The 2016 Smart Decision Guide™ to Hotel Property Management Systems

Everything you need to know about next-generation hotel property management systems – and how to select the right one for your business.

Underwritten, in part, by:

ORACLE®

HOSPITALITY

Independently produced and distributed by:
Hoteliers are forever searching for new ways to improve guest loyalty and the quality of the guest experience. These new ways can come in many forms, including technology innovations that provide specific guest features. Mobile keyless room entry is a good example. Such innovations can deliver significant guest benefits and provide a hotel with a competitive advantage — albeit, one that is generally short-lived.

Long-term, enhancing the guest experience is less about providing the latest guest feature and more about putting structures in place that make guests feel special and appreciated. It’s about anticipating and catering to their unique needs and recognizing their differentiated value.

To the extent that it enables multiple guest-facing activities while capturing and storing guest profile data every step of the way, a next-generation property management system (PMS) can play a critical role in enhancing the guest experience. Today, in fact, there may be no better measure of performance than the degree to which the technology helps raise the level of overall guest satisfaction.

Such a system should serve as the lifeblood of any hotel or resort. It should be viewed as the organization’s central nervous system. In that it facilitates a bi-directional flow of information, delivering real-time
data and reports, a PMS should be viewed as the command-and-control center from which all mission-critical decisions are made. The technology should enable hoteliers to centrally manage, track, measure, analyze and optimize the constant flow of information across all parts of the organization, and in a real-time manner. Ultimately, it should ensure that operations throughout the hotel or resort run as efficiently and as effectively as possible.

These operations are largely interconnected. They include all front office, bookings and reservations functions, from assigning guests to rooms and maintaining guest folios to coordinating profile changes, posting room charges and maintaining housekeeping status. They also generally include functions related to concierge and guest services, banquet and conference management, physical inventory, guestroom devices, room maintenance and security management — and, in many properties, golf, spa and other activities management.

There are plenty of reasons for hoteliers to migrate from a legacy PMS to a state-of-the-art system designed to meet their current and future market needs. In fact, according to research conducted for this Smart Decision Guide, more than one-quarter (27%) of hoteliers who have not upgraded their PMS within the past 3 years indicate that they plan to do so in the next 12 months. For them, this Smart Decision Guide offers a roadmap to success.
Chapter 1

Topic Overview and Key Concepts
Hospitality technology has evolved by leaps and bounds in recent years. In fact, until recently, there was no single software application for managing, let alone automating, all of the different functions that take place at a hotel or resort in a unified and integrated fashion. Instead, hoteliers typically used function-specific software programs — often in conjunction with Excel spreadsheets and age-old manual processes — to run their day-to-day business operations.

Fast forward to today and next-generation property management systems are empowering hoteliers with the ability to drive ever-increasing levels of efficiency and effectiveness in ways that may have been difficult to imagine only a decade ago. The scope of the platform capabilities has expanded beyond core functions like guest registration, room inventory maintenance, financial accounting and housekeeping assignment to encompassing virtually all aspects of hotel operations. With many systems, the capabilities have also become increasingly sophisticated and flexible, and even more easy to seamlessly integrate with third-party technologies.

To that point, next-generation systems now generally offer integrated channel management capabilities, including connectivity with web booking engines and global distribution systems to automate transactions with booking agents. Many systems now integrate with third-party point-of-sale (POS) software for retail and restaurant
operations. Many systems also integrate with accounting software, keycard and access control systems, self-service kiosks, internet and telephone systems, including voicemail, and in-room refreshment (minibar) and entertainment applications. And the list goes on.

Some of the advances in features and functionality of next-generation systems now often include specialized marketing and sales capabilities for running targeted promotions and campaigns. Some systems tout robust data analysis tools and performance dashboards for generating business intelligence, including insights into emerging trends and guest behaviors by segment. Some systems have guest relationship management and personalization features that engender higher levels of guest satisfaction, leading to more repeat stays and higher volumes of positive brand advocacy — e.g., favorable feedback on TripAdvisor and other popular review sites.

Given these capabilities, it’s no wonder so many hoteliers today are embracing next-generation hospitality technology as a strategic imperative. Regardless of the size and category of the property, whether it is an independent property or part of an international chain, and whether it is a no-perks budget operation or a high-end luxury resort boasting first-class accommodations and premier services, implementing a next-generation PMS is a prerequisite to competing in today’s hypercompetitive market environment.
Simply put, a next-generation PMS streamlines operations across the organization and provides better management controls. It reduces overhead and minimizes costs through increased efficiency while increasing occupancy rates, RevPAR and overall profitability through better data accessibility and process efficiency. Next-generation solutions also provide hoteliers with better analytical reporting, allowing them to gain deeper insights into guest behaviors. These insights make it possible to enhance the overall guest experience and drive continuous performance improvement.

