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Vegas nights

Atlanta technology company's revenue optimization software growing in popularity

Atlanta Business Chronicle - by [Lori Johnston](#) Contributing Writer

Some of the country's largest casino operators, hoteliers and residential multifamily companies attribute a shower of success in setting rates to The Rainmaker Group Inc.

The Alpharetta-based profit optimization company has experienced double-digit growth nearly every year since starting in 1998.

Clients using its revenue optimization software represent more than 500,000 rooms and apartments owned by companies including **Boyd Gaming Co.**, **Trump Entertainment Resorts**, Harrah's Entertainment, **Omni Hotels**, **Post Properties Inc.** and Julian LeCraw and Company Inc.

Their automated products allow companies to set rents and hotel prices, updated daily based on factors including past history, market conditions and guest profiles.

The privately held company, which has used no venture capital money, expects to reach \$10 million in revenue in the near future, said Bruce Barfield, president and principal.

"They've got a couple of great products that are the industry leaders," said adviser Mitchell Kopelman, a partner at Atlanta CPA firm Habif, **Arogeti & Wynne LLP**. "They have just captured the market, domestically, and [are] starting to do so internationally."

Rainmaker has done it with a small client base of 31 customers over 10 years, with an average agreement term of 4.3 years.

"We realize we've been really successful by having deep relationships with fewer customers," said Tammy Farley, executive vice president and principal for The Rainmaker Group.

The company is continuing to grow products in the markets it serves, but remains committed to staying small, she said.

"They definitely know what's going on in the business of their customers, in a good way, to help the customers," said Doug Krevolin, an attorney with **Krevolin & Horst LLC**.

Roll of the dice

The Rainmaker Group early on developed sales and marketing applications for the airline

industry. The company decided to make the casino sector a focus just before the Sept. 11 attacks hurt the airline industry. The Rainmaker Group had acquired a revenue optimization product that some in the casino industry were using.

Before software was available, setting hotel room rates was like "flying the space shuttle with a compass," Barfield said.

Rainmaker asked casino customers for their critical issues with the software, which the company named Revolution. The top 10 changes were delivered within eight months.

"Customers [have] seen success and felt like we've done the job we've set out to do," Farley said. "That has been our best selling strategy."

The casino market comprises about 70 percent of Rainmaker revenue; clients include six of the top 10 casino companies, Farley said.

The software analyzes the value of a customer, in terms of anticipated spending on gaming, food and beverage, and spa services, factored with property demand, instead of room revenue only.

"It's much more important for them to know they've got a good player in the room," Farley said. "They will give the room away to have a high-value gamer in the room."

But she added that saying no to a particular customer could cost a company tens of thousands of dollars on the casino floor.

Boyd Gaming Corp.'s Lyra Hynie said Rainmaker has a better understanding of the gaming industry than competitors and is able to customize the system for each property. The software has enabled Boyd to increase cash revenue 4 percent.

Hynie, corporate director of hotel yield and teleservices for Boyd, added that Rainmaker's customer service stands out. She has company officials' cell phone numbers and appreciates the ability to be part of "user groups" in which company officials meet annually to plan changes to existing software and new products.

"We have a strong track record of our product innovation being driven from our customers," Farley said.

Tom Walker, who worked for The Rainmaker Group for four years and in December took a position as vice president of revenue management for Omni Hotels, said non-gaming hotels also can expect anywhere from 4 percent to 8 percent increases by employing the software.

Moving in

It took longer for tools to migrate from the hotel, airline and rental car industries into the apartment space, primarily because turnover is typically only every 12 months, said Tom Wilkes, president of Post Apartment Management. Rainmaker entered the market in 2005 by taking over development and support of Lease Rent Options (LRO) software developed by Archstone. They branded it: revolution LRO.

Previously, lease rates were set by mid-level executives using analytic tools but "nothing as sophisticated as the wave of revenue management software that has been introduced to the multifamily segment," he said.

Farley said apartment companies set rates in the past based on gut feel, adding it's "great 80 percent of the time; 20 percent of the time it may be the wrong thing to do."

Post, which has about 23,000 apartments in more than 60 properties, has used the LRO software since 2006. Rents, which can change daily, are transmitted to its Web site, Internet listing services, on-site leasing consultants and 24/7 contact center.

Wilkes said the software approaches the process in an unemotional way by evaluating historic demand and supply at the property and on a unit type basis. As a result, prices might increase on units in greater demand.

Rainmaker looks at more than 225 data points daily to balance supply, demand and pricing to make recommendations, said Pat Flanigan, the company's vice president of sales in the multifamily sector.

He said the LRO software produces top-line revenue enhancement of 3.1 percent to 5.2 percent to multifamily clients. For an average multifamily owner with 5,000 units at \$1,000 average rent, LRO could produce anywhere from \$1.8 million to \$3 million in additional rental income over and above current pricing policies.

"Basically the clients will look at it and go, 'I kind of need this software because it's going to help me through all the peaks and valleys,' " Flanigan said.

Wilkes agreed with gaming and hotel clients that one of Rainmaker's strengths is its responsiveness to

their desires for improvement and enhancements.

"They have allowed us to be a part of reviewing changes for the next edition," he said. "Instead of executing these in a vacuum, they brought us into the process."

The company's challenge, say advisers and executives, is to manage the growth as Rainmaker becomes a larger company in its second decade in business.

"We just really try to stay small, stay organic and stay involved," Farley said.

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