THE POWER OF CLOUD FOR THE HOTEL INDUSTRY

What Every Hotel Executive Needs to Know
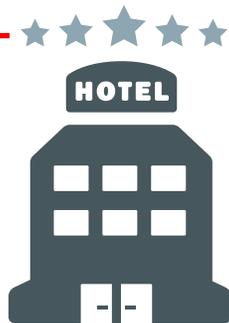
What keeps you up at night?

For hotel executives in the midst of, arguably, the most disruptive transformation of their industry, there is a litany of reasons: Global competition. Intense cost-control pressures. Cybersecurity threats. Social media challenges. Relentless IT updates.

2017 Forecast
ADR: 3.8%
RevPAR: 3.8%
Source: STR/Tourism Economics

More troubling, nearly all of these factors are magnified by the unprecedented confluence of mobile technology and the millennial generation – a tandem that has radically altered consumer expectations beyond recognition. With smartphones and tablets in their firm grasp, these modern guests, who have eclipsed baby boomers and Gen Xers in number, are demanding individualized experiences before, during and after their stay.

2017 Forecast
Supply: 1.9%
Demand: 1.9%
Source: STR/Tourism Economics

It's no wonder tranquillity remains elusive.

But every challenge, as daunting as it may be, represents an opportunity. And across a spectrum of industries driven by information technology, opportunities are being seized increasingly by employing cloud-based solutions. They can be the answer for hospitality, too.

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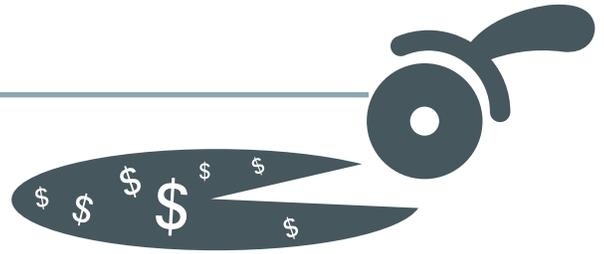
I. THE CASE FOR CLOUD

In this executive brief, we will define a cloud-based platform and its functions for hospitality, highlight the benefits it delivers and, just as importantly, address lingering misconceptions about cloud technology that may be hindering adoption.

Equipped with the proper enterprise management platform powered by cloud, hoteliers can tackle a full spectrum of tasks, including managing staffing needs, accelerating hotel check-in, improving kitchen operations and providing mobile devices that enhance guest service anywhere, anytime. By addressing every facet of the business, a cloud-based solution optimizes operations across the board, yielding the speed, agility and efficiency required to meet guests' ever-changing needs.

Boost productivity, efficiency and cost-effectiveness

Operating in a new world order where empowered guests make individualized demands and expect fast fulfillment, there is a premium placed on improved productivity, efficiency and cost-effectiveness. Cloud technology lowers costs by allowing hotels to centralize the hardware and software for hotel and F&B operations, eliminating the need for on-premise servers at each property. Backups, maintenance and security updates are performed by the cloud technology provider. The implications of that change are enormous: Software and hardware upgrades are faster and easier as they are done centrally. Productivity also is enhanced because operational failures are virtually nonexistent: Applications, servers and storage are all managed and monitored 24 hours a day, 7 days a week and 365 days a year in the cloud. And, new functionality can be activated at multiple properties simultaneously, meaning market-leading innovations can be introduced faster.

64% of respondents said that the use of cloud increased business agility

53% of respondents said that cloud increased ability to act on data/information

50% of respondents said that cloud increased ability to innovate

Source: Cloud Computing Comes of Age, Harvard Business Review

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Increase security, reduce risk

With cyberattacks making headlines almost daily now, fortifying hotel operations and protecting guest information are of paramount importance. Forsaking them not only could lead to exorbitant litigation, but cause incalculable damage to brand reputation. Cloud technology provides the highest level of system security, which is attributable to several critical components:

- Redundant infrastructure that avoids a "single point of failure," ensuring continued service and protection

- Compliance with PCI requirements and standards

- Regular logging of all environmental access

- Routine scanning for vulnerabilities

- Advanced intrusion detection system (IDS) for internal- and customer-facing networks to monitor network traffic for unauthorized or suspicious activity

Accelerate growth

One of the most attractive elements of cloud solutions is its ability to adapt and grow for the future. In an industry that's constantly changing such flexibility is priceless. Cloud solutions automatically add capacity with scalable hardware. Furthermore, without the need for on-premise servers and eliminating accompanying work such as procurement and installation, expansion efforts can be executed in a fraction of time required previously.

