

RSI International Systems Inc.

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RSI International Systems looking to scale up with its innovative hotel property management system

With so much of our daily lives now dominated by online software aided delivery, it's hardly surprising that the hotel sector is also embracing this kind of technology.

A property management system, or 'PMS', lies at the core of managing the cycle of a hotel's business - all the way from the initial online booking, to backroom administration, accounts and housekeeping.

RoomKeyPMS is the product at the heart of Toronto-listed RSI International Systems Inc's (CVE:RSY) ("RSI") business, and significantly, it was among the first cloud-provided software in the hotel marketplace.

Established technology...

The firm's now well established technology has been around since around 2003 and has continuously evolved.

It is aimed at making all aspects of life for hotels easier, reducing costs and increasing their profitability.

New man at the helm of RSI, Tim Major, who became chief executive in April this year, is now busy on what he calls a "incremental innovation strategy".

This should increase both the number of clients on the books and the average deal size, as well as, scale up the business.

"I think we're at a pivot point in the hotel industry, especially for independent hotels, in that they've been running a lot of legacy, antiquated systems which are not taking into account the shift of consumers going more self-serve activities - the Ubers and the Lifts..," he explains...

".. you're also seeing a lot of demand in general travel. This is creating a lot of opportunities for providers like us."

All aspects of operation managed..

The majority of RSI's clients are the independents single and chain properties rather than the larger flag chains, and Major explains how the software can manage all aspects of the hotel operation.

Users can also connect via the system to booking websites like Booking.com and Expedia, so all aspects of the customer experience are covered.

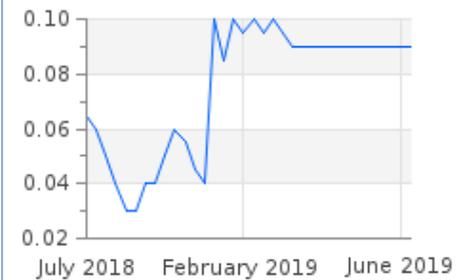
One testimonial on the firm's website from the Executive Hotels chain outlines how RoomKey has enhanced the group's efficiency and its labour force, which has translated to the "bottom line".

It also has allowed the group to put the system on their housekeeping staff's tablets, so every aspect of work can be

Price: C\$0.09

Market Cap: C\$3.3M

1 Year Share Price Graph



Share Information

Code: RSY

Listing: TSX-V

52 week High Low
C\$0.12 C\$0.03

Sector: Software & Computer Services

Website: www.roomkeypms.com

Company Synopsis:

RSI International Systems Inc. 's (TSX-V: RSY) RoomKeyPMS ("property management system") is cloud-hosted software that makes running a modern hotel easier. By interfacing and connecting to disparate hospitality systems it helps hoteliers know more about their business and customers, so they can manage costs and increase revenues.

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recorded by all staff.

Being cloud-based means hotels can download SaaS updates every few months, which Major explains improves security and regulatory adherence for clients, and also reduces costs.

The payment model is a subscription one, where hotels sign up on a 36 month basis and payment is taken every three months. Recurring revenues for RSI are approximately 90%.

The RoomKeyPMS system is used by over 800 hotels and handles over 20mln client transactions annually. Major has ambitious plans to take the group forward and expand these numbers, saying that of the 60,000 hotels in North America, 30,000 of them fit into its target market.

With an emphasis on adding features to the technology and increasing deal size, he says the next stage will be to try and increase wallet share by providing customers with incremental value-added features and applications.

Notably, the company is also moving rapidly towards becoming free cash flow positive, which, Major says, should happen in the near future.

In summary, the RSI investment case is that this innovative business is growing, has high recurring revenue streams, and is nearing free cash flow positive.

The hotel technology market is a fragmented one, offering product extension as well as merger and acquisition (M&A) opportunities, which would increase market share and scale up RSI yet further.

This should certainly be an exciting stock to watch in coming months.

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