



The 2021 Smart Decision Guide™ to Hotel Property Management Systems

How leading hotels are utilizing next-generation technologies to adapt to the “new normal” — and prepare for a brighter future



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Introduction

As everyone in the hospitality industry knows all too well, hoteliers have faced a multitude of unprecedented challenges ever since the COVID-19 public health crisis began wreaking havoc in the early months of 2020 (when the current edition of this Smart Decision Guide was originally scheduled to publish). With a dramatic drop in occupancy rates unleashed by a tidal wave of individual and group cancellations, and through the anemic months that followed (in the United States, the average daily rate (ADR) was down more than 20%, revenue per available room (RevPAR) was down more than 45% and gross operating profit per available room (GOPPAR) was down almost 85% during the summer and fall months, and into the winter, compared to the same period in 2019), most hoteliers would have been hard-pressed to look past all the doom and gloom.

Amongst the disruptions to business-as-usual, the pandemic derailed the traditional IT budgeting and planning process that generally takes place on an annual basis in larger-scale hotel brands and lodging properties. At many hotels, capital investments and major IT infrastructure decisions were abruptly put on hold. For hoteliers planning to upgrade their legacy platform capabilities, the suspension of activities included decisions related to the selection and implementation of a next-generation hotel property management system (PMS).

As both business and leisure travel plunged, major technology upgrades were no longer top-of-mind. Instead, hoteliers became squarely focused on mission-critical measures aimed at cutting labor and operating costs at a time of record-low occupancy levels. The flurry of initiatives that followed was also, of course, geared toward keeping hotel guests and employees safe from the risk of exposure to the

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novel coronavirus. By embarking on a comprehensive hygiene and cleanliness program, which in itself became a competitive point of differentiation, hoteliers sought to reassure guests about the physical safety of their properties and to allay concerns about the wisdom of staying there during a public health crisis.

In addition to implementing new hygiene and cleaning protocols, often involving advanced disinfectant technologies, the slew of new initiatives that hoteliers undertook mainly centered on minimizing human interaction and encouraging social distancing. Interestingly, most of the technology solutions that enabled these initiatives were not new to the world of hospitality. Rather, most of the solutions had been previously adopted in one form or another by a growing number of hoteliers beginning long before the pandemic upended the industry.

Specific solutions, which in many cases were rapidly upgraded with new features and functionality, included mobile apps for check-in, check-out and keyless room entry and AI-powered guest communications, entertainment systems and amenities controlled by smartphones, voice-activated chatbots and various IoT (Internet of Things) devices. Other solutions, such as guest-facing kiosks with facial recognition or ID scanning and mobile food ordering and payment processing apps using QR codes and digital menus in hotel restaurants, were less widely deployed prior to the outbreak but have since also gained in popularity.

Many of the solutions were previously shown to be valuable, benefitting both guests and hoteliers. Among these benefits: boosting guest satisfaction, improving hotel operations and lowering labor costs. In-room chatbots, for example, are known to decrease guest response and problem resolution time, enhancing the quality of the guest experience, while reducing guest services costs. Importantly, by integrating automated response systems and other guest-facing point solutions into a centralized command-and-control center in the form of a next-generation PMS, hoteliers could gain access to a treasure trove of data.

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This data, when combined with other sources of data, can drive guest personalization. It can generate actionable insights that guide marketing and sales activities. It can point to emerging trends, new revenue opportunities and new ways to enhance the guest experience. That these solutions can also help safeguard the health of guests and employees is a nice added benefit.

Following implementation of the most urgent initiatives, and with some encouraging signs for recovery on the horizon, many hoteliers began to shift their attention to technologies that could take their hotel operations to higher levels of efficiency and effectiveness. While hardly a silver lining, some hoteliers even saw in the crisis an opportunity to pursue projects with minimal distraction and business disruption. According to new research conducted for this Smart Decision Guide, almost one-third (31%) of hoteliers used some of the downtime from normal operations “to assess [their] existing technology capabilities and plans.”

For hoteliers with legacy hotel property management systems, taking their operations to higher levels of efficiency and effectiveness starts with the selection and implementation of a next-generation PMS. An advanced, fully-integrated system streamlines operations across all departments, all function areas and all locations (in the case of multi-property brands). With the best of these systems, virtually all day-to-day operations run automatically and nearly flawlessly. An advanced PMS is also essential to delivering superior guest experiences — which, after all, are a hotel’s only sustainable competitive advantage.

