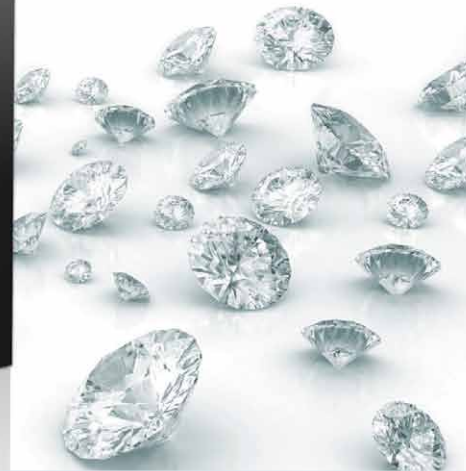


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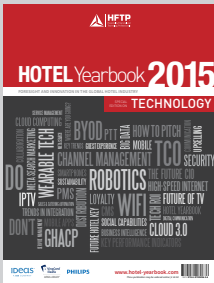
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WELCOME

Dear readers,

Welcome to *The Hotel Yearbook 2015 – Technology*, our second special edition focusing exclusively on this fast-changing part of the hotel business.

Like all the previous editions of *The Hotel Yearbook* – whether the annual edition or one of our special editions focused on a particular set of management challenges within the industry – our mission is to bring you expert opinion and privileged insights on **foresight and innovation in the global hotel industry**. Our outlook firmly remains forward-looking: what lies ahead for decision makers in the hotel business? We hope that as you read the 25 articles in this edition, you'll find that they cover a wide range of IT opportunities that managers in the business will need to address soon (and some that can't wait that long).

The Hotel Yearbook has two powerful and generous partners, and we'd like to thank them both for their excellent support:

HFTP has been a patron of the publication since our very earliest editions, and with the advent last year of a separate publication looking exclusively at technology, our collaboration became even closer. HFTP's CEO Frank Wolfe remains very active in helping us put this, and past, editions together, and we'd like to thank him for his help and ideas.

The publication's other partner is **Hsyndicate**, whose reach within the industry and close connections with opinion leaders and senior decision makers worldwide enable us to tap into a very rich vein of the hotel industry's best thinkers, doers and visionaries, both as writers and advisers. Hsyndicate has made it possible for the publications in The Hotel Yearbook family to reach a much wider readership than ever before, and the enthusiasm and energy of everyone in the organization are sincerely appreciated.

We wish you a thought-provoking read!

Woody Wade | Publisher



Henri Roelings | Publisher



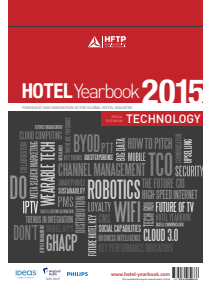




















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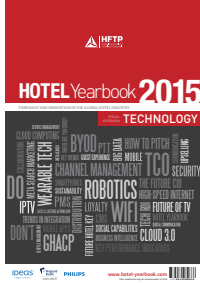


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Join a global professional network dedicated to the continued growth of your career and the success of the hospitality industry as a whole. As an HFTP member, you have access to benefits that keep you up-to-date with today's business practices and help you address challenges specific to hospitality finance and technology.

Learn more about HFTP at www.hftp.org



*We are very pleased and proud that the HFTP (Hospitality Financial and Technology Professionals), and its visionary CEO Frank I. Wolfe, have been such active supporters of **The Hotel Yearbook** since the publication's initial edition came out in 2007. Since then, we have branched out with a number of special editions, notably on hotel technology – the issue you are reading now. Once again, the HFTP has expressed its support by agreeing to be our publication partner and adorning our cover with their illustrious name. We couldn't be happier.*



Consider this...

The quick pace of hospitality technology sometimes makes it easy to practice the “inertia theory”... stay where you are. By not making a decision, you are going to allow the latest technology to pass you and your company by, while hoping that the next thing will be better and you will be able to focus solely on the tasks ahead for today. Besides, if we keep our attention on what will best serve our skill set, won't that look better for us inside our company? At least that might be an easier way ahead, and most people would agree that it is way more efficient to stay on track, rather than changing our minds while possibly costing our company some additional funds. Right?

As a popular movie character once said: “NOT!” I suggest that you read, research and look at what your fellow hoteliers and hotel suppliers are developing, dreaming about, beta testing or even claiming they are doing. While not all their processes may fit yours, this kind of exploration can lead you to finding the right elements that help you build your own best practices. After all, allegedly, there are no new good ideas, only “borrowed or shared ones.” And this is where HFTP and *The Hotel Yearbook: Technology* come in.

HFTP — Hospitality Financial and Technology Professionals — is a professional association which primarily works toward providing continued professional development and industry resources. We uniquely understand our industry segment and assist our stakeholders in finding solutions more efficiently than any other organization because of the

power of our volunteers and their dedication. While HFTP produces a number of acclaimed educational events and publications, we rely on sourcing from a variety of resources, including allied partners for their expertise. And for that reason, we are only too happy to continue being a partner with *The Hotel Yearbook* in its second year of publishing a specifically technology-focused edition.

In this issue, you will find a number of thought-provoking articles that illustrate a wide range of views on today's technology issues and innovations. Our goal is not that you agree or disagree with them, but that you consider them. Perhaps in your consideration, there is something in your operation that you can improve upon and not only make yourself a star, but also make the industry better as a whole.

HFTP is constantly striving to improve the industry as we have been doing for more than 60 years. Please enjoy the following articles, and if you like them, help us tell the industry by sharing them with your colleagues around the world. If you dislike them, help us tell the industry by telling your colleagues around the world why you think they should have been more interesting!



Frank I. Wolfe, CAE

Publication Partners

HFTP

Founded in 1952, HFTP (Austin, Texas, and Maastricht, The Netherlands), is the global professional association for financial and technology personnel working in hotels, clubs and other hospitality-related businesses. HFTP provides first class educational opportunities, research, and publications to more than 4,800 members globally including, the premiere hospitality technology conference HITEC--founded in 1972. HFTP also awards the only hospitality specific certifications for accounting and technology --- the Certified Hospitality Accountant Executive (CHAE) and the Certified Hospitality Technology Professional (CHTP) designations. HFTP was founded in the USA as the National Association of Hotel Accountants.

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HSYNDICATE

With an exclusive focus on global hospitality and tourism, Hsyndicate.org (the Hospitality Syndicate) provides electronic news publication, syndication and distribution on behalf of some 750 organizations in the hospitality vertical. Hsyndicate helps its members to reach highly targeted audience-segments in the exploding new-media landscape within hospitality... channels of ever increasing importance which are difficult to reach through classic wire services like PRnewswire or BusinessWire. With the central idea 'ONE Industry, ONE Network', Hsyndicate merges historically fragmented industry intelligence into a single online information and knowledge resource serving the information-needs of targeted audience-groups throughout the hospitality, travel & tourism industries... serving professionals relying on Hsyndicate's specific and context-relevant intelligence delivered to them when they need it and how they need it.

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WADE & COMPANY

We all know that the future will be different, but how will it be different? For companies in the hospitality industry, Wade & Co. uses scenario generation to get at the answer to that question – in strategic workshops, team-building exercises, and conference presentations the world over. As a specialist in business foresight, Wade focuses on visualizing how the future “business landscape” could realistically change, ushering in new kinds of customers and competitors, creating new opportunities, and affecting your chances of success. Heading the company is Woody Wade, who is also the founder and publisher of the Hotel Yearbook.

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Editorial Board

The Hotel Yearbook would like to thank these five outstanding thinkers for helping us conceive and implement this first-ever special edition on technology. Their guidance was invaluable.



Frank I. Wolfe, CAE is CEO of Hospitality Financial and Technology Professionals (HFTP), which produces the largest hospitality technology conference in the world – HITEC (Hospitality Industry Technology Exposition and Conference).

Frank joined HFTP in 1991 and has been at the helm since 1994. At that time, he was one of the youngest association CEOs in North America. In 2000, he was honored by Lodging magazine, which included him in the “75 Profiles in Leadership” edition, a who’s who of 75 individuals who have made major contributions to the hospitality industry. In 2002, Frank received the HFTP Paragon Award for his significant and lasting contributions to HFTP and the hospitality industry. In 2010, he was recognized as a “Technology Trailblazer” by Hotel Business magazine, and in June 2011, he was inducted into the International Hospitality Technology Hall of Fame for his leadership with various hospitality technology projects, as well as assisting in educating the industry over the past 20 years.



Floor Bleeker joined Mövenpick Hotels & Resorts in 2013 in the position of Chief Information Officer. As a member of the company’s Executive Committee, he is responsible for IT strategy, program development and implementation

across the group. He also oversees the IT shared service organization covering Mövenpick Group, Mövenpick/Marché Restaurants, Mövenpick Fine Food and Mövenpick Wine. Prior to joining Mövenpick Hotels & Resorts, Floor worked with the Jumeirah Group in Dubai for over twelve years, where he most recently held the position of Vice President Business Solutions, responsible for the IT team looking after IT strategy, solution development, project management, portfolio management, international expansion, SBU operations and digital marketing. He started his career with the Rezidor Hotels & Resorts Group (formerly known as Radisson Hotels & Resorts) in Belgium and has worked in IT positions in the USA, the Caribbean and the Middle East. Floor holds an MBA with a Marketing specialization from the University of Colorado at Colorado Springs and a BSc in Hospitality Administration with a Finance specialization from the Hotel School The Hague. He serves on the Board of Hotel Technology Next Generation (HTNG), the world’s leading hospitality technology trade association, and holds a number of advisory board positions for other organizations.



Ian Millar is Professor of Information Technology at the Ecole hôtelière de Lausanne in Switzerland. Ian’s double expertise in the areas of hospitality and information technology sets him at the forefront of new developments in the international

hospitality industry. In addition to his BA Honours degree in International Hospitality Management from the University of Brighton, he is a certified computer technician (Comptia A+) and holder of the Microsoft Office specialist qualification MOUS. In addition, Ian is a Certified Hospitality Technology Professional – the first European to receive this qualification for hospitality professionals, which is awarded by Hospitality Financial and Technical Professionals (HFTP).



Managing Director Pertlink Ltd. In Hong Kong, **Terence Ronson** started his hospitality career some thirty years ago as a chef, and he has held various management positions with prominent hotels, both in England and Asia.

Between 1996 and 2000, Terence was the Asia Operations Director for Hotel Information System (HIS), a leading technology supplier to the hospitality industry. Since 2000, when Terence started Pertlink, he has been the Technology Editor for HOTEL Asia Pacific magazine where he had a column on the effective use of technology in hotels, as well as authoring several industry-related articles that regularly appear on highly respected hospitality-related web sites. He has spoken at several key events, among them the first China Hotel Executives Summit in Shanghai, which he co-chaired, and subsequently the 2003 Beijing Olympic Hotel Conference. His professional affiliations include membership of ISHC, HFTP, HCIMA and HTNG.



Carson Booth has over 20 years hospitality technology experience and is currently Vice President, Global Property Technology, Starwood Hotels & Resorts Worldwide, Inc., and General Manager, Starwood International Licensing

Company Sàrl, a wholly owned subsidiary of Starwood. Carson began his hospitality career in Las Vegas and has spent the last 18 years based at several international locations. He holds a Bachelor’s degree in Computer Science with a concentration in business management from the University of Nevada at Las Vegas. He is a frequent speaker at industry events, currently serves on the Boards of SILC and Hotel Technology Next Generation, and is a past Director of Hospitality Financial and Technology Professionals.

The world has changed – we must reexamine the role of hotel IT manager

by *Carson Booth* 

Four areas are driving a fundamental shift in the role, priorities and authority of the hotel IT manager, writes Carson Booth of Starwood Hotels & Resorts Worldwide. Hotel owners and operators must rethink how the role supports, protects and enables today's hotel.

Security and compliance

Beyond contemplating the strategic application of the death penalty for certain actions, owners and operators of the hospitality industry must significantly increase investment in security and recognize the pole-position that hotel and restaurant operations have in the global hacking enterprise. Industry enemies remain unseen, have thousands of opportunities whose defense resides on a naïve, under-skilled, under-funded, decentralized, generalist technology management philosophy. No owner or operator can afford the direct costs associated with credit card fraud and data breach penalties, nor can they afford the potentially more expensive indirect costs extending beyond the impacted hotel to the entire brand. If guests truly come first, and if guest satisfaction can be tied to investment in “Furniture, Fixtures and Equipment”, shouldn't guest privacy and data security be held to an equal expectation and service level? It is time for the industry to reexamine the IT manager role, acknowledge the security risks, demand improved security skills and toolsets, evaluate staffing levels and undertake the priorities of hotel IT management as a strategic advantage instead of a necessary evil.

Guest experience

Increasing technology expectations of the guest continue: ubiquitous high-bandwidth internet access coupled with the requirement to connect a significant diversity of mobile devices and platforms; the increasing desire and ability to self-serve through these devices; and, the constant comparison of feature, functionality and cost against a consumer-technology experience. Each of these expectations individually create a full-time development, reinvestment and support requirement at the hotel, and collectively, are a challenge to the owner and operator's ability to invest in and manage the accelerating pace of innovation. As the IT manager struggles with the daily IT requirements of hotel operations, the alarming trend is to add these 24x7 guest expectations to the task list without adjusting for the increase of demands. These additions to the task list are an indirect shift of IT manager priorities, a subtle but significant message: guests come first, everything else comes second. This task-list shift results in under-skilled and therefore poor guest service, gaps in hotel IT support, and an increase in risk due to required unseen IT tasks being relegated to the bottom of the list. If a hotel wants to deliver superior guest service, these tasks must be developed and supported through additional specialized teams, in coordination with and possible direct



Carson Booth has over 20 years hospitality technology experience and is currently Vice President, Global Property Technology, Starwood Hotels & Resorts Worldwide, Inc., and General Manager, Starwood International Licensing Company Sàrl, a wholly owned subsidiary of Starwood. Carson began his hospitality career in Las Vegas and has spent the last 18 years based at several international locations. He holds a Bachelor's degree in Computer Science with a concentration in business management from the University of Nevada at Las Vegas. He is a frequent speaker at industry events, currently serves on the Boards of SILC and Hotel Technology Next Generation, and is a past Director of Hospitality Financial and Technology Professionals.

www.starwoodhotels.com

leadership of the IT manager. This management change will result in a necessary maturity shift and skills-increase of the IT manager gained through the management of teams and service-level contracts.


Associate technology and mobilization

Similar to the guest experience, associates have become increasingly sophisticated and demanding in their use of business technology. Hand-me-down laptops or mobile phones are no longer accepted and the technology better on consumer shelves still. It is not uncommon that today's IT manager finds a rogue device attached to the network or a weekend call to support a personal device or app installed by the user's nephew. The expanding population of technologically-savvy always-connected mobilized associates, BYOD-desires, consumer-led experience, and third-party / in-house apps, are driving an increased use of tools and additive support requirements for the IT manager, with rarely-if-ever replacement or reduction of existing solutions. If today's success is driven by the intersection of the right information in the right hands at the right time, then owners and operators must take steps to recognize the benefits and staffing of 24x7 IT operations.

Technology sophistication and supplier consolidation

Numerous industry supplier consolidations have occurred by more-mature technology organizations, resulting in an increase of technology sophistication, solution maturity, and new services leveraging SaaS / Cloud-like solutions. This trend is expected to continue as major management companies and brands continue to press for globalized solutions and services. Highly-skilled database administration, data encryption and privacy management, network penetration, vulnerability scanning, router and firewall security, IP telephony integration and support, are all examples of relatively new technical skills expected of the IT manager. The generalist skills of the traditional IT manager are no longer sufficient to manage these increasingly complex solutions and requirements, and as more solutions become interconnected, the shifting of responsibilities away from other roles, like engineering, to IT will continue and require appropriate skills and staffing levels. The ability to manage a hotel's technology operation has already out-skilled the average IT manager, and will soon extend out of reach, beyond the local computer room and over the horizon to a data center on a different continent. Owners and operators must start to prepare for this shift in IT management which is very different to today's local operation. ■

Reshaping the future of hospitality technology

by **Gregg Hopkins** 

Travel is now undergoing fundamental change in assumptions that individuals possess and providers must adopt, as they plan for success in years to come. Gregg Hopkins of Newmarket International shows us how leaders in our industry can draw insight and inspire enlightened travelers by getting out in front of the dramatic and personal benefits of digital technologies.

Tomorrow's travelers will want to see the world in one particular way – their own. These empowered individuals will spare no effort to design unique and enriching experiences, tap inspiration from fellow travelers and the latest information sources, and then share their personal memories and opinions using digital technologies and social platforms.

What does the next generation of travelers already expect, and how can we tread that already fine line between excessive personalization, and the delivery of a distinctive experience?

Consumer portals today offer hospitality providers valuable insight into travelers' evolving behaviors and requirements. For a technology savvy traveler, such a portal can empower them to:

- Find new ways to search for travel
- Keep their plans and ideas as their experience takes shape
- Share their plans with friends and inspire other travelers
- Select a specific room they want to stay in

Such captured data is going to help the entire industry create more personalized worlds of travel. However, to get there the professionals in our ecosystem must first become comfortable in changing the underlying paradigm – embracing new design, analytics, Cloud, mobile, and social capabilities.

The travel technology ecosystem of the near future can no longer consist of disparate central reservations, property management, sales and catering, service optimization, point of sale, and marketing — each with a separate traveler profile.

Today instead, at the center in each instance is a single customer relationship management (CRM) system, retaining all available information about the traveler and his preferences. The objective here is the creation of a single database whereby separate extensions are built and connected via APIs to enable unique operations while recording each traveler's experiences and interactions with the hospitality organization. These extensions, for example, would include guest management (guest check-in/check-out, guest accounting), distribution (reservations, rates and inventory), sales and catering management (events and groups), service optimization (maintenance and housekeeping), point of sale (restaurant and retail), and marketing (communications and intelligence).

A useful by-product of this strategy is that it carries with it a positive impact on an organization to differentiate the hospitality itself, as it strives to meet the individual needs of travelers. A given hospitality brand would extend CRM individually, develop business objectives in a customized manner, developed possibly by a common supplier or a shared combination of vendors.



About Newmarket® International

Newmarket® International, Inc., an Amadeus company, delivers proven business solutions for empowering hospitality organizations to lower costs and increase revenue, while improving customer satisfaction and guest loyalty. With more than 40,000 installations and 150,000 users in over 154 countries worldwide, Newmarket technologies are a cornerstone in the global hospitality industry, offering solutions for sales and marketing automation, customer relationship management, catering and events, guest loyalty, meeting intelligence, workflow management, and property maintenance.

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Furthermore, organizations would only implement the extensions needed to meet their unique business needs. For example, a multi-faceted company would not need a guest-management extension in their events-only venue; however, this extension would be realized perhaps in their hotel operation. The only core requirement for the entire organization would be the CRM, which would enable all required extensions.

Tomorrow's travelers will want the world to join together around their particular needs. The customers are now in control, and they will expect their journeys to be one single, smooth experience – from trip planning to ticket buying to the airport experience, and on to the actual travel and then reaching their final destination.

And if an unavoidable disruption should occur, these consumers will expect immediate updates with specifics tailored for their own personal itinerary delivered right to their mobile devices. I believe that this surging desire for connectivity will only continue, across all modes of transport, experiences and devices. For example, closer connections between airports and airlines could greatly benefit both parties, as well as creating an enhanced experience for every traveler.

Travel companies will realize that true long-term business sustainability requires not only considering commercial needs, but also making a positive impact on society and the environment – both locally and globally. We'll all need to be actively involved in understanding and maintaining these areas to satisfy present needs without compromising the needs of tomorrow. What's more, travelers expect the companies they travel with to be doing just that.

Consider the unique global initiative undertaken by Amadeus and UNICEF to assist the world's most vulnerable and excluded children. Technology makes it possible for travelers to give to UNICEF whenever they go online to book air travel, hotel rooms and other kinds of travel.

The travelers of tomorrow are already reshaping the future of hospitality technology. The more responsive organizations will take notice and offer what these enlightened travelers seek.

■



Making technology work: three trends in integration

by Douglas Rice 

Mobile, Cloud and “big data” analytics improve our industry’s effectiveness – but at the same time, the consequences of failure are greater, so the need for highly qualified CIOs and technology teams has advanced, writes Douglas Rice of HTNG.



It was ten years ago that consultant Jon Inge first published a much-discussed “spaghetti” diagram illustrating the complexity of technology systems needed to support the modern hotel.

You don’t need to delve into the details to take away his enduring message: It’s complicated!

