Celebrating Our First 25 Years

IDEaS Looks Back on a Quarter-Century of Redefining Hotel Revenue Management

How quickly the time has passed. Over an intensive 25-year period, IDEaS Revenue Solutions has evolved from a shared vision into the world’s leading provider of hotel revenue management technology and expertise. Hundreds of IDEaS employees now empower thousands of hotel professionals to perform their jobs with exceptional speed, precision and profitability.

IDEaS has faced both challenge and achievement in its rise to global market leadership. But through it all, the company has remained true to its original motivation: to help businesses base complex revenue decisions less on “gut instinct” and more on empirical science and predictive analytics, achieving optimally priced services on an ongoing basis.

Thanks in no small part to the work of IDEaS, these capabilities are now an economically feasible and increasingly powerful reality for hoteliers of every size, in every sector, and in all markets. The pricing-focused revenue management systems pioneered and perfected by IDEaS are now an industry standard, universally accepted as a competitive necessity.

Company Highlights

- 1989: IDEaS founded
- 1990: Northwest Airlines chooses IDEaS to provide world’s first network optimizer for airline revenue management
- 1990: Concept of “bid price” invented
- 1992: USAir chooses IDEaS to provide segment-based optimizer
- 1995: IDEaS IDEaL/YIELD client server-based solution introduced
- 1996: Shangri-La Hotels and Resorts, Hilton International become key clients
- 1997: IDEaS UK, Sydney and Singapore offices open
- 1998: IDEaS India office opens
- 1998: IDEaS for Success program launched
- 2003: IDEaS RMS “Software as a Service” launched
- 2006: IDEaS expands into China
- 2008: SAS acquires IDEaS
- 2010: Hilton Worldwide, SAS and IDEaS begin development partnership
- 2014: Installed base exceeds 5,000 — more than 840,000 rooms in 94 countries
Small Start, Big Ambitions

This story begins in the late 1980s. Two computer scientists who knew each other in India are now working in the United States. Dr. Ravi Mehrotra has earned his Ph.D. and is teaching Electrical and Computer Engineering at North Carolina State University. Sanjay Nagalia has also earned his advanced degree, and has built a career in product development with several global businesses.

On a chance encounter in Chicago, Ravi and Sanjay got to talking about their careers and aspirations. It became clear they shared a belief that technology can best solve the problem of revenue optimization for businesses facing unpredictable fluctuations in demand.

Things moved rapidly from there. In 1989, a company named Decision Systems (changed shortly thereafter to Integrated Decisions & Systems, Inc., or “IDEaS” for short) was founded, with an initial focus on developing client server-based revenue management systems for the airline industry. IDEaS set up shop in Minneapolis/St. Paul and primarily served Northwest Airlines. However, Ravi and Sanjay soon discovered another market that could greatly benefit from automated revenue management systems: hotels.

“Hotel businesses were used to managing revenue in a very manual and subjective way, and much education was required in terms of how automated revenue management technology could benefit them,” Sanjay said. “In fact, we were known as the ‘crazy scientists’ early on. But as we began to prove how our technology helped revenue managers and hotel businesses perform better, this label became a positive thing.”

Ravi and Sanjay worked intently to understand the industry and the specific revenue challenges of hotel businesses. They reverse-modeled everyday hotel revenue problems to fully understand each factor and its business impact. Focusing on length of stay and overbooking, their earliest systems were a success. From there, the automated revenue management concept gained traction quickly, thanks in part to two major hoteliers becoming the earliest IDEaS clients: Shangri-La and Hilton International.

Hitting Stride

Although early IDEaS systems focused on inventory control based on the technological capabilities of the time, IDEaS leaders suspected that the true revenue problem for hotels involved pricing — specifically, price and demand. Advances in data analytics and processing power would soon confirm this suspicion. IDEaS software began equipping hotel revenue managers to use pricing as a lever to calibrate demand in a way that supports their business objectives, empowering them to make profitable decisions regarding which guests should be granted rooms and at what rate, at all times.

This pricing focus launched IDEaS onto a path of many breakthroughs, changing the landscape — and the language — of revenue optimization forever. Many of today’s industry-standard terms such as bid price, hurdle rate and Last Room Value (LRV) were coined or based on the work done by IDEaS. It was also the first organization to introduce systems that included modules to support Best Available Rate (BAR), Group Pricing and Evaluations and the incorporation of competitive web rate data into pricing recommendations. And as business picked up and new challenges arose, the transformations continued as IDEaS added a talented team of seasoned business professionals to its core, many with vast hotel industry knowledge.