Research Data Point
What are the biggest benefits one can expect to gain with the right property management system?

- Improve guest satisfaction and the quality of the guest experience: 94%
- Streamline hotel operations and reduce operating costs: 91%
- Increase hotel occupancy, revenue and profitability: 84%
- Improve performance reporting and business intelligence: 74%

Research findings are derived from the Q2 2016 survey on Hotel Property Management Systems (n=212).
Different hoteliers are bound to have different expectations of a next-generation PMS, given the differing requirements of their properties. A full-service hotel or resort, for example, would likely require a far more robust and comprehensive system than, say, a small, limited-service hotel or motel, which may need only a system that can automate basic functions like guest bookings, housekeeping, guest charges and maintenance management. A full-service hotel or resort would likely need a PMS that can support complex reservation, scheduling and inventory needs, with a host of features designed to support an exceptionally high level of guest service. The system would also need to integrate with hotel restaurants and cocktail lounges along with spas, banquet rooms, dry cleaning and other facilities, and perhaps even such guest services as bed turndown service, newspaper delivery, room service and transportation shuttles.

The following are just a few key concepts for prospective PMS buyers to consider when researching next-generation capabilities.

**Guest Data Integration.** Hotels are able to capture a tremendous amount of valuable guest information. Some of the data may include registration information and guest satisfaction surveys. Some of the data may come from POS transactions at hotel restaurants, bars, spas, recreational facilities and retail shops. Some of the data may stem from interactions that take place as casual conversations with, for
example, the concierge or bartender, or from observations recorded by the front desk or housekeeping staff. Breaking down the data silos is a challenge when disparate technology platforms and databases don’t “talk” with one another. Indeed, many hotels today have a blueprint for data management that resembles a penitentiary, rife with walls and divisions. Guest data integration means tearing down the walls of these siloed databases. Capturing, integrating and storing guest information in a centralized PMS data repository is a must-have capability for any hotel operation. Ideally, each guest profile record should contain all available demographic, psychographic and past purchase information, with details of the individual guest’s stated and inferred preferences, gathered from across all parts of the property and even from hotel partners and other sources. Next-generation PMS capabilities generally provide complete folio history. Charges incurred and payments made by an individual guest or a corporate account during a stay, or over a specified period of time, are recorded and can be readily accessed, providing hoteliers a detailed view of their spending with the property. Some systems even capture and incorporate social media data into a guest profile.

**Guest Experience Management.** Do guests require hypoallergenic comforters? Are they sensitive to noise? What wines and soft drinks do they prefer? What are their favorite spa treatments? What recreational
activities do they enjoy? Utilizing advanced data analytics capabilities makes it possible to answer these types of questions and for the hotel to become increasingly focused on guest experience management. This means putting the wants, needs and preferences of individual guests at the center of every interaction that takes place and every decision that is made across every department and function. Guest experience management has the capacity to transform the culture of the hotel or resort toward the goal of treating each guest in a way that optimizes the end-to-end experience that they have with the property.