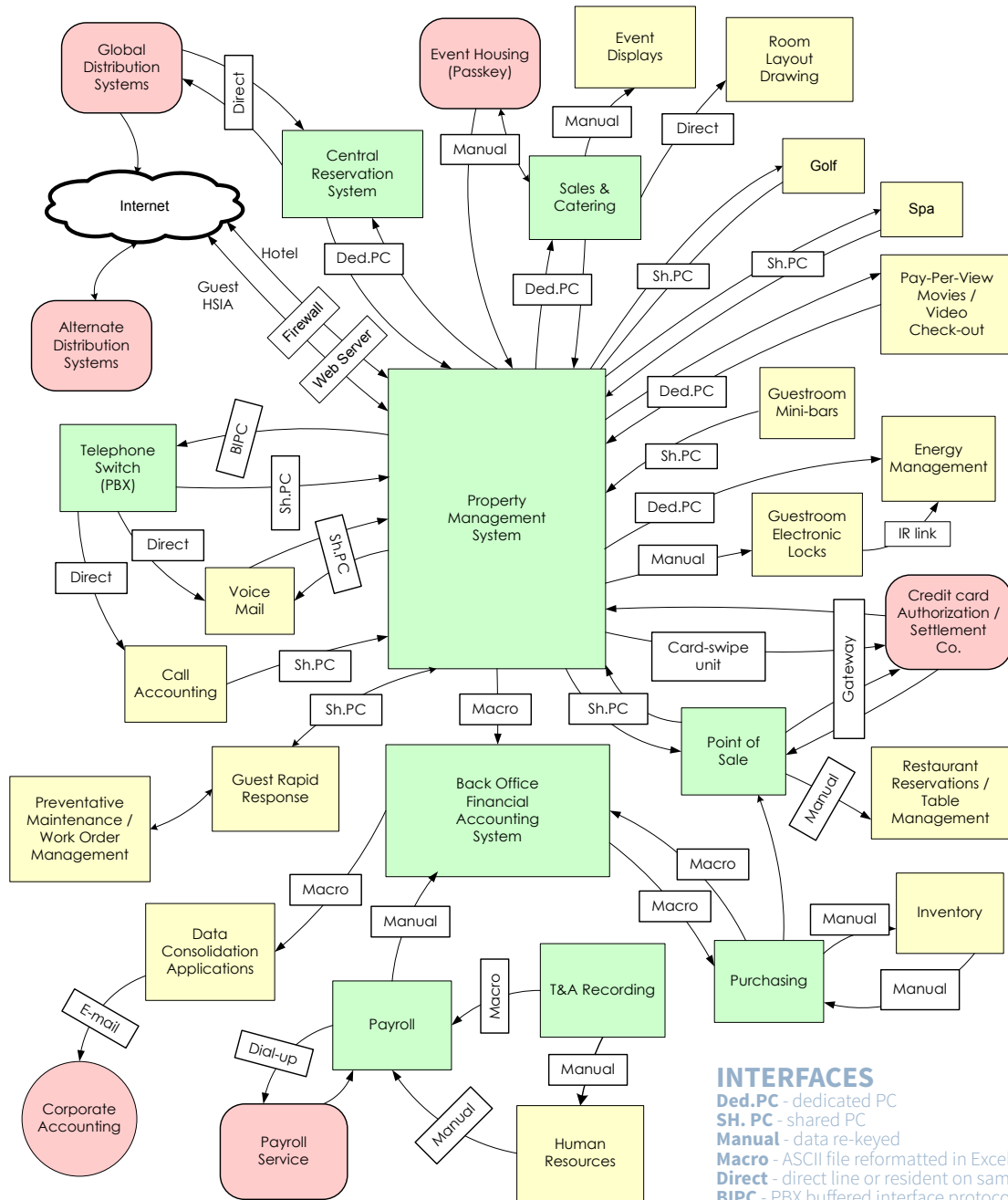
Despite many advances in system integration in the years since, significant new challenges have arisen almost as quickly. Three trends are driving even greater need for effective integration: mobility, Cloud computing and data analytics, AKA “big data.”

Mobility ups the ante

A decade ago, most hotels and their tech vendors wrote systems for a single, predictable device, maybe a PC with a browser. Today they must make accommodation for every conceivable device a guest or staff member might possess, even anticipating devices or technologies not yet available! Both travelers and staff wielding smartphones, tablets and the like expect to be able to do everything on your property that they could do from home: communicate, complete transactions and manage location-specific information, to name but a few.

SYSTEM INTERACTIONS

This is a generic diagram of several typical system interactions and some of the means often used to pass information between them. It is not exhaustive! Each property should prepare a similar diagram reflecting its actual systems, interactions and data transfer methods, and should mark alongside each link the type of data passed in each direction.



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This means more integration between more end-user devices and more systems within, and around, the hotel.

essential for hoteliers to develop thoughtful standards-based integration strategies.

The hotel may control several of these systems, with others in the purview of third-party app developers, travel arrangers, or other companies in the local destination ecosystem. To maximize the impact of technology investments, it's

Hotels eschewing the big picture in favor of a more commoditized viewpoint will likely find themselves in a "Groundhog Day" scenario, implementing the same capabilities over and over again, with one technology partner after another. ↓

The Cloud changes everything

In 2004, many hotel companies and a few technology vendors ran certain applications in a centralized model (a version of which is now called the “Cloud”). It was restricted mostly to a few enterprise systems such as central reservations and financial reporting, and had not yet spread to the dozens of mainstream hotel applications.

Fast forward to 2014, and the outlook is clear. With few exceptions, hotel-based computing systems are vanishing. The cost savings are compelling: offsite data centers mean less space requirements, and reductions in staff, cooling, power and much more. Even many large, higher-end hotels no longer employ IT staff onsite. But at the same time, the consequences of poor planning, downtime, and systems that break can be much greater. In the environment of ten years ago, a single interface glitch would affect just a single hotel, and an onsite IT manager would diagnose and repair the issue.

In the Cloud, it may affect thousands of hotels. As several less fortunate hotel groups have discovered, the responsibility for fixing problems is much less clear – and the ability of the IT manager to find a workaround is diminishing. Again, standards – this time around the way hosted systems need to interact with each other – are the key to avoiding or minimizing pain.

Big data will win

By 2004, hard drives for data storage had come down in cost to about US \$2 per gigabyte, and businesses were just starting to think about what they could do if cost were no longer a factor. Sure enough, that cost has dropped 99% to around US \$0.02 per gigabyte. You can now store huge amounts of data with ease, at essentially no cost. This has led to massive accumulations of data, and it has also driven innovation.

According to one study, 90% of the world’s data has been generated in the past two years alone. Many businesses have become adept at mining everything they can measure about their customers, and using it to maximize “share of wallet.”

Although hotels have been slower to adapt, their pace is accelerating. Big data already means healthier profits for retail, autos, financial services, advertising, airlines, and other industries. The next five years will see hotels catch up. They’ll use data to not only optimize sales, but also to manage energy consumption more efficiently, reduce food spoilage and waste, and improve worker productivity. Many of these applications require the sharing of much more data among many other systems, both analytical and operational. The integration challenge will increase.

Conclusion

For hotels confronting the challenges of increasing technology complexity, there’s good and there’s bad news.

The consolidation of systems in the cloud has greatly reduced deployment and operational costs. Even in remote areas, or where telecommunications are simply unreliable, hotels have been able to successfully move many systems to the Cloud. In much of the developed world, hotels may choose to operate only a few critical systems onsite (systems such as safety).

The coming challenge is that IT management is now far more involved than ever before. Downtime costs money. Because the consequences of failure are greater, the need for highly qualified CIOs and technology teams has advanced apace.

Take the necessary steps to improve, and plan on having a longer look at the systems and people you have in place. If your tech people have largely the same skillsets and reporting relationships as five years ago, it may be time to get busy strengthening the hotel’s approach.



***Douglas Rice** is Executive Vice President and Chief Executive Officer of HTNG, reporting to the organization’s board of directors. He was an original founder of HTNG in 2002 and has remained involved ever since, becoming its first permanent Executive Director in 2004 and assuming his current position in 2007. He is a regular speaker at industry conferences, has served on the HITEC Advisory Council and was a founding member of the Hospitality Technology Strategic Initiatives Council. Doug was selected by Hospitality Financial and Technology Professionals (HFTP) as the 2012 inductee into the International Hospitality Technology Hall of Fame, and was honored by Hotel Business magazine in a 2008 cover story as one of the five most influential executives in the field of hotel technology. Prior to HTNG, he was a consultant for more than 15 years; his clients included senior IT, marketing and operations executives from major hotel companies around the world. Doug’s prior career included several years as a Marketing Manager at United Airlines, and as an Economist with Data Resources, Inc., a major economic forecasting company now known as GlobalInsight.*



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IT spending: where should it go?

by **Floor Bleeker** 

We rely on data and systems to optimize revenue, improve operations and target customers. Are we spending on the right initiatives? Floor Bleeker of Mövenpick Hotels & Resorts expands on how a well-thought IT strategy can propel the organization's competitive edge – and how priorities can and must be established.

Most hoteliers agree that technology is core to our business. Most of our bookings arrive via electronic channels. As an industry, we commit the majority of our marketing dollars toward online. We rely on data and systems to optimize revenue, improve operations and target customers. When digital security threats materialize, we implement and safeguard systems. For many of our guests, perhaps the single most important room amenity is reliable Wi-Fi. Investing in IT programs is therefore key to the success of any hospitality business.

When it comes to optimizing hospitality IT expenditure, questions abound — often without clear answers. Are we spending too much, or perhaps not enough, on IT? Are we spending on the right initiatives? Should we centralize or decentralize? Should we be using the Cloud? Can we outsource services or should they move offshore? Who is paying — the owner, the hotel, or the management company?

According to IT research experts, the world's leading hospitality organizations should be spending around 2% of their annual revenue on IT. While that's a useful guideline, it's superficial to say the least. It is arguably as important to understand what the IT budget is being spent on, and how this spending will be optimized.

In the digital economy, many IT services have become commoditized. Today PCs, servers, e-mail services, point of

sale systems, hosting, network connectivity, Wi-Fi, telephone systems and IPTV are similar — particularly if you can compare vendors on equal footing, and if all are widely available.

Those of us in IT refer to these sorts of expenditures as, "Stay in Business" or "Keeping the Lights On" investments. That's because everyone in the company needs them, and uses them in much the same way.

Price-conscious IT managers will often make this type of IT investment decision on the basis of cost. A good tool to evaluate alternatives is a total cost of ownership (TCO) analysis — a systematic comparison over time, incorporating Capex, Opex and other expenses into the equation. For example, public Cloud solutions provide an effective cost-sharing strategy for infrastructure as well as for e-mail or other standard applications, while outsourcing specialized IT jobs can be another cost-cutting method.

The other part of IT spending is often called a Growth, Transformation or Competitive Advantage investment. While these expenditures tend to be more complicated or risky, they deliver a measurable return or provide a distinct competitive advantage. This type of spending comprises those systems that improve business results, such as sales, cost, profitability optimization, risk mitigation, customer experience and owner's return on equity. Examples include CRM or loyalty platforms, business intelligence systems, distribution support systems,



Floor Bleeker joined Mövenpick Hotels & Resorts in 2013 in the position of Chief Information Officer. As a member of the company's Executive Committee, he is responsible for IT strategy, program development and implementation across the group. He also oversees the IT shared service organization covering Mövenpick Group, Mövenpick/Marché Restaurants, Mövenpick Fine Food and Mövenpick Wine. Prior to joining Mövenpick Hotels & Resorts, Floor worked with the Jumeirah Group in Dubai for over twelve years, where he most recently held the position of Vice President Business Solutions, responsible for the IT team looking after IT strategy, solution development, project management, portfolio management, international expansion, SBU operations and digital marketing. He started his career with the Rezidor Hotels & Resorts Group (formerly known as Radisson Hotels & Resorts) in Belgium and has worked in IT positions in the USA, the Caribbean and the Middle East. Floor holds an MBA with a Marketing specialization from the University of Colorado at Colorado Springs and a BSc in Hospitality Administration with a Finance specialization from the Hotel School The Hague. He serves on the Board of Hotel Technology Next Generation (HTNG), the world's leading hospitality technology trade association, and holds a number of advisory board positions for other organizations.

workforce optimization and systems that help with the online customer experience. Because these types of systems are difficult to directly compare, perhaps the best way to measure them is simply to examine return on investment (ROI).

In either IT investment category — Stay in Business or Growth spending — countless upgrade or enhancement projects exist. Picking the right one is key to a successful IT investment strategy. One helpful evaluation approach is to rank projects by ROI, by TCO, by alignment with company strategy, or by other enterprise-essential criteria. In some instances, IT management can rely on the executive team or another cross-functional business committee to determine which projects to fund. If a committee will be the decision-maker, it is imperative that all business functions be represented in discussions. To illustrate this with an example, the sales team might need a new, revenue-generating CRM feature, while HR is asking for a system to optimize labor cost, yet funds may only be available to support one of these Stay in Business investments. The project ranking and the cross-functional committee approaches should aid in decision-making.

Implementation of IT projects is vital also when it comes to making Growth investments. As these projects are expensive, executing them quickly and in phases can help to create value as soon as possible. Because these are projects which tend to cover terrain new to the organization, they can be riskier expenditures. There is always the likelihood that a project

of this type will not come to fruition. Should it fail, it's critical for such a failure to occur quickly and cheaply — for example, through the use of low-cost pilot projects or “proof of concept.” Money invested in such a project is a sunken cost and should not be considered when deciding on the future of the IT project — as painful as it sometimes may be.

An investment that would have made sense at the time of feasibility maybe later becomes obsolete, because of advancement in technology. In these cases, it is necessary that these projects end as early as possible.

The approach to IT investment can have critical impact on the bottom line of hospitality companies. Optimizing “Stay in Business” expenditure costs, and investing those savings in the right Growth initiatives are effective strategies to help keep organizations ahead of innovative technologies that benefit us all.

Pitching your project

by **Mark Haley** 

Originally published in the HITEC 2014 Special Report, this handy “how-to” guide should be of value to anyone who, before diving into a new project, has to persuade someone else first that it is worth the time and money. Mark Haley of the Prism Partnership, LLC, talks common sense about the process of convincing the powers that be to give you the green light.



Unless you are the hotel owner, pretty much every project in a hotel, IT or otherwise, requires someone to approve the investment. Some projects get approved by the general manager (GM), but substantial efforts typically have to go through several layers of approval in some corporate hierarchy, and often by an asset manager or other owner’s representative as well. All of these people need to be convinced that the project is the right thing to do for the business and a good investment.

So how do you go about convincing them? Let’s start with the easy stuff.

Know the rules of your game

Your company should have documented processes for handling the approval of various sized projects. The GM and controller might be able to approve projects under \$100,000 with further approval required for greater amounts. You need to know what that process is in your company and follow it.

Most hotel companies have an “approved vendor list” that hotel IT projects may buy products from. Many hotel companies have sole-source agreements for strategic systems, typically the property management system (PMS). They negotiate these agreements so as to ensure consistency of service delivery, simplify decision-making and enable greater mobility of personnel (if the same systems are in use from hotel to hotel, then your people can go from one

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to another without re-training). Whether a sole-source or a selection from a list, these kinds of projects will typically have negotiated prices and terms already established, except for an independent property.

If you propose the corporate-approved systems, your project has a much better chance of being approved. At that point, make sure that your capital project proposal package is complete and put together in a business-like manner. This means business-formatted typing, with proper sentences and free of typographical errors. If still done on paper, then you want to have it in a folder or binder that is attractive and organized, with an appropriate cover memorandum. More on that later.

Do your homework

But what if your hotel is an independent, with no corporate structure making decisions and negotiating most-favored pricing deals? Or the particular project doesn't have a deal in place? Then you need to do some work, and your capital project package needs to reflect that work.

The work part entails doing your shopping in a professional manner. The flow of needs analysis, request for proposal and negotiation has all been documented elsewhere and really outside the scope of this article. Your proposal package needs to include a summary of the shopping process you went through and a comparison of the proposals you received. This comparison should illustrate the differences between the proposals on feature/function, proper configuration, vendor stability and other relevant dimensions, as well as price. In most organizations, price is a factor, not the factor. A comparison like the following will be convincing:

"We recommend Proposal A because it was the low-cost proposal, the configuration will cover our needs for the present plus 10 percent growth, it has all of the features required in the RFP except a couple minor, low-weighted items and the vendor has been in business for 18 years and is profitable.

We discounted Proposal B because it was 14 percent more expensive than A, the configuration will barely cover the property today and will require a new server to accommodate our expected growth and it lacks several major elements of functionality we consider important. The vendor started business earlier this year and is a re-seller of Company X's products. Company X is currently going through bankruptcy reorganization. The proposal was carelessly written and sloppy in presentation, suggesting their execution may be as well."

Again, packaging your request for funds attractively and in a business-like manner will go a long way to make the sale. Just

as Proposal B was discounted for being sloppy, your request for capital funds will be discounted if not done professionally.

Justification

At some point, someone is probably going to say "What is the ROI (return on investment)?" Notice they never ask for an ROI on ballroom carpets or bathroom fixtures, but almost always for IT expenses. In the hotel business, successful requests for capital funding typically revolve around two or more of the following three crucial dimensions:

- **Improve guest service and enhance the guest experience.** "Our guests expect good, stable Wi-Fi service in the rooms and public spaces or they will go stay elsewhere."
- **Reduce costs.** "Our existing Wi-Fi access points are failing at the rate of five per month and it requires six to eight man hours to troubleshoot and replace a failed device."
- **Increase revenue.** "By upgrading and improving our Wi-Fi infrastructure we can resume charging for HSIA like our competitive set does."

Sometimes you will need to calculate a formal ROI estimate. A simple way to express ROI as a percentage is:

| | |
|-------------------------|-------|
| All profit improvements | X 100 |
| Total investment | |

Payback period is another means to illustrate the ROI. If a \$100,000 investment will increase profitability by \$10,000 a month (through increased revenues, decreased costs or both), then the payback period is 10 months.

However, calculating the increases in revenue or decreases in cost over the period you measure can be challenging, and will usually call for making some assumptions. If it is a long period of time, then one needs to account for the time value of money by using a present value calculation. The present value formula in Excel is: (rate, nper, pmt, fv, type). Rate is the factor you are using to estimate the cost of capital: if you borrowed the money at 7 percent, the rate would be .07 for an annual calculation or .07/12 for a monthly value. Nper is the number of periods, so it might be three years for an annual estimate or 36 for months. PMT is the payment amount or in this case, the change in profitability. FV is future value, normally ignored in this use case, as is the Type value.



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From the ground up please: consolidation of the hotel distribution and technology industry

by **Lennert de Jong** 

The technological maze that the hotel industry must deal with is getting more complex every year. Looking a few years into the future, Lennert de Jong of citizenM has a new take on meeting this challenge: could we not simply outsource everything, and just get on with being hotels?



At the time of writing, I am in the midst of moving. This means projects in the new house, but also cleaning up in the old house. Do you know that great feeling during moving, to decide to go for the new? To leave, sell off or just get rid of some of these things that are outdated, that became useless, or that have been replaced by more up-to-date solutions?

I decided to give away my entire CD and DVD collection and not even take the DVD player to my new place. During the last move a few years ago, my VHS tapes were the victims of this clearing out process.

Doing this, I recognized a great parallel to the hotel industry. Our industry has been playing around for too long with the same toys; yet, looking up at other industries, we get inspired

by how it could be done. But why is it that we get the newest version of Facebook on your phone, we have made “Google” a synonym for search, Booking.com has just signed up its 500,000th accommodation... and yet hotels are stuck with legacy systems for decades already, and new initiatives in the hotel technology industry seem to never really take off, or at least struggle to gain traction?

This all has to do with friction. Friction to convince owners, friction to implement, friction to connect to existing systems. See how Hilton just decided to spend over \$500,000 on an app to get people into the door without a keycard? That is friction right there.

Next to friction there is a lack of scale and skill to get to the next level in the hotel industry. With such a fragmented world, with ownership, management and brands not aligned, it is difficult to get difficult things done, especially when it hits CAPEX and the business case does not always come up with a sufficient ROI.

1999

I started to work in the hospitality technology industry in 1999, to start up SynXis in Europe. We had a revolutionary product, “Cloud based”, that would connect the PMS to the land of distribution, be a central reservation system for a hotel call-center and would make your scanned brochure (website) come alive with a booking engine that connected directly to the system.

When we spoke to hotel managers during these first years of SynXis, 95% of the time we ran into the same issues. The hotel manager did not see business moving to the Internet, did not want to change anything, did not want to pay money for reservations coming from the website (“phone is a cheaper channel”), or simply was too afraid of the unknown.

It took a few years to gain traction, but when we did, we ran into something else. People understood the new CRS/GDS/IDS and booking engine, but connecting new channels/sites or PMS's became an issue. License fees for interfaces, versions that first needed to be upgraded (at the expense of a few cars), lead times. It became messy.

2014

In 2014, when you look around in the hotel industry you see two things really clearly: hotels seem to be unhappy with online travel agencies, and hotels still do not move on any new technology. They are still stuck in PMS versions 1.0, and any new system they want to use will cost them a license fee amounting to thousands of Euros and a monthly support fee on top of that. For something new that they do not understand and/or trust yet.

Surely there are initiatives that tried to streamline inter-vendor communication such as the open travel alliance or HTNG, but they have been around and did not seem to make the impact so that a new technology can be adapted at large by an industry.

The underlying issue and conclusion for me is that the maze of outdated technologies, under-education because of fragmentation (surely a 20-room hotel will not need to understand all of this), and extortion by the existing players on interfaces is causing so much friction that it does not allow any company to enter.

At the same time, hotels are complaining about the rise of the OTAs, the online travel agencies, and the power they are gaining worldwide – and it is making them fearful for the future.

Hotels, wake up and smell the coffee!

If you wanted to write a book and sell it, would you need to use a PMS? Would you need to have a revenue management system in place, pay for expensive interfaces, educate yourself on e-commerce? No! You would simply put in on Amazon and have a publisher make some noise about it, right?

It is time for the giants to fix this once and for all for the hotel industry. Google might have the power to do it, but it does not seem to have the focus yet – although it could just wipe out the entire CRS/PMS route by replacing doorlocks and connect to them directly.

Priceline/Booking.com surely wants to move in this direction, looking at their purchase of Hotel Ninjas, Buuteeq and OpenTable, and help hotels finally focus on what they should be good at (providing a good experience for guests), while outsourcing technology/marketing to them.

It might even be Amazon, with their travel initiative – although that seems far-fetched from a practical level.

Two things would need to happen. First, we, the hotel industry, need to accept that we are fragmented, we do not have scale or skill in marketing and technology, and therefore we need to accept a big player helping us with this.

Second, that big player will need to understand the P&L dynamics from an owner's perspective, and that there is a cost and margin for every step in this game – and price accordingly. Cutting the foodchain needs to come with efficiencies that translate into cost savings for ownership.

