they need to manage many properties quickly, but they also require significant data and functionality to match their level of sophistication and need for detail. For 1-property DORMs, the need for comprehensive data and features is most important and outweighs simplicity needs.
- **Mobility:** For GMs, an RMS with a mobile interface is essential for on-the-go management throughout their busy day. Multi-property RMs who are often busy or traveling should look for an RMS with mobile capability. And for 1-property DORMs, mobility is not as critical, as they plan their day around digging into pricing and inventory controls from their desk.
- **Focus:** For multi-property RMs, it's important that the RMS helps them focus their time on the biggest-impact opportunities across the portfolio, so they can avoid digging through data property-by-property to find key optimizations. GMs, who have even less time, need their attention drawn to just those items requiring their approval.

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## APPENDIX: In-Depth RMS Needs & Analysis

Forecasting			
	1-property DORM	Multitasking RM	On-property GM
Accuracy	Highest		
Update frequency	Intraday		
Adjustable weighting	Critical	Valuable	Not needed
Responds to pacing changes	Addresses manually	RMS speed is key	
Special event management	Manual mapping	Auto-detection	

Anyone who believes in RM should agree that the better we can predict demand in advance, the more precise our pricing and inventory decisions will be. For that reason, demand forecasting has long been the central capability in any RMS and remains one of the most important considerations.

- **Accuracy:** Forecast accuracy is critical for all hotels. Studies have shown that reducing forecasting errors by 50% generates a 1% improvement in RMS uplift (Weatherford & Belobaba, *Journal of the Operational Research Society*, 2002). Look for RMS providers who can share forecast accuracy results and will provide updates on your RMS's forecast accuracy once the system is live. In contrast to legacy systems that draw on just one forecast algorithm, modern RMSs increase accuracy by using a library of thousands of forecast models and a process that picks the most accurate algorithm for each hotel and market segment.
- **Update frequency:** Booking windows have been shrinking steadily for years. Particularly for hotels in dynamic markets and for most economy and midscale hotels with significant same-day demand, the ability to update the forecast multiple times a day is important. The best forecasts are also price-sensitive, meaning they will adjust based on where your hotel's pricing stands against your comp set. Intraday forecasts are also important to account for competitor price changes made throughout the day.
- **Weighting adjustability:** Many RMS forecast models have parameters that can be configured or tuned based on the user's perspective. Using the pandemic as a relevant example, a user might request that the model weight recent trends more heavily than

history. This type of feature is more valuable to trained revenue managers who desire to influence the forecast and less valuable to GMs, for whom it simply adds complexity.

- **Response to pacing:** Pace reports are the go-to tool for many revenue managers. While 1-property DORMs who are manually forecasting their demand based on pace may prefer to adjust the RMS forecast based on their findings, RMS forecasts do include booking curves, and the best forecast models automatically increase or decrease the forecast based on how bookings are pacing. This automation is particularly valuable to multi-property revenue managers and GMs, who simply don't have time to manually develop demand projections and feed them into an RMS.
- **Special events:** Special event mapping is another manual activity that has long been standard functionality in an RMS. It remains critical functionality for many 1-property DORMs. But in many RMSs, this functionality has been used less over time as revenue managers manage multiple properties. And the activity is certainly too detailed and complex for a busy GM. If your users are time-strapped, look for an RMS with more automation, such as an engine that automatically detects special events and appropriately adjusts the forecast to account for them.

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## APPENDIX: In-Depth RMS Needs & Analysis

Pricing			
	1-property DORM	Multitasking RM	On-property GM
Mix of factors considered	Critical		
Support for diverse pricing strategies	Critical		
Depth of data underlying rates	Detailed	At-a-glance	
Optimizing transient rate structure	Entire: manual	Entire: automatic	
Intraday updates required for	Competitor rates	New bookings, too	
Notification required when	Big external change	Big price change	Approval needed
Reliance on automation	Low	Medium	High

Pricing has become the most important decision in revenue management. One reason is that it has the same impact during periods of low demand as it does during periods of high demand. When demand is low, determining when and where you can lower price to drive demand versus when and where dropping price would be dilutive is a critical decision. Inventory controls, on the other hand, only drive revenue in sellout situations.