72% of cloud leaders launched new products

62% of cloud leaders expanded into new market segments

55% of cloud leaders expanded geographically

Source: Cloud Computing Comes of Age, Harvard Business Review

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Lower costs, increase ROI

Though enhanced capabilities are what define the importance of cloud, it delivers a significant bottom-line benefit, too: Cloud cuts costs.

Unlike conventional software models that require the capital expense of purchasing licenses and hardware, cloud is sold as a service – enabling clients to buy as little or as much computing capability as needed.

The graph below shows the fiscal advantage of using OPERA Cloud vs. OPERA 5 running on premise for a 150-room property. For the first five years of deployment, the savings with OPERA Cloud exceed 50%.

OPERA Cloud generates savings of more than 50% over five years

OPERA Cloud vs. OPERA 5 Estimated Cost Comparison

COST ($)

YEAR 1 YEAR 2 YEAR 3 YEAR 4 YEAR 5

Annual Premise   Annual Cloud   Cumulative Premise   Cumulative Cloud
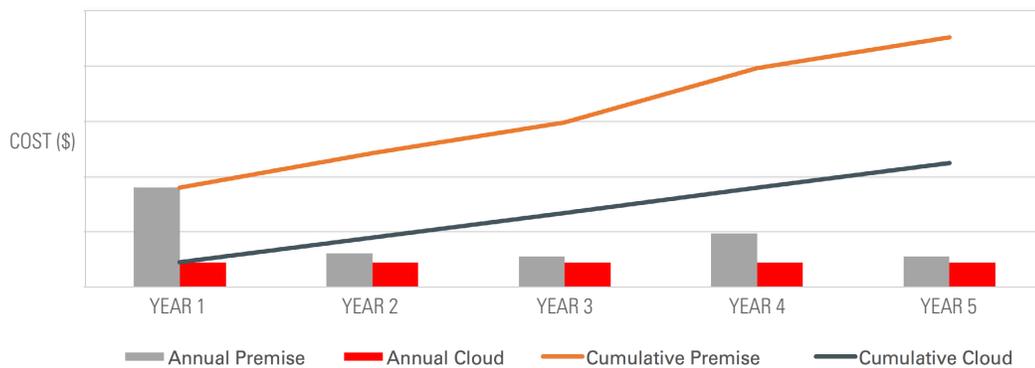
The cost difference is attributable mostly to initial investment: On-premise mandates purchasing a server and maintenance, plus an assortment of software (property management, back office, mobile, etc.). In addition, on-premise has on-going maintenance and service costs, including a "hardware refresh" in Year 4. By comparison, OPERA Cloud simply requires a single subscription cost.

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Enhance brand relevancy

The whole is greater than the sum of its parts. It's a phrase that holds true for cloud solutions. Though each of the cloud's advantages is significant, collectively, they hold the power to enhance a hotel brand's relevancy. That ability to connect and resonate with guests has never before been so essential as hotels engage with the millennial generation. With a population of 75 million in the U.S., they now outnumber baby boomers and Generation Xers, and wield enormous spending clout – an estimated $200 billion annually. A hefty share of that pie is earmarked for hospitality: Millennials are projected to spend an average of $3,900 on travel this year, and 77% say they visit a restaurant once a week or more.

More significantly, no generation has been more intertwined with technology, especially mobile devices, making them more connected, more demanding and more influential than ever. The cloud empowers hotels to undergo a redefinition of service – one that offers guests tremendous choice, speed and personalization based on their individual preferences. Hotels can leverage guest profiles to recognize guests when they check-in, deliver personalized welcome amenities, offer guests recommendations for dining options and tailored promotions for local activities. It's also just as critical to engage millennial employees who will represent a significant portion of hotel staff. Oracle cloud-based systems also are equipped with POS terminals and tablets with intuitive interfaces, which reduce training time and enable staff to better cater to guests.
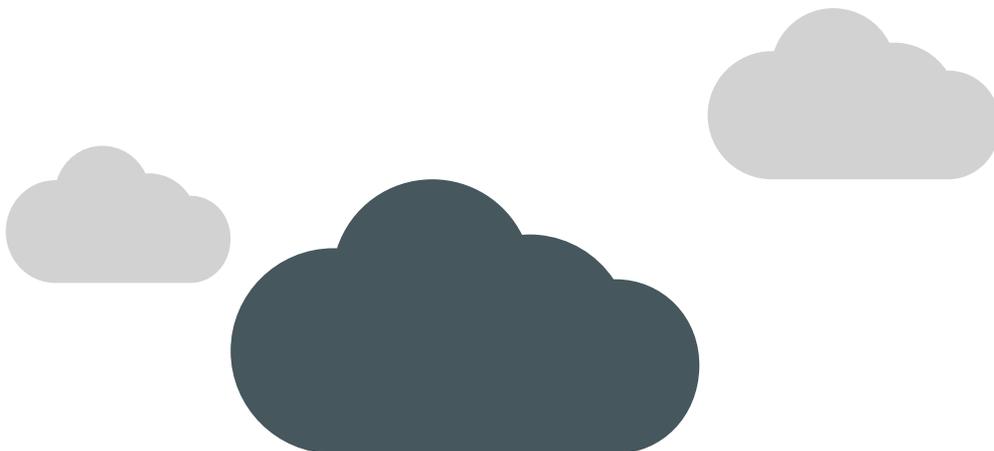
II. DEBUNKING MYTHS