AirBNB is knocking on the door. An Uber driver told me recently that 15% of taxi companies in the Netherlands went bankrupt in 2014, even though use of taxis was up big time. Why? "Because they did not cooperate with Uber". It is time to understand that spectacular innovation will disrupt our industry, and embracing this will help make the transition go smoothly. Creating a level playing field will cause players in this industry to seize their business. My prediction is that we will see a rise of new players in technology that can finally interact with us, causing traditional PMS's to go under, and with them all kinds of legacy companies that made their business out of the mess we created.

Hoteliers, get your experience in order. Rent out your own house through AirBNB to understand the simplicity of not having legacy systems. And then apply to the hotel industry. Be open for change.

2020

The hotel industry has been made frictionless. Owners are no longer blinded by operators and a maze of technological barriers; it has become easy to obtain data and guest knowledge; and hotels are able to focus on the fun of providing a spectacular experience again and beat each other up on the best new experience in town. Thanks to the giants who decided to take action five years ago and clean up the mess we created. ■

Lennert de Jong - Director of Distribution, CitizenM

Lennert has been involved in the (online) hospitality distribution industry since 1999, in business development, technology, strategy management, marketing & sales. Today, he is responsible for citizenM's commercial strategy, overseeing its ranking on booking.com, the profitability of its Facebook advertising, bounce rates on the website and the effectiveness of the company's sales teams. He is also responsible for the automation of citizenM's reservations processes, revenue management and the guest acceptance of the company's proposition.

Fail fast and learn a lot! Getting hotel tech on the Silicon Valley to-do list

by *Pierre Boettner* 

Pierre Boettner of hospitalityPulse believes now is the time for our industry to rethink technology paradigms. His Silicon Valley-centered look at hospitality tech asserts that while technology has steadily advanced over the last 30 years, hotels are still not fully benefitting. Silicon Valley thinking would attack the problems differently, he says.



Silicon Valley is a place where innovation, technology and community collide. Amazing technologies and companies like Facebook, Google, Apple, Intel, Cisco and many others not only are created here, but they also raise the bar for the rest of the technology world.

A closer look at hotel technologies from this influential area reveals that the goal of many of the innovations aimed directly at our industry is to either break the mold, or try to bridge traditional and less traditional hotel technology with what makes Silicon Valley so different.

So, let's take a closer look at a few companies that are changing the hospitality tech scene, such as Duetto, Nor1, room77, CheckMate and hospitalityPulse. The list of innovators knocking on the door of our industry is long, with many more hotel tech start-ups out there now that no one even knows about yet. Hospitality technology companies have really found a new home here in Silicon Valley, and here are three reasons why.

Tremendous talent

What differentiates Silicon Valley from every other technology capital is its incredible density of highly skilled engineers.

Now there are certainly phenomenal engineers in Dallas, in Naples, and in many other places I've had the honor to work. Here, great engineers cannot be had for a paycheck and the prospect to realize someone else's idea of a solution.

Engineers are the lifeblood of the Silicon Valley economy. Driven to solve difficult and often never-before encountered design and technology challenges, they are consistently successful because they work in strong technology environments, alongside experienced UI/UX professionals, world-class engineering project managers, architects, product managers and many others, all of whom contribute their skill to developing robust and elegant user experiences. These teams have become adept at defining the solutions that change the way the world lives, works and interacts.

Funding gateway

To hire even a small tech team you need funding, the other resource Silicon Valley seems to have more of than anywhere else. Securing funding is hard. Without it, a lot of opportunities and ideas may never see the light of day. At times you read of investments that are just obviously silly (heard of Yo! anyone?). For every crazy investment you encounter in the media, thousands more, with sound strategy and founders, find their investors here.

Tech education & knowledge: learn to accept failure

The third reason is that this is quite possibly the only place in the United States where high school football teams have to compete for funding with Computer Science departments, where humanities studies are interwoven into curricula and the more common, "elbow-grease" mentality is replaced by intellectual drive and a wish for a better, more connected — and therefore more accepting — world.

It's known that geeks and nerds are perceived as the real rock stars here. This wild mix of many different traits and cultures also produces some astounding ideas. Taking that great idea to become a great product however is an entirely different feat. Sure, funding and exceptional engineering helps, but Silicon Valley also has the densest graveyard of failed companies.

Current state of hospitality technology

Take a look at the current state of technology in hospitality. Nowhere else are some of the most interwoven and disparate systems so tightly integrated in real time. Widely respected names in technology have quietly abandoned hospitality after grasping the enormity of the interface requirements of this industry. Take a look at your own Property Management

System [PMS]; it combines all these systems and does that well – it is the backbone — the true workhorse of your operation.

Now examine your PMS and think of its evolution over time. Screens and pages have become more user-centric, processes have become automated and fluid, in-house servers have long vanished into data centers or even virtualized into the cloud. Its core functions, however, are essentially unchanged since its original inception some 30 years ago. Many processes in the rooms division continue to be manual tasks, some aided by better reports and screens.

Not unlike banking systems, PMS's are optimized to record transactions and dispatch these to other participating systems. Many decisions in day-to-day operations are too multi-faceted, too complex for such systems. Here's the problem with that: human decision-making is very similar to that of transactional systems. It is essentially linear and needs to focus on one decision element at a time.

Many hotels now have back offices that have more employees than are on the front line. For many of the decisions made here, linear patterns simply don't produce good results. Likewise, adding staff has diminishing returns. It is time to take a fundamental look at what hotels do and to rethink some of the paradigms. Technology has advanced enormously in these past 30 years and yet hotels still are not fully benefitting.

This brings us to the next critical component of Silicon Valley, also a popular phrase here: "Fail fast and learn a lot!" You read this right. When looking to solve things that have never been solved before, or create solutions in an entirely new way, you need to fail and fail as fast as you can. It is a very deliberate approach that helps identify where you need to push further; where you have yet to discover the very essence of the problem you're looking to solve, or where you have achieved the desired outcome.

Take something that is obviously a problem, say the often long check-in lines at the front desk. We tried kiosks and web check-ins, with mixed results at best. Lately, we are going full throttle towards mobile check-ins – we have yet to see if



guests will fully adopt this. Yet ask anyone who was involved in the development of kiosks, or has used kiosk-based check-ins, and they can more than likely tell you just how much functionality had been built in. Aside from check-in, one could change a reservation, get an upgrade offer, change payment methods, make partial payments, create future bookings... the list goes on.

Imagine the energy and money wasted in this effort – guests simply didn't want any of it. Yet, it had everything going to fail fast. The hypothesis was that guests would prefer to check in more quickly at a kiosk. But that hypothesis was never truly tested; instead we all went full-speed ahead and spent man-years of development, in lieu of testing a simple device that would have allowed just one very specific thing - checking you in.

Retrieve and view your booking, swipe your credit card, get a room assigned and get the key produced. Want to make a change to your reservation, need a different room, want to make a separate booking? Then please proceed to the front desk where an agent will help you. We would have learned something from that – either that guests really didn't like kiosks, or perhaps at some hotels in certain situations, guests would have preferred kiosks. This could then have been the basis for continued research, with real users and real data, resulting from real situations. Most hotels using kiosks successfully today are budget hotels that have replaced the front desk either entirely, or during certain times of the day.

There are striking parallels from which we can derive what we may have learned: Airlines very successfully introduced kiosks some ten years ago. Of course an airline check-in is a "piece of cake" compared to that of a hotel. Desperate for additional revenues, the airlines are now equipping kiosks with upselling and cross-selling capabilities functions.

Sure enough, passengers are confused. They block the kiosks for several minutes, keep agents busy troubleshooting and

waiting lines longer than ever. You think they appreciate spending ten minutes or more to check-in? Let's all strive never to repeat the same mistake again, be it with mobile check-ins or any other innovative technology.

We all love the idea of using a technology's potential to its fullest. We are creative and we like to see our imagination realized. We should also ensure that we consistently test basic hypotheses and paradigms. That is what "failing fast" truly means. It also gets us to the realization of accepted technology fastest, best and in the most cost-efficient way.

Of course, such an approach requires technology companies to be relentless in their innovation. This is the final ingredient of Silicon Valley: continuous improvement. R&D simply never stops. When a product is "done," it is quite literally "finished," at the end of its life. Until then, it will continue in the cycle of enhancements, paid for or not.

Trust us when we say that we really want to push limits, and forgive us when we question the paradigms, even the much-loved ones. We do this to get to the bottom of things. The last thing we want is to leave you in a maze of configurations of somewhat similar, but still custom solutions. Such customizable solutions require a lot of non-technical staff, installers, trainers and support agents. We call that non-scalable and it makes products expensive. The only way to build useful but cost efficient and scalable products is to probe for the deep underlying, and therefore oft common mechanisms of business processes. Solving at that level creates superior solutions available to almost everyone, easy to install, support and maintain. Getting there is a road travelled together in true and honest partnership. We will want to fail together a few times; not because we don't understand – it's just how we solve things, and produce real innovation in the process.

■

About hospitalityPulse

Optimal room assignment is critical to guest satisfaction. Its impact on inventory usage and revenues is significant. hospitalityPulse spent several man-years engineering the optimization algorithms to solve this complex, industry wide problem. roomPulse is an industry-first room assignment solution with patent-pending optimization. Leveraging mathematical modeling with deep understanding of hotel operations, roomPulse looks at all pertinent inventory and reservation information, to determine the most optimal assignment while applying availability-based upgrade rules.


➔ www.hospitalitypulse.com.

*Hi, I am A.L.O.,
your Botlr at Aloft Cupertino*

Read about me on page 64



The business intelligence boom

by **Bonnie Buckhiester** 

In this highly thought-provoking piece, originally published in the HITEC 2014 Special Report, Bonnie Buckhiester of Buckhiester Management, Ltd., explains the need to move away from the conventional concepts of marketing, sales and revenue management, and to think instead in terms of demand creation, demand capture and demand management. For each of these disciplines, she writes, there are more and more business intelligence data sets that must be taken into account to interpret the demand continuum.

As a revenue management specialist I am constantly reevaluating data sources and data sets. Long gone are the days of relying solely on market share reports, competitive rate shopping tools, and internal metrics to gauge performance and guide decision-making. Today, strategic oversight of the revenue management effort involves complex data sets from a multitude of sources. And to make sense of this “big data,” end users must take a highly structured and efficient approach to data gathering with the aim of interpreting and presenting this data in a clear and concise manner.

A higher degree of integration

To accomplish this, a much higher degree of technology integration is required; only in this manner can hotels ensure they do not miss opportunities to manage demand optimally. The lack of comprehensive technology integration is a key part of this challenge, a problem that is growing daily as new data sets come into play. Even today hotels operate without interfaces between property management and sales/catering systems because the interface costs are high. But the true cost of the inefficiency is never measured and the old adage of “what we don’t measure, we don’t manage” certainly applies in this case. Until such time as hotels fully identify and acknowledge lost revenue that is a direct result of misinterpreting the signs of shifting market conditions, signs that might have been read with the help of big data, the industry is not likely to address these issues. The problem is there is a high cost to integration, and in a cost-obsessed industry this only exacerbates the situation.

The hospitality industry has long suffered from the negative affects of working in silos, but today the dangers are amplified. Traditionally, the revenue generation roles have been defined as marketing, sales and revenue management, but these terms are obsolete. More precise descriptions are demand creation, demand capture and demand management; and it’s only when these roles fully converge that a hotel is in a position to optimally manage demand.

For each of these disciplines there are a growing number of business intelligence data sets that must be taken into account to interpret the “demand continuum.” Imagine if you will, several integrated dashboards that gather and organize key performance indicators (KPIs) in such a manner as to enable revenue teams to evaluate demand conditions from a number of converging perspectives. These KPIs can be divided into six broad categories:

1. Macro demand influencers. These are broad-based, overriding factors that are largely outside the control of hotel operators, but dramatically influence the rise and fall of demand.
2. Leading demand indicators. These KPIs are direct and conclusive indicators of demand
3. Competitive impact factors. These factors relate directly to the competitive marketplace and include two perspectives: those from the competitive set and those from consumer reviews
4. Marketing and public relations performance indicators.



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- These data sets include results from a multitude of marketing and PR initiatives.
5. Social media performance metrics. These metrics represent the newest indicators of consumer sentiment and engagement.
 6. Internal performance metrics. These measurements are the most familiar to hoteliers and now reach beyond traditional forms of metrics to include a “total revenue management” perspective, i.e. all revenue streams evaluated to the profit ratio level.

You’ll notice that internal metrics are listed last. This is intentional. Too often hotels focus attention on the isolated performance of their own property rather than the forces and factors that impact that performance. This type of myopic attention makes it less likely to see the inevitable shifting of market conditions in time to make informed adjustments to strategies. However, if hoteliers will broaden the scope of key performance indicators and examine these metrics in tandem, the likelihood of deploying optimal demand strategies and tactics is far greater. Consider the examples of key impact factors listed in the table below.

If these metrics could be gathered in such a manner as to make decision making smooth, efficient and effective, imagine the impact. If a revenue team convenes and determines that call volumes and Web visits are down year-over-year, and sets about to identify just how many calls are required at current conversion ratios and lengths of stay to produce the desired

room nights, then the marketing team has specific targets to reach. If competitive research indicates that a hotel’s social media effort is losing share, then marketing and sales can make informed decisions to improve customer engagement.

In another example, if the revenue manager carefully tracks production statistics for each and every package and promotion, marketing can fully evaluate the return on investment (ROI) of that initiative. The key, of course, to all these assessments is the ability to make these decisions based on empirical data not anecdotal observations. However, at present a revenue team must awkwardly examine multiple systems and data sources to collect, organize and eventually interpret trends.

The value of integration

Technology professionals have worked endlessly to provide intelligent, highly efficient hardware and software to meet the needs of the hospitality industry. Yet hotel operators are often reluctant to invest in new technology. In the same manner that the traditional marketing, sales and revenue management disciplines must evolve and converge into a single demand continuum, so must operators evolve and accept the reality that big data is here to stay and growing exponentially. And the larger it grows the more disconnected our systems become.

So there are two distinct areas of responsibility here. The first is for the technology companies to make integration easy and affordable. Many have done this already with open APIs and open minds. But hoteliers must also have open minds. And the best way for a cost-obsessed industry to measure the value of integration is to start honestly calculating the money being left on the table. Comprehensive data sets that are fully integrated for use by hotel general managers and revenue teams are the answer to optimizing demand, whatever that demand may be. There is a saying that “what goes up, must come down,” and surely up and down demand cycles are inevitable. But to answer the question “who must come to the rescue?,” the answer is a fully collaborative effort from hotel operators and technology professionals, with the emphasis on the operators. If operators have the political and financial will to conduct business in a fully integrated environment, it will happen and they will come to their own rescue.

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KEY PERFORMANCE INDICATORS

Internal performance metrics

- Occupancy, average rate, RevPAR, and total revenue (to budget, to forecast, to last year)
- Forecast accuracy
- Total guest spend per occupied room, per available room
- Call conversion ratios
- Forecast accuracy
- Total spend by market segment
- Up-sell revenue
- F&B outlet and catering revenues per occupied room; covers
- Guest capture ratios for golf, spa activities
- Length of stay
- Upgrade statistics (number and value of room nights consumed in room types for which the guest has not paid)
- Data Sources:
Property management, golf, spa, point of sale, sales/catering and central reservation systems; forecasting tools

Demand influencers

- Economic climate
- Airlift
- Currency exchange
- Air fares
- Air passenger arrivals
- Weather conditions (ex. snowfall for ski resorts)
- Tourist authority statistics
- Data Sources:
Government, industry and tourism reports; central banks, airlines, weather services

Leading indicators

- Call volumes
- Web visits (total, unique, etc.)
- Unconstrained demand forecast
- Regrets and denials
- Revenue forecast
- Booking pace by market segment
- Revenue per reservation
- Production statistics (packages, promotions, events, etc.)
- Call center abandon ratios
- Data Sources:
Automated call distribution, property management, global distribution, central reservations, sales and catering, and revenue management systems; Google analytics; guest engagement software

Competitive environment

- Market share
- Rate shopping
- Comparative offers (packages, promotions, etc.)
- Market share index balance
- Peer review scores and rankings
- Channel share
- Fair-share forecast
- Data Sources:
Market share reports, rate shopping tools, reputation management software and online travel agency reports

Marketing & public relations

- Marketing ROIs
- PR ROIs
- Web referrals
- Web conversion ratios
- Paid search results
- Web engagement ratios
- E-mail acquisitions
- Results by e-mail initiative
- Customer retention
- Call tracking by 800 number
- Digital display media results
- Data Sources:
Marketing automation tools and Google Analytics

Social media

- Tripadvisor rating
- Value index ratio*
- New reviews and ranking
- Google+ rating
- Facebook likes
- Twitter followers and re-tweets
- YouTube subscribers and views
- Pinterest followers
- Instagram followers
- App.com metrics (proprietary apps)
- Data sources:
Tripadvisor dashboard and other social media dashboards; app statistics

* Value index = *the value score in Tripadvisor reviews expressed as an index against the competitive set — much like a market share index.*

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Cloud 3.0

by *Nick Price* 

Fast or slow, confidently or haltingly, the hotel industry is moving onto the Cloud. But what is the Cloud exactly, and how is it changing? In this instructive and insightful article, Nick Price, CIO at citizenM, walks us through that company's recent decision making process.



For nearly as long as I can remember, hospitality software vendors have been talking about the Cloud; why their new Cloud application is so much better than the one it replaced, or more capable, nimble, agile, cheaper than the nearest competitor's old on-premise system. And indeed, all such promises might be true when viewed through the lens of a single hospitality application, but a single Cloud application, unfortunately, isn't by itself of much use. And the gradual move to the Cloud, one application at a time, often over years, ignores the fact that the on-premise systems these new Cloud applications replace were built around a local-area network architecture operating at wire speed that addressed performance, management, security, and other needed attributes of a well thought out business system. The move to the Cloud unfortunately very often ignores these notions, and hotel companies generally don't find out until it's too late.

Now, I'm not anti-Cloud, in fact I'm very much a Cloud believer and evangelist, but having lived for many years as CIO at Mandarin Oriental, seeing applications migrate one by one to the Cloud, and now in my second year as CIO at upcoming brand citizenM, a company that's all-in on the Cloud, I have enough experience from living through the pain to know what works and what doesn't. And this time around, with something that I call the third generation Cloud, I believe we finally have sufficient understanding, and the technology now available, to make

Cloud 3.0 the resounding success that “The Cloud” has been promising to be for over a decade. So what is Cloud 3.0? In short it’s Enterprise Cloud; the ability to take a whole company, in this case a hotel company with its myriad application systems, and with confidence migrate the primary business workflows above property knowing that management, performance, security, and the ever-important inter-application integration are provided as part of a base Cloud platform architecture that allows for operation at global scale.

So let’s start with a few simple definitions:

1. The Internet is not a Cloud, or even the Cloud, despite the fact that a new application being “in the Internet” is often seen as sufficient justification to qualify a new Cloud purchase.
2. Client-server applications hosted in vendor owned data centers and accessed through remote terminal sessions (Cloud 1.0) are not Cloud.
3. Individual vendor Cloud applications running in various corners of the Internet and communicating over a loose set of web-services (Cloud 2.0) do not constitute a reliable business system. This was the architecture that I inherited when I joined citizenM, and I have spent the best part of the last year developing a reliable Cloud infrastructure to replace it.
4. Public Cloud from the very few global Cloud companies (Amazon, Google, Microsoft) who can afford to spend billions of dollars annually to build out and operate some of the largest networks ever built are the essential building blocks of Cloud 3.0. This public Cloud infrastructures provide truly global reach, reliability at scale and are backed by modern toolsets and infrastructure services such as identity management, integration services, in-built security and the development tools and operation dashboards that hotel companies need to reliably operate a Cloud-enabled business.

At citizenM, we are seeking to build a Cloud infrastructure that will serve us for a minimum of ten years and have selected the Microsoft Azure Cloud product set as our Cloud infrastructure of choice. Our choice for Azure is based on the following beliefs (yours may be different):

1. Future-looking Cloud is a platform model (platform-as-a-service) where, rather than dealing with operating systems and virtual machines which require operation and management just like physical boxes in your own data centres, the concept of operating system and services such as database are abstracted into the base infrastructure, leaving the user (the business IT professional) to manage at the application level. For citizenM the choice is simple,

we believe that Microsoft can do a better job of managing the operating systems and system services than we can do ourselves. This makes PAAS a simple choice, and Microsoft is a clear thought leader in this area, with Google the runner-up.

2. citizenM intends to operate hotels in China, and so we need a global Cloud to extend to the Peoples Republic. Google is persona-non-grata in China; even the Google search engine isn’t available, and Amazon is a year away from practical operation. Microsoft, however, is up and running with an Azure node in Shanghai. Job done.
3. There is no ERP product for hospitality, meaning that no one vendor can supply all the applications needed to run a hotel company pre-integrated. Hotel companies are therefore forced to operate a set of applications from different suppliers and to integrate them into a single, reliable business system. It is my experience that the methods through which these applications are integrated, in significant part, determine the overall reliability of the business system, and this is even more the case when the constituent applications are resident in the Cloud. The Microsoft Azure product anticipates the need for Cloud application integration through the provision of Service Bus, essentially, a reliable message transport and management toolset that can be used to enable communication from one application to another (or to many).
4. Because hospitality is a distributed business, with physical assets (hotels), we inevitably face the need to integrate not just applications in the Cloud, but also from Cloud applications to hotel-resident apps, and even between the hotel-resident apps themselves. This is where Azure scores big time. The Azure Service Bus extends from the Cloud to the hotel, instantiated as a service on a Windows Server computer.