**Guest Data Intelligence.** Guest data offers a treasure trove of valuable insights. By continuously mining and analyzing the data, hoteliers can maximize the value of guest relationships through carefully tailored services, communications and promotional offers. They can also minimize the cost of resources otherwise expended to build, maintain and increase the value of those relationships. Some systems make it possible to analyze guest history to create recommendations at the point of service. Transaction history is especially important. By analyzing guest spending patterns, hoteliers can create advanced segmentation schemes. These schemes can be used as the basis for increasing both guest satisfaction and profitability (e.g., by making amenity upgrade offers during service delivery) as well as for calculating guest value.
Hotel Revenue Management. Hotel revenue management is fueled by the rapid growth of big data processing, demand forecasting and pricing optimization models, and next-generation technology platforms — in particular, property management systems. These combined capabilities and technologies serve to automate the pricing recommendations and decision-making processes that enable not only better inventory management and increased room occupancy, but also higher revenues and profitability across all parts of a hotel or resort. Revenue management allows hoteliers to manage pricing in a way that dynamically responds to changes in demand for guest rooms. Today revenue management has evolved to the point that the goal is no longer ever just about “heads in beds.” Nor, for that matter, is it just about rooms. Revenue streams such as conference hosting, recreational facilities, restaurants and spas — which, taken together, typically account for one-quarter of a full-service hotel’s revenues — all factor into the equation. Yet another consideration is the optimization of profitability and not just revenue. This means analyzing ancillary revenue streams (e.g., food and beverage, banquet facilities, golf, spa, etc.) along with the related cost data to understand profit contributions by customer segment. Flexibility for implementing advanced revenue management strategies depends to a large extent on having first implemented the right PMS platform capabilities, with the right database foundation.
**PMS Performance Metrics.** Upgrading to a next-generation PMS should result in a variety of economic benefits that can be readily tracked and measured. The most common performance metrics used today are occupancy rate, ADR (average daily rate), RevPAR (revenue per available room) and GOPPAR (gross operating profit per available room). Occupancy simply refers to the percentage of available guest rooms that are occupied during a given time period while ADR refers to the average revenue per occupied room. Without next-generation solutions, the only option available to some hoteliers is to focus their promotional efforts on increasing occupancy, no matter that higher occupancy can, in some cases, actually lead to lower profits. Instead of occupancy, hotels should focus on RevPAR, which combines occupancy and ADR into a single metric that has now become the industry standard. But while RevPAR provides a more accurate picture of a hotel’s overall revenue performance, it fails to provide any insight into profitability. That’s because RevPAR doesn’t take CPOR (costs per occupied room) into consideration. Without knowing the operating costs, it is impossible to calculate the actual profit margins contributed by different sources of business and market segments, preventing any effort to achieve an optimal market segmentation or channel mix. This helps explain the growing popularity of metrics such as Net RevPAR, which specifically accounts for commissions and other distribution and customer acquisition costs, and other metrics that more specifically account for other controllable variable costs such as labor and energy.
Chapter 2

Buying Considerations and Evaluation Checklist
Chapter 2: Buying Considerations

Hoteliers at different properties will invariably have different requirements and priorities when it comes to PMS buying considerations. That said, there are a number of expectations that hoteliers across the board are bound to have in common. These expectations center, first and foremost, on the desire to improve operational efficiencies across all parts of the organization.

Perhaps the most important buying consideration, therefore, is the degree to which core hotel functions can be fully automated — or at least substantially streamlined. At a minimum most hoteliers should expect any PMS under consideration to facilitate housekeeping assignment and statusing, control group room block allocations, automate room and tax posting and other night audit processing, as well as the continued administration of guest messages, wait lists, house/city ledger accounts, and lost and found. Many also offer concierge modules to store local destination information, though the internet has generally made this irrelevant at the low end, and the high end is being increasingly served by point solutions for such things as dining reservations and ticketing for events.

Some buyers may have simple revenue management practices that they expect the PMS to support natively — e.g., whether it includes capabilities for automatically applying rate and inventory controls based on manually-entered "day type" indicators of anticipated
demand, or automatically as different levels of occupancy on the books are reached. Increasingly, hoteliers may expect the PMS to include features related to guest relationship management and sales and marketing, including social media integration and loyalty and rewards systems.

In all cases, hoteliers want the PMS to be easy to use; the interface will be intuitive and screens will be laid out in a logical and easy-to-understand format. Some systems incorporate quick-feature icons and drag-and-drop capabilities to help reduce the learning curve and speed workflow. Some systems also include social collaboration tools to stimulate staff interaction. Because every property has a unique personality, hoteliers may expect the PMS to allow for a significant degree of customization, including the ability to modify screen layouts or the way that printed folios and registration cards appear.

Traditionally, large, full-service hotels used locally-installed systems that require on-premise data servers as well as backup systems and in-house IT expertise. While on-premise installation may have certain benefits, including reduced concerns (whether justified or not) about ISP reliability, the main downside lies in the fact that the property is responsible for installing and maintaining the hardware. While this may be of little concern to major brands with large IT operating budgets, it is certainly a consideration for mid-tier and smaller hotels.
Following are important PMS buying considerations to keep in mind:

**Registration, guest accounting and reservations management capabilities.** Hoteliers require a system with guest-facing applications to capture bookings from the hotel's own website, and other features such as online check-in and check-out, with seamless integration with other communication channels that the guest may use to interact with the hotel, such as in-room entertainment systems, central reservation systems and on-line travel agents. They also, of course, require a staff-facing platform with advanced reservations and guest accounting capabilities. Beyond managing core tasks like reservations, check-ins and check-outs, most systems have features to capture and deliver guest messages and wake-up calls, although mobile phones have made these features practically obsolete. Likewise, once-crucial interfaces to call accounting and movie-billing systems are becoming decreasingly relevant in the age of BYOD (bring-your-own-device). Technology innovation is improving capabilities around check-in and check-out notifications, guest information lookup, guest access control, and acceptance of charge postings, adding things such as Wi-Fi distribution platforms, parking access systems and self-service kiosks to the evolving demands imposed by electronic door locks, PBX, POS, and in-room entertainment systems. Guest accounting functionality generally includes tools to manage guest folios and charge routing along with bookkeeping and financial reporting.
features related to cashiering (managing deposits, settlements, adjustments, currency exchange, etc.), accounts receivable (direct billing, invoicing, etc.), and night auditing.

