



## **Vacation Rental Managers Association**

9100 Purdue Road, Suite 200

Indianapolis, IN 46268

Phone: 317-454-8315

Fax: 317-454-8316

Email: [director@vrma.com](mailto:director@vrma.com)

### **REQUEST FOR LETTERS OF INTEREST**

**Reference: Vacation Rental Switch**

**Release Date: June 27, 2011**

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#### **Introduction**

The Vacation Rental Managers Association (VRMA) is a nonprofit professional trade association for the vacation rental management industry. Headquartered in Indianapolis, Ind., VRMA membership includes hundreds of professional vacation rental managers and associate suppliers in the United States, Canada, Mexico and the Caribbean representing tens of thousands of vacation rentals, condos and villas.

VRMA is requesting Letters of Interest, in the form of a Proposal, as detailed below from qualified applicants with technology development and management experience to create and manage a centralized, online point of distribution platform for professionally managed vacation rentals, to be called the "Vacation Rental Switch".

In order to be considered,

Proposals must address and provide a clear direction to achieve the following goals that VRMA has established for this project:

- Create quick access and trusted experiences for consumers to access and book on-line vacation rental inventory (Inventory) provided by vacation rental managers (VRMs)
- Create a centralized location for VRMs to easily select distribution channels and control Inventory distribution and allow alternative Inventory pricing (i.e. blackout dates, distressed inventory)
- Create a centralized location [platform] for third party distribution channels to access the Inventory and allow online booking and confirmation
- Provide a platform on which the industry can develop relevant merchandising and e-commerce tools such as reviews, tours, special insurance, and the like that would benefit the industry first before any 3<sup>rd</sup> party distributor
- Require that all distribution channel partners who access the inventory abide by a set of content rules that protect professional managers' best interests and corporate integrity, establish industry standards, and satisfy applicable regulatory requirements.
- Facilitate simple, cost-effective 3<sup>rd</sup> party distribution that ultimately leads to greater volume of bookings and greater revenue per booking through professional VRMs

- A low cost, transactional based model that encourages participation, with no upfront cost to VRMs and low upfront cost to software providers and distribution channels, which will enable higher utilization of the Switch and ultimately facilitate significantly greater amounts of commerce
- Include a revenue stream to be used for the promotion of the VRM industry and its interests through the VRMA
- Include a revenue stream for any software provider who enables VRMs to simply and easily distribute through the Switch by adopting its technology standard
- Create a revenue stream for distribution channels who abide by the rules of the Switch, enabling VRMs to choose which distribution partners they would like to distribute through based on that channel's terms and conditions and fees
- Provide a manual upload for VRMs to distribute through the "Vacation Rental Switch" in the event the software provider for their on-site property management system does not participate
- Provide influence and control to industry stakeholders, represented through VRMA
- Have a Switch that is developed and managed by a credible, experienced management team with: 1) knowledge of the needs of VRMs and third party distributors; 2) the technology expertise to deliver the solution; and 3) the financial stability and resources to fund the solution and maintain it over a long term period

The Proposal must address and provide a clear direction for the following concerns by the VRMA:

- The Solution should protect VRMs from brand exclusion by 3<sup>rd</sup> party distributors while enabling distribution and rental of Inventory to propagate
- The Solution must not attempt to set market rates, rather it should facilitate more competition and market rate options. The presence of the Switch will permit the free-market system to establish competitive rates, and eliminate monopolistic rate power.
- The Solution should be constructed to benefit from the lessons learned from hotel and airline industry distribution models, and explicitly provide mechanisms to avoid allowing any 3<sup>rd</sup> party distributor from gaining so much pricing power that it could "dictate terms" to the VRM industry
- Participating distribution channels will be required to establish and maintain relationships with VRMs participating in the Switch participants through the Switch program exclusively.
- The Solution should not be structured in a manner so that the insolvency or sale of any particular vendor or participant in the Solution could seriously jeopardize the continued operation of the Switch program or the interests and wellbeing of the VRM industry as a whole.