At citizenM, we use the Azure Service Bus for all our application integration, whether Cloud-Cloud, Cloud-on premise, or between hotel resident on-premise applications. It’s exactly the same technology used in exactly the same way regardless of where it is used. A reservation between citizenM.com and our PMS traverses the Service Bus; a check-in from the PMS to room-systems runs over the Service Bus; even a channel change or movie selection on the in-room iPad, which must instantly change the channel or start a movie on the room TV, runs over the Service Bus. For citizenM, Service Bus truly is a universal glue and something that we depend upon and must trust completely.

Of course, Service Bus is just a technology, a good one for sure, but it’s just a set of infrastructure services and application programming interfaces (API’s). To make use of it, we have had to build our own integrations between applications.

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THE CLOUD

Being hoteliers, not developers, we have been fortunate to find a highly-skilled local software development partner to build out our integrations (Middleware) using Service Bus, and they have done so thankfully on-time and at reasonable cost.

Some readers may know me from HTNG, and be wondering if this isn't just duplicating the work of HTNG with its various standards. In fact, there is no duplication at all. The Service Bus and HTNG standards are entirely complimentary, and indeed all of citizenM's application integration is based on HTNG standards where relevant. HTNG standards provide the WHAT (information exchanged between applications) and the Azure Service Bus and the citizenM Middleware built on top of it determine the HOW (applications communicate). Together they form a complete, standards-compliant hospitality application integration platform, and one that is very capable and forward looking.

There are many other benefits of this approach – too many to mention here – but if I was to pick just one, it is this:

Taking complete control of our interfaces (the HOW and the WHAT) allows citizenM to decouple applications from one another. No longer do we worry that changing out an application means changing out all the interfaces associated with it. In the citizenM Cloud architecture, as no application ever talks with any other application directly, we are free to change out applications at will with far less impact on the business system than before. This freedom allows citizenM to choose apps best suited for purpose in a particular location and thereby substantially reduces dependence on any one application vendor. In short – fundamental business agility.

These changes made during the last year and rolling out now to all hotels, position citizenM well for its future expansion to new markets. citizenM hotels, supported by a reliable infrastructure at global scale, have now arrived at Cloud 3.0.

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***Nick Price** is the founder of NetSys Technology, a software development and technology consulting company focusing on the hospitality and travel sectors. As part of his portfolio of responsibilities, Nick also holds the post of CIO at citizenM, a happening Amsterdam-based hotel company with global aspirations. Nick has worked with citizenM since early 2013 and is responsible for a large and growing set of digital technologies, including traditional IT. Prior to starting NetSys, Nick held the CIO post at global luxury hotel brand Mandarin Oriental for twelve years, where he participated in a significant global expansion of the company from its base in Hong Kong. Nick is an inductee in the HFTP (Hospitality Financial and Technology Professionals) Hall of Fame and a co-founder and past-president of HTNG (Hotel Technology Next Generation).*



Upcoming Technology Events



2014

OCTOBER

- OCT 21** **HTNG 2014 European Conference**
October 21-23 - Budapest, Hungary
- OCT 21** **IDEaS Meetings & Events Revenue Management Workshop**
October 21 - New York - NY, United States
- OCT 22** **HFTP Annual Convention & Tradeshow 2014**
October 22-25 - New Orleans - LA, United States
- OCT 26** **CTHA 2014 Annual Conference**
October 26-28 - Beijing, China
- OCT 30** **Hotel Technology Conference**
October 30 - Singapore, Singapore

NOVEMBER

- NOV 11** **The PhoCusWright Conference 2014**
November 11-13 - Los Angeles - CA, United States
- NOV 20** **HOSPACE 2014**
November 20 - London, United Kingdom

2015

JANUARY

- JAN 6** **Int. Consumer Electronics Show (CES)**
January 6-9 - Las Vegas - NV, United States

FEBRUARY

- FEB 3** **ENTER2015@Lugano**
February 3-6 - Lugano, Switzerland
- NOV 25** **Travel Technology Europe 2015**
February 25-26 - London, United Kingdom

2015

MARCH

- MAR 4** **ITB Berlin 2015**
March 4-8 - Berlin, Germany
- MAR 10** **Digital Signage Expo 2015**
March 10-12 - Las Vegas - NV, United States
- MAR 17** **Multi-Unit Restaurant Technology Conference 2015 (MURTEC)**
March 17-19 - Las Vegas - NV, United States

APRIL

- APR 28** **International Hotel Technology Forum (IHTF)**
April 28-30 - Rome, Italy

MAY

- MAY 12** **NICC 2015, the Annual Newmarket Conference**
May 12-15 - Portsmouth - NH, United States


JUNE

- JUN 15** **HITEC 2015**
June 15-18 - Austin - TX, United States

HITEC 2015

JULY

- JUL 21** **HTNG 2015 Asia-Pacific Conference**
July 21-23 - Bali, Indonesia

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Move to the Cloud – so you can focus on the guest

by *Kate Clark* 

Moving to the Cloud is not simply an IT migration, says Kate Clark of Oracle’s MICROS Systems, Inc. It is a strategic investment in the future of the hotel’s guest experience. Scalability and performance are no longer obstacles, so hotels of every size can take advantage of the latest analytic platforms efficiently and cost-effectively.

We live in hyper-connected times where each and every moment of our lives can be shared with the world in 140 characters or less. Social platforms archive and replay today’s guest comments for years to come, and the posted experiences of the masses are now the source of travel expertise. Consumer ratings and recommendations, personal vacation photos, videos and remarks transcend brand promises and have eroded hotels’ ability to control public perception of their properties and the guest experience they offer.

Against this backdrop, individualized service, emotional attachment, and responsiveness rule. Creating a “wow” guest experience is critical to achieving brand differentiation. In an effort to exceed guest expectations, the savviest hotels are leveraging existing and emerging sources of customer data to help personalize offerings and create a more memorable guest experience.

As they deploy an expanding array of technology to help them get closer to their guests, many hotels realize that keeping IT systems current and secure is a complex and resource-intensive challenge. For every new shift in technology strategy comes a reverberating change in resources required to install, host, manage, support, monitor, maintain, and secure the optimal mix of hardware and software.

For hotels with smaller IT staff, and even for larger operations, keeping pace with the rapid changes in technology can be a daunting task. Organizations that want to focus less on IT

and more on their core competence of creating great guest experiences, are considering moving their IT infrastructure into a hosted, or Cloud, environment that will allow them to take advantage of software-as-a-service.

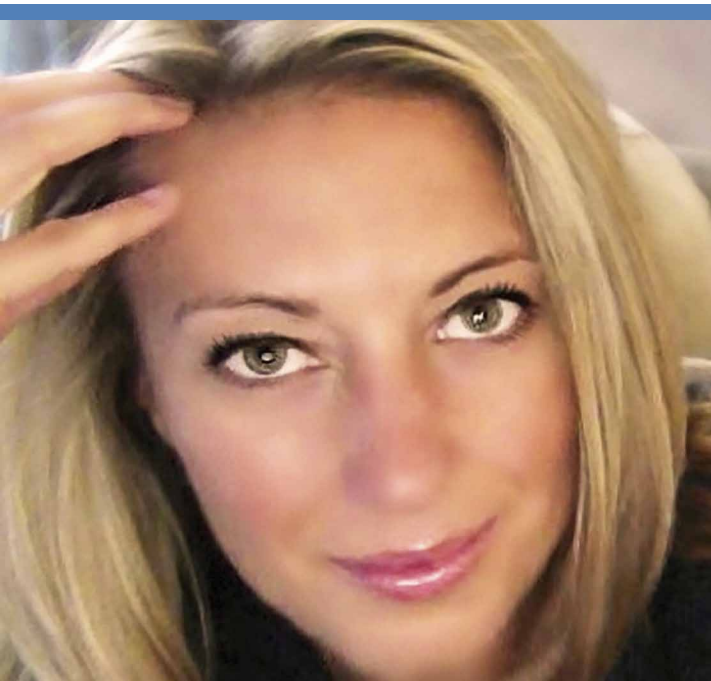
More data requires more IT power and performance

There is no shortage of profile data on customers and potential customers. Given the right tools and data sources, a hotelier could potentially find out if a guest prefers flat or sparkling water. If she likes a warm bath drawn upon her arrival. Or if she only likes to stay in hotels that offer vegetarian dining options.

Traditionally, mining structured and unstructured customer data from multiple sources required heavy investment in data processing, storage and analytics technology. Thus, sophisticated analysis that enabled hotels to understand and serve their customers better was nearly impossible to support for all but the largest hotel chains. With Cloud computing, scalability and performance are no longer obstacles, so hotels of every size can take advantage of the latest analytic platforms efficiently and cost-effectively.

Cloud services can enable a more reliable and secure guest experience

Equally important, security and high availability provided by Cloud services providers can help to prevent the failures caused by the array of hacker tools built to purposely cause failures. As hotel systems become increasingly more complex,



the risk that technical problems can and will occur intensifies. Losing guests due to frequent outages or performance degradation is a direct threat to a hotel's bottom line. In fact, a guest should never even notice the technology they are interacting with; it should simply be there – accessible, easy to consume, and fast.

Because Cloud services providers focus solely on IT issues, they are more likely to stay abreast of emerging threats and the available tools to protect your data and keep your systems up and running 24/7.

Hotels leverage Cloud services and re-focus on the guest

There are a plethora of reasons for hotels to make the move to the cloud; high availability, a simplified IT infrastructure, more predictable costs, and improved time-to-market, to name a few. As consumer expectations evolve and grow, hotels need solutions that can keep up with the staggering rate of change. Cloud services provide an ideal solution to relieve pressure on IT staff and gain better control over business and consumer-facing systems.

However, the real advantage to the Cloud is the freedom it offers to focus on meaningful innovation around the guest experience. Moving to the Cloud is not simply an IT migration; it is a strategic investment in the future of the hotel's guest experience.

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About Oracle's MICROS

Oracle's MICROS provides leading enterprise-wide applications, services and hardware for the hospitality and retail industries. Serving an extensive portfolio of clients worldwide, MICROS solutions are utilized in hotels, casinos, table and quick service restaurants, retail, leisure and entertainment, fuel and convenience, cruise, and travel operations in more than 180 countries, and on all seven continents. MICROS combines its industry knowledge and expertise to provide cloud-based, mobile and on-premise solutions that allow its clients to streamline operations and successfully engage their customers.

MICROS applications include point of sale, property management, central systems, business intelligence, eCommerce, loyalty, CRM, loss prevention, distributed order management, labor management, inventory management, and merchandise planning solutions. MICROS services include hosting and SaaS, platform implementation and integration, strategic business consulting, interactive marketing, design services including creative and user experience, and managed cloud services.

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The right message at the right time: the evolving role of the guest room TV

by *Robert Bartelds* 

Television's future role in the hotel guest room will be very different, says Robert Bartelds of Philips Hospitality TV. Far from being just a screen that allows guests to watch movies or TV shows, the in-room television offers hotels a chance to truly differentiate themselves by providing a platform for exceptional service – and generating revenue in the process.

Over the course of my career in the consumer electronics sector, I have witnessed many changes to a device we often take for granted: the television. For years, TV innovations seemed to revolve around pixels and resolution, and the latest panel developments meant each new version was thinner and lighter than the last.

As the Internet became ubiquitous and connections between devices added new capabilities, the TV started to become much more than a way to simply watch television. The trusted screen evolved into a gateway for a new world of content, information and services.

This radical shift in the potential of TVs is already changing the way hotels do business, and we have only started to scratch the surface. But despite all these new innovations, there is one thing that hasn't changed – the human psyche. Our guests still want the highest level of service and comfort, and now more than ever, they want to be treated as individuals.

As hotels start to resemble each other more and more, our standard amenities are no longer sufficient for creating memorable guest experiences. Restaurants, spas and high-speed Internet are starting to be viewed as essentials, rather than luxuries. But today and in the future, there is still something we can use to truly differentiate ourselves: exceptional service.

This is television's future role. This seemingly standard device has the power to transform the way we communicate with our guests. Besides entertainment, it can help us reach the elusive goal of better, more personalized service. It's all about the right message at the right time.

PHILIPS



From simply television to a digital concierge

Let's take a stroll into the hotel of the future. As you check-in through the kiosk, your luggage is whisked up to your room while the bartender prepares your favorite drink – without you even asking. This hotel won't wait for guests to call or stop by the reception with a request. Instead, it will seamlessly anticipate their needs at every moment of their stay.

Once you enter the room, you notice the welcome message on the TV screen. Besides reminding you of your upcoming meeting, it also informs you that your favorite chocolate bar is waiting in the mini bar, and offers to reserve theater tickets. In the hotel of the future, the television will give us the ability to cater to the unique interests and requirements of every guest.

Why will televisions make such a difference? Because they are an ideal communication tool. They are dynamic, so you can easily change content and adapt to different needs. TVs are engaging yet unobtrusive, allowing the viewer to decide when and how long to interact. Best of all, they are highly targeted, allowing you to communicate directly to the guests in one specific room.

This new, highly personalized experience will transform the television into a digital concierge – ready with the best suggestions, offering superior service and providing immediate answers to your questions. Ever-increasing connectivity, easier integrations and advanced content management tools are making all of this possible much sooner and at lower cost than you might expect. It will allow the next generation of hotels to rely on smarter systems to better serve their guests, instead of extra staff.

A customized experience for every guest

It might be hard to imagine this digital concierge, but the way we use our TVs has already drastically changed. We no longer schedule our evenings around our favorite show, but watch it when it is most convenient. And with integrated internet connections, the line between television screens and computer monitors has been blurred for years.

We can use all these changes to our advantage. The latest developments offer new opportunities for delighting guests, improving our service and making their stay more comfortable. In the near future, we can offer a whole new level of personalization that delivers the right message, and the right experience, just when you need it. Here are a few ways these innovations might improve our guests' experience:

- **Anticipating every need:** Imagine walking into a hotel room that already knows the purpose of your stay and your personal preferences. The welcome message on the screen might recommend family-friendly attractions, offer to reserve a meeting room or suggest you order your favorite drink – all in your native language. As PMS integrations continue to improve, televisions will be able to translate visitor data into superior service.
- **Self-service information center:** Soon, your carefully-designed rooms will not be littered with brochures and room service menus. Guests will have access to all your services through the TV. They can effortlessly order dinner, look up directions, book a massage or request a taxi for the following morning.
- **Familiar content, whenever it's convenient:** With pre-installed apps, your guests will be able to watch their favorite shows or movies whenever it is most convenient for them. Wi-Fi offers even more options, transforming the TV into a full-service computer, with access to the web and social media accounts.



- **All the (digital) comforts of home:** In the near future, guests will be able to enjoy their own entertainment, using their own devices. Instead of relying on the local cable network, they can wirelessly stream a movie from their tablet onto the bigger screen, or play music from their phone through the television's built-in speakers.

Streamlined management, additional revenue for hotels

This new all-in-one entertainment, information and service hub won't only benefit your guests. The same system that addresses their unique interests and needs will also save you time, streamline processes, and even help you earn extra revenue. Here is what the television of the future might mean for hotel owners:

- **Promoting on-site services:** The systems of the future will be aware of our guests' preferences, and will highlight relevant products and services at just the right moment. Depending on the profile of each guest, you could promote your signature cocktail, offer childcare services or provide a discount on dinner.
- **Entertainment-driven revenue:** Video-on-demand is nothing new, but delivering guests the right content can offer interesting earnings potential. In the future you might generate revenue from apps or online gaming services.
- **Extra service, easier maintenance:** With next generation TVs, there will be no need to go into every guest room to perform an update. You will log in to the central control panel to program individual televisions or copy settings to every screen at the same time.
- **Unified messaging:** These full-service screens will also offer a range of opportunities outside your guest rooms. Using screens as signage and self-service tools will unify the experience throughout your hotel.

In a few short years, TVs will evolve beyond our wildest imaginations, transforming into centralized hubs for communicating with our guests. They will help us offer better service and a customized experience by providing the right message at the right time. For hotel owners, they will also make content management easier and provide additional revenues. But no matter what the future holds, the idea behind all of this is far from revolutionary. These innovations are simply tools that will help us return to the basics of successful hospitality – focusing on attentive, personalized service that puts your guests first.

About Philips Hospitality TV

For over 40 years, Philips Hospitality TV has provided best-in-class image and sound quality to the world's leading hotel chains, cruise ships, stadiums and more. The company's commitment to excellence extends beyond viewing performance to the latest innovations like smart content management and cloud-based applications, providing unparalleled convenience and low total cost of ownership. From the lobby to the guest rooms and everywhere in between, Philips provides a complete hospitality experience that will impress both owners and guests..

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PHILIPS

Hotel Wi-Fi in 2015: Scaling service along with guest expectations

by **Thomas di Giacomo** 

High-speed Internet services are becoming the Achilles' heel of many hotels, says Thomas di Giacomo of Swisscom Hospitality Services. Demand is growing exponentially. How does a hotel keep up? Thomas offers a list of five considerations to keep in mind.

Providing guests with reliable Internet services has become one of the key challenges for hoteliers. Swisscom statistics indicate that the volume of simultaneous connected devices, as well as the overall data transferred on hotel networks, has tripled between 2013 and 2014. Hoteliers need to adapt their networks and services accordingly.

Speedy and seamless hotel Internet is no longer just a nice-to-have service. Good Wi-Fi has become one of the key criteria for travelers to choose a hotel, along with location and price. In a Hotels.com survey among 1,000 international travelers in April 2014, free Wi-Fi was identified as the No. 1 in-room amenity. At the same time, hotel Wi-Fi services are no longer a “black box” for the traveler. In addition to numerous Wi-Fi-related guest reviews accumulating on Tripadvisor.com, a dedicated website, Hotelwifitest.com, now ranks hotels by the speed and the experienced quality of their Wi-Fi services. Hotelwifitest.com sources all data from guests using the site to measure their Internet speeds while staying at a particular hotel; the site's database already includes over 100,000 hotels worldwide.

High-speed Internet services are becoming the Achilles' heel of many hotels, from mid-market to business and luxury brands. Having analyzed millions of digital hotel reviews, Revinate found that Internet-related hotel reviews had generally lower average scores (3.8 vs 4.0) than those where internet services aren't mentioned; Wi-Fi is effectively keeping hotels from receiving 5-star reviews.

Improving the guest's Wi-Fi experience

Based on our experience as a network operator in more than 2,000 hotels, we recommend five golden rules for offering

your guests a high-quality Internet experience: a large data line into the hotel; an advanced Internet access gateway; a well-designed WLAN; a carefully designed user navigation; and a professional service management which also provides you with key network data for informed business decision-making.

1. Data line

The service experienced by your guests starts with the data line that connects your hotel to the outside world. It needs to be highly available, in the range of 99.97% at least, and it should provide sufficient bandwidth now and in the future.

2. Internet access gateway

Hotels have been using access gateways for many years to deliver access through a branded login portal. Unfortunately, most existing gateways do not allow hoteliers to set the number of devices, or to assign bandwidth for a given access code or room number. What about a family that wants to connect six devices to the Internet? You should also ensure that your gateway supports sufficient data throughput (in the area of 1 Gbps to support a strong incoming data line, e.g. optical fiber) and a large number of simultaneously connected devices – depending on the size of your hotel, this should be several hundred or even a few thousand devices.

Another quality mark of a contemporary gateway is the ability to segment different types of users such as guests, visitors, conference attendees and staff. By 802.1x authentication, for instance, staff can log onto the same network as guests in complete security; this will save the cost for a separate back-office network.



About About Swisscom

Swisscom Hospitality Services, a division of Switzerland's leading telecom operator Swisscom (Switzerland) Ltd, designs, implements and manages converged hotel IP networks to offload hoteliers from the increasing IT complexity and to enhance their guests' technology experience. Swisscom Hospitality is the market leader in EMEA and key challenger in North America for industry-leading high-speed Internet access, conference and TV solutions, serving all key hotel chains and many flagship independent properties. In addition, Swisscom Hospitality also interfaces with certified best-of-breed partners to deliver ancillary IP-based services.

www.swisscom.com/hospitality

3. Wireless network design

The WLAN is the heart of any Wi-Fi service, and along with increasing guest demand come a few network design challenges. The explosion in the use of mobile devices – e.g. tablets/ smartphones – creates a dense Wi-Fi environment that swamps legacy 2.4GHz systems. A new generation of access points operating on the 5GHz band delivers the right capacity and security levels and, moreover, virtually eliminates interference. However, 5GHz covers a smaller broadcast area per access point, so re-engineering work is needed to avoid black spots.

4. Guest experience design

The different types and sizes of end user devices mean that hoteliers need a 100% responsive portal design with full support for mobile devices. In addition, automatic device recognition is an increasingly popular feature: this not only supports chain-wide digital branding and additional services such as online check-in and check-out, but also brings a lot of comfort to the guests who rely on applications rather than classical web browsing, and hence do not want to go through the normal, web-based login process every time they connect.

5. Professional service management

Your Internet service will only be good as it is taken care of, maintained and upgraded over time. Remember, the demand for bandwidth doubles in less than 12 months! Thus, hoteliers need a centralized management that encompasses real-time network monitoring, a pro-active fault management and a commitment to agreed services levels (response times, issue resolution). The client benefits from a single point of contact for all network related issues across its entire footprint.

The party that pro-actively monitors your hotel network is ideally positioned to supply you with critical network data on service availability, bandwidth utilization and peak times, product sales and usage trends, incidents and their resolution times, and so on. Such data will allow you to track the delivery of your services, take action in case of service issues, find out why service issues occur, and eliminate recurrent error causes.

Conclusion

With the number of users, connected devices, and data volumes continuing to grow, scalability will become more of a concern in the future.

To enable scalability, hoteliers and service providers should meet the principles discussed above. As a general rule, a chain is only as strong as its weakest link. The most sophisticated hotel WLAN has little value without a comprehensive service management, and the best web navigation will hit its limits without support from an adequate Internet access gateway.

For the guest, the equation is much simpler. She simply expects Wi-Fi to work for her actual needs.