As attractive as cloud solutions may be, hospitality leaders have been slow to embrace them, in part, perhaps, because of lingering misconceptions about the technology. The following arguments address some of the most common ones:

My data won't be safe in the cloud.

Oracle Cloud Services offer market-leading security features, including encryption, virus scan and whitelist support. Each customer's data is stored in isolation as an additional security measure. Oracle Data Centers offer embassy-grade physical and logical security, employing management controls, operational controls and technical controls aligned with the security framework of ISO (International Organization for Standardization) and IEC (International Electrotechnical Commission). As the world's leading hotel management platform, Oracle OPERA Cloud also offers compliance with Payment Card Industry standards – saving time and money on lengthy audit processes.

If the Internet goes down, so does the cloud – and our hotel.

Access to the network is never compromised even if Internet connection is lost. Connectivity is assured through numerous avenues, including parallel IPSs plus 3G enabled USB stick. Such backup measures ensure that business operations – ranging from check-in to room assignments to payment – can carry on without interruption.

Cloud technology is still experimental.

Cloud technology has been embraced by major enterprises in a variety of industries, especially to support critical systems for ERP, human resources and finance. Many hotel operators have already taken the next step, using cloud to support check-in, housekeeping, sales, distribution and data warehousing, and business intelligence processes. According to Forrester, cloud and SaaS migration is among the top IT trends for the hospitality industry in 2016.

On-premise technology will cost less long term.

The capital investment required for on-premise hardware and software alone can be exorbitant and doesn't even factor time, money and effort needed for maintenance and support. Although such costs can be amortized over several years, no enterprise can afford the risk of operating a system that soon will

become obsolete. Cloud technology, aside from helping avoid the upheaval often associated with IT replacement, also eliminates the cost of upgrades. That's because the cloud is always up to date.

For hospitality leaders, it's time to take ownership of the move to cloud. This decision shouldn't be delegated to IT because it is far more than a technology matter. Adopting cloud is an issue of innovation and responding to the escalation of guests' individualized demands. It's about opening new locations in record-breaking time. It's about rolling out targeted promotions in mere days. It's about actively managing distribution channels. It's about deploying housekeeping staff with real-time data to tackle priority tasks first. It's about serving guests on a more personal level than ever before. And it's about freeing the IT function to drive efficiency – rather than saddling it with the mundane and laborious.

To achieve such success, a thorough exploration of options is required, and it will discredit one final fallacy: All cloud solutions are the same. An optimal system is engineered from the outset for cloud and is delivered from a cloud environment. By comparison, systems originally built to work on premise can't deliver comparable upgrade simplicity – even if it is hosted or delivered as software as a service for a specific enterprise.

III. MOVE TO OPERA CLOUD

OPERA Cloud is a next-generation hotel management platform that is mobile-enabled and cloud-based. For the hospitality industry, it delivers new capabilities and benefits that can't be realized using purely on-premise tools.

Based on OPERA, the hotel industry's leading property management platform, OPERA Cloud provides the property management capabilities that independent hotels and chains need. OPERA Cloud's intuitive user interface and role-based views make it easy to learn and use. OPERA Cloud is integrated with the industry's key vendors and, most importantly, it can be tailored to meet the exact needs of each organization. A switch to OPERA Cloud delivers:

- **Comprehensive functionality:** Oracle Hospitality's OPERA Cloud Services is available in two bundles to meet the needs of any hotel operation: OPERA Enterprise Cloud Services and OPERA Professional Cloud Services.

- **Less IT complexity and lower costs:** OPERA Cloud will be centrally hosted and managed, eliminating the need to buy, operate, and manage computer servers to run your on-premise property management system at each property.

- **Faster innovation:** With OPERA Cloud, hotels can innovate faster, as upgrades to new releases with new capabilities are easier and more frequent.