Due to these concerns, VRMA's preference would be a Solution that has the following characteristics:

- The relationships to establish and operate the Switch program and among and between participating VRMs and distribution channel partners will be established and governed in accordance with contractual provisions established by the VRMA.
- The Switch program will be overseen by a VRMA committee representing industry stakeholders, and appointed by the VRMA Board of Directors, and will include VRMs, software providers and distribution channel representatives to ensure current, state-of-the-

art technical and operating standards, and continued effectiveness from a practical and market perspective.

- The Switch program anticipates that all funds garnered from transactions and allocated to VRMA to be used for management and enhancement of the Switch program and attendant technical and operating standards and/or promotion of the professionally managed vacation rental industry as a whole.

Benefits to Selected Applicant:

- In the event a Proposal is selected by VRMA, the party submitting the Proposal will be required to enter into a definitive agreement (Agreement) with VRMA that will allow the selected party to receive compensation (in the form of a transactional fee, percentage (%) of revenue, or other mutually agreed manner of compensation) for each transaction that occurs through the “Vacation Rental Switch”, and that will allow the selected party to be an exclusive provider for the term of the Agreement.

## Submission of Proposals

Respondents shall respond to this request by submitting a proposal containing the following information in the following order (Proposal):

- A. Executive Summary:** Each Proposal shall include a brief executive summary.
- B. Respondent Information:** Respondent shall provide its legal name, form of organization, business registration(s), and contact information including address, phone, fax, and email for the business owner and any other professionals providing services to support the Proposal.
- C. Multi-Party Proposals:** Respondent shall describe the composition, legal form and organizational structure of its team, if more than one person is to be involved. Whenever a partnership or joint venture provider is proposed, you must provide all requested information for each partner or member of the joint venture.
- D. Experience:** The Proposal must include the Respondent’s business experience, including a summary of the Respondent’s past development and management projects, and, if applicable, the same information for each partner or joint venture participant.
- E. References:** The Proposal should include projects currently under development or recently completed similar in nature or relating to the “Vacation Rental Switch” and provide contact information for each project.
- F. “Vacation Rental Switch” Concept plan:** Respondents must include in the Proposal a detailed outline for creating and managing the “Vacation Rental Switch”, incorporating all of the elements listed above and meeting all goals and requirements set by VRMA.

- G. **Costs and Proposed Fees:** Respondents shall provide a detailed Proposal that, if accepted by VRMA, requires no upfront development or implementation fees or expenditures on the part of VRMA or VRMs. The Proposal must include the proposed participation and transactional fees to be paid by VRMs and it must detail proposed revenue streams to VRMs, software providers, commerce partners, VRMA and the Respondent as the “Vacation Rental Switch” provider.
- H. **Schedule:** Time is of the essence to implement the “Vacation Rental Switch” program for professional managers. Each Proposal must acknowledge the Respondent’s ability to develop and deliver the complete the “Vacation Rental Switch” for initial launch in accordance with a detailed timeline containing measurable milestones, to insure the availability and functionality of the Vacation Rental Switch by an agreed upon deadline.
- I. **Other Information:** Each Respondent may provide any other pertinent information addressing its ability to perform in a responsible and proper manner.

## Letters of Interest Submission Requirements

- A. Submission of Proposals: Respondents must submit Proposals to VRMA in digital format by the stated deadline. The cost of preparation and submission shall be considered an operational cost of the Respondent and shall not be passed on to or be borne by VRMA.
- B. Responses are due **FRI., JULY 29, 2011 at 5:00 PM EST** in the VRMA Headquarters located at 9100 Purdue Road, Suite 200; Indianapolis, IN 46268; Attn: Steve Ingram, director@vrma.com, Reference: Vacation Rental Switch

## Evaluation

- A. Phases of the LOI Process:
  - 1. Phase One – Initial Evaluation
    - a. Proposal Review: Proposals will be received and opened by VRMA staff and provided to the VRMA Board of Directors
    - b. Proposals will be reviewed and evaluated to determine a short list of Respondents whose Proposals best address VRMA’s needs and requirements, as stated herein.
    - c. VRMA reserves the right to require additional documentation and information, and to interview any, all, or none of the Respondents and, at its election, to require formal presentations from the Respondent’s key personnel who will administer and be assigned to this project. The interview format and content will be at the sole discretion of the VRMA.
  - 2. Phase Two – Board Presentation
    - a. The VRMA Board of Directors may direct a point person to begin negotiating an Agreement(s) with the Respondent(s) whose Proposal(s) it determines, in its sole and

absolute discretion, best meet the needs of VRMA for consideration by the VRMA Board of Directors.