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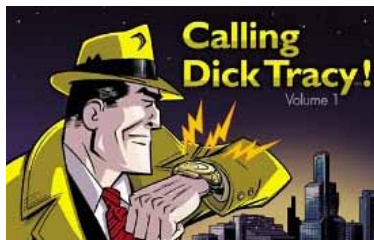
The wearables are coming!

by **Terence Ronson** 

In one sense, wearable technology has been around for a long time. Our grandparents (maybe even our great-grandparents) wore a wristwatch, the most basic of all wearable technologies. But looking at their potential to change the way we compute, analyze, measure and communicate in the not-too-distant future, it seems clear that wearable devices are barely at the threshold of a new era. Terence Ronson of Pertlink shares his thoughts.

The concept of “wearables” started back in the 1960s when the Dick Tracy show (featuring Detective Dick Tracy) was produced by UPA, United Productions of America. They adopted a cartoon character and morphed him into a modern day hero – sporting what was probably the first-ever wearable – way to go, Dick!

Dick Tracy used his wearable as a 2-way radio. Today we’d call that a PTT, “Push To Talk”. The famous tag line (and to some extent trademark of the show) was “Calling Dick Tracy”, as he used a device on his wrist to communicate with HQ.



Like a lot of toys that originate in cartoons, this started a whole new craze for Dick Tracy wannabes, and a device came on the market for sale at a whopping US\$2.98 – which in today’s money would likely be around US\$49.99.

In point of fact, wearables have been around for a long time – and recently, we have started to take the tech variation more seriously, most likely ever since someone turned an iPod Nano into a watch (albeit for fun) and that quickly sparked a fad with a group of companies making watch bands to click the little and inexpensive device into.

Over the years, wearables have been applied to many different tasks, and a fairly common one is that of a fob watch as worn by nurses. They frequently use these to manually check a pulse (making sure a patient is still breathing), and of course, to know what time it is.

The police and military sport a lot of wearables, mostly in the form of 2-way radios and weaponry – guns or cans of pepper

spray. In fact, up until a short while ago a large percentage of the population carried a form of wearable on their belts, and called it a pager or beeper – still in use by some industries and (allegedly) secret agents. These were extremely popular in hotels as the primary method of communication and the only way to be reached when walking the floors.

But a more common use of wearables is for health and fitness purposes – usually seen as wristbands that measure your daily activities (running, walking, going up/down steps, etc.) and apply this data against daily targets, also taking into consideration food intake and sleep patterns. I too used to wear one of these, but gave it up for a variety of reasons,

least of which was the fact that I don’t need a device to tell me what I’m not doing...

Pets have been implanted with RFID-type wearables for the longest while (mandatorily in some countries), so they can be identified if lost/found and/or for medical purposes. I guess one day this will happen to humans also – if it is not already being done in some clandestine form or another...

Through the looking glass

Perhaps one of the most visible wearables in recent times has been Google Glass – you know, that thing that looks like a pair of glasses, but is actually a pseudo window into the world of Google with a built-in (spy) camera. Launched with the usual Google aplomb, “Glass”, as it was commonly referred to, gained some traction and credibility – but has also been met with a fair amount of objection, mostly revolving around privacy. For example, it was banned in a local watering hole near the Google campus, and most fitness clubs or places

where there are changing rooms have prominently displayed a “Google Glasses Not Welcome” sign.

One of the most forward-looking hotel groups for wearables (no pun intended), Starwood, launched an app for Glass, and according to the website, members of the SPG program could search over 1,100 hotels and resorts, access up-to-date account information and view upcoming stay details. It goes on to say that the SPG for Glass app gives turn-by-turn directions, lets you explore photos, call and book any hotel, and more. The app is in beta and will be updated based on member feedback and new functionality added to Glass. See: <http://spgpromos.com/mobileapps/?action=main.googleglass>

Other hotels doing things with Google Glass include Acme Hotel (Chicago), Montcalm Hotel (London) and Stanford Court Hotel (San Francisco).

But as far as we Homo sapiens are concerned, wearables have traditionally been in the form of timepieces that date back to the pocket watches worn by our ancestors, and are still fashion items today. Watches (i.e. the type worn on the wrist) are the most common form of wearable we know, and that is the likely reason why all the modern-day types of wearables coming onto the market are in this familiar format.

Visionaries see wearables in a different light – for example: Intel CEO Brian Krzanich foresees a day when a wearable is no longer seen as a one-size-fits-all device that you put on your wrist. That day could be coming sooner rather than later, as Intel-based wearable products will likely be shown off during the upcoming New York Fashion Week.

In fact, Intel isn’t alone, however. Everyone from major consumer electronics manufacturers like Samsung and LG to startups like Pebble and Meta, are seeking to create “smart” devices that users can wear.

Krzanich goes on to say, “Watches are like clothes. And all of these wearables, they’re not that different from clothes. So there’s not going to be one pattern or style that fits all,” he said. Of course, we were all anxiously waiting to see what Apple did with its long rumored iWatch. And now we know!

Another recent release has produced a new wearable by Samsung, called the GEAR S, which is their first wearable that is not required to be paired with a sim card-based unit for communications purposes. This really does take us a big step closer to the original Dick Tracy watch and one I’m looking forward to road-testing.

But let’s focus on the hospitality industry. As mentioned earlier,

some hotels are experimenting in a controlled way with various forms of wearable. In a somewhat rudimentary way: security guards use walkie-talkies and wear them on their belts. Certain waiting staff (more often in the fast food end of the scale, including Sushi and Singapore Fish Head Curry restaurants) use iPads & Notes to perform tableside ordering, and when finished, slip them into a pouch suspended off their belt. However, a more serious use is a device that can be worn by room attendants, whereby they can activate a panic alarm should they encounter an unfortunate incident such as that when a hotel maid claimed that a certain French politician assaulted her.

And going back to Apple, their “Apple Watch” (note they dropped the “i”, believing it to be passé) has already gained huge publicity and kudos to them – since it had a cameo appearance during the launch Keynote. This wrist device will, according to the Starwood release, “unlock doors”, “take you to a list of transportation”, and “send you notifications about your favorite drink”. Well, 2015 is not too far away, so set your alarms for that. By the way, did you know the watch industry is biting back at Apple for calling it a watch, when telling the time is not the main feature of the device...



As with any technology – it’s a bit of a chicken and egg situation. What comes first, the solution or the problem? As in the case of hotels, we are not always the first movers, especially when a clear-cut ROI cannot be determined. But read my lips when I say this: wearables will come to hotels in a big way. It’s not a matter of if, but more when.

Hold on a minute – my wearable is ticking...



*Over the last four decades, **Terence Ronson** has morphed himself from being a chef, to hotelier, to hospitality IT consultant, and most recently to inventor. His diversified career has taken him to work in both the UK and Asia, where he has been residing for the last seventeen years. In his spare time, he also organizes and participates in hotel tech conferences, teaches, and authors a blog, as well as writing articles like this one.*



The future of revenue optimization: more than just the room

by **Sanjay Nagalia** 

Optimizing revenue and profitability means understanding how a hotel's many different streams can affect one another, says Sanjay Nagalia of IDEaS Revenue Solutions. "Without a big-picture perspective, opportunities can go undetected, and revenue can be left on the table," he writes. "Sophisticated analytics technology is now capable of aggregating and transforming large, disparate data sets into actionable intelligence."

Nearly every hospitality organization today manages multiple revenue streams, with each sharing an intricate and complex relationship to one another: rooms, food & beverage, spa services, golf, banquet amenities and more, with each vying for the same guest dollar. There's an inherent business and technological challenge residing in the fact that these revenue streams cannot be subject to a tidy, apples-to-apples comparison. Any pricing decision made within one function produces a ripple effect that can directly impact the business performance of all others; for example, a function space-only booking can impact a sleeping room-only booking.

What's more is that each stream across a property or estate has different profit margins, booking patterns, rate resistance, demand rhythms and revenue potential – not to mention a different level of importance to the overall asset. So it is not merely a matter of comparing profits, nor is it a matter of comparing revenues. Rather, it is a matter of manipulating demand across the services to reach an ideal mix of sales and profit with the highest-quality revenue at any given time – taking a more holistic approach to forecasting and revenue optimization.

The industry recognizes this need, but oftentimes team members within each individual revenue stream still tend to make pricing decisions based only on the potential impact of their line of business. Minimal attention gets paid to how a decision might impact other revenue streams, or how the decision aligns with overall business goals. Think of it this way: demanding the highest room rates and choosing the guests willing to pay these rates during a high-demand period seems like the right strategy for a hotel manager. But in reality, this decision could be removing the opportunity to get guests in a lower room rate but as participants in a profitable business conference; considering not only space rental costs, but all the likely increases in food and beverage sales, greens fees and spa appointments. Without a big-picture perspective, opportunities can go undetected, and revenue can be left on the table.

Hotel industry tech firms have been drawn to the idea of holistic revenue management for some time, but the capabilities required to manage such numerical complexities have not been available or cost-justifiable to date. From a technological standpoint, the solution must have



About IDEaS

Celebrating 25 years of excellence in the hospitality industry, IDEaS Revenue Solutions - a SAS Company, offers industry-leading pricing and revenue management software, services, and consulting to the hospitality and travel industries. Headquartered in Minneapolis, Minn. with a global technology center located in Pune, India, IDEaS maintains sales, support and distribution offices in North & South America, the United Kingdom, Europe, Middle East, Africa, Greater China, Australia and Asia.

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advanced data mining algorithms at its core, with a layer of optimization mathematics across the top to process complex computations at light speed. Equally important, because the success of such a system depends on widespread use by hotel personnel at all levels who are not computer scientists, all tools or interaction with the data must be extremely easy to learn and use. Technological and cultural barriers must be broken down to reach this new level of revenue optimization. Coveted metrics like average daily rate must be challenged in order to look at revenue opportunities in a cohesive, holistic manner.

Limitations, high costs and data complexity that have typically plagued the industry are a thing of the past. For the first time, automated revenue management has moved beyond rooms alone. Hoteliers can now factor their function spaces into decisions, calculating who is granted a room, a function space or both – and at what price. And when meetings and events can account up to 60% of a hotel's gross revenue, capitalizing on every opportunity will be crucially important moving forward.

But this is only the beginning. Sophisticated analytics technology is now capable of aggregating and transforming large, disparate data sets into actionable intelligence for making accurate demand forecasts and strategic pricing decisions, with potential applications that extend to practically every industry. It is no longer a stretch to imagine a day where all revenue streams can be quickly and systematically factored into demand forecasting and pricing decisions, creating the greatest value possible for the asset as a whole. It's the notion of total revenue performance, and it is upon us today. And it will be the early adopters who gain the competitive advantage. While others in the market focus on rooms-only pricing and forecasting, pioneers in the industry will have reached a new level of pricing power, ushering in the next generation of revenue management and profitability.

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Introducing the GHACP



Hospitality Finance and Technology Professionals (HFTP) is in the unique position that we represent two fields in the hospitality industry that intertwine naturally within our practices: the finance and technology segments. Taking its role as an industry resource provider seriously, HFTP has produced and is releasing this fall the Global Hospitality Accounting Common Practices (GHACP) database — a tool that uses cutting-edge technology to provide users a way to compare global accounting practices. Delivered as an interactive web site, the GHACP is a searchable database of detailed operating financial reporting practices used at lodging properties around the world, along with guidance on industry standards, and commentary and analysis from industry experts.

The data

Before we could bring in the technology to assemble a useable tool, HFTP first had to collect the data. Beginning in winter 2012, HFTP recruited the assistance of universities and allied associations to begin surveying hotels on their reporting methods. We partnered with universities in Switzerland (Ecole hôtelière de Lausanne) and Hong Kong, where we have established HFTP student chapters. Teams of hospitality management undergraduate students at these universities have been involved in collecting source data and carrying out basic research. These students have been supported by the HFTP project team and local partner associations such as HOSPA, the Hong Kong Hotel Accountants and Controllers Association (HCAA), and the Shanghai Controllers Association. To date, sample data have been collected from hotels in Hong Kong, the United Kingdom and several European countries. Research is currently underway for Shanghai, United Arab Emirates (UAE) and South America.

The technology

As the information started coming together, HFTP recruited the company Interactive Sites to build the site, which would be the portal to the database. The site is eminently searchable, providing the ability to drill down to item details and compare their treatment between regions.

Four primary functions include:

- **Operating Schedules** — Once you enter the database, you can choose a region and view the summary operating statements of that region. You can also use this summary operating statement page to drill down to see how each line on a summary operating statement is linked to a schedule, which, in turn, links to the accounts within that schedule.

- **The Indextionary** — The core of the GHACP is the Indextionary, an online database organized by region and designed to put commonly accepted accounting categories at the fingertips of hospitality accountants. When accessing the Indextionary, users will be prompted to select a region and can then search by individual items.
- **Compare Items** — When Compare Items is chosen, users will be prompted to either compare regional operating schedules or compare indextionary items by region.
- **HFTP Global Database** — All regional items are then combined into the HFTP Global Database. In other words, the HFTP Global Database summarizes all the items and allows users to conduct a global inquiry and search for individual items.

Looking forward

One vital characteristic about the GHACP is that it is fluid. In other words, it is never complete because our accounting practices are always changing. And so we are very conscious of the responsibility to upkeep the site to maintain its relevancy.

First, on the site, there is a feedback tab that industry practitioners and interested parties can send in general feedback, report any technical feedback or submit new item types they would like to share. We would really love to see the hospitality community across the globe take part in building this site, and the constant feedback and additional data submitted will continue to keep the data current and robust. Any information submitted will be routed directly to a committee to determine how best to then post it to the GHACP site.

On our end, HFTP will support a committee of HFTP member experts who will continue the work of soliciting more data and/or finding and establishing points of contact in areas where members who can assist in gathering data. The terms of service to this committee will be staggered so that the new members are coming in while a few of the current members will remain to maintain the continuity of the project.

The GHACP has been a project of great collaboration, pulling from both HFTP's financial and technology expertise, and is a great demonstration of the synergy of our organization. The GHACP website will make its debut on November 1, 2014 and I invite you to investigate this project further by accessing it from the HFTP web site at www.hftp.org.

Frank Wolfe, CAE

The exploding distribution landscape... and how to manage it from the Property Management System (PMS) perspective

by **Jörg Berger** 

Distribution has changed beyond recognition over the last few years. Remember when it was a case of logging onto the different channels, updating the availability and managing allocations to the various online booking agencies? Now with the requirement for integration into the PMS, the whole process has been transformed, and the criteria for managing this distribution creates a new demand on the PMS, says Jörg Berger of SIHOT.



Hoteliers no longer accept that they have to spend hours updating the sites – this is now a requirement of the PMS together with the demand for increased revenue, improved room rates and the facility to manage a host of additional requests including the dynamic package management (DPM). The whole landscape of integrated online distribution is growing at an alarming rate, and it requires the PMS companies to fully encompass this requirement and commit the development resources to capitalize on it and offer the benefit of this automation to the hotels as a part of their product suite.

The capability of the PMS to be able to push designated inventory, rates and availability to the channels is now a standard requirement within the hospitality arena. Those PMS companies that are not able to offer this facility will start to lose out.

It is not just about the ability of the system to integrate with the online distribution. The area of corporate travel should also be capitalized on, as travel programs can work to the benefit of hotels by saving up to 25% of the costs associated with the usual distribution channels and result in a better deal for the booker. An online portal for corporates (through the hotel web booking site) would simplify the reservation procedure and also offer enhanced benefits to the booker and guest, thus allowing the hotel to offer even better rates and improve the clients' booking experience.



Another area affecting the changing landscape is Metasearch. While this concept has been available for a long time, it is currently one of the leading trends in the industry today. Those websites that scan the web, looking for the best deal, can play havoc with your rate strategy. Metasearch is now a headlining element of the distribution landscape and is indeed a minefield if not managed correctly due to the complex nature of how it can affect the hotel. This requires an understanding of how distribution costs, marketing budgets and the room rates all fit together to provide an increase in room nights and therefore bottom line revenue. PMS systems need to help improve the way that comparisons are presented to the online industry. If the PMS can help influence the booker towards making a reservation at the property, it is helping the management improve the business in all areas.

Online distribution is not just about the channels and hotel web sites. The constant growth of the social network arena creates a key area to focus on within the world of distribution. There are also a huge range of devices used to seek out this information, and this needs to be considered as well.

All the pieces of the puzzle have to be in place to offer successful and profitable management of the business. There is no longer the comfort factor to concentrate on one area - the speed at which distribution is moving means we all have to keep up to date and work within all avenues of distribution.

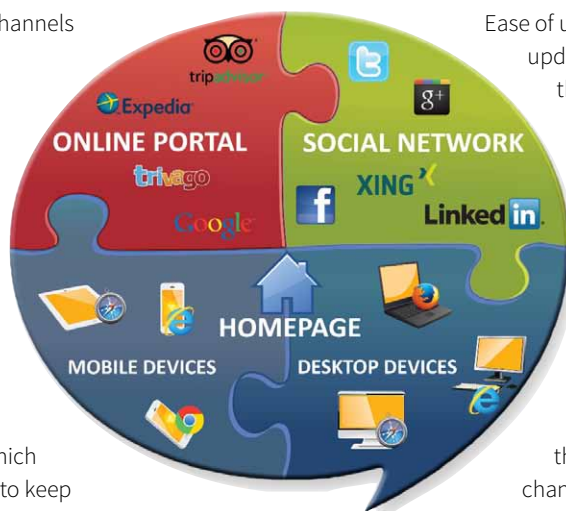
The choice of a PMS system now requires detailed analysis of how that product can integrate with the current infrastructure available from the online channels. It's also important to consider how proactively the PMS company is able to move with technology, and how quickly they can respond to the ever changing world that is now presenting itself.

There are three main areas to consider for integration from the PMS:

1. Online distribution – Individual channels and Metasearch capabilities – How easy is it to manage?
2. Online booking – Private & corporate - Including the options of up-selling, simple booking procedures, dynamic packaging and developing pre- and post-relationships with the guest.
3. Social Media – More and more clients are using social media to investigate what they need, and then to make the reservation.

Hoteliers may well be getting fed up with the high margins OTAs charge versus direct channels, but unfortunately the sheer scale and financial muscle of the OTAs mean they remain a force to be reckoned with. It is up to the PMS supplier to offer an additional solution that enables the hotel to develop the online relationship with the client. Discuss this with the PMS company – it is to everyone's benefit to move with the times!

Good reporting will provide valuable information to the hotel so that improvements can be made to the elements of the reservations for a more effective completion. The PMS system should provide details of exactly how the booking was received, how many bookings didn't complete and at what stage did it drop.



Ease of use, choice of rates, constant updates and quick completion are the most important factors of the reservations platforms. Without these elements, bookings will be lost!

To ensure you keep up with the latest in distribution, the PMS needs to be capable of meeting the ever increasing demands of distribution at the speed at which technology changes. "I always consider the guest as the core element of the PMS system, without the ability of the system to capitalize on what they want, how they book, when they book and then capturing all of these details for the future, the PMS is not doing its job!"

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About SIHOT

With almost three decades of developing and supplying hotel management solutions, SIHOT has established itself as a powerful information and management tool, ideal for hotel use. With a comprehensive suite of integrated modules SIHOT has created a state-of-the-art Information and Management System to suit the particular needs of the hospitality industry. From youth hostels to 5-star hotels and independents to chains, together with conference & training venues, today more than 3,000 establishments rely on SIHOT, including leading companies worldwide..

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Navigating technological winds of change

by *Riko van Santen* 

Cutting-edge technologies facilitate distribution in our industry. As wholesalers and tour operators look to partner, can technology help them, and the rest of the industry, maintain course? Kempinski's Riko van Santen investigates.



The hospitality industry has seen waves of changes ripple through the distribution environment, from the Cisco switch connecting us to the airline Global Distribution Systems (GDS), to the post-9/11 rise of online travel agencies (OTAs), and on into the growing maturity of brand.com strategies.

According to Travelclick, OTAs now book an average of around 11% of total rooms revenues. This metric is closely watched, as industry players are hooked on how much revenue the OTAs bring into their businesses.

This begs the question: What amount is considered healthy, and is this still the biggest distribution challenge hotels face today?

Yes, the controversy surrounding pricing remains. And yes, contentious negotiations are indeed taking place regarding brand keyword protection, but in terms of technology, it seems the OTAs have settled into the hotelier's ecosystem, just as the GDS's did several decades ago.

Hotels and brands alike seem to have their familiar models of connectivity, whether via industry-strength "direct connects," the Pegs switch, or through the variety of available channel manager middleware solutions. Contracts now include connectivity clauses, where tested solutions help to sort the complex world of Average Rate Index and notification delivery.

Smooth sailing?

So is distribution technology sorted out, then? Are we fully in control of our business channels, where revenue managers administer flashes of bits and bytes, distributing inventories at the push of a button according to our Rate Management System-driven pricing strategy?

We aren't quite there yet.

During the last 18 months, it appears a new current of complexity has begun stirring beneath the industry surface. The force of it feels benign at first, but soon you realize it carries a powerful tug. Then it becomes more frequent, until you get that feeling of lacking control, lacking logic. Now in the world of revenue management, the undertow is your rate and inventory positioning in the market. It is the showcase, if you will, of your pricing strategy; your selected channels of distribution.

So what are these anomalies, then? How to account for these unexplained rates showing up on public sites? And not just rates appearing on an onward distribution site, powered by a known partner of yours; no, these are really strange rates. Your guests begin to notice them, too. Your distribution partners see them as well.

Enter the wholesalers, and the tour operators.

I have wondered for years when this segment would move online. For decades the wholesalers and tour operators seemed content to work with hotels on separate, unconnected systems, manually collecting allotments and annually allocating rates, returning guest reservations and allotment surplus through faxes, and later by e-mail. These wholesalers and tour operators were bound to reach a point where their business would be better served adapting to the digital norms of our industry. What can we expect from this transition?