This Smart Decision Guide explores the benefits of a next-generation PMS in the context of “a new normal” rife with uncertainty in the near-term. It also explores the benefits in anticipation of a not-so-distant future when, hopefully, individual and group occupancy return to pre-COVID levels. While hoteliers could not have predicted the devastation that befell their industry, forward-thinking hoteliers can imagine and prepare for the future that awaits them on the other side.

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Chapter 1

Topic Overview and Key Concepts



Chapter 1: Topic Overview

Charles Darwin surmised that it is not necessarily the strongest or smartest who survive. Rather, survivors tend to succeed by being flexible and by being able to adapt quickly to new environments. Here the keyword is: *agility*.

The COVID-19 pandemic put Darwin's theory to the test in the context of hotel readiness. The massive wave of cancellations of individual and group bookings that swept across the industry forced hotels of all sizes, and across all categories, to rapidly adjust their operational strategies. The hoteliers who were able to move swiftly to reduce operating costs and streamline business processes were generally those with a scalable and flexible technology infrastructure. In most cases, this infrastructure was built on an open API, enhanced connectivity that facilitates the communication and transfer of data between all key technology components, and a reporting dashboard that provides a complete, real-time view of activities and performance. In short, they had a technology infrastructure that enables agility.

Open connectivity to technology components that centrally connect and share data across all functions, departments, touchpoints, and properties (if more than one) is a far cry from the monolithic platforms of yesteryear that were originally developed to manage only basic front office tasks. Here it's worth noting that a natively integrated solutions from a single solution provider that also supports API integration where needed can offer significant benefits in terms of lowering IT management costs as well as ongoing operational stability and upgrade management. End-to-end solutions from a single solution provider also tend to provide a more robust guest profile.

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Chapter 1: Topic Overview

A next-generation PMS integrates with accounting software, keycard and access control systems, kiosks, internet and telephone systems, minibars, entertainment apps, and even transportation shuttles. It integrates with self-service tools; a web booking engine allows guests to select their room in the same way travelers can select seats on an airplane, for example, while a mobile app allows them to download a digital key to open the door. It integrates with IoT devices (which, by their very nature, limit interpersonal interactions and enable a contactless guest experience). Increasingly, these devices are turning standard hotel rooms into connected rooms with sensor-activated thermostats, voice-activated assistants and smart entertainment systems that guests can control from their mobile phone, tablet or an in-room display.

Among the advantages of a PMS that leverages cloud computing, open API marketplaces, data integration and technology connectivity (again, there may be benefits in using components from the same solution provider) is that the system is more accessible on an *anytime, anywhere* basis. It will also more readily “plug into” future hotel technologies. Importantly, it gives hoteliers the ability to drive continuous improvement in the area that matters most: guest satisfaction. Fact is, the PMS influences and informs, either directly or indirectly, practically all aspects of the guest experience, from handling guest inquiries to facilitating guest-facing activities to generating actionable insights about guest wants and preferences for the purpose of delivering personalized messages, offers and services.

Even core operational functions like managing reservations, rates and guest bookings, facilitating housekeeping assignments, checking guests in and out of the property, assigning guests to rooms, maintaining guest folios, coordinating profile changes, posting room charges and handling other billing requirements have a profound impact on the guest experience. Ultimately, the promise of a next-generation PMS is its ability to eliminate “friction” in guest interactions with the hotel while meeting guests’ ever-growing demands for convenience and personalization — and, now, social distancing and a contactless guest journey.

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Chapter 1: Topic Overview

For hoteliers, adjusting to the “new normal” means not only making the health and safety of guests and staff a top priority, but also running leaner operations while working to improve the overall guest experience. These efforts are supported and enabled by a next-generation PMS. The system streamlines hotel operations through automation and provides superior management controls that can further increase efficiency and lower operating costs. (Eliminating time spent on mundane activities also increases employee satisfaction.) At the same time, guests have more options — including greater access to mobile apps and self-service solutions — for how they engage with the hotel, leading to improved satisfaction and loyalty. Other PMS capabilities, such as integrated revenue and channel management modules that synchronize available inventory and rates, should eventually translate into increased profitability. Prior to the pandemic, 82 percent of hoteliers at small- and medium-sized properties, and 92 percent of those at large, full-service properties, said that upgrading their PMS within the past 3 years enabled them to improve revenue performance by a “significant” or “dramatic” measure. Even with pre-recovery occupancy levels, the financial benefits are clear.