- b. The VRMA Board of Directors may also elect to terminate the solicitation process and not negotiate with any of the Respondents.
- c. Prior to the commencement of negotiations intended to result in an Agreement, VRMA may require the Respondent to enter into a confidentiality and non-disclosure agreement.

B. If the VRMA Board of Directors selects any Proposals for further consideration, it will direct the point person to provide the Respondent(s) further information and details and initiate negotiation of an Agreement that provides the best overall value as well as the most viable option. Any such Agreement negotiated by the point person will then be presented for consideration by the Board.

- C. VRMA reserves the right to negotiate the terms of any Proposal with the Respondent. Any Agreement negotiated as a result of this solicitation shall be subject to approval by the VRMA Board of Directors. The VRMA Board of Directors shall be the final arbiter on any matters relating to this solicitation.

## **Special Conditions**

- A. The publication of the Request for Letters of Interest or the submission of a Proposal by a Respondent shall in no way bind the VRMA or obligate the VRMA to contract for the services described above. The VRMA reserves the right to cancel, alter or amend this Request for Letters of Interest, and further reserves the right to pursue additional potential Respondents concurrently or following the receipt of any Proposal(s).
- B. All questions relating to this solicitation document must be in writing and hand-delivered or delivered electronically through email or fax to the designated VRMA representative no later than twenty (20) calendar days prior to deadline for submission. Any interpretations, clarifications, or changes will be made in the form of written addenda issued by the VRMA representative. Any oral communications will not be authoritative and will not be binding on VRMA. It remains the sole responsibility of the Respondents to contact VRMA prior to submitting a Proposal to ascertain if any addenda have been issued, to obtain all such addenda, and to return executed addenda with the Respondent's Proposal.
- C. This Request for Letters of Interest does not commit the VRMA to any costs incurred by the Respondents in responding to the Request for Letters of Interest. All Proposals and associated documentation and information submitted or provided initially and during the selection process shall become the property of the VRMA.

- D. VRMA reserves the right to request clarification regarding any Proposal from any or all Respondents. The VRMA may, but shall not be required, to request information omitted from a Proposal which may otherwise cause that Proposal to be considered as non-responsive.
- E. Respondents acknowledge and agree that they are prohibited from lobbying any current member of the VRMA Board of Directors, as well as the “point person” designated by the Board to negotiate an Agreement, if that person is not a member of the Board. “Lobbying” is defined as any action taken by an individual, firm, association, joint venture, partnership, syndicate, corporation, and/or all other groups who seek to influence the decision of a Board Member during the solicitation, evaluation and/or negotiation process. The lobbying black-out period commences upon the issuance of this solicitation and concludes upon the signing of a definitive Agreement. Respondents shall not contact any Board Member or VRMA staff regarding this Request for Letters of Interest during said black-out period. All questions and procedural matters shall be directed to the selected point person. The Board may disqualify any solicitation response where any Board Member has been lobbied in violation of the lobbying black-out period.
- F. All Respondents must disclose, with their Proposals, the name of any corporate officer, director or agent who is also an officer, director or employee of VRMA. Furthermore, all Respondents must disclose the name of any VRMA officer, director or employee who owns, directly or indirectly, an interest of ten percent (10%) or more of the Respondent’s legal entity or any of its branches, subsidiaries, affiliates or partnerships.

G. The following schedule outlines key dates in the process:

Action Items	Due Date
VRMA to release Request for LOI	6-29-2011
Deadline for Submitting Questions	7-9-2011
Proposal Due	7-29-2011
Review of Proposals	8-1-2011 – 8-15-2011
Board Vote	8-30-2011
Announcement of Finalists	8-31-2011