- **Mix of factors:** The three key factors that drive pricing decisions are predicted demand (compared to capacity), competitor prices, and price sensitivity. Price sensitivity (also known as price elasticity) is the metric that ties the first two factors together, because it is a measurement of how demand responds to changes in your hotel's price position against the competitive set. Look for an RMS partner that will help you understand how price sensitivity is calculated to ensure transparent recommendations. Also, you want to understand how often that calculation is updated. Price sensitivity does change over time — for example, people become more price sensitive during a recession. But it does not generally change day-to-day or hour-to-hour.
- **Diverse pricing strategies:** Different hotels employ different pricing strategies. Many hotels set BAR rates and then have various discounts off of BAR. When demand is high, they use inventory controls to close out certain discounts or channels. Other hotels prefer to use “open pricing,” where discount and promotional rates are not tied as closely to BAR. In open pricing, hotels simply raise all rates when demand is high, rather than yielding out lower-value rates with inventory controls. The right RMS partner should be able to both



support your hotel's pricing strategy and provide advice on which pricing strategy will maximize revenue and deliver the best guest experience.

- **Depth of data:** RMS providers talk about automation a lot these days. But you can't have automation without trust and adoption. Transparency of price recommendations is critical to success. Users need to be able to see the inputs into the price recommendation, so the recommendation makes sense to them. Many 1-property DORMs prefer to take in as much data as possible, synthesize it in their minds, and use their intuition to make the best pricing decision. Others trust the RMS if they have visibility into the key inputs. For multi-property revenue managers, there simply isn't time to manually assess every price recommendation. An RMS that can provide at-a-glance validation of key inputs is an important resource. Similarly, GMs do not want to get bogged down in data, so showing them a quick view of the data behind the recommended price change is the best approach.
- **Optimizing transient rate structure:** The price points created by having lots of rate plans and multiple room types means that pricing can quickly become complex. Many hotels use static differentials that are set up in their PMS or CRS. Others, particularly those with 1-property DORMs, update these differentials manually by compressing discounts on high-demand days or increasing room-type differentials for suites that are close to selling out. Some RMSs purport to independently optimize rate-plan and room-type differentials. However, only the largest hotels have sufficient data volume for this approach to make sense, particularly when demand differs by day of week and market segment. The preferred approach is for an RMS to optimize the entire transient rate structure through smart rules that dynamically change differentials based on demand (e.g., increase the junior suite differential as junior suite forecasted occupancy increases).
- **Intraday updates:** Hotels in dynamic and competitive markets have long sought the ability to reoptimize pricing throughout the day. As booking windows continue to shorten, this capability becomes even more important. In addition, many economy and midscale hotels have a significant number of same-day bookings, meaning it is important to reoptimize throughout the day to account for how same-day demand is materializing versus expectations. While some RMS providers talk about real-time updates, an RMS with a solid forecast should not need to be updated for every single booking — most of those bookings were forecasted in advance. But an RMS should update throughout the day with the latest competitor rates and forecast refreshes.
- **Notifications:** Notifications should be tailored to the needs of the user. The 1-property DORM who wants to oversee pricing at a detailed level should be notified of significant

external changes, such as spikes in bookings on a future date or competitor rate changes. Multi-property revenue managers are wary of being inundated with notifications, so they need to be able to configure notifications to work in conjunction with automation and let them know when the system is recommending a large change that they should review. For busy GMs, a mobile notification when their approval is required is the best way to let them quickly approve a pricing action and get back to other business.

