

## HOSTAR INTERNATIONAL, INC.

The ProHost® System represents a significant departure from current industry practices in the organization of “Heart-of-the-House” services.

Combining process and equipment, the ProHost® System ensures seamless, just-in-time delivery of linens, amenities and supplies to the guest floors and function rooms. ProHost® complements the appearance, operational goals and quality service objectives of hotel management while adapting to the physical layout of the individual properties. Hostar International, Inc. uses its expertise in housekeeping and F&B operations to design and implement solutions customized to the needs of each hotel.

The ProHost® System generates significant savings in costs per occupied room night. Productivity improvements with the System reduce on-going labor costs. Lower linen and supply expense result from centralized inventories and just-in-time distribution controls. Improving service levels while reducing operating costs is the driving force behind ProHost® System implementation in more than 90,000 premier hotel rooms worldwide.



## hostar international, inc.

M O B I L I Z I N G   S M A R T   H O T E L S

At Hostar International, Inc. we recognize that a commitment to the ProHost® System is a significant financial investment. Key decision-makers require solid return-on-investment information in order to proceed. To that end, Hostar International, Inc. continues to conduct, in partnership with its customers, baseline studies that document the financial returns.

The source of the productivity improvement and expense savings lie in the operational improvements offered by the ProHost® System to today's managers.

The following pages contain examples of case studies conducted with a number of prestigious hotel chains. All studies contain detailed accountability that compares before and after performance. We welcome interested parties to look at the financial savings that can be recognized with the assistance of Hostar.

**FINANCIAL CASE STUDY**

*The New York-New York Hotel & Casino and Caesars Palace, Las Vegas provided the following return-on-investment information. The comparative analyses were conducted by Hostar in partnership with their housekeeping and financial managers in 1998 and approved for release to the industry by hotel management. The information presented here is in the form of data ranges and/or averages.*

<b>CHAIN:</b>	<b>NEW YORK-NEW YORK</b>	<b>CAESARS PALACE, LAS VEGAS</b>
Size:	2,034 Rooms	2,665 Rooms
Type:	Casino / Resort	Casino / Resort
Year:	1996	1995 / 1997

**1. LABOR & BENEFIT SAVINGS**

Both properties achieved sustainable increases in room attendant productivity. The average for the two properties was a 1.01 increase in room attendant credits per housekeeper per shift. The result was an average annual 7.3% improvement in room attendant productivity versus the prior year’s productivity. The savings in labor costs ranged from 5.5% to 7.5% per occupied room night.

**2. EXPENSE SAVINGS**

One property achieved savings of \$0.20 in guest supply expense per occupied room night. *(A comparative analysis for the second property was not possible due to changes in the baseline product mix.)*

**3. REDUCTION IN WORKER’S COMPENSATION**

ProHost® Systems in both properties are credited with greatly improving working conditions for housekeeping staff. Early evidence suggests the Power-Assist Mobiles are sharply reducing the number and dollar value of workers compensation claims.

**4. TOTAL SAVINGS**

Both properties met or exceeded their return-on-investment objectives.

	<i>Percentage Improvement</i>	<i>Savings Per Occupied Room Night</i>
Salary and Benefits	5.5 – 7.5%	NA
Guest Supply Expenses	NA	\$0.20

**FINANCIAL CASE STUDY**

CHAIN: SHERATON  
 Size: 1,100 Rooms  
 Type: Business / Convention  
 Year: ProHost® System Installed – 1993  
 Data: Annual Financial Statements 1993 - 1994

**1. LABOR & BENEFIT SAVINGS**

Housekeeping generated a wage and benefit savings of \$0.24 per occupied room night or a 3% improvement over Year 1 wage and benefit costs. Housekeeping completions and productivity improved even though there was no change in the room cleaning assignment.

**2. EXPENSE SAVINGS**

Housekeeping achieved an improvement of 10% per occupied room night when compared to the base year. The department generated expense savings of \$0.49 per occupied room night since Year 1.

**3. TOTAL SAVINGS**

Annual savings projected at \$234,000 at \$0.73 per occupied room night.