**Housekeeping management features.** While the assessment criteria that has the biggest impact on guest satisfaction tends to revolve around the physical aspects of the property, including its location, as well as the front desk experience (“the line was too long”), the next biggest factor generally relates to housekeeping. Next-generation PMS capabilities can improve this aspect of the guest experience, ensuring rooms are cleaned effectively, in a timely manner, and even based on the wants and needs (e.g., hypoallergenic pillows only) — and value — of individual guests. After all, different guests and different rooms have different housekeeping requirements. The way that a room should be serviced for a family of four on vacation, for example, is different than for a business traveler in town for a meeting. Some next-generation PMS capabilities can assign the services based on available staff and amount of work to calculate the most effective way to assign staff. Instead of an attendant relying on a paper chart, typically printed early in the morning, the PMS or integrated third-party system automatically balances room attendant assignments based on stayovers vs. check-outs, room type considerations, number of registered guests, expected arrival time of guests with
Because a PMS sits at the heart of day-to-day operations, the system should easily and seamlessly integrate with other technologies and data sources that are the lifeblood of the hotel. These range from door lock and encoding systems for assigning room keys to telephony and call center management software. Other points of integration may include third-party travel sites where consumers book reservations online as well as custom booking engines. Ideally, a PMS should also integrate with various sales, marketing, guest loyalty management and rewards applications. For some hotels, it may be important that the system supports workforce management capabilities or even the development of custom modules. Buyers should look for solution providers that develop interfaces utilizing HTNG web services standards to help reduce potential integration challenges.

Technology and data integration capabilities. Because a PMS sits at the heart of day-to-day operations, the system should easily and seamlessly integrate with other technologies and data sources that are the lifeblood of the hotel. These range from door lock and encoding systems for assigning room keys to telephony and call center management software. Other points of integration may include third-party travel sites where consumers book reservations online as well as custom booking engines. Ideally, a PMS should also integrate with various sales, marketing, guest loyalty management and rewards applications. For some hotels, it may be important that the system supports workforce management capabilities or even the development of custom modules. Buyers should look for solution providers that develop interfaces utilizing HTNG web services standards to help reduce potential integration challenges.
Mobile PMS capabilities. Employee-facing mobile capabilities, including check-in and check-out, enable staff to better service guests on the go and can improve the overall guest experience. The ability to gain access to key features enabled by a PMS from tablets and other mobile devices ranks as an important buying consideration. In fact, 86% of survey respondents agree that employees at all levels and across all parts of the organization require mobile access to be most effective in their jobs. This includes managers who need to be able to remotely monitor operational performance and track productivity.

Point-of-sale features. Next-generation systems include basic built-in POS capabilities for processing guest charges such as sundry items, postage stamps, and transportation and attraction tickets. They are also increasingly relied on to post flat, recurring charges for things such as wi-fi service, parking, meal plans, and fitness club fees for both in-house guests and local house accounts. Many systems also integrate with next-generation POS systems, which in and of themselves can have a profound impact on guest satisfaction and hotel profitability. The technologies encompass both software and hardware — most notably, the introduction of tablets, which, in food and service settings, can put full POS terminal functionality in the palms of servers’ hands, enabling tableside ordering and payment processing. The growing need to accept new payment methods,
including chip credit cards and e-wallet apps, as well as data security compliance, are other reasons many operators are upgrading their hotel POS capabilities.