To understand why it will be disruptive for wholesalers and tour operators to finally board the digital luxury liner that is our industry, a look leeward is in order.

Hotel organizations for awhile now have undertaken a business development structure in which sales and revenues teams work in concert, and where sales primarily manages the contractual business (including wholesalers and tour operators) and the latter managing dynamic, public segment markets (including OTA). This segregated involvement in the partners made sense because the sales force were the dealmakers, building long-term relationships with clients on the basis of contract (annual) agreements, while the revenue team would tackle the balancing of their online brand.com portion with the OTA's, both selling dynamic daily rates.

So what happens when static goes dynamic? How will our distribution channels manage this? What systems are pulling rates from where?

Wholesalers and tour operators are responding to the market. While they certainly cannot be faulted for this, from the perspective of the hoteliers, this calls for strategy “rethink” — beginning with the disparate hotel-industry practice areas understanding what the wholesalers and tour operator's actions mean to the overall market.

- Wholesalers and tour operators contracting that traditionally had very little reference to online aspects such as onward distribution, search engine keyword bidding, connectivity, dynamic rates need to be reconsidered.
- Consumer behavior (lead time) and market role (B2B vs. B2C) must be anticipated.
- The earlier supply and demand can join together with clear terms of engagement in a new world, the better.

Wayfinding with technology

I think it's fantastic that wholesalers and tour operators are shifting to a dynamic, online model. I just hope that this time we will see the distribution solution providers getting the model right early on, to ensure a smooth integration into the hotelier's distribution infrastructure. The wholesalers and tour operators that still operate on internal legacy platforms will be reviewing their ability to pull dynamic rates and inventory while processing reservations in real time.

Hotel chains need to anticipate these new channels that will burst requests for rates and availability from their PMS or CRS. We have seen from Pegasus reports that the “look to book” ratio is cresting. This in turn increases the need for powerful new technology to bring this segment online. At least with OTAs, we know what we sell, how we sell, and how guest reservations are completed. Now the task is at hand is for us to navigate the new course of wholesalers and tour operator's partners online.

But if hotels, wholesalers and tour operators fail to find connectivity solutions in this choppy sea of change, then there are plenty of online sites that will do it for us instead. And this may not always be good news, where we have conflicts in interest of what rates we offer for what market purpose. Sites that merely resell B2B rates to achieve short-term traffic gains. Now more than ever, to truly understand point of sale attribution, hotels must strive to manage who is selling what to whom. Sales forces should base their negotiations on commissions and their margins on sales volumes. But in order to focus on this, revenue leaders must have technology solutions which ease their progress rather than slowing it. ■

***Riko van Santen** oversees the distribution, e-commerce, revenue management, and loyalty disciplines, architecting the strategic direction of the company's digital marketing, pricing and guest engagement initiatives. Prior to joining Kempinski, Riko oversaw 1,100 properties under 7 brands ranging from budget to high end luxury, as Vice President Distribution and E-Commerce at Louvre Hotels Group, a Starwood Capital company based in Paris. He began his career gaining front office and operational experience at the Hotel Okura, followed by revenue and digital marketing positions at Utell/Pegasus Solutions, NH Hoteles, and Golden Tulip Hotels.*

Can a real-time booking model influence the economics of hotel distribution in emerging markets?

by **Mike Kistner** 

Hotel room distribution is a dynamic business. With changing consumer behavior, increase in online bookings and more supply partners, the environment has become complex – and cluttered. This has hindered the adoption of online distribution in emerging countries like India. Mike Kistner, CEO of RezNext Global Solutions, advocates for a real-time distribution model. He shares his views on how a real-time distribution approach can positively influence the economics of hotel distribution.

Emerging markets like India today face a shortage of hotel rooms. While this could be a global phenomenon, what is distinct in emerging countries is that the existing supply of hotel is under-utilized in the online environment.

Online hotel booking is growing tremendously in India and is poised to grow at 30% annually over the next several years, according to market reports. We see many mid-market hoteliers realizing the importance of being online. Adopting a real-time distribution approach can help these hoteliers easily and effectively chalk out and execute a distribution strategy while being able to:

- leverage the online boom
- drive seamless collaboration
- adopt lean distribution
- achieve intelligent pricing
- make real-time intelligence core to their business

Levelling the playing field

Several projects are under way in emerging countries to address the demand supply gap. In India there is a shortage of 100,000 hotel rooms (as per government reports). In the Middle East, about 1,000 mid-tier hotel rooms are being planned for launch over the next five years to address shortage of hotel rooms in the lower to mid-level hotel sector.

While launching new properties in these countries will help address the gap, the question that remains large is this: are existing properties being utilized fully? With more and more consumers preferring to book hotels online, are mid-market hotels available online and visible to consumers?

A study done by RezNext revealed that hotels in the lower end of the segment, especially budget hotels, in India did not have an online distribution plan. This leads us to believe that by enabling a lot more mid-market hotels to adopt online distribution, we will be able to help balance the demand for hotel rooms online, much better. This also levels the playing field for mid-market hoteliers who are now empowered to quickly and efficiently adopt an online distribution strategy.

Collaborating real-time

The present and the future is about collaborative technology. Real-time distribution supports collaboration within the organization and with the external environment. Collaborative technology brings hoteliers and demand generators into a partnership mode where they work together to transform guest service. This begins right from the booking experience on the demand generator's site which is powered with real-time hotel inventory and rates and direct booking confirmations to guests. All the bookings, modifications, and cancellations on the third party site flows automatically into the hotel PMS



About RezNext

RezNext Global Solutions is the world's only true Real-Time Distribution Management Company. It empowers hotels to adopt a distribution strategy that simplifies the complex global distribution environment and makes it understandable and manageable. Its distribution offering is integrated with revenue management, operating intelligence and powered with reputation management insights.

At the core of the company's distribution offering is the real-time two-way connect between a hotel's property management solution and thousands of electronic channels, helping hotels improve visibility, distribute effectively 24/7, and most importantly, drive revenues. RezNext's portfolio of offerings include Real-time Two-Way PMS Connect, Channel Manager, Revenue Management, Reputation Management, Internet Booking Engine, Online Travel Agent (OTA) Connect, GDS Connect, Rate Shopper Solution, Campaign Management, Hotel Operating Intelligence and the BriDge program.

This growing range of solutions is available to all hotel segments, from independent hotels to large chain hotels, business hotels, resorts and service apartments.

www.reznext.com

allowing hotels to provide better and personal service to the guest. The demand and supply partners unite in their efforts to drive more bookings and better customer engagement.

Lean distribution

Staying on top of the distribution plan allows hotels to adopt a lean model. This is about knowing which channels are performing better and at what cost – and then, based on that, supplying only what will yield. Understanding and acting on market dynamics is important to adopting a lean plan. This requires advanced yield management strategies, dynamic pricing, and access to key metrics on channel management in real-time. The future is going to see an increased demand for real-time “on the go” intelligence to manage yield strategically.

Intelligent pricing

Selling a room is important, but selling at a price profitable for hoteliers is more important. Revenue management cannot be separated from hotel distribution any more. A real-time distribution model allows effective integration of revenue management intelligence that provides analysis on optimum price for every room type for different length of stay. This intelligence comes from demand analysis and pricing strategies which require real-time mining of data available in the hotel system and integration of this with the distribution plan. Revenue management is critical to arrive at the room

rate decision and is also important information for the hotel marketing team to effectively utilize these insights in their campaigns to drive better demand.


Real-time data analytics

Core to the real-time distribution model is real-time data analytics. This is simply an effective method of analyzing all the data in the hotel real-time to gain insights into guest behavior, booking pattern, best performing rates, real-time channel management, current occupancy, scheduled daily departures, arrivals, total booking by room type, total sales for the hotel. All of these are important metrics for hoteliers to improve their business. Monitoring these trends real-time and on the move can make a big difference in how hoteliers respond to changing market conditions and leverage it to their benefit.

■



Don't let the sun go down

by **Tammy Farley** 

With hotel room inventories increasing but opportunities to book groups in decline, hotels must become more competitive when it comes to maximizing their potential group revenues. To do this, as Tammy Farley of Rainmaker writes, they must be able to separate the wheat from the chaff when it comes to leads.

Following a vicious, sustained economic tsunami that devastated hotel revenues and forced a battening down of hatches from 2008 to 2011, relative calm has since returned to world markets, and the sun is once again shining on the hospitality industry.

Justifiable, industry-wide optimism notwithstanding, gathering clouds are on the horizon.

At the epicenter of this new storm?

Lead-spam. Make no mistake: booking windows and lengths of stay are shortening, hotel room inventory is up, and group leads are now pelting properties like hail in a freak thunderstorm.

Which begs the question, can the hotel of tomorrow stand pat, effectively manage the dramatic spike in leads now spawning a flood of group proposal requests, identify and remove congestion in the lead cycle, respond quickly with quality pricing and, thus, maintain its ability to maximize group revenue?

Before I offer an answer, a few things to consider:

1. There are a growing number of online platforms that now make it easy for meeting planners (and companies wanting to go direct) to issue RFPs with multiple meeting-space options. Similar to how online channels have increased the number of people searching for various travel options, this same scenario is now happening on the group side.
2. Today's technology allows meeting planners and businesses to distribute RFPs to multiple properties simultaneously. What complicates matters is that while hotels are responding to more leads, they're essentially competing for the same amount of business.
3. This veritable gusher of lead-spam is making it nearly impossible for hotels to determine which group requests are a "fit" for their properties and should receive priority responses, and which requests should receive "less immediate attention" or be dismissed altogether.
4. The old ways of responding to group requests are not sufficient in a digital world; that is:
 - a. Assign a person to sift through and prioritize the various leads
 - b. Respond with a MAR rate or rely on selective sell guidelines
5. Don't expect lead-spam to go away. If anything, this issue is going to become more prevalent.



So then, as we look ahead, what's the solution to optimize your group business – a segment that today accounts for roughly 36% of revenue in the hospitality industry?

Meetings and metrics

First, it's no mystery that meetings are now routinely subjected to the white-hot lights of stakeholder scrutiny. Performance matters. And that includes meetings of all sizes – big, medium and small.

You can trace this heightened sensitivity to 2008, a year in which American International Group (AIG) spent \$400,000 at a five-star California resort just days after receiving an \$85 billion government bailout package.

What followed – and what should have been predictable – was tremendous public outcry and an almost universal pullback on generously funded events.

Today, the formula for evaluating and funding meetings goes like this:

Value + measurable outcomes = event funding

Anything less, and funding is either cut or eliminated altogether.

The AIG incident left other marks.

Incentive programs, which once stood on their own, are now often combined with business meetings. The result: fewer opportunities to book groups, and a corresponding reduction in group demand.

In recent years the pharmaceutical industry, long the source of strong group demand and ADR, has also pared back product launches and simultaneously reduced the number of attendees it now sends to events. Fewer launches and fewer attendees mean more available hotel room inventory and fewer opportunities to drive group revenue.

There's also the Internet and the lightning speed at which it can deliver a wealth of information to the fingertips of meeting planners and businesses alike. And then there's the growing number of communication channels (e.g., desktop, tablets, mobile) from which today's businesses can access this information.

What's a hotel to do?

Everyone complains about lead-spam. But simply complaining about it is not going to make it go away. It's time to take a page out of traditional science and analytics

for transient segments and apply it to group pricing.

Available technology not only enables faster responses, it increases sales and revenue management productivity by decreasing the time it takes them to analyze and respond to group leads. It also addresses the needs of both the sales manager and the revenue manager:

- Sales managers get the answers they need in seconds while sitting with their laptop or mobile device in front of a prospective client. That's good news considering recent surveys show almost 70% of properties responding first to group inquiries get the business.
- Revenue managers get the assurance they need that the quoted group rates are high quality, market competitive and consistent with revenue management principles.

Lead-spam is a gray cloud hanging over our industry. It won't blow past on its own. That said, you can choose to stand pat. Or you can step into the future by using today's best practices for assessing group business and incorporating technology solutions to take the guesswork out of pricing.

The choice is yours.




About The Rainmaker Group

The Rainmaker Group is the market-leading provider of automated revenue management and profit optimization software solutions for the hospitality, gaming and multifamily housing industries. An innovator and thought leader in the highly specialized revenue optimization field, Rainmaker leverages cutting-edge research in order to bring clients the most sophisticated systems. All Rainmaker solutions for hotels and casino-hotels, including GuestREV®, TribalREV®, and GroupREV®, provide clients a strategic advantage in achieving the highest profitability from their assets. Used to manage pricing for more than 150,000 hotel rooms, Rainmaker's proven revenue management systems support the operations for leading gaming and hospitality enterprises such as Caesars Entertainment, Kerzner International, Omni Hotels & Resorts, MGM Resorts International, Wynn Las Vegas, and many others. Rainmaker is a Microsoft Silver Certified Partner headquartered in northern Atlanta, GA, and has for four years running ranked on the Inc. 5000 list among America's top fastest growing, privately held companies.

www.LetItRain.com

Mighty mobile

by Peter O'Connor 

Practically everyone on earth has a mobile phone now, so it is no surprise that hotel bookings made from mobile devices are skyrocketing. As Peter O'Connor of France's ESSEC Business School writes, hotel companies have much to gain by optimizing their accessibility from mobile phones... but by moving too slowly they risk losing the business to the nimbler OTAs.



Even before the recent iPhone 6 hype, few could deny the recent incredible growth in mobile usage by consumers. An estimated seven billion people (or over 93% of the world's population) now carry a cell phone, with nearly a quarter of these smartphones. Mobile devices have integrated themselves almost completely into consumers' lives, acting not only as their means of communication but also as their camera, watch, gaming console, social media access device, to-do list and even their flashlight.

Even more than their wallet or house keys, the mobile phone has become the one thing that people never leave home without. Many develop a (too?) close attachment to their phones, dressing them up in colorful cases and adding accessories. With such a deep psychological link, it is no surprise that consumers' expectations about what they should be able to do with their mobile devices has increased almost exponentially. And as heavy technology users, travellers tend to be at the forefront of this trend, increasing pressure on hotels to interact with them more thoroughly through their mobile devices.

To this end, many hotels are currently seeing explosive growth in mobile bookings, despite the fact that hotel mobile presences are sadly lacking. Mobile travel bookings grew an estimated 25% in the second quarter of 2014 alone, with average booking value consistently higher than those from desktop devices. However the concepts of responsive design

and “mobile-first” have largely bypassed the sector, to the point where current growth is being driven by consumer-pull rather than supplier-push. In many cases hotels are experiencing this growth in mobile sales despite their best efforts, highlighting the incredible demand for such facilities amongst today’s consumers.

The challenge is that hotels’ fledgling efforts to service mobile customers are being totally outclassed by those of the OTAs, whose extensive product selection, superior technology and laser-focused customer propositions present a much more compelling mobile experience to the potential client. In contrast to hotels, OTAs have adapted their entire user experience to be optimized for mobile. There are even OTA business models (for example Hotel Tonight) that exist only in the mobile space, relying on technologies such as geo-localization to tailor a highly focused and topical product offering to the customer.

Unless hotels wake up, smell the coffee, and take action to differentiate themselves from the OTAs, an increasing proportion of this rapidly developing market will flow through third party hands. To combat this, the solution may be to integrate mobile bookings more thoroughly into the overall guest experience. For example, many international hotel chains are currently experimenting with enhancing guest service using the mobile device. In many cases, the first step has been to attack a major cause of customer dissatisfaction – the check-in and check-out processes. Hilton, Marriott, IHG and Accor are amongst the companies that have publicly stated their ambition to implement such a solution across large proportions of their properties in 2015, with such facilities only available to those who book directly.

Others see opportunities to use mobile devices to better interact with customers during their stay, allowing them to self-serve information they traditionally might have sourced from staff members. In addition, several are advancing on plans to use push notifications to proactively cross-sell and up-sell hotel services and facilities. Whether using geo-localization or iBeacons, such hyper-localized promotions can be highly effective, helping hotels to increase revenues while

simultaneously giving the impression of improving customer service.

Such mobile initiatives are often tied tightly with the chain’s loyalty program, enhancing service levels while at the same time providing highly granular data about customer behavior. Coupled with an increased reliance on data mining and business analytics, the data gleaned from mobile can allow us to gain incredible insights about customers, allowing hotels to refine their value proposition as well as personalize marketing offers more effectively.

With consumers becoming increasingly comfortable managing their lives through mobile devices, such initiatives are sure to win high levels of customer acceptance. In the same way as free Wi-Fi has become a standard throughout the hotel industry, interacting through mobile devices will change from being the exception to the norm during 2015, with those that fail to provide appropriate services at a serious disadvantage.

But just like free Wi-Fi, there will always be a hard-core group of hoteliers burying their heads in the sand and claiming that customers never wanted such functionality. Unfortunately for them, the move to mobile is not just underway but is now for all intents and purposes unstoppable. When it comes to mobile, it is no longer a question of “if” but of “when”. Will the hotel industry jump enthusiastically on the mobile bandwagon and ride it to increased customer satisfaction and higher profits, or will it refuse to swim with the tide and risk getting left behind again?

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***Peter O’Connor**, PhD is Professor of Information Systems at ESSEC Business School France, where he also serves as Dean of Academic Programs. His research, teaching and consulting interests focus on technology, distribution, e-commerce and electronic marketing, particularly applied to the hospitality sector. He has previously held a visiting position at the Cornell Hotel School and worked in a variety of positions within hospitality, in sectors as diverse as luxury hotels and contract food services.*

How I envision a personalized guest experience in 3 years

by **John Bowen** 

“Technology does not have to feel impersonal,” writes John Bowen of MediaConcepts. In the next three years, he believes that newer, smaller and smarter devices will utterly change the way we send, receive and process information, and visionary hotel companies will apply these developments to improving the guest experience.

It’s hard to keep up with the changing face of the world. Where so many things have become impersonal, it’s good to feel that the hospitality industry at least has kept some of its old-style charm. The beauty is that technology does not have to feel impersonal. Providing the right information to the right person at the right time is key to producing that great guest experience, while still leaving them in control. Have you ever marvelled at that waiter who appeared when you needed him, or cursed an establishment where they didn’t?

Context sensitive information delivered to us at the right time is a revolution that has already started to happen. Think of “Google Now”. Just recently a message popped up on my watch informing me to leave for my meeting. It had consolidated information from my calendar, worked out the distance between my meeting location and where I was, and overlaid current traffic conditions to provide me with that personalized notification. A whole lot of complexity wrapped up in a simple message.

Right there is the huge change that will hit us in the next three years – the wide adoption and expectation of the way information will flow to the customer. So let me share my vision of how this will happen.

Miniaturization continues

We are now seeing a new breed of wearable tech. “Smart watches” are starting to look more and more like fashion accessories to appeal to a larger market rather than just techno geeks. These devices not only push information to you as you need it, but also act as personal lighthouses broadcasting your position five times a second. This could be matched with a door lock for example, to allow you to unlock and open your hotel room door without a physical key, or display relevant information related to where you are. For example, this might be:

- telling you about promotions as you walk past a restaurant
- pulling up room controls when you enter your room or turning lights off when you leave
- paying for your meal with the tap of a button

It’s really just our imaginations that limit us. Starbucks has already developed an application for you to order and pay for your coffee by watch, and Starwood has developed the SPG App for Google Glass.

The ubiquity of devices

This allows us to view and interact with the same information



MediaConcepts

About MediaConcepts

MediaConcepts is an innovative provider of integrated digital solutions that help hotels create personalized experiences, and drive revenue through their direct online channel. Focused on enriching the guest experience at every touch point, its products and services include multi-device website design and development; a content management system (CMS) that supports personalisation; guest management and communication tool; online booking capabilities without transactional fees; integration into property management systems; and a mobile application that simplifies guest interactions and improves operational efficiencies.

www.mediaconcepts.com

on different devices. There may be a core device such as a mobile phone driving this, but the user has the convenience of receiving content through a multitude of devices. Take cars for example. Both Apple, with its CarPlay, and Google, with its Android Auto, are vying for a place in your car. This means you could book and pay for a hotel room from your car or order a coffee on the way to work. Applications are getting more context about how and where the mobile device is being used. Your phone knows where you are, and potentially what activity you're engaged in. This allows us to be smart about the type of information we show the guest.

Sharing information through API's

API's are interfaces between the various product providers that make it easier to use their services. These are already getting more prevalent. Uber, for example, has just released their API to the world, allowing mashups between applications. Being the first to realize the potential, Starbucks has already integrated Uber into their application so you can buy a coffee and order a taxi at the same time. Imagine your guests being able to order a taxi from the airport, check in to their room and order theater tickets for that evening all from the same application. From the guests' point of view, it just makes sense to have an ecosystem that works for them. Google knows this and has been trying hard to own your

digital life. They want to be the controller for the information you see. By owning your information, they can start to better understand and sell to you.

So what does this mean for all of us in the hospitality industry? Well, certainly the hospitality industry has had the reputation of being laggards in technology. However, we are seeing more and more innovation in this space, and although it may not be wise to be an early adopter, it's becoming increasingly important to keep up with the current trends to avoid losing market share.

The good news is that most hotels are starting to innovate and focus on the guest experience in order to build brand loyalty. The bad news is most hotels have stove pipes between departments and business processes that do not support this new approach. To make real progress we will need to break these down and think "guest first". The best way of doing this is to involve everyone. Develop a digital committee with all departments involved. Meet on a regular basis and try to address the guests' needs. The more personal you can make their experience feel, the more loyal they will be, the more they will spend with you and the more profitable you will be. And never forget the power of a great recommendation from a happy guest! ■

Moving forward: using digital to cater to the new luxury Millennials

by **Richard Hatter** 

Richard Hatter is the GM of Hong Kong's Hotel ICON. He understands that to succeed with Millennials, hoteliers must deliver personal attention that appeals to this demographic's tech-savvy, highly developed sense of self.



