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## INTERVIEWS

### 'We are looking at creating meaningful solutions to address revenue management for the long term' - **Dr Ravi Mehrotra, President & Founder, IDEaS**

IDEaS, a leader in revenue management software services has recently organised a Hotel Revenue Management and eCommerce Conference in Delhi NCR to understand the perennial issues related to maximising revenue management in Indian hotel industry. **P Krishna Kumar met Dr Ravi Mehrotra, President & Founder, IDEaS** to understand the need for deploying foolproof technologies

Monday, July 07, 2014, 10:00 Hrs [IST]



**DR RAVI MEHROTRA**  
 President & Founder,  
 IDEaS

**Q. The rapidly changing business climates and unpredictability of global situations make business decisions difficult to take for every industry. In the unfolding situation, how critical is it for hotel industry to have right pricing and revenue management systems in place?**

**Ravi Mehrotra:** It is important that hotels are equipped with right tools to fix the price when there is volatility in the market. When demand is very high, hotels can get away with mistakes and still make money. But when demand is low and uncertain, it is important to flag the right price. This can be done only with the help of right tools which provide right data. Therefore, it is vital for businesses to have the right data to understand how things are

going to unfold in future and evolve decision systems to maximise revenue.

At IDEaS, we empower the industry with information that can be derived from the data, and help them take rational decisions regarding pricing and revenue management. In the absence of right data, hotels tend to sell their inventory either cheaply or sell at higher a price. Selling their inventory below a certain price would not help because the additional demand they generate would not help generate the required revenue to run the business profitably. On the other hand, selling at a higher price would hamper the future demand.

**Q. How the Indian hotels are evolving to the modern concepts in pricing and revenue management and how IDEaS is looking at the opportunity being offered by markets like India and China?**

**RM:** The Indian hotel industry has made rapid progress in the last few years, which was unheard of before. They understand the value of effective revenue management. However, they are not still at par with the western world. We, at IDEaS, really want to embrace the market inertia especially in India and China and other markets in Asia. The number of hotels coming up in China alone far outnumber the total hotel projects in rest of the world. The local hotels in these markets are keen to understand where they are lagging behind in revenue management compared to established chains.

We have several clients in these markets, especially international chains. Now we want to concentrate on Indian brands whose footprint is largely in India. We want to bring same kind of expertise we deliver to international chains like Hilton and Hyatt to Indian brands. It's a fact that Indian chains have the potential to reach the level which international hotel chains reached in lesser time, and can compete effectively with them. As a result, we have developed the system that can easily be adjusted to address the requirements of various segments of the hotel industry.

**Q. Hotels do sell their inventory through multiple channels – own website, OTAs, offline agents, etc. Is it important for hotels to minimise the distribution cost and maximise revenue? How can hotels balance these two?**

**RM:** The cheapest way for any hotel is to have guests walking in directly and booking their rooms. But, that alone doesn't generate enough demand for their inventory. So, they approach different distribution channels to sell their inventory. However, there is cost involved in selling inventory through these channels. The cost involved is not uniform. It differs from channel to channel. Because of this, it is incumbent upon hotels to decide how much do they sell and through what channel. The strategy should be to optimise revenue at the minimum cost. It is also vital how hotels get into negotiations with these channel partners. Certain channels demand the cheapest rates possible from the hotels. Then they mark up rates to maximise their own revenue.



**Q. How did acquisition of IDEaS by SAS, a world leader in business intelligence and analytics company, help you in servicing hospitality clients in a better way?**

**RM:** SAS has developed a lot of tools for forecasting, revenue optimisation, etc., which are tried and tested in large number of business domains. Building revenue and total revenue management systems from scratch is a cumbersome process. IDEaS today, has access to various pre-fabricated systems and data that SAS has developed and we can join them together to present a viable solution for the hotel industry. SAS, over the years has moved from business analytics company, to a solution provider company. As a result, IDEaS is now able to cater to multitude market demands, especially markets where there is increasing demand for dynamic pricing tools.

**Q. Could you elaborate on new solutions that IDEaS is pushing forward and also the investments you are planning in the Indian market?**

**RM:** In order to think about future and make sure that we address total revenue management, we needed to create a platform that allows hotels to make that happen in a reasonable way. Research indicates that it is difficult for hoteliers to understand the potential implications of various inputs. Therefore, previous solutions were not designed with futuristic long term view. Having said that, certain hotels can still get away with the existing systems but, certain others depending upon their locations and other factors would require systems with added features. Hence, it is important to have multiple products to cater to future demands. With this goal, we have increased our investments in India and China markets. We have 150 people working in our Pune office. It is from India we plan to support our clients worldwide.



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