	<i>Percentage Improvement</i>	<i>Savings Per Occupied Room Night</i>
Salary and Benefits	3%	\$0.24
Linen, Supplies, Laundry	10%	<u>\$0.49</u>
<b>Total Savings</b>		<b>\$0.73</b>

**FINANCIAL CASE STUDY**

CHAIN: SHERATON  
 Size: 850 Rooms  
 Type: Business/Convention  
 Year: ProHost® System Installed – 1991  
 Data: Annual Financial Statements 1991 - 1994

**1. LABOR & BENEFIT SAVINGS**

Housekeeping generated a wage and benefit savings of \$108,712 (\$0.48 per occupied room night) since Year 1.

**2. EXPENSE SAVINGS**

Housekeeping achieved an average improvement of 6.5% per occupied room night when compared to the base year. The department generated expense savings of \$74,739 (\$0.33 per occupied room night) since Year 1.

**3. TOTAL SAVINGS**

Five year savings projected at \$917,300 or 106% of the projected ROI.

	<i>Percentage Improvement</i>	<i>Savings Per Occupied Room Night</i>
Salary and Benefits	5%	\$0.48
Linen Expenses	7%	\$0.03
Guest Supply Expenses	8%	\$0.18
Laundry Allocation	6%	<u>\$0.12</u>
<b>Total Savings</b>		<b>\$0.81</b>

*Average savings over three year period with the ProHost® System*

**FINANCIAL CASE STUDY**

CHAIN: WESTIN  
 Size: 865 Rooms  
 Type: Business / Convention  
 Year: ProHost® System Installed – Year 1990  
 Data: Annual Financial Statements Year – Year 1990 - 1992

**1. LABOR & BENEFIT SAVINGS**

Housekeeping generated annual wage and benefit savings of \$128,552 (\$0.55 per occupied room night). In negotiations with the union on the introduction of the ProHost® System, a room attendant self inspection system was introduced and travel credits in the high rise towers were eliminated. Lower labor costs were achieved, with no change in room cleaning assignment, through higher room attendant completions and reduced house attendant and supervisor labor.

**2. EXPENSE SAVINGS**

The department achieved annual expense savings of \$91,155 (\$0.39 per occupied room night). Housekeeping reduced guest supply expenses by 19% and laundry allocation costs by 8%.

**3. TOTAL SAVINGS**

Five year savings projected at \$1,098,535.

	<i>Percentage Improvement</i>	<i>Savings Per Occupied Room Night</i>
Salary and Benefits	6.3%	\$0.55
Linen Expenses *	19%	\$0.10
Guest Supply Expense	19%	\$0.37
Laundry Allocation	8%	<u>\$0.12</u>
<b>Total Savings</b>		<b>\$0.94</b>

\* Upgrades in linen program occurred during baseline study.

**FINANCIAL CASE STUDY**

CHAIN: WESTIN  
 Size: 630 Rooms  
 Type: Business / Convention  
 Year: ProHost<sup>®</sup> System Installed – Year 1990  
 Data: Annual Financial Statements Year – Year 1990 - 1992

**1. LABOR & BENEFIT SAVINGS**

Housekeeping generated annual wage and benefit savings of \$126,932 (\$0.80 per occupied room night).

**2. EXPENSE SAVINGS**

The department achieved annual expense savings of \$107,893 (\$0.68 per occupied room night).

**3. TOTAL SAVINGS**

Five year savings projected at \$1,174,100.

	<i>Percentage Improvement</i>	<i>Savings Per Occupied Room Night</i>
Salary and Benefits	5%	\$0.80
Linen Expenses	30%	\$0.28
Guest Supply Expense	19%	\$0.38
Laundry Allocation	1%	<u>\$0.02</u>
<b>Total Savings</b>		<b>\$1.48</b>

**FINANCIAL CASE STUDY**

CHAIN: WESTIN  
 Size: 570 Rooms  
 Type: Business  
 Year: ProHost® System Installed – Year 1989  
 Data: Annual Financial Statements Year – 1990 - 1992

**1. LABOR & BENEFIT SAVINGS**

Housekeeping generated annual wage and benefit savings of \$70,959 (\$0.51 per occupied room night) since Year 1.