**Performance reporting capabilities.** Today, having visibility into all of the key drivers of hotel performance is not just an operational necessity but a strategic imperative. Every hotelier is sitting on a mountain of data related to guests, rooms, facilities, employees and various operational and financial aspects of the business. Systematically mining and analyzing the data can generate a continuous flow of actionable insights. These insights can lead the way to more informed business decisions, resulting in reduced costs and increased revenue and profitability. Generating these insights, however, requires the right data mining, analysis and reporting tools. Increasingly, these tools are being integrated as a core component of next-generation PMS capabilities. The tools are also becoming increasingly flexible, sophisticated and powerful, making it easy to track and monitor any number of key performance indicators (KPIs) in a user-defined manner. At the same time, the reports are becoming increasingly comprehensive, intuitive and visually compelling. Hoteliers need to know to what extent a system will let them make ad hoc queries, generate reports and refresh dashboards, using any number of relevant data sources, and over any time period, to get the answers they need.
Setup, support and training. Purchasing a new PMS means entering into a potentially long-term relationship with a solution provider. Buyers should select a company that offers a sufficiently high level of support, from implementation to addressing day-to-day operational issues that may arise. Most reputable solution providers are willing to facilitate the setup process and help with data migration and customization. Some providers will even test network speed and data backup processes. In addition to ensuring the availability of reliable support, prospective buyers should ensure that front desk staff and other employees will get the training they need to master the new system quickly and effectively.

Research Data Point

“Approximately how many functions or departments across your lodging property are currently being administered using a hotel property management system?”

<table>
<thead>
<tr>
<th>Number of Functions</th>
<th>Midsize and Limited Service Hotels</th>
<th>Large and Full-Service Hotels</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 3 functions</td>
<td>41%</td>
<td>14%</td>
</tr>
<tr>
<td>4 to 5 functions</td>
<td>31%</td>
<td>42%</td>
</tr>
<tr>
<td>More than 5 functions</td>
<td>28%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Research findings are derived from the Q2 2016 survey on Hotel Property Management Systems (n=212).
This Evaluation Checklist offers a framework for conducting an apples-to-apples comparison of property management systems using the buying considerations outlined previously. Other key considerations can be added based on individual buyer priorities. Relative weightings can be assigned on a scale of 1 (“This buying consideration has no bearing on our purchase decision”) to 10 (“This buying consideration is a very important factor in our purchase decision”).

<table>
<thead>
<tr>
<th>Buying Consideration</th>
<th>Weighting</th>
<th>Vendor 1</th>
<th>Vendor 2</th>
<th>Vendor 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Features and functionality</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Reservations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Registration and guest accounting</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Point of sale</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Guest relationship management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Revenue management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. Marketing and sales enablement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g. Data analysis / performance reporting</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>j. Housekeeping management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>k. Social collaboration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>l. Other feature(s) ______________________</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Cloud / on-premise / hybrid deployment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Mobile access</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Ease of use</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Ease of integration / customization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Training / support / reputation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Expected ROI</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Overall Rankings</strong></td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Chapter 3

Must-Ask Questions
Chapter 3: Must-Ask Questions

As with the buying considerations, the “must-ask questions” for PMS solution providers are sure to vary depending on the specific needs of the hotel or resort, including its category, size and typology. Hoteliers should gain a clear understanding of their own requirements and priorities and weigh them accordingly (see the Evaluation Checklist in Chapter 2).

Does the system need to interface with self-service check-in kiosks? Does it need to handle corporate expense account management? Does it require a casino comp module and need to integrate to a player tracking system, or require gaming commission recognition? Does it require its own activity booking system or need to integrate with spa and dining reservation systems? If a hotel has a high contribution from government and NGO business, how well does the system handle tax-exempt reservations? If group is a significant portion of the hotel's mix, are the group block allocation and contracting capabilities up to the task, and any required sales and catering integration in place?

Research Data Point

Percentages of hoteliers who view each of the following success factors as “important” or “very important.”

- Integrate with different technologies to create a “command and control center” (with a 360-degree view of operations across the organization) - 96%
- Use guest profile information to improve the overall guest experience and increase retention through loyalty and rewards programs - 92%
- Generate analytical reports to reveal actionable insights that can help drive performance improvement - 87%
- Drive increased efficiency and cost reduction across multiple hotel departments, operations and functions - 84%

Research findings are derived from the Q2 2016 survey on Hotel Property Management Systems (n=212).
Still, there remains a lot of overlap in terms of the high-level objectives that hoteliers aim to achieve. Following are just a few of the questions that prospective buyers may wish to explore with PMS solution providers during the research and evaluation process.