- Increase revenue
- Increase profitability
- Reduce operating costs
- Reduce IT costs



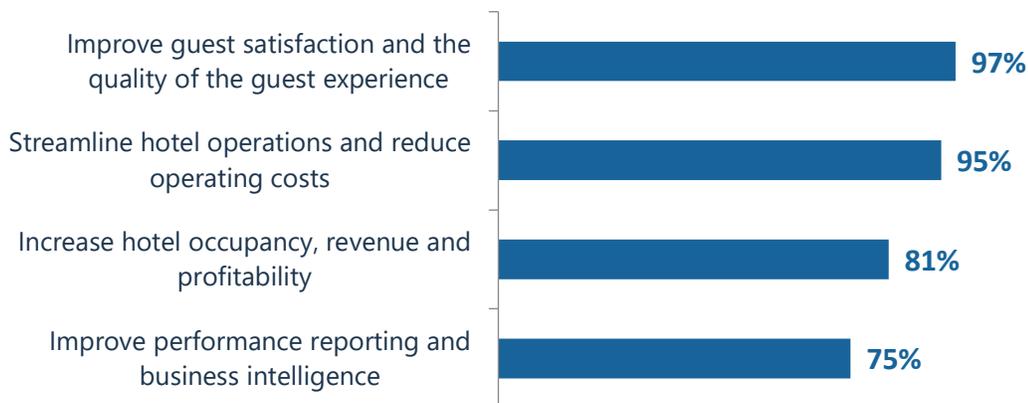
- Improve guest inquiry response time
- Centralize and streamline hotel operations
- Improve staff efficiencies
- Improve guest services fulfillment time



- Enable seamless integration with third-party modules
- Improve data access and accuracy
- Reduced stress on hotel technology infrastructure
- Improve business performance analysis
- Improve guest satisfaction, loyalty and retention
- Increase brand advocacy

Research Data Point

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



Research findings are derived from the Q1 2020 survey on Hotel Property Management Systems.



Chapter 1: Topic Overview

Most seasoned hoteliers are well-versed in the technology-related advances that are transforming their industry. The following descriptions serve as a reminder of just a few of the key concepts to keep in mind when considering the advantages that a next-generation PMS can bring to a hotel property.

Cloud deployment. The oft-cited benefits of the cloud is old news. These benefits include elimination of on-site server hardware (and the day-to-day maintenance that goes along with it) as well as capital expenses in the form of upfront hardware purchases as well as software licenses (cloud-based software is typically made available on a subscription basis). A cloud solution usually allows for nimble technology stacks. If part of the integrated system becomes obsolete or fails, for whatever reason, new software can be readily plugged in to replace it, minimizing down time. The real beauty of the cloud is that the software is always available and up-to-date. Software upgrades tend to be quick and hassle-free. Maintenance windows are usually short or nonexistent. With single-version development, all hotel customers are upgraded simultaneously. This puts the onus on the solution provider to ensure the software is delivered with unfaltering quality. New features designed to meet current business challenges, such as those unleashed by the pandemic, tend to be rolled out on an ongoing basis. The fact that a cloud PMS can be accessed through any device with an internet connection also ranks as one of the most compelling benefits. Others include reduced stress on hotel technology infrastructure and more seamless integration with third-party applications. Cloud solutions tend to be well-equipped to adapt and grow based on future hotel requirements. A cloud model automatically adds capacity with scalable hardware. Importantly, it also reduces capacity when needed, as has been the case during the pandemic. In an industry constantly evolving and changing, the need for such flexibility cannot be overstated. That said, some hoteliers, such as those with properties in remote locations where internet connectivity may be unreliable, have reason to resist the allure of the cloud. For them, on-premise deployment, or a hybrid model, may be the best option for their properties.

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Chapter 1: Topic Overview

Guest Experience Management. Today the stakes are higher than ever when it comes to improving the quality of the guest experience. Even before the pandemic disrupted the industry, most aspects of the guest journey had already migrated to digital platforms where guest interactions could be facilitated without the need for physical contact with hotel staff. A next-generation PMS influences the quality of those guest interactions by reducing friction and increasing convenience and personalization. The ability to capture data through those interactions, and to store the data in a centralized repository, allows hoteliers to understand guests' wants, needs, situations and preferences on an individual level — and to then act upon that understanding to deliver tailored services. Increasingly, hoteliers are using AI-enabled devices to improve guest service inquiry response and fulfillment time while decreasing problem resolution time. They are enhancing the in-room experience by integrating technology-enabled amenities to create “the connected room of the future.” Leveraging PMS data, connected devices can update the room with personalized music, temperature and lighting settings, anticipate the need for room service or specific information requests and predict which hotel or outside services and activities would be of interest to guests on an individual basis.