- **Automation:** Studies have shown that RMSs drive maximum uplift at approximately 80% acceptance of rate recommendations. That's because about 20% of the time, there is something that the human knows about the market that can improve the decision. Look for an RMS that will let users set up thresholds for automated deployment of rate changes. This allows them to tailor the degree of automation to their comfort level. While 1-property DORMs often want to review most if not all recommendations, multi-property revenue managers and GMs leverage automation to save time without missing revenue opportunities.

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## APPENDIX: In-Depth RMS Needs & Analysis

Multi-property			
	1-property DORM	Multitasking RM	On-property GM
Designed specifically for MPM	N/A	Critical	N/A
Prioritizes opportunities			
Surfaces demand spikes			

For years there has been a trend toward multi-property management, and layoffs during the pandemic have only accelerated that. Cluster and central RMs have different needs (e.g., prioritization across the portfolio) and constraints (e.g., less time per property) than 1-property DORMs, and unfortunately, legacy RMSs have not been designed to serve them well.

- **Multi-property design:** While legacy RMSs can be used to manage multiple properties, most RMs find it cumbersome to do so. For multi-property RMs, it's best to find an RMS built specifically for the purpose of managing multiple properties, so they can take advantage of features and shortcuts to make cluster management faster and more efficient. Some RMSs are introducing multi-property reporting, but multi-property workflow is required to gain efficiency — and to spot big revenue opportunities quickly.
- **Prioritization:** Identifying the biggest revenue opportunities and prioritizing time across several properties is one of the harder challenges unique to multi-property RMs. It can be time-consuming to sift through day-by-day data and recommendations for multiple properties. Diving deep everywhere can lead to analysis paralysis. Look for an RMS that finds and prioritizes the opportunities for multi-property RMs, including identifying the hotels and dates where human input can add the most value, so RMs can spend their time most productively.
- **Demand spikes:** The modern RMS is designed to facilitate human intelligence working with artificial intelligence. For cluster and central RM teams, it is important for the RMS to identify the demand spikes where humans can have the most impact. Seeing bookings spike in advance allows the revenue manager to quickly assess whether there is an event in the market and address it even before the system adapts to it.

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## APPENDIX: In-Depth RMS Needs & Analysis

Inventory			
	1-property DORM	Multitasking RM	On-property GM
Flexibility of controls	High		Low
Reliance on automation	Low	High	
Overbooking control	Granular control	High-level control	N/A (reluctant)

Yielding demand through inventory controls — such as making AAA rates available only for a two-plus night length of stay — is the original application of RM in hospitality, and was the original purpose of an RMS. However, inventory controls are complex by nature. For example, they apply based on arrival night and length-of-stay, while most businesspeople think of demand by stay-night. The complexity of inventory controls has made adoption a challenge for years.

- **Flexibility of controls:** But inventory controls remain a valuable tool for revenue management. Some feel comfortable with the notion of open pricing, where sellout nights are addressed with extremely high prices rather than availability controls. For example, in a sellout situation, a hotel that is typically \$250 per night might increase its price to \$750 per night rather than imposing a three-night-minimum length-of-stay control. But for many hotel companies, that price is not consistent with their brand strategy, and it is a more elegant message to the marketplace to simply show that the room is not available for a one-night stay. To ensure that you can maximize revenue under any pricing strategy, choose an RMS that can be flexible either on deploying open pricing or utilizing inventory controls. In addition, make sure the RMS is flexible in the type of controls it delivers, as some PMSs/CRSs can accept either open/closed controls or hurdle rates, but not both.
- **Automation:** In recent years, many enterprise hotels chains have focused revenue managers on demand forecasting and pricing and let inventory controls run automatically in the background. The reasoning is that a revenue manager may know more about market demand than the system, but once the system has the right demand, a machine can determine the right combination of inventory controls to maximize revenue better than any human could. This level of automation is particularly effective for multi-property revenue managers who don't have time to review inventory control recommendations for every

night and for GMs who often don't have the time or patience to drill into complex inventory controls.