**2. EXPENSE SAVINGS**

The department achieved annual expense savings of \$72,350 (\$0.52 per occupied room night) since Year 1.

**3. TOTAL SAVINGS**

Five year savings projected at \$716,500.

	<i>Percentage Improvement</i>	<i>Savings Per Occupied Room Night</i>
Salary and Benefits	8%	\$0.51
Linen, Supplies, Laundry	11%	<u>\$0.52</u>
<b>Total Savings</b>		<b>\$1.03</b>

**FINANCIAL CASE STUDY**

CHAIN: RENAISSANCE  
 Size: 500 Rooms  
 Type: Business / Convention  
 Year: ProHost® System Installed – 1994  
 Data: Annual Financial Statements – 1993 - 1994

**1. LABOR & BENEFIT SAVINGS**

Housekeeping productivity increased by 0.83 credits per shift generating a savings of \$0.25 per occupied room night.

**2. EXPENSE SAVINGS**

Housekeeping achieved an average improvement in expense savings of 8% per occupied room night. The department generated expense savings of \$0.31 per occupied room night over the base year.

**3. TOTAL SAVINGS**

Projected annual savings of \$73,699 and 39 month payback period.

	<i>Percentage Improvement</i>	<i>Savings Per Occupied Room Night</i>
Salary and Benefits	6.0%	\$0.25
Linen Expenses *	NA	NA
Guest Supply Expenses	7.4%	\$0.17
Laundry Allocation	8.8%	<u>\$0.14</u>
<b>Total Savings</b>		<b>\$0.56</b>

\* No baseline for linen expenses - upgraded linen program begun in year 2

**FINANCIAL CASE STUDY**

CHAIN: MARRIOTT  
 Size: 600 Rooms  
 Type: Airport / Convention  
 Year: ProHost® System Installed – 1995  
 Data: Monthly Financial Statements 1994 - 1995

**1. LABOR & BENEFIT SAVINGS**

Housekeeping generated a wage and benefit savings of \$0.57 per occupied room night equal to an 8.5% improvement over the base year.

**2. EXPENSE SAVINGS**

The department generated expense savings of \$0.13 per occupied room night compared to the base year. The improvement in linen expense savings was 13.8% and savings of guest supplies increased by 10%.

**3. TOTAL SAVINGS**

Reoccurring annual savings projected at \$124,370 with a 32 month payback.

	<i>Percentage Improvement</i>	<i>Savings Per Occupied Room Night</i>
Salary and Benefits	8.5%	\$0.57
Linen Expenses	13.8%	\$0.08
Guest Supply Expenses	10%	<u>\$0.05</u>
<b>Total Savings</b>		<b>\$0.70</b>

**FINANCIAL CASE STUDY**

CHAIN: MARRIOTT  
 Size: 500 Rooms  
 Type: Business  
 Year: ProHost® System Installed – 1993  
 Data: Monthly Financial Statements – 1993

**1. LABOR & BENEFIT SAVINGS**

Housekeeper productivity increased by 1.3 rooms per shift. Housekeeping generated savings of 6% per occupied room night.

**2. EXPENSE SAVINGS**

Housekeeping achieved an average improvement of 34% in linen savings and 10% in guest supplies.

**3. GUEST RATINGS/REDUCTION IN WORKER’S COMPENSATION**

Room cleanliness scores improve by 4%. Guest perception of housekeeper friendliness improved 9%. Cart related injuries in housekeeping department down. Accident costs \$87,000 lower than previous year.

**4. TOTAL SAVINGS**

First year savings half of investment. On a 5 year basis, rate of return is 39%.

	<i>Percentage Improvement</i>	<i>Savings Per Occupied Room Night</i>
Salary and Benefits	6%	\$0.38
Linen Expenses	34%	\$0.14
Guest Supply Expenses	10%	\$0.09
Laundry Allocation *	NA	( <u>\$0.09</u> )
<b>Total Savings</b>		<b>\$0.52</b>

*ProHost System distribution required changes in laundry program*