



TravelClick CEO Robert Post | Photo: John R. Boehm

From this week's Focus

34. TravelClick Inc., Schaumburg

By: Alexis Jeffries June 02, 2008

2007 revenue: \$154.4 million

Four-year growth: 230%

Profitable? Yes

Local employees: 144

Worldwide employees: 406

Looking for a room? Forget the phone. From business

travelers in Beijing to honeymooners in Hawaii, nearly half of all hotel reservations are now booked online. And the numbers are growing.

That's good news for hotels because it cuts out travel agents and reduces staff needed to take phone reservations. The downside is that many of these guests are booking through sites like Travelocity and Expedia. That fills rooms, but hotels can lose up to half of the room price in fees and discounted rates with this "merchant model."

"The hotel industry has a love-hate relationship with the merchant model," says Bob Habeeb, owner of First Hospitality Group, a Rosemont-based hotel manager and developer. "Internet is a third of our reservations, and we'd like to avoid the merchant model to keep money in our pockets."

That's why TravelClick's business is booming. Founded in 1999, the company helps hotels drive traffic to their own sites so guests book with them directly. TravelClick has grown to 12,000 clients in 140 countries, cashing in on a rise in tourism and a hotel building boom from Shanghai to Chicago, where a dozen downtown hotels, like client Trump International Hotel & Tower, are going up.

"The Chicago hotel market had the busiest year in 2007 in almost a decade," Mr. Habeeb says.

Twenty percent of TravelClick's revenue comes from big chains like Hilton, Hyatt and Marriott. Four- and five-star hotels and smaller chains provide the rest. The company's biggest growth has come from sales of iHotelier, a single-screen reservation system that allows guests to select dates, choose rooms and view photos on the same page of a hotel's Web site. Last year, TravelClick beefed up its products by buying Phoenix-based Blue Square Studios, which creates software that lets hotel staff make instant updates to a hotel's Web site, like restaurant menu changes.

TravelClick's other big moneymaker is its market analysis — reports that compare a hotel's financial and booking performance against competitors and provide data like where its reservations come from and which pricing strategies aren't working. These are particularly popular with private-equity firms that are buying up hotel chains and demanding high returns on their investment.

Two years ago, TravelClick opened an office in Dubai to serve growing markets in Africa and the Middle East, where luxury hotels are going up by the thousands. It also has sales offices in Barcelona, Tokyo, Shanghai and Melbourne, helping overseas sales rise to 45% of its business. "Hotels are always a local business," says CEO Robert Post, 47. "You have to have your people where your clients are."

In December, TravelClick founders Richard Gray and Ray Cohen and their partner, private-equity firm Bain Capital Partners Inc., sold the company to GenStar Capital LLC, a private-equity firm in San Francisco, for a price they won't disclose — a deal expected to fuel TravelClick's next expansion.

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