- **Overbooking:** Overbooking is another example of a longstanding RM practice that has always struggled with adoption. For some hotels, the practice is vital to avoid revenue leakage from cancellations that lead to empty rooms. But for others, the negative customer experience associated with walking a guest outweighs the revenue benefit of overbooking at a hotel level. This point of view is particularly common with GMs who have had the unpleasant experience of personally walking guests. A system that provides options on overbooking at the room-type level and the hotel level and that can be tuned to align with the risk tolerance of the user to walking guests is a good way to capture some revenue from overbooking while managing the risk. The best RMSs will also automate overbooking decisions based on strategic guidance from the user.

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## APPENDIX: In-Depth RMS Needs & Analysis

Group			
	1-property DORM	Multitasking RM	On-property GM
Quote recommendations	Quick and detailed	Quick and high-level	
Function space tools	Complex and inside RMS	Simple and outside RMS	
Group forecasting	Detailed view	Group factored into transient	

Perhaps more than any other capability, the right group pricing solution depends on the needs of the hotel and the user base. The needs of a convention hotel or a large hotel in a city center are extremely different from those of an urban lifestyle hotel or a suburban select service hotel. And for many hotels, speed to quote is critical, so it might be best for a sales manager to interact directly with the group module. Plus, sales and GM users have very different needs from those of a 1-property DORM.

- **Quote recommendations:** For large group houses, a 1-property DORM often wants to analyze large groups individually and formulate a price based on a variety of factors. For these hotels and DORMs, more data is better. But for other hotels, recommended quotes need to be quick and easy to review. Like other pricing recommendations, they should be transparent and answer key questions such as “What did this group pay the last time they stayed?” But they should be intuitive to 1-property DORMs, DOSMs, and GMs alike. That way, those users can get the right quote out to a group as quickly as possible.
- **Function-space tools:** Function-space revenue management is a tremendous opportunity for large hotels that need to solve a function -space “Tetris” problem to maximize revenue. That said, it is an extremely complex problem to model, particularly given the flexibility of hotel function space. For a large group hotel with a dedicated 1-property DORM who can learn how the system works, function-space management modules in an RMS can deliver strong value. But these modules are often too complex for hotels with less function space and less reliance on group. Multi-property RMs are often better off automating more tactical RM decisions, such as pricing and inventory controls to free up time to think through an occasional challenge when function-space capacity poses a constraint.
- **Group forecasting:** Group forecasting has long been a challenge for legacy RMS providers. That’s because most forecast models base the forecast on history, and groups don’t book in repeating patterns. For example, even the conference that books your hotel every year may

change the conference dates year-over-year. Modern RMSs use new models and new data to overcome this challenge. Look for an RMS provider that can walk you through a more modern approach to group forecasting.

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## APPENDIX: In-Depth RMS Needs & Analysis

Reporting			
	1-property DORM	Multitasking RM	On-property GM
Accessibility	Easy for sales and non-experts		
Data source handling	Easily integrates		
Usability	Intuitive for all		
Configurability	Critical	Less important	
Feeds BI platform	Critical	Less important	

Reporting is a popular topic among revenue leaders. While many are making the best use of the current reporting features in their RMS, it's clear that there is significant room for improvement, with many needs still unmet.

- **Accessibility:** The majority of today's reporting best serves revenue management professionals. But often, the audience for key reports is leaders from sales and marketing, or hotel GMs. An RMS needs reporting that is intuitive for collaborators who don't have significant RM expertise to understand. Look for a user interface with at-a-glance views that make it easy to align cross-functional teams on decisions.
- **Data source handling:** Users often need to look at data from more than three different systems in order to do a solid analysis. Collecting this data from systems and combining it manually into ad hoc reports is time-consuming. Instead, users need a single place where all their relevant data resides for analysis.
- **Usability:** Many users complain about the lack of understandable reporting. Too much noise and not enough visualization are chief concerns. Look for a provider with actionable, easy-to-understand screens and reporting frameworks.
- **Configurability:** Many have customer reporting needs not fulfilled by the out-of-the-box reporting features in legacy RMS systems. While custom reports can be built, the lead time and expense often frustrate hoteliers. Look for a provider with easy-to-customize reporting in addition to standard reports.



