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Middle Eastern Travel Industry to Face Profit Challenges Despite Growing Occupancy Rates

MAY 8, 2008 – According to the latest research from the World Travel & Tourism Council (WTTC), global tourism is expected to increase by 3.3% in 2008, in terms of total Travel & Tourism Demand, with growth averaging 4.4% annually over the next ten years. There are predictions that around US\$3 trillion will be invested in Middle East tourism and infrastructure during the next 20 years. In the first quarter of 2007 alone, more than US\$2 billion was invested in the hotel sector. Although occupancy rates are inclining in the line with these developments experts warn for possible profit falls due the lack of revenue optimization by the industry.

“This year’s ATM is the clear demonstration of the new era Middle Eastern travel and tourism sector has reached. It is a platform which not only showcases the success stories but also reveals many challenges ahead for the region. There is a clear urge for implementation of revenue optimization in the region by delivering critical decision solutions to hotels, analyzing market behavior and capturing revenue opportunities, as well as expanding competitive set performance, pricing and forecasting business demands for the hospitality industry.” said Fabian Specht, Director of IDeAS Revenue Optimization - Europe, African and the Middle East, the premier provider of hospitality revenue optimization solutions and services.

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Many hotel chains are already pursuing aggressive expansion plans in the Middle East. From budget brands through to luxury palaces, everyone is keen to get in on the action. Regional player Rotana Hotels and Resorts is set to double its portfolio to 53 hotels by 2010 and Marriott International, which currently has 22 hotels in the Middle East, will add 16 more, offering 3,515 rooms by 2010. While most people connect only the high end of the market with the Middle East, there is considerable activity in the budget sector. Istithmar, for example, is transforming the budget accommodation landscape with the easyHotel master franchise. It will be investing more than US \$400m as it rolls out 38 easyHotels across 17 countries, adding more than 38,000 budget rooms over the next five years. The new design concept fits the brand image, so building and opening up these properties for business will be quick and easy. The first to open in Dubai will be located at Al Karama and will be ready for business in early 2008.

IDeaS underlined that revenue optimization is about selling the right product to the right customer at the right time and at the right price. By controlling factors such as length-of-stay, availability and overbooking, revenue optimization practices can increase revenue, profitability and property valuation for hotels by increasing length of stay and monitoring supply and demand to affect offered rates.

Meanwhile the region is also witnessing new trends within the hospitality sector such as Shari'a-Compliant hotels. Almulla Hospitality's chairman, Abdulla Almulla, said that the demand for Shari'a-Compliant accommodation is on the increase and represents 10 percent of the world tourism market.

IDeaS solutions represent a real breakthrough for hoteliers including both large chains and single properties, from the budget sector to luxury. IDeaS provides a clear vision of the hoteliers' data, thus allowing companies to gain greater control over their business. More specifically, IDeaS V5i Revenue Optimization solution consists of a core product and several add-on modules delivered on-demand via the World Wide Web. As the premier provider of enterprise revenue optimization solutions, IDeaS enables hotels to understand, anticipate and react to consumer behavior in order to maximize hotel-wide revenues and profitability.

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About IDEaS Revenue Optimization

IDEaS Revenue Optimization is the premier provider of enterprise revenue management and optimization solutions and consulting. By providing Forecasting, Optimization and Pricing solutions and services, coupled with IDEaS' On Demand Software as a Service (SaaS) applications, IDEaS can help make an immediate impact on company revenue and profitability.

IDEaS goal is to work hand-in-hand with clients to identify strategically important, complex business problems and then develop unique revenue management and optimization strategies that enable global organizations to understand, anticipate and react to consumer behavior in order to maximize company-wide revenue or profits.

Headquartered in Minneapolis, Minnesota, IDEaS maintains global technology, support, sales and distribution offices in North & South America, the United Kingdom, Europe, Africa, Middle East, Australia and Asia. For more information, visit www.ideas.com.

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