**Does the solution offer flexibility in functionality, including data access and performance reporting?** The degree of visibility offered by next-generation property management systems is unprecedented. Such visibility offers a whole new level of management control. To take advantage, however, hoteliers may have certain software configuration and customization needs with respect to, for example, modules related to recreational or banquet facilities. As such, they may want to confirm that any solution providers under consideration can meet these needs and preferences. They may also have special reporting needs. Most systems come equipped with a large number — in some cases, dozens — of standard dashboards and reports that should meet most hoteliers’ day-to-day performance management requirements. That said, not all data queries can be anticipated in advance. For that reason, buyers would be well advised to find out to what extent customized reporting is possible and, also, what is involved in the process of filtering and sorting data according to a specified set of parameters. With 87% of hoteliers ranking the need to gain access to PMS data and business insights as “important” or “very important,” it stands to reason that they would also want to ensure that any solution under consideration is able to meet these expectations. *Tip: Confirm that the solution is flexible in terms of keys areas of functionality, including custom report generation.*
How easily and seamlessly does the PMS integrate with third-party technologies and data? Seamless technology integration is the name of the game when it comes to optimizing hotel operations and improving the guest experience. For example, if a significant portion of business comes through a central reservations system, it's crucial that full 2-way integration is available to support reservation delivery, modification, and cancellation, as well as new and modified prices and stay controls, and inventory synchronization, whether LRA or just an allocation. Similarly, poor POS integration can result in financial losses related to errors in manual updates and mistakes in POS consolidations at the front desk. Tip: Ask about PMS compatibility and interoperability with third-party technologies in place or anticipated.

How long will it take for problems to be resolved? PMS buyers should have clear expectations around customer support and problem resolution as well as the training that may be needed to get front desk employees and other staff up to speed on the new system. More than three-quarters (81%) of hoteliers agree that user training ranks as a key success factor in ensuring that a PMS is utilized as effectively as possible. Does the solution provider (or a certified subcontractor) offer adequate training? Does it offer online troubleshooting and diagnosis should technical issues arise? Is local in-person service and support a possibility? Tip: Make sure that problems will get resolved in a timely manner. Some solution providers will go so far as to guarantee response and case resolution times.
What is the total cost of ownership? Are there “hidden” costs?
Next-generation property management systems tend to be less expensive and require less up-front investment on the whole than their predecessors. There are many reasons for the shift to increased affordability, including the fact that installation is generally less complex and hardware less expensive compared to, say, a decade ago. With some systems, the data is stored in the cloud, reducing (or even eliminating) the need for on-premise servers. Incidentally, most cloud-based systems also use a subscription “pay as you go” model, which generally means no long-term contracts and no upfront capital investment for the software or hardware. This may be an important consideration for smaller hotels with a limited budget. In all cases, it is important to confirm which software features and modules, including future upgrades — as well as which hardware components, if any — are included in the base (recurring) price so as to avoid any surprises down the road. Also, it’s important to factor both the direct and indirect costs into the equation. While the direct costs refer to the purchase price of the both the hardware and software, which, again, is likely to consist of a monthly charge for cloud-based systems, the indirect costs may include software customization, staff training and data backup. Tip: Ascertain that all associated installation, licensing, maintenance and ongoing service and support fees are included in the pricing.
What return on investment (ROI) can be expected? Making the business case for upgrading PMS capabilities means projecting the likely return on investment. The first question hoteliers should ask is: To what extent will the new system reduce the amount of time currently being spent on managing front desk activities, including check-ins and check-outs, and on such time-consuming tasks as consolidating guest accounts and managing rates and availability across distribution channels, including OTA, GDS, Web, and travel agents? To what extent is the new system likely to improve sales and revenue — for example, by increasing bookings via web booking engine integration, increasing occupancy rates through real-time inventory updates, and increasing average daily rates through integrated revenue management and advanced forecasting tools? Another key factor to consider pertains to reduction in losses, including losses related to errors in manual updates and delayed or lost room charge postings (guest purchases made across other parts of the property), as well as lower integration costs with third-party hardware and software. Tip: Keep in mind that enhancing the quality of the overall guest experience through the deployment of a next-generation PMS should lead to a greater number of repeat guest stays and a higher volume and intensity of positive brand advocacy. The correlation between favorable guest reviews and positive economic outcomes should factor into the equation.
What is the PMS solution provider’s track record of success?

Company reputation and customer satisfaction are important factors in the evaluation process. Nobody wants to implement a next-generation PMS that falls short of expectations due to known shortcomings in stability, reliability, interconnectivity with add-on modules or third-party technologies or other promised benefits. While the solution provider need not have been in business for decades, it should nonetheless have a well-established roster of customers that can attest to reliability and performance. If a hotelier chooses to subscribe to a cloud-based solution, the benefits are many. But the ramifications of the vendor encountering sudden financial difficulties are much more severe than if the hotelier has an on-premise license that it can continue to operate, albeit with limited support. 

