**OYO ROOMS BUSNIESS MODEL**

**Overview of Business:**

Oyo is a sort of an aggregator, the way Uber is. It 'adopts' hotels in its fold; gets them to follow certain standards of services, features, staff, pricing, security etc. and then sells their rooms under its own brand, for a certain cut.

OYO doesn't own any of these properties, and instead, invests in marketing and management quality improvement for the hotels under its fold.

It's a win-win for OYO and the hotels, many of whom just don't have the network, knowledge or the budget for smart marketing, and they run empty.  OYO helps them improve their yields.

The standards are audited every few days so that the customers are assured a quality experience

“If Oravel was all about simply connecting travellers to budget accommodation, Oyo Rooms is about creating a network of budget hotels with standardised rooms and amenities – so the travellers always know what they are going to get,”

**Operational Qualities:**

Highly optimised processes allow the company to scale very fast – for example, their proprietary on-boarding process allows them to add new hotels within five to six days of signing the agreement.

All OYO hotels are equipped with a tablet, running a proprietary OYO ‘Property Manager’ app that ensures a superior, hassle-free experience for all guests. Using this app, a hotel manager can track the real time status of bookings and room availability, manage check-ins and checkouts etc. The app also helps a manager conveniently track payments as well as incidental expenses like F&B and laundry attributed to a guest.

A major share of hotel control is left to the management, though OYO manages and controls a few critical touch-points for the consumer.

***“And if there are more than three negative customer feedbacks (reliable ones) about a hotel, OYO ends the partnership.”***

**Challenges faced:**

 It partners with hotel owners on a revenue-share basis. The biggest challenge initially was to get hotels onboard since hotel owners typically care about occupancy, pilferage and customer experience. “Once we were able to make them understand how Brand OYO caters to these needs, they came onboard,” he explains.

**Funding:**

Initial funding was gathered from a Theil fellowship program of $100,000.

“One of the biggest takeaways for me as a Thiel fellow was direct mentoring by Peter, who took a lot of interest in teaching us the value of solving a big customer problem creatively,”

* **2012:** OYO Rooms got its first round of funding from Venture Nursery in December 2012.[[11]](https://en.wikipedia.org/wiki/OYO_Rooms#cite_note-11)
* **2014:** Another round of funding came from Lightspeed Ventures in February 2014.[[12]](https://en.wikipedia.org/wiki/OYO_Rooms#cite_note-12)
* **2015:** In March 2015, OYO Rooms raised $25 million from Lightspeed, Sequoia and others.[[13]](https://en.wikipedia.org/wiki/OYO_Rooms#cite_note-13)
* **2015**: In July, 2015, OYO Rooms raised $100 million from SoftBank

OYO Rooms started with 1 city and 1 hotel (OYO Rooms Huda City Centre) in Gurgaon in May 2013 and has seen a tremendous growth. The company as of August 2015 has 2,000+ hotels (more than 20,000 rooms) in 100+ cities of India.

**Network As of Day and their expansion:**

OYO Rooms currently has 250 hotels in more than 13 cities today and is adding about 20-30 new hotels every month. The hotels register 80 per cent to 90 per cent occupancy levels and are currently booking 50,000 room nights every month. The long-term goal is to create the world’s largest network of branded hotels. “By the end of 2015, we are aiming to expand to 1,000 hotels in 25 cities. We are also looking to expand beyond the 13 cities we are in, and open new OYO Rooms in smaller cities and towns to truly revolutionize how Indians travel on budget,” Agarwal shares his vision.

The greatest growth driver is an enormous demand for branded, predictable hotel experiences in the budget hospitality category. “Our growth is simply a reflection of our vision to meet this demand, and we believe we have barely scratched the surface so far.