Who are the new luxury Millennials and what is technology to them? If there's one thing you should know, they are digital "engagers." Millennials are inseparable from their smartphones and expect to be able to buy, share and interact with brands while on the move.

It is of great importance we understand these things. Why? They are the demographic who will dominate luxury for the next decade – a global generation, one billion-strong.

Technology is so ingrained into the life of a Millennial, you no longer can separate the two. Their digital and physical existences are neatly synchronized.

Running an independent hotel brand in Hong Kong, we needed to differentiate ourselves in one of the most saturated hotel markets in the world. But how?

For the majority of guests passing through the doors of Hotel ICON, there is little evidence to suggest that this is anything other than a typical hotel. But beneath the surface, Hotel ICON is a teaching and research hotel owned by The School of Hotel and Tourism Management of Hong Kong Polytechnic University and serves as an important facility in the education of the next generation of hoteliers. We came up with a checklist before we opened our doors, consisting of: Cool website. Check. Fast connectivity. Check. Seamless payment systems. Check. Social media presence. Check. A story to tell. Check. Approval from other luxury Millennials. Key!

Here, I'll talk about two things things, their behavior, and how social media make them "digital engagers".

Behavior

Sporting jeans and Converse 24/7, and carrying iPhones, this is the new luxury Millennial. These are the young drivers of the global economy who perform their work comfortably outside an office environment, from a laptop at the hotel café or a tablet or smartphone while poolside. They're natural influencers who are redefining the luxury industry.

Even though these Millennials can spend, they are also value seekers. They aren't driven by traditional status symbols, like your Rolls Royce, and they view money as practical rather than as a means to show off. It's more experience-oriented. They enjoy the value in the storytelling, and it's about participating.

What does this mean for us in Hong Kong? We realized it isn't about direct selling any more.

From the moment they engage with our brand (which is most likely online), we wanted to keep it a sales-free environment. It's about the vibes. The brand ambiance. The cool. When they step through our doors, it's the paperless check-in that takes only two minutes, to the intelligent energy control device in all our guest rooms (regulating as efficiently as possible – reducing energy consumption and reliving guests of making sure lights and other amenities are operating when they enter and leave the room), it was about using technology intuitively.

Digital engagers

The luxury Millennials are also experience-seekers. They will tell your story, using the dedicated hashtags to share brand experiences via social media. Because our engagement with them influences their decisions, it's vital that we explore how they think, and what they want.

The Millennial demands to be constantly connected with your brand. According to American Express, Millennial spending on luxury travel increases by about 20% a year. Since digital technology shapes every stage of their travel experience, we created a downloadable application (rather than a push

message) we use as a sales tool. With it, you can access local weather, set wake-up calls, plug in service requests and more. And since Wi-Fi is a necessity and not an option, we've placed smartphones in all guestrooms – free data roaming, free IDD to 27 countries, and you can tether your personal device.

So, here's a little afterthought I'll leave you with:

1. Spend money and experiment with new technology to appeal to the Millennials
2. Tap the insights of external consultants who know the demographic and can help you change the mindset of the team regarding conventional and Millennial style differences
3. There is lots of new technology out there, but innovation is an original idea that adds value. And it's essential that it will either add value to the staff or the guests
4. There's no "right" or "wrong" way to communicate with guests on social media; it's simply important to do so – whether you're on Facebook, Twitter or Instagram

Instead of a "same old" look of earlier hotels, where everything was a franchised, cookie-cutter experience, there was a rise in design hotels. It was in-your-face and one-of-a-kind. At Hotel ICON, we tell our story by standing as a testament to Hong Kong's creative energy and vibrant arts scene, showcasing work from the city's celebrated designers and the world's most acclaimed architects.

Looking ahead, we ask ourselves, "How does one stay ahead of the pack?"

Besides design and technology, I realized, no matter how cool the hotel looks or is, service is still vitally important. Comfort and style will always go hand-in-hand.

Also, reducing carbon footprint and wellness also comes into the picture. Later this year we'll be switching to an electronic shuttle bus and also using BMW's first electronic car (the i3) here at the hotel. Sure, it's expensive, but it shows the hotel's commitment to the environment. Being green is no longer an option, the Millennials are extremely environmentally conscious (as you can see from how eating locally is a huge trend). ■

Richard Hatter is the General Manager of Hotel ICON and Adjunct Associate Professor of the School of Hotel and Tourism Management of The Hong Kong Polytechnic University. Richard previously spent 18 years with Shangri-La Hotels and Resorts, where he held senior corporate management positions in development and operations, including as Director of Development and several general manager posts in different Shangri-La properties. He previously worked with Dusit Thani Hotels in Thailand and Gulf Hotels in the UAE, and in luxury hotels in the United Kingdom and Tortola BVI. He began his hotel industry career in 1980.

When the butler is a robot, do we still need to tip?

by **Brian McGuinness** 

Earlier this year, Starwood's Aloft Hotels introduced a novelty in their property in Cupertino, California: a robotic butler dubbed "A.L.O." Is this the wave of the future? Brian McGuinness, in charge of the company's Specialty Select brands, which includes Aloft, shares the story with us of the birth of the industry's first "Botlr".



It all started with Rosie.

Rosie Jetson. The charismatic humanoid robot that captured our imaginations and propelled our creativity. The aspirant family member from our childhood that fostered a sense of futuristic wonderment and cultivated the belief that one day these android acquaintances could become part of our daily lives. Although feisty at times, Rosie's maternal tendencies and work ethic helped to shape our perception of what the future of robotics might someday be.

While it is no question that the concept and cinematic projection of robots is far from new, the introduction of the first robotic butler – Botlr – to the hotel landscape was not a reality until August 2014, when A.L.O. rolled into Aloft Hotels.

As an amalgamation of childhood wonder, capturing the space-age excitement we all had as children but never really deemed possible until now, A.L.O. is trailblazing the road of innovation and paving the thoroughfare for the future of travel. With the productivity of Wall-E, unmatched wit of our beloved Rosie and aesthetically reminiscent of perhaps the most famous robot of all, R2D2, Botlr possesses its own unique character along with an incredible set of autonomous skills.

From concept to creation, the inception of the robotic butler came from our relationship with neighboring Savioke in Santa Clara, California. Pronounced “savvy oak”, Savioke is a new company that designs autonomous robots designed for the service industry. Comprised of some of the world's foremost experts in service robotics, Savioke creates mobile robots that assist hospitality businesses in providing a higher quality service, which is in direct alignment with our values and overall initiative in employing Botlr. When they approached us, about six months prior to the launch, it was as if stars had aligned.

From the start, we knew that Aloft Hotels would be the perfect fit for the world's first Botlr. As the first hospitality brand to cater to the “always on” next generation of traveler, we are proud to offer a tech-forward, vibrant experience and a modernized style that is different by design. Because of this, we tend to attract Millennial-minded travelers who are seeking



Brian McGuinness is the Senior Vice President of Starwood's Specialty Select brands, including the Aloft, Element and Four Points by Sheraton brands. He is responsible for development, strategic and creative direction, and overall performance of each of Starwood's select-serve lifestyle brands.

Brian began his career with Starwood in 1997 and currently leads an integrated team, charged with ensuring the successful global launch of Starwood's first new brand introduction, Aloft Hotels, since the 1999 premiere of W Hotels; establishing Starwood's new green trailblazer, Element Hotels, as the extended-stay category leader and Starwood's green innovation lab; and re-launching the newly reinvented Four Points by Sheraton brand.

the latest in hospitality trends and innovations. With our future-facing experiences, it seemed a natural fit to pilot the Botlr program at our Cupertino location, among the greatest minds and intellectual pioneers in technology.

To elaborate more on A.L.O.'s technological attributes, the robot is semi-autonomous and running on ROS, which is an open source robot operation system. Using a combination of strategically placed on-board sensors, Savioke designed Botlr to politely avoid any guests or obstructions in its path as it makes personalized guest deliveries. A.L.O. is stylishly "dressed" in a shrink-wrapped, vinyl collared uniform designed to fit its frame and bashfully accepts every rating it receives as a tip with a small appreciation dance. Despite being a "bot of few words", this charming cyber colleague communicates effortlessly with guests and various hotel platforms, such as the elevator, through on-screen prompts and efficiently navigates throughout the property with its onboard navigational software.

As far as future evolutions in robotics are concerned, we are working with Savioke on new features that we hope to implement down the road. One in particular is the ability for Aloft talent to directly connect with A.L.O. and not only be able to see through the its 3D cameras, but also hear exactly what it hears. Savioke is currently focusing on ensuring the current basic delivery process is flawless, however this hardware is available and would just need to perfect the software in order to enable these interactions. Once we are able to, we hope to implement to all existing robots.

For the hotel landscape, the appointment of Botlr was designed to free up existing talent members' time – particularly during very busy periods like check-in and check-out – allowing them to create a more personalized experience for our guests while Botlr handles small tasks and deliveries. Such technological advances are not designed to replace people, especially at a hospitality company. People are the very core of our business and our talent are the backbone of what we do. This new hire enables our hotel associates to make more time for what they do best; provide exceptional and personalized service.

Aiming to have our hotels perpetually ahead in the forefront of innovations, the recent appointment of A.L.O. represents yet another forward-looking milestone for Aloft Hotels, which is already known for its industry-first smart check-in program, "Cool Concierge" and piloting Apple TV in-room services.



So what does the future really hold for robotics and cutting-edge technologies in the hotel landscape? Perhaps it's time to channel your childhood spirit and youthful ambitions to see if those aspirations could one day be a reality – we certainly are.

Robotics in hotels of the future

by **Brennon Williams** 

Or why not hotels of the present? asks Brennon Williams, CEO of Iridium Systems and Robotics Corporation – ISR. Millennials are waiting for them already, he points out. But when it comes to integrating robotics in your hotel, where do you start? In this thoughtful how-to article, he explains the need to understand how robots can fit into your resource group, how they will impact efficiency, and how to cater for both their needs and that of your changing customer base.

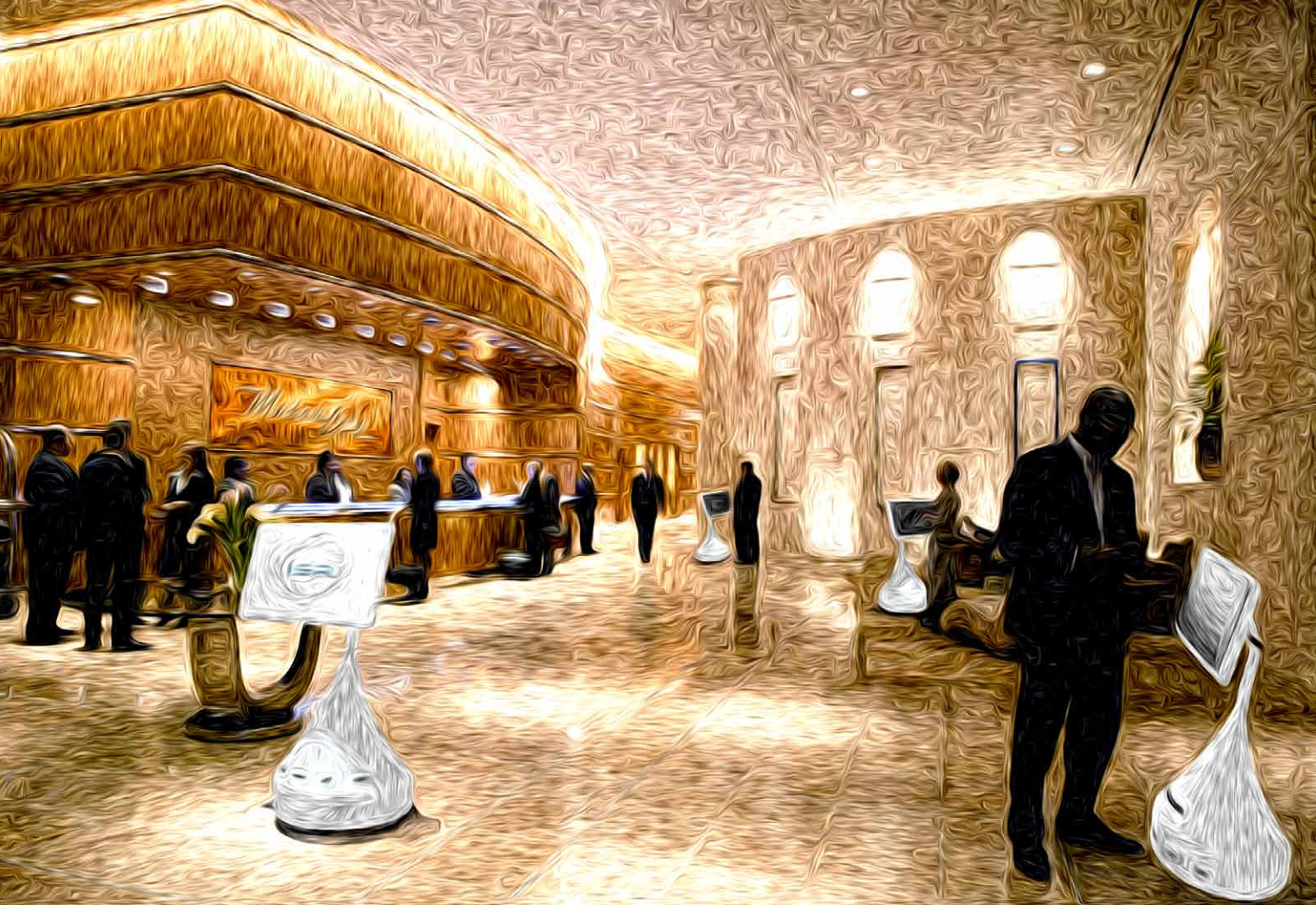


Given the following choices:

- Would you rather ride a horse to work, or drive a car, ride on a train or catch a bus?
- Would you prefer to scrub your clothes against a rock by a river or feed them into an environmentally friendly temperature controlled washing machine that won't ruin your clothes?
- Would you prefer to stand in a queue at your local bank waiting for the teller to hand you some of your hard earned cash or simply interact with an ATM machine?

As we head towards 2020, some will say that the “giddy-up” sounds pretty good for sentimental reasons. Regardless of your own personal preferences, when faced with trying to understand the future hotel marketplace – what it will be like and what those customers will not only want but expect – you can safely assume that speed, efficiency, convenience, quality care and technology innovations that improve their experience will be high, if not the highest, priorities on their list.

Robotics are in essence a representation of all of these things combined. They will be a part of your toolkit to enable enhanced user experiences leading to better user ratings



and repeat business, to increase and deliver more effective on-property marketing, to free up valuable resources that can otherwise be performing a more focused and personalized care role as well as a large number of repetitive, time consuming, resource hungry tasks.

What robots won't be is a replacement for staff – they should be an augmentation and enhancement of the valuable customer service roles within your organization. There are, and always will be, a large number of situations which require a personal touch, an empathetic ear to figure out what to do, and certainly there will be no replacement for a good old-fashioned smile from a friendly face.

The technology hungry generation

There are already a large number of machine automation processes in hotels and similar environments: lifts, electronic door locks, heating management systems to name a few. These are generally termed “simple” machine automation processes.

The twist to the robotic form of automation is that a majority of people construct a vision in their head where we are no

longer talking about simple machine automation, but where the machines begin to execute interaction with a high degree of intelligence.

Through the intelligence lens, you can reasonably consider the similarities of the old type “dumb” mobile phones, to the new “Smartphone” devices that understand just that little bit more about who you are and what you want to be doing. At the very least, modern Smartphones provide the user with the tools to do things more efficiently or speedily, and when companies provide a carefully designed experience on those Smartphones in the form of an App, the end user may receive a better service because of the automation involved in the systems.

Let's stick with the Smartphone analogy for a while as it is rather apt when considering robotics. Aside from the enhanced experiences and all the potential of smartphones to deliver benefits through connected services, you need to take into consideration the profile or persona of the device user to accurately postulate how robotics, the next step in smart technologies, will occur.



While large parts of the global population own Smartphones or some form of Internet-connected device (laptop, tablet etc.), no other global age category is as strong as the “Millennials”, i.e. persons born between the years 1977 and 1995.

According to a Statista global 2013 survey, some 83% of Millennials in North America alone (77m+ people, almost 25% of the entire population) have a Smartphone, with most other world zones showing 70+% adoption – and all are growing rapidly.

This age group, according to Nielsen’s 2014 report “Millennials: Breaking the Myths”, rank technology as the defining characteristic that makes their generation unique. They are not only more likely to interact with digital services as opposed to traditional methods, but often prefer it.

These statistics are echoed by company after company, producing reports showing what the future holds for traditional business such as hotels.

The Ernst & Young Global Hospitality Insights 2014 report sums it all up pretty neatly:

*“... as Millennials enter their peak earning years, this generation will provide the **majority** of spending for travel and leisure.*

*Millennials demand instant gratification, including speed, efficiency and convenience. In fact, **fast service is so important to Millennials that it trumps the importance of face-to-face contact or friendly service.**”*

Millennial guests don’t want to stand around in a queue waiting to be told which room they are staying in. They don’t even want to speak to the concierge about the local restaurant scene, they just want to go about their business as fast and efficiently as possible, connecting and sharing their experiences (and ratings) socially through automation systems and technology. Millennials rely on connected services, personal technology devices and any form of automation they can get their hands on to help them navigate new environments and spaces in real time.

The application of robots into hotels will provide a bridge between your brand and your customers who have these requirements. Robots will ensure you don’t have to provide a “one-size-fits-all” solution which is a common problem with mobile phone applications. Instead, robots will have the intelligence to discern age, sex, emotional state, context of “whole journey” profiling and more; enabling discreet and personable user experiences that connect on not just a digital level, but more importantly a physical level.

People don’t remember where they were (spatial context) when interacting with a phone or website, but they do remember exactly where they were when they had a positive physical experience. You want them to remember being in your hotel and for them to want to come back. ↓

What are the steps for this to happen?

Understanding the marketplace is the first step. High-speed digital services and innovative technology will be a requirement for any hotel wanting to compete for the majority of future customers.

The next step is to understand what the requirements are to enable robots to perform in a complex environment.

Robot infrastructure

The vision of robots hopping out of a truck and simply being able to “go to work” is both a complex and distant undertaking. Robots need infrastructure.

Consider your PC or tablet for a minute without any infrastructure around it. Handy enough if you just need to take some notes or figure out an isolated calculation. A PC really shines when you connect that device to the infrastructure around it. That could be using a wireless connection such as WiFi or a cable. Regardless of how you do it, when you do it you immediately have access to an incredible amount of power and features from other devices such as printers and routers. You also have access to a massively scaled collection of other computers (a.k.a the Internet).

Robots can perform plenty of tasks by themselves also, but it is when they too have an integrated environment infrastructure to work with, that they really start to add a huge impact to the user through their enhanced intelligence scenarios. They too can connect to other services and surface data in a contextually sensitive way.

The type of infrastructure that robots need is not too dissimilar to what you would already have in your properties (WiFi and electricity, etc.), with one exception: they also need access to specialized sensor data. This data takes many forms and can help robots navigate physical space as well as understand the best ways to apply their intelligence when helping people get from one point to another, for example. This is the root instance of what the Internet of Things (IoT) is all about – machine-to-machine communications and data transfers.

This sensor infrastructure also aids in safety of devices and people, ensuring they roam only where they are allowed to go, and to ensure they interact in the areas where people most need help.



EVOLUTION STRATEGY

EVO CLASS ASSISTANCE ROBOTS



As a manufacturer, we've invested in the research and invented infrastructure products that are both inexpensive and non-invasive (no need to lay new cables or replace walls, etc.) This should relieve many who may have otherwise had visions in their heads of buildings needing to be ripped up. It simply isn't the case.

Where are the robots? What will they be like? What will they do?

The robots are here and ready now.

They need a carefully orchestrated plan of implementation for a vast number of reasons, but safety is the single most important aspect of this plan.

People have a view of robots as being two-legged, walking, talking machines – and while that type of robot is both electronically and mechanically possible to produce, safety, reliability, and exorbitant costs are why these types of robots will not be deployed into your hotel first.

We also believe that people are not ready for über-complex robotics just yet. They need a more controlled path to integration with their daily lives. It will change rapidly in the coming years, but there needs to be a smart and simple starting point. We call this the “evolution strategy” which increases complexity and functionality over time.

This means that the first stage of robots will be a foundation-class device. They shouldn't even look like the archetypal robot because people would be afraid of them – or they would be afraid that they would break such expensive looking machines.

The goal is just the opposite: simple designs and elegance using methods of interaction that people are already used to. Think large touch screens. Think speech and voice recognition. Think more about PC-style user interfaces on a screen rather than a half attempt at making a head, which both looks weird (the eyes are always weird) and discourages interaction.

They should also be beautiful. Their aesthetic appearance should work with your brand, work with your property style and be much more than just a plastic bin or an obtuse, industrial-looking machine.

Over time, the application of robotics will also grow in complexity as users become more accepting, more demanding and more trusting of synthetic assistance. This too must be guided by the user's levels of expectations.

At first, foundation devices should integrate into knowledge and instructional infrastructure, to guide and assist with information. Next, devices will become much more capable and enable active spatial assistance – this is to say that devices



will be able to help people navigate directly within a given environment, guiding them to points of interest and helping to provide safe passage in heavily crowded scenarios, especially in times of alert and emergency.

Finally, after the safety of the devices (with incremental complexity) having been tested and deployed with literally millions of interactions with the general public, devices will have the capabilities of direct manipulation, transposition and transportation assistance of physical objects.

The challenge is now to simultaneously educate the general public while also learning from those individuals who will be interacting with robots for the first time. You too will need to understand how robots can fit into your resource group, how they will impact efficiency, and how to cater for both their needs and that of your changing customer base, the Millennials.