Tip: Seek information about what, if any, performance issues may arise through conversations with existing clients, preferable ones in the same hotel category.
Chapter 4

Roadmap and Recommendations
With property management systems accounting for the largest portion of the budget for hotel technology investments, it’s no surprise that PMS solution providers are continuously enhancing their platform capabilities. This Roadmap Diagram offers a migration path that hoteliers should keep top-of-mind as they embark on the journey toward selecting and implementing a next-generation PMS. In many cases, of course, buyers will already have a system in place and the goal will be to upgrade, expand and improve their current capabilities. Keep in mind that putting the right technologies and data foundation in place is only half the battle won. Having the right business processes and organizational resources also rank as critical success factors.

<table>
<thead>
<tr>
<th>Legacy Systems</th>
<th>Next-generation Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stand-alone software (or manual processes) for administering different departments / functions</td>
<td>Centralized and integrated system for administering multiple departments / functions</td>
</tr>
<tr>
<td>Ability to track and measure performance only on a function-by-function basis</td>
<td>Visibility into functions and operations across all parts of the organization at the same time</td>
</tr>
<tr>
<td>Partial automation of core hotel processes and operations</td>
<td>Complete automation of core hotel processes and operations</td>
</tr>
<tr>
<td>Rudimentary data analysis and performance reporting</td>
<td>Robust and custom data analysis and performance reporting</td>
</tr>
<tr>
<td>Emphasis on managing day-to-day hotel operations</td>
<td>Emphasis on driving continuous performance improvement (including guest satisfaction)</td>
</tr>
<tr>
<td>On-premise-only access to PMS data and reporting</td>
<td>Anytime, anywhere access to PMS data and reporting</td>
</tr>
</tbody>
</table>
Chapter 4: Recommendations

Following are just a few recommendations to help steer PMS buyers in the right direction during the evaluation phase.

**Upgrade to cloud capabilities.** As with most enterprise technology solutions, most property management systems are moving to the cloud. Even larger brands are benefiting from the global scale, distributed access to interfaces and information, easy deployment and cost benefits. Additional benefits include reduced stress on hotel technology infrastructures, and, in some cases, better security and more seamless integration with third-party applications and modules.

**Focus on building the guest database.** Being able to capture, analyze and access guest data is imperative. Each guest profile record should contain all available data, including data from add-on modules and third-party solutions. An example is a pro golf shop management module, which would include such features as tee time scheduling, profile/billing and tournament management. Utilizing an integrated PMS solution, a hotel or resort can maintain complete profiles and histories, including financials, handicaps and records of purchases, all of which help make up their guest profile record in the PMS. Another example is a spa management module, which tracks guest histories, medical conditions, transaction logs and preferences. These modules are important pieces of the puzzle for building a centralized guest database and ensuring positive guest experiences.
Focus on technology integration. Greater architecture and interface flexibility, the widespread adoption of industry standards for software development, and the proliferation of middleware solutions capable of bringing together otherwise incompatible technologies have made it easier than ever to integrate third-party software and add-on modules into a PMS. Whether the system is running in the cloud or installed on-premise, it’s important to ensure that all the data architecture can be tightly integrated with POS systems, revenue management systems, etc., with minimum hassle and expense. Seamless platform interoperability and compatibility is the north star toward which all hotels should be navigating today.

Focus on revenue management. The sheer volume of data that revenue managers are capturing in their PMS databases is massive. For a large hotel, the data set may include dozens of customer segments, a dozen or more room types, several years of historical booking and reservations data, and upwards of a dozen length-of-stay types. Add to the mix competitive rate data, demand data, multi-market economic data, reputation scores and even social reviews, air traffic and weather predictions. Combining all these data sets for just one hotel could easily amount to 200 million-plus observations. All of the relevant PMS data needs to feed into the pricing optimization models, including those enabled by third-party solution providers, that are used for revenue management activities.
Check client references. No input may be more important to the buying decision than the perspectives that can be gleaned from existing clients, preferably from hoteliers at hotels or resorts that share commonalities in terms of size, typography and existing technology infrastructure. A PMS solution provider may be willing to provide one or more client references. And some hoteliers may be willing to share their experiences, both the pros and cons. Written client testimonials and success stories can also be valuable resources. Oftentimes, these success stories are documented and made available by solution providers as well, in many cases, by outside market research firms such as Starfleet Research.
Chapter 5

Inside Voices and Outside Voices
Chapter 5: Inside Voices

Hotel executives, managers and staff with first-hand experience in the art and science of purchasing, implementing and/or using next-generation property management systems have a lot to say about the topic. Following are a few perspectives gleaned from individuals who participated in the survey that produced the research included in this Smart Decision Guide.

Know exactly what you’re getting. There are a number of capabilities that our system doesn’t have that we assumed it would have. Don’t make any assumptions when you invest in this type of system that it has everything already built into it.