Over the next ten years and through some challenging economic events, the concept of automated revenue management continued to gain momentum. IDEaS solutions were put to work in some of the world’s top hotel businesses ranging from the Las Vegas Sands and Travelodge to iconic hotel companies like the Dorchester Collection and the Mandarin Oriental Hotel Group. IDEaS also began serving many regional brands such as Maritim and international brands such as Fairmont Hotels and Resorts, Sun International and many others.
Global Expansion

As its international client base grew, IDeaS opened several full-service offices around the world to continue providing highly responsive sales, service and support. The company currently complements the Minneapolis-based IDeaS corporate headquarters with regional headquarters in Europe, Asia-Pacific and Greater China.

With this expansion of the IDeaS global client base came a new challenge: integrations. Hoteliers in different parts of the world were using a variety of technology platforms for their property management, central reservations, channel management and competitive rate shopping systems. Seamlessly delivering information from one system to another was critical. Over a period of several years, IDeaS invested significant resources toward ensuring that its technology worked with the most popular hotel information systems in use around the world. The result is the broadest compatibility of any revenue management solution on the market, today comprising more than 100 certified integrations worldwide.

In 2003, with the emergence of new technologies and an uptick in demand, IDeaS began developing solutions that were accessible anywhere, at any time and for all budgets. Its new web-based Software as a Service (SaaS) offering enabled fast implementation and updates with no onsite installation — an introduction that sparked yet another shift across the industry, freeing hoteliers from the limitations of expensive client-hosted servers.

IDeaS continued to diversify and expand from there, developing an exhaustive service, support and consulting portfolio and adding new capabilities to help revenue managers keep pace with evolving market demands. In 2008, IDeaS was acquired by SAS, enabling IDeaS solutions to leverage the world’s best business analytics capabilities — and again redefining what is possible with hotel revenue management.

Eagerly Looking Ahead

It has been a period of unprecedented innovation for IDeaS, resulting in a comprehensive suite of solutions built around its flagship product, IDeaS Revenue Management System (RMS). The company’s portfolio now includes revenue optimization tools for independent properties, global enterprises and all hotels in between, with systems ranging from forecasting and pricing systems to fully loaded revenue management solutions.

IDeaS’ 25th year has been especially prolific, with the introduction of:

• IDeaS Mobile RMS, the world’s first mobile app for making time-sensitive revenue decisions on the go.
• IDeaS Revenue Performance Insights™ (RPI) — highly visual, dynamic reporting and business intelligence software that greatly enhances the hotelier’s ability to report, analyze and act on performance data.
• IDeaS Reputation Pricing module for IDeaS RMS — another industry first — that allows hotels to use their current online reputations as a criterion for making pricing decisions (launch forthcoming).
• IDeaS G3 Revenue Management System (launch forthcoming), making the most scientifically advanced forecasting, modeling, pricing and transactional data capabilities to date available to hoteliers around the world.
• IDeaS Function Space Revenue Management (launch scheduled for late 2014) — as the industry is eager to move revenue management beyond rooms alone, IDeaS will unveil the industry’s first solution for optimizing function space.
Equally important, IDeaS’ best-in-class technology is surrounded by comprehensive training, support and consultation programs to ensure clients get the best performance and highest returns from their investments. Conducted under the IDeaS for Success banner, these services are internationally recognized as one of the world’s best, contributing to the company’s client retention rate of more than 95%.

What does all of this mean for more than 5,000 IDeaS clients worldwide? They can be confident they’re making the most intelligent and profitable pricing decisions possible — and will continue to do so by partnering with a proven leader that will anticipate and develop solutions to solve the next big industry challenge. And the next.

“We have much to celebrate looking back on 25 years of focusing on what’s next and driving innovation for those we serve,” Ravi said. “I am proud of our accomplishments and we feel lucky to partner with so many forward-thinking hoteliers. Our clients share in the IDeaS success story, and we look forward to many more collaborative successes in the future.”

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**About IDeaS**

Founded in 1989, IDeaS Revenue Solutions - a SAS Company, offers industry-leading pricing and revenue management Software, Services, and Consulting to the hospitality and travel industries. Headquartered in Minneapolis, Minn. with a global technology center located in Pune, India, IDeaS maintains sales, support and distribution offices in North & South America, the United Kingdom, Europe, Middle East, Africa, Greater China, Australia and Asia. For more information, visit [www.ideas.com](http://www.ideas.com).

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