- **Greater insight:** In a world where information is the currency of success, simply gathering it does little good. Information needs to be processed and analyzed, yielding insight that can be applied to improve operations and enhance service. OPERA Cloud offers more than 300 standard reports that provide key performance metrics.
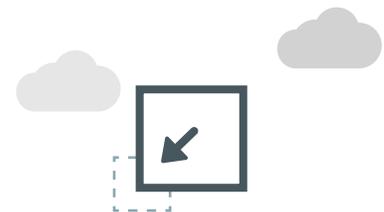
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IV. PARTNERING WITH ORACLE

Selecting OPERA Cloud gains an alliance with Oracle Hospitality and access to all of its support and resources. With the acquisition of MICROS Systems – a leader in the hospitality sector for more than 35 years – and Oracle's R&D capabilities and cloud technology, Oracle Hospitality is dedicated to pioneering innovations. Offering trusted property management, food and beverage, point-of-sale, sales and catering, distribution, and hardware solutions, Oracle provides reliability and flexibility across the entire technology stack. We deliver complete support and integration, across applications, middleware, database, operating systems, virtual machine, and storage and servers – all in the cloud.

With deep expertise in cloud technologies and hospitality, Oracle expertly guides hotels during the migration to the cloud. For hotels already operating on OPERA Premise, streamlined processes capture existing data and transfer it to Oracle Data Center where it is safely imported into the OPERA Cloud environment. For hotels not using OPERA on-premise solution, Oracle dispatches an expert team to assess prospective client's data structure, determine eligibility for cloud migration and prescribe transfer methods.

In both cases, Oracle performs robust testing and data validation before the production move. Such test phases are designed to execute a seamless transition to the cloud, eliminating potential disruptions to operations and guest service.

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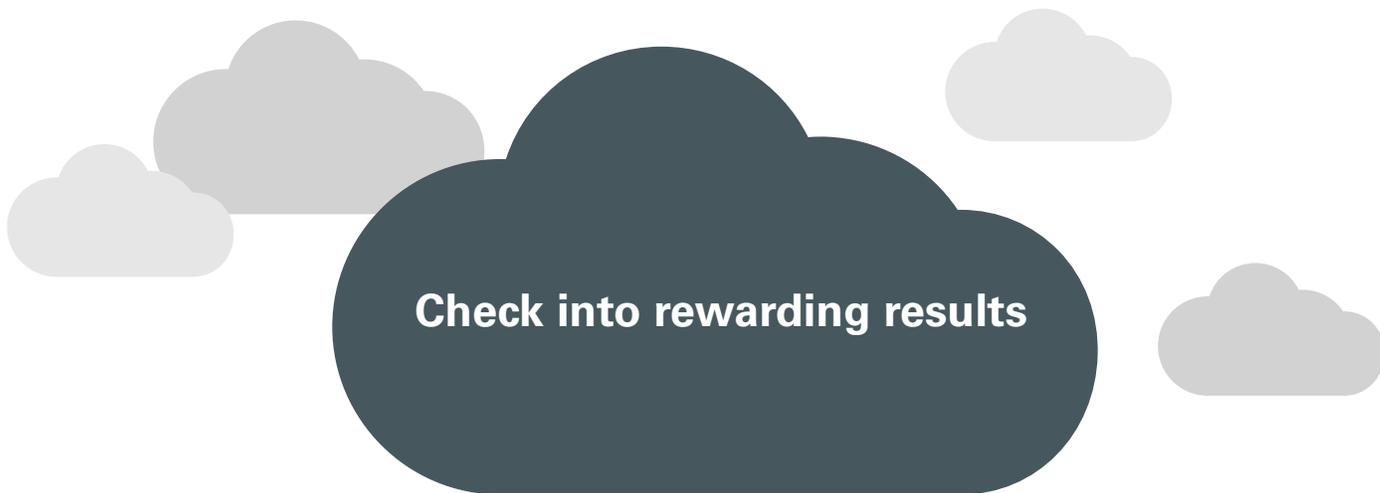
Check into rewarding results

Turndown your current software and dim the lights on outdated systems – it's time to welcome OPERA Cloud, which can empower you to:

+ Robustly manage your property at the right price

+ Consistently deliver outstanding guest experiences

+ Maximize revenues with rate management

+ Create successful distribution strategies

+ Increase housekeeping efficiency

+ Improve business performance through reporting

+ Integrate food and beverage operations

+ Engage guests with mobile technology

+ Empower your staff

+ Expand with multi-property support

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To learn more about Oracle
Hospitality **OPERA Cloud,**
please contact us or visit:

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