It will be an asynchronous dance of sorts, which will rapidly see feature and experience improvements on a daily basis.

How much will they cost?

The last few years has provided an incredible price drop in many of the base components used in robots as well as a hyper-accelerated rate of improvement in sensor accuracy. This again can mostly be attributed to the mobile phone industry.

The truth is that the cost to your organization for a robot (or fleet of robots) and infrastructure is much more about the business model of the manufacturer. A service robotics business will struggle to survive if it only caters for one type of industry, or one type of hotel. While I can't comment on how our competition will price their products, what I can say is that we are able to put robots into any type of business, be it luxury or value, without any upfront costs.

We can do this because of the flexible architecture of our platforms and devices. As we are proponents of robotics

improving people's experiences, helping people in all environments, it would only make sense that we use this as a key metric in our billing strategy. In other words, if your customers don't use the robots (and not only use them but have a great experience), you don't pay for them. This approach brings down barriers to entry for all levels and removes any preconceived risks with implementing new technology; do you really have any reason not to do this?

The race for the millennial market has already started

It's time to get in the race.

The decision to implement robots in your hotel is about employing prudent business strategy with regard to technology use, present and future. It's about understanding the value of CRM, marketing and property management solutions, and about understanding the importance of continuity of experience across properties.

The service robot industry is at the beginnings of a broad deployment of robots into environments such as hotels and other complex public space environments. My company in particular is openly inviting hotels across the quality spectrum to be a part of our early adopter program and to share in the benefits of such collaboration.

Designing the experience of your future guests will take time. It will take research and it will involve working directly with your customers to get under their skin and to understand how they tick.

Those businesses that choose to invest in that process will not only have an experience that the market wants, but an experience that represents their brands in a careful and considered way.

They will be the ones who are ready for the next generation of hotel guest.

■

***Brennon Williams** is the CEO and Founder of Iridium Systems and Robotics Corporation – ISR. For the past 20 years, Brennon has worked around the globe as a contract software engineer, chief technical officer and consultant technical advisor to companies such as Microsoft, Motorola, Nokia, eBay and PayPal, as well as several smaller design and user experience-focused agencies both in London and New York. Based in London, his decade-long ambition to create a robotics company finally found viability in 2012 when he began the complex process of bringing materials, hardware, software, electronics, mechanics and design to the manufacturing of public space robotic devices.*



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Humans need not apply

by **Ian Millar** 

As consumers, we quite happily encounter non-human providers of information and services in a number of everyday situations – such as when we buy airline tickets online, without any human middleman necessary. So why not in hotels, asks Prof. Ian Millar of the Ecole hôtelière de Lausanne? In this editorial, Ian foresees the inevitable introduction of certain robotic solutions in hotels... unless laws, trade unions and special interest groups block the way.

For years, people have spoken – negatively and positively – about the idea that robots and automation would take a real place in hospitality. The non-believers (of whom there are many) have cried out that this will destroy the industry; hospitality is a people business. Others see the advantage of reducing hotel operators' highest cost, i.e. human resources.

Examples of robotics in hospitality already exist. Yotel New York has its robotic luggage concierge. The upcoming Royal Caribbean cruise ship Quantum of the Seas will feature robotic barmen mixing your favorite cocktail. And recently, accompanied by much hype, Aloft Hotels have introduced a robot called Botlr who will bring you that extra towel or toothbrush. Of course, you cannot tip him, but you can say thanks with a tweet to #botlr.

So will robots occupy a firm place in our industry? Currently, robots are limited, but self-automation does exist. For example, in the restaurant Inamo in London, where the guests self-order through an interactive table, or Baggers Restaurant in Germany, where food is delivered on conveyer belts using RFID. In the Chinese city of Harbin, there is a restaurant that is staffed by 20 robots that cook and serve the food.

These restaurants have built their entire concept around technology. However, the real challenge facing the introduction of robotics is not building new concepts around

them, but rather integrating robotics into existing operations. Hotel guests have their expectations of the kind of service they will receive from a hotel. Thus the pertinent question becomes: how would a guest react who, for example, is staying at a five-star hotel and is served his G&T by a robot?

Obviously this would not be for everyone, nor for every hotel operation, but there are a lot of tasks performed in hotels that are very simply repetitive and that could benefit from the use of robotics. Ideas that come to mind include vacuuming and polishing public spaces, food preparation, window cleaning, polishing cutlery and glassware – to name but a few. Housekeeping could hugely benefit from robots, for example fetching and removing linen. Other robots presently in the pipeline include one called Baxter who learns by watching humans, then replicates their movements. At the University of Texas in Austin, there is a robotic coffee machine called Briggo, who remembers customers and serves them the perfect cup of coffee every time.

There is of course the current issue where the return on investment would not be there. Current usage of robotics is more of a marketing statement more than anything else. Google is investing heavily in robotics: eight of its last twelve acquisitions have been robotic companies. So, as is the case with all technologies, prices will start to come down and will reach a point where the investment can be justified.



Ian Millar's double expertise in the areas of hospitality and information technology sets him at the forefront of new developments in the international hospitality industry. He is also a Certified Hospitality Technology Professional (CHTP) Ian Millar is a frequent presenter at international IT conferences and is a member of the Advisory Board of the European Hospitality Technology Education Conference EHTEC, as well as on the advisory board for HITEC the world's largest hospitality technology conference.

Ian Millar has been instrumental in developing the exceptional resources and expertise available to students at the school. He created EHL's unique CyberHotel, a specially equipped and fully functional centre on campus that features best practical IT solutions in hospitality technology currently used in the industry. Within CyberHotel Ian Millar teaches the students about the latest technologies for the hospitality industry.

As of October this year Ian Millar is a member of the executive committee of HFTP, the world's largest organisation for hospitality and financial professionals. Ian Millar served on their board of directors from 2008 to 2011.

Of course, at the same time barriers will be put up, namely by interest groups and unions. While doing some research for this article, I read this comment online: "Don't we (i.e. the industry) have a responsibility to actually create jobs rather than eliminate them?" And this is the interesting discussion angle. Pro-robotics people will say that by using robots, you are freeing up employees to spend more time looking after guests, while the anti-robotics movement will of course say it eliminates jobs. An instructive comparison can be made with the airline industry (although strictly speaking it isn't about robotics, but it is about tech vs. human interaction): As consumers, we browse flights online, book our tickets online, check in online, choose our seats online and download our boarding passes... basically, we do everything ourselves. Imagine what would happen if the airlines now took these possibilities away. In this sphere of activity, we are quite used to doing things by ourselves, and we need and expect relatively little human interaction. What then would be wrong with having Botlr bring you that extra bottle of shampoo you asked for? Would guests really be that shocked? Probably not. So would it really be so wrong having a robot peeling vegetables in a kitchen? Or polishing cutlery?


Would you rather get a quick, well-made cup of coffee from Briggo, or stand in line for ten minutes in your local coffee shop while the ten people in front of you try to decide what syrup they want in their latte?

And this is the main point. Robots do not get sick; they do not take time off, need holidays or performance reviews. Economics has always won, and will always win. Once the business case can be made, this will go mainstream. In the great depression of the 1930s, unemployment rose to 25% and in some countries as high as 33%. Automation and robotics have the potential to re-create those numbers, and for many people, no alternative job is available. Therefore, only a law capping the number of robots vs. humans in the workplace could stem the numbers. The coming years will be interesting. The question is not, are automation and robots bad? It is, are automation and robots inevitable?

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2015 “Do’s” and “Don’ts” of hotel technology



by **Terence Ronson** 

Terence Ronson of Pertlink shares with The Hotel Yearbook a wide-ranging list of tech-related ideas to implement... and mistakes to avoid! Common-sense stuff, and yet pure genius!

DO

- 1 Use digital signage instead of printed posters
- 2 Put some free bottles of water in the mini bar so they are nice and cool
- 3 Check all the peep holes on guest room doors to make sure they are secure and the right way round
- 4 Mount irons on wall brackets in closets instead of placing them on the floor or shelves
- 5 Clearly display broadband charges – if your hotel has any –and have a sign-on page if your government requires it
- 6 Make it easy to switch off all lights in the guestroom from the bed – especially the bathroom and vestibule lights
- 7 Simplify the process of plugging in a hairdryer, shaver, or electric toothbrush in the bathroom
- 8 Make the lighting in the bathroom bright enough for doing makeup – ask a woman to check it
- 9 Have an illuminated make-up mirror in the bathroom
- 10 Have universal power sockets with USB power sockets easily available for guest-use in public areas, especially lobby lounges, dining areas, club lounges and poolside – and have international adaptors handy
- 11 Have an emergency torch/flashlight in the guest room
- 12 Offer free boarding pass printing in business centers
- 13 Provide Apple computers in the business center, and not just Windows PC’s
- 14 Have an Apple Notebook power adaptor available for a guest to borrow in case they accidentally forget theirs at home – same applies to iPhone/iPod, Blackberries and other popular devices
- 15 Use wireless mice at the front desk
- 16 Have a smartphone-compliant version of your hotel data file available for download on your website at the same time you are making sure your website is mobile-compliant

DON’T

- 1 Use walkie-talkies in public areas without providing staff with discreet ear pieces
- 2 Consider PTT (Push To Talk) alternate services/apps that can run on Smartphones
- 3 Deploy connectivity aux or connectivity panels without having in-room cable kits to include up-to-date connectors such as used on iPhone 5
- 4 Put a bedside clock that makes a ticking sound
- 5 Charge for local phone calls unless you really have to
- 6 Make it difficult to use a mouse on the guest room desk by using one with a glass surface – put a mousepad in the drawer
- 7 Automatically do dynamic currency conversion on credit card transactions – be sure to have the customer approve this in advance
- 8 Charge exorbitant rates for printing a couple of A4 sheets in the business center
- 9 Issue replacement room keys without first seeing a valid photo ID
- 10 Open a guest room door without first seeing a valid photo ID or some other form of guest ID validation
- 11 Allow staff to use thumb drives in work computers – this is often how data is lost and viruses introduced
- 12 Print reports – circulate PDF versions only
- 13 Send faxes when you can send PDFs with e-mails
- 14 Use worn out ribbons on printers – especially point of sale printers in F&B outlets
- 15 Assume your backup power generator will auto-start if there is a mains power failure: test it regularly
- 16 Print folios – only e-mail them
- 17 Use paper registration cards – use electronic ones
- 18 Install both wired and wireless Internet in your guest rooms when doing a new installation: having Wi-Fi alone is acceptable to most people and will save you a lot of money

DO

- 17 Work with your system providers so that they produce e-forms and not printed reports – especially registration cards and folios
- 18 Make sure excess power and data and power cables are neatly tied, or cut to the right length. If that is not possible, cover them somehow
- 19 Have a simple but easy-to-read digital clock in the bathroom
- 20 Encourage staff to bring laptops or tablets to meetings and use them for note taking rather than paper pads
- 21 Have easily accessible universal power sockets with USB power sockets in meeting rooms, as more and more people bring tech with them and need power
- 22 Have plenty of universal power sockets with USB power sockets by the bedside and guestroom desk, or if not possible, place a small power bar in the desk drawer, complete with adaptor
- 23 Have a CD/DVD/Blu-Ray lending library if you have such a player in the guestroom
- 24 Have your concierge know where the nearest Apple Service Center is, likewise for other popular brands like IBM, DELL, Lenovo, Asus, Samsung, HTC and Blackberry
- 25 Have a person or system to constantly monitor social networking sites for mentions about your hotel and respond appropriately and in a timely manner
- 26 Have competent front line staff on-property who can deal with guests' tech queries – make sure they have the requisite troubleshooting, social and interpersonal skills as well
- 27 Monitor what is written about your hotel on social networking sites like Trip Advisor
- 28 Have easily accessible empty power sockets at the left and right side of the bed – for guest use only – with USB power sockets not needing adaptors
- 29 Realize that when you buy technology, you need a support agreement as well – and this often doubles the tech cost over 4-5 years, so work out a 5-year TCO
- 30 Put a notice on your HSIA sign-up screen that your government may block access to certain websites and Internet services if this applies to you. Have your IT people know how to workaround this if the guest asks – such as a VPN
- 31 Check your TV channel reception from time to time and make sure it's nice and clear
- 32 Make sure the electronic door lock on the guest room door closes quickly when the door shuts
- 33 Check the speed, noise and effectiveness of the air-con fan coil in the guest room
- 34 Print your IM address on your business card, e.g. a Skype ID, WhatsApp or WeChat – maybe even use a QR code
- 35 Put an Internet browsing station in the staff canteen for staff to check e-mail, and fill out forms or requests during breaks

DON'T

- 19 Assume all guests use an iPod, iPhone or iPad – believe it or not, there are many other successful products and operating systems in the marketplace and these mostly use micro USB connectors
- 20 Put “last updated...” on your website if you don't do it frequently
- 21 Put the number of visitors to your website – no one really cares
- 22 Put a chair at the desk which is difficult to pull out or is uncomfortable to sit in – even if it looks nice
- 23 Just limit guests to connect two or three items to the Wi-Fi in the guestroom – guests often carry many more devices, especially if a couple with kids. Usual quantity is 3 devices per person.
- 24 Clutter the desk with collaterals and printed materials – make them digital and multi-lingual e.g. in Chinese, Japanese, Arabic and Russian
- 25 Just believe that by putting loads of technology into your hotel that the guest experience will be enhanced or that the guest will appreciate it
- 26 Place a loudspeaker in the bathroom unless it has a volume control and the sound quality is good
- 27 Just rely on the technology to operate your business – it will fail and at the worst possible time. Make sure you have a contingency plan in place for all systems and test it periodically
- 28 Change any configuration on a guest's computer unless they absolutely agree and you have a written record of the changes made
- 29 Have multiple phones in the guest room unless you really need to: one is usually enough
- 30 Allow iPods, MP3 players or similar devices in the workplace to be connected to your computers
- 31 Print anything – only have electronic versions of all your collaterals
- 32 Make it complicated for guests to use your technology – they may only stay one night and have no time to learn how to use all the gadgets, and may not be as tech-savvy as you think they are
- 33 Overcharge for IDD calls – see if you can connect your PBX to a VOIN (Voice over Internet) service to reduce the calling costs
- 34 Lend guests headsets in the gym unless they have been pre-sterilized and you can prove it
- 35 Allow social networking connections on workplace computers unless it's for work
- 36 Have water pipes inside your computer room or data center
- 37 Just have a single cooling source for your data center – have a backup
- 38 Have so many TV channels that it's difficult for the guest to quickly access what they really want to watch, and make sure that when it's re-switched on, it goes back to the last channel watched and only re-sets upon check-out

DO

- 36 Encourage your guests to also perform a virtual check-in to such sites as Facebook and Foursquare when they physically check-in to your establishment
- 37 Encourage your guests to post photos of their food on Facebook, Foursquare and Instagram – and consider printing your name on the chinaware so it's captured in the photo – free advertising
- 38 Get your technology vendors to update you twice a year on their roadmap – maybe under NDA
- 39 Add CCTV cameras inside your data center – one that is directed to the server racks, and the other to the entrance door
- 40 Use electronic locks on your server racks, not just metal keys
- 41 Remember that guests trust their mobile phones to wake them up, more than they do your wake-up call service or alarm clock next to the bed
- 42 Perform regular complete system and data backups and store them off-site
- 43 Consider placing a “dock extender” cable into the cable pack that you may be placing in your rooms so that a guest can connect an iPad to the iPod/iPhone dock you are providing
- 44 Have iPhone 5 adaptors on hand
- 45 Have staff who do in-room check-in, offer to help guests connect their computer to the HSIA/Wi-Fi as well as make them an espresso if such a machine is in the room
- 46 Allow guests to tailor their fruit basket if you plan to give them one – not everyone likes green apples and pears. Same goes for turndown amenity – not everyone wants or can eat chocolates or sweet items
- 47 Offer e-postcards from your website
- 48 Have a shelf in the toilet cubicle where guests can place their mobile phone/tablet and maybe a book
- 49 Work in your own guestroom from time to time and see how comfortable and practical it is – especially the height of the chair in relation to the desk, or location of the TV
- 50 Use a biometric reader or PIN pad for staff entrance/egress that is linked to the time and attendance/payroll system
- 51 Make sure the light inside the wardrobe does switch off when the door is closed
- 52 Consider (carefully) moving some of your IT services to the Cloud. Make sure you fully understand the small print on the SLA (Service Level Agreement) about “uptime”, “data ownership” and “migration” from property based systems – also data privacy and security issues
- 53 Make sure the room safe is bolted down to a floor or wall and cannot be easily removed
- 54 Monitor the TV volume in the guest room so that it can go down very low and not too high. Some guests like to leave the TV on all night but at a very low background volume

DON'T

- 39 Put a CD/DVD/Blu-Ray player in the guest room unless there is already a disc inside for the guest to quickly listen to or watch
- 40 Operate a 1-button call center unless the staff who take the calls are fully trained to handle all queries and in various languages
- 41 Put a 4-in-1 copier/scanner/printer/fax machine in the guestroom with just 2 or 3 sheets of paper inside for the guest to print on – include at least 20 sheets
- 42 Use a cloud printing service to the in-room printer you are providing – some guests are bound by company confidentiality policies not to send data outside of their network and so cannot use such services, even if they are hosted by a reputable company – so just add a USB cable
- 43 Have electronic curtains/drapes unless they can be opened/closed from the bed as well as via a simple wall switch that the guest is aware of
- 44 Put a hairdryer in the bathroom that is underpowered – and don't hide it – ask a woman to check it before selecting
- 45 Put a reading lamp at the bed which is so powerful and direct that it can burn your guest's forehead
- 46 Adjust the temperature in the guestroom if the guest sets it at a certain level; only reset it on check-out
- 47 Use Flash on your website unless you really have to – not all popular Smartphones or tablets can handle Flash
- 48 Only put a keycard reader on one side of the elevator car if you have floor call buttons on both sides. And from time to time, check that they both work
- 49 Install an LCD TV in such a way that the guest cannot access the connectivity ports and by doing so, they can directly connect their own devices for playback
- 50 Create an app for your hotel just for the sake of it – and all it does is make reservations. Make it informative about your property and a guide to all the various services and amenities you provide. It will after all be your shop window in the palm of someone's hand and directly reflect your brand values.
- 51 Write “Data Center” or “Computer Room” on the door of such a place – you are inviting trouble. Better to write “Authorized Access Only”
- 52 Use illegal software – do a license audit from time to time

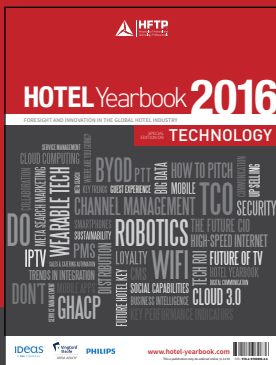
DO

- 55 Have a very low nightlight in the bathroom/toilet
- 56 Deploy the very best cabling backbone you can – even fiber to the room
- 57 Allow guests of residential conferences to use the same login ID and password that they use in the guestroom for access to the Wi-Fi in the meeting room - don't make them pay or login twice
- 58 Encourage guests to communicate with your hotel through popular social networking sites such as Facebook and Twitter
- 59 Have air-conditioning auto cut-off in the guest room if balcony doors are left open
- 60 Consider using motion/presence [PIR] detectors rather than key cards to control energy in-room
- 61 Check from time to time in-the-floor power sockets – the metal type which are supposed to lift up when the clip is flicked. Most often they stick after a while, having been covered with floor polish and dust
- 62 Talk to your HSPA/Wi-Fi provider about “roaming agreements” and having pass-thru services to such membership services as Boingo and iPass
- 63 Consider having a secure place where guests can deposit their valuables and gadgets at the poolside or beach if they want to take a dip in the pool or use the sauna
- 64 Have Wi-Fi at the poolside and beach
- 65 Test your (magnetic) key cards to see if they demagnetize when placed next to a mobile phone – often they do, which is a great inconvenience to the guest as well as an operational chore
- 66 Encourage guest contact staff to attach VCF files in emails
- 67 Consider using QR codes on your printed materials and special e-coupon offers
- 68 Put your hotel onto Skype and encourage that as a method of communication with guests
- 69 Recycle used laser toner cartridges
- 70 Think about installing a 4/3G mobile hotspot in the airport limo so the guest can use the service to/from the airport
- 71 Have your IT team join such organizations as HFTP and HTNG so that they keep up to date with hotel technology – sponsor them as well as have them attend conferences and exhibitions
- 72 Consider carefully all the implications of Cloud computing to include: loss of connection, data security and data privacy
- 73 Looking into MDM – Mobile Device Management if such devices are connected to your network and/or supplied by you
- 74 Regularly check and install service packs and software upgrades



*Over the last four decades, **Terence Ronson** has morphed himself from being a chef, to hotelier, to hospitality IT consultant, and most recently to inventor. His diversified career has taken him to work in both the UK and Asia, where he has been residing for the last seventeen years. In his spare time, he also organizes and participates in hotel tech conferences, teaches, and authors a blog, as well as writing articles like this one.*

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HYB Special Edition - TECHNOLOGY 2016

This edition will be available in October 2015



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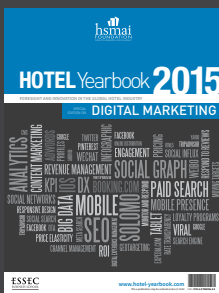
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Hotel Yearbook 2015

In 2015, the Hotel Yearbook will feature a comprehensive outlook for major geo markets as well as in-depth interviews with hotel group executives focusing on key segments including luxury and lifestyle brands. As always, our flagship annual focuses in particular on issues related to finance and hotel development, featuring contributions from experts around the world.

• *This edition will be available from January 2015*



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• *This edition will be available from March 2015*



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