- **Feeds BI platform:** More and more, revenue management teams are turning to robust, standalone business intelligence tools — such as Tableau and Power BI — to meet their reporting needs as well as the broader BI needs of the organization. Look for a provider with easy, reliable data export into your systems. There is a tremendous opportunity to make reporting more forward-looking by feeding the RMS demand forecast into reporting platforms.

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## APPENDIX: In-Depth RMS Needs & Analysis

Change Management			
	1-property DORM	Multitasking RM	On-property GM
Build case for change	Experience getting buy-in		
Organizational engagement	Experience getting buy-in		
Proving success	History of rigorous benefit analysis		
Training	Intuitive system, quality training		

Introducing an RMS to a new organization produces tremendous ROI. Advances in RM technology can make switching RMSs a gamechanger in terms of efficiency, productivity, and FTE savings. However, historically, the work and hassle involved in the process — from evaluating stakeholder needs to training staff — has been so onerous that many RM leaders are reluctant to break from status quo. But the right partner will facilitate this work, making the process smooth and the ROI of a new RMS attainable.

- **Building the case for change:** Look for a partner who takes a thoughtful, consultative approach, working to understand your unique needs and help determine how the RMS can be implemented and configured to best fulfill them. Tying those needs to driving value and stopping revenue leakage is also critical in creating a business case for change.
- **Organizational engagement:** Particularly for enterprise hoteliers, RM organizations have the most success adopting new RM technology when they get both leaders and individual revenue managers who would use the system — along with cross-functional stakeholders from sales, finance, etc. — aligned around the change. Look for a partner that will facilitate the needs-based conversations and decision making required to advance the introduction of a new system.
- **Proving success:** Since the purpose of an RMS is to improve revenue, there is often a high bar for success with a new system. The right RMS provider can help you explore a variety of metrics to measure success. For enterprise hoteliers, that might mean a pilot with a test versus control analysis that measures revenue uplift. But that often requires a group of 30-plus test hotels with comparable control hotels. For smaller groups, it might make sense to look at the metrics that drive revenue, such as forecast accuracy and adoption. If those metrics show success, revenue will follow. Look for providers that have a track record of

measuring success with a high degree of rigor and who can advise on the right way to measure success for you.

- **Training:** RMSs have historically been complex, so training and retraining staff — with a wide range of RM expertise — has become a big burden for many hoteliers, especially in times of high turnover. Eighty-hour certifications are not uncommon. But in the modern era, how many solutions really require multiday training to use them effectively? Look for an RMS that is intuitive and has in-app training that makes rigorous, extended courses unnecessary. And look for a partner that can provide brief upfront training on best practices.

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## APPENDIX: In-Depth RMS Needs & Analysis

Implementation			
	1-property DORM	Multitasking RM	On-property GM
Data evaluation and tailoring	Deep data experience		
Ongoing system configuration	Rigorous testing, periodic tune-ups		
2-way integration & guidance	Meticulous support		

Too often, RMS providers close the sale and hand you the keys. This failure to skillfully tackle the upfront work necessary for a successful launch, day-to-day management, and ROI is what dooms many partnerships.

- **Data evaluation:** Look for a partner that has the skill and desire to dig into your data, understanding how it connects with your business and ensuring the math is a fit with both the data and the business.
- **System configuration:** Your RMS provider should pressure-test the elements of your configuration before taking you live. It's important they check forecast accuracy and work closely with you to help define the right competitive set for pricing decisions before launch, among other things.
- **Integration:** Systems integrations are notoriously difficult. Even today's "standard" integrations with popular PMSs and other systems can be buggy. Look for a provider that is meticulous in their evaluation and QA of integrations.