Manager, full-service hotel

Leveraging guest data means playing the role of Big Brother without appearing to be Big Brother. We don’t want to creep out our guests. But we want to make them feel remembered and special.

Senior executive, full-service resort

There are a lot of reputable vendors out there, including several new entrants. It’s important to have a very clear set of objectives and understand the tradeoffs between the different solutions. Mobility is definitely key. Mobility changes everything for hotel staff as well as for guests.

Manager, full-service hotel

Progress has made hospitality technology a very different animal than it used to be. The new breed of systems is all about enhancing the quality of guest services and increasing staff productivity. It’s also about streamlining operations. All the new features and capabilities have actually ended up making all of our hotel’s operations a lot simpler and a lot more effective.

Staff, mid-size hotel
Chapter 5: Outside Voices

Following are a few recent perspectives from industry observers, including analysts and journalists, with insights into next-generation property management systems.

A hotel's PMS is considered as the primary repository for guest data, a key business driver, which is ironic given how little prominence business owners place on ensuring that such systems are future proofed.

Integration is paramount. The PMS system is the heart of the hotel, and so it must be able to integrate with best-of-breed solutions and accommodate the development of custom integration for additional modules.

David Collins, columnist, *Hotel Industry Magazine*

Ask yourself how much—and what kind of—information you want to gather from each of your properties, and whether it needs to come in automatically or if manual reporting will be sufficient. If you do go with a single unified product, be sure to consider how the needs of each property differ—you may only have one hotel in Las Vegas, but it will need some of the features associated with Casino Management Software, which may necessarily impact your purchase decision.

Info-Tech Research Group, *Vendor Landscape: Hotel Property Management Systems*

Hotels can now choose from a wide range of technology solutions to assist with virtually any task, from on-site property management, to reservations to setting consistent prices on different online travel websites. In addition, challenges like limited IT budgets, questions about measurement of ROI, and worries about how systems actually impact the guest experience all complicate decision-making. Changes in consumer behavior and ever-rising guest expectations in technology also make the task of finding the best hotel tech solutions even more challenging.

Taylor Short, Software Advice

*The Strategic Guide to a Modern Hotel Technology Stack*, Skift Trend Report
In Q2 2016, Starfleet Media conducted an online survey, consisting of both multiple choice and open text questions, to capture the perspectives of industry practitioners with firsthand experience buying and/or using property management systems. Some of the research findings are highlighted in this publication. Following is some basic information about the 212 qualified survey respondents who participated.

### Job level / role of survey respondents
- 48% Staff
- 38% Managers
- 14% Senior executives

### Size / category of survey respondents' hotel (or other lodging property) employers
- 19% Small hotels (including motels and bed & breakfasts)
- 43% Midsize and limited service hotels
- 38% Large and full service hotels and resorts

### Geographic location of survey respondents
- 65% North America
- 26% Europe
- 9% Other
Oracle Hospitality offers a range of software, hardware and related services – including a leading portfolio of cloud solutions – designed for the hospitality industry. With more than 35 years of experience in developing property management and point-of-sale systems, Oracle Hospitality offers best-in-class technology to help our customers elevate the guest experience, streamline operations and enhance profitability – all while reducing the cost and complexity of IT.

[www.oracle.com/hospitality](http://www.oracle.com/hospitality)

**Contact:**
Oracle Hospitality
7031 Columbia Gateway Drive
Columbia, MD 21046
(866) 287-4736
[Oraclehosp_ww@oracle.com](mailto:Oraclehosp_ww@oracle.com)
This Smart Decision Guide™ is the result of primary and secondary research conducted by Starfleet Research, which is the IT market research arm of Starfleet Media. It was independently produced, without editorial involvement from the company underwriters. Our approach to content production provides for unbiased, fact-based information. It represents the best and most comprehensive information, analysis and recommendations available at the time of publication. Starfleet Media assumes no liability for the use or interpretation of any information contained in this Smart Decision Guide. Purchase decisions based on the information contained herein are the sole responsibility of the individual decision maker(s) and/or the companies they represent. Unless otherwise noted, the entire content of this publication is copyrighted by Starfleet Media. It may not be reproduced, distributed, archived, or transmitted in any form or by any means without the prior written consent by Starfleet Media, except by the company underwriters that have secured perpetual licensing rights to the content. For additional content and information, please visit starfleetresearch.com or contact us at info@starfleetmedia.com.

Was this Smart Decision Guide helpful? Any suggestions for improvement? We would like to hear from you. Please send any and all feedback to feedback@starfleetmedia.com.