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## APPENDIX: In-Depth RMS Needs & Analysis

Support			
	1-property DORM	Multitasking RM	On-property GM
Model recalibration	Automatic, continuous		
Troubleshooting issues	Quick resolution		
Adoption	Measure and support		
Insights	Proactive, impactful		
Software updates	No additional cost		

When revenue leaders talk about the importance of partnership, they're often talking primarily about the need for first-rate day-to-day support. For many, the quality of support they receive is a defining factor in the success of their overall revenue management program.

- **Model recalibration:** If it wasn't obvious before, the pandemic has made it crystal clear that "once-and-done" model calibration is dead. The best ROI is only possible when models are recalibrated on an ongoing basis to ensure peak optimization despite changing market circumstances. Ask providers how often their models are calibrated — and if calibration is automatic or if you have to request it each time. Also, look for a provider that will proactively review recalibration results with you and your users.
- **Troubleshooting:** When revenue managers spot a bug or have a question or concern, they need quick help from an experienced revenue management professional who knows the RMS inside and out. The best RMS providers can explain things like counterintuitive rate recommendations to maintain users' confidence and trust in the system.
- **Adoption support:** Adoption is a longstanding problem with RMSs. If users don't know how to use the system or prefer to go around it, there's no point in having one. But the burden of ensuring adoption should not fall solely on the hotel or revenue management team's shoulders. Providers should take a prominent role, proactively monitoring and reporting on adoption and working with you to build trust with less savvy or skeptical users. Answers to key questions should be available both in the system and in discussions with support personnel.
- **Insights:** Revenue leaders often say that they want their account manager to act as an "extension" of the team. What this speaks to is their need to have more hands on deck to

help with revenue management, especially in light of recent staff reductions. They need a lot of help, they need it to be proactive, but they also need it to be high-quality. The more experienced, knowledgeable, flexible, and communicative the AM or CSM, the better. Examples of key insights might include guidance on overall demand or pricing trends across hotels and markets.

- **Software updates:** Modern software providers include new features and functionality automatically in new releases, with no additional cost to customers. And they limit upselling to modules that provide substantial, net-new functionality that adds significant value in order to save you costs and additional conversations with decision makers.

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## APPENDIX: In-Depth RMS Needs & Analysis

Investment & Return			
	1-property DORM	Multitasking RM	On-property GM
Cost	Value and flexibility key		
ROI	RevPAR, efficiency		
Try before buy	Offer pilot		

At the end of the day, investment and return factor heavily into the case for an RMS, just as they do in all business purchasing decisions. Despite the high return that a strong RMS provides, the traditionally high cost has been an obstacle for hoteliers big and small. But during the post-COVID recovery, the need for a low-/lower-cost solution — and now greater contract flexibility — is even more pressing for hoteliers.

- **Cost:** Hoteliers everywhere are concerned about cost. The good news is that modern cloud-native software simply costs less than legacy systems, even providing greater value for small hotels where the business case didn't previously compute. Look for cloud-native software and ask providers what kind of financial flexibility they can offer. For example, can they be flexible with upfront fees, or provide a discount early in the contract when recovery is still taking hold?
- **ROI:** Everyone knows RevPAR uplift is the primary way to judge ROI. But for revenue management teams that already have a system and are contemplating a new one, benefits like efficiency and savings are sometimes even higher on the list. ROI is not always as easy to measure as it sounds, especially for smaller hoteliers, so look for a solution that has proven ROI in rigorous test versus control studies to give your organization confidence in your business case.
- **Try before you buy:** For enterprise players, pilots are a great way to validate ROI before a contract commitment. While you may not be able to measure revenue uplift in a pilot with just a few hotels, you can measure the factors that underlie revenue uplift, like forecast accuracy and adoption of pricing recommendations. What's more, a pilot helps revenue management leaders get feedback from the day-to-day users of the system to make sure it's the right fit moving forward.

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