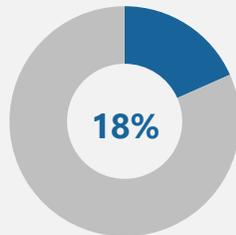
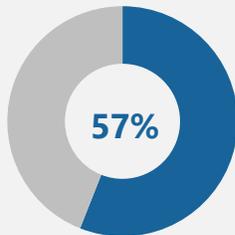
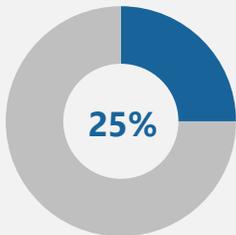
Research Data Point

“To what extent has upgrading your hotel property management system (within the past 3 years) enabled your business to improve overall performance and financial results?”

Dramatic improvement

Significant improvement

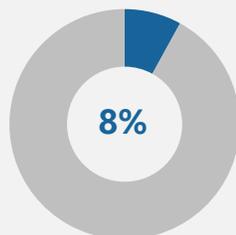
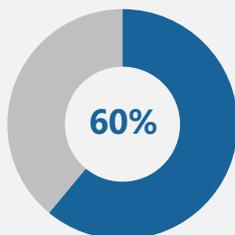
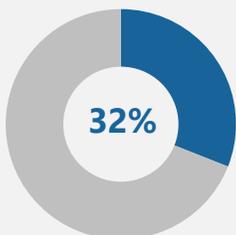
Only minor improvement



Small, midsize and limited service hotels

82% of respondents cite “significant” or “dramatic” improvement

Only 3% cite no improvement



Large and full service hotels and resorts

92% of respondents cite “significant” or “dramatic” improvement

0% cite no improvement

Research findings are derived from the Q1 2020 survey on Hotel Property Management Systems.

Chapter 1: Topic Overview

Guest personalization. According to research conducted for this study, 90 percent of hoteliers “agree” or “strongly agree” that targeted personalization – i.e., presenting guests with highly relevant messages, offers and services at the right point in time — is one of the most effective ways to improve the guest experience and, ultimately, increase satisfaction and loyalty. Guests expect superior service, frictionless interactions, and personalized experiences informed by their previous behaviors and purchase history as well as their stated wants, needs and preferences (from their dietary restrictions to music and temperature preferences), throughout their hotel stay. For hoteliers, this means having technology that enables personalization throughout the guest journey, which begins before check-in and continues after check-out. Today the onus is on hoteliers to shower guests with their undivided attention and treat them like a celebrity. Fortunately, a next-generation PMS can help hoteliers deliver on these lofty expectations.

Mobility. Mobile functionality, both staff- and guest-facing, across all hotel operations and functions was of paramount importance even before the pandemic curtailed face-to-face interactions between hotel staff and guests. From mobile booking, room assignment, check-in and check-out and keyless entry for guests to mobile service management and communication applications for hotel management and staff, mobile platform capabilities enable a more responsive service model and improved operational performance. Having the ability to access information, including real-time performance data, and to communicate with the front desk and other departments via a smartphone or tablet, hotel staff can know when rooms are ready to be cleaned, when a service or maintenance request needs to be fulfilled, and so on. Progress can be tracked and any issues that arise can be readily identified. PMS access by employees moving around the property or working remotely via an easy-to-use, intuitive and responsive mobile interface serves to reduce guest wait times and minimize guest inconveniences while improving the overall quality of the guest experience.

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Chapter 1: Topic Overview

Technology and data integration. While some industry observers surmised not so long ago that the PMS might take a backseat to other platforms in a technology stack, this has not been proven to be the case. Instead, tightly integrated with a customer relationship management (CRM) solution, a central reservation system (CRS) and a revenue management system (RMS), the PMS has evolved into an all-encompassing, end-to-end system that can be customized to the needs of the hotel property or brand. With a next-generation system, hoteliers can configure any combination of modules and third-party apps as if they were LEGOs, with minimal hassle and seamless integration across applications. According to research conducted for this study, 93 percent of hoteliers “agree” or “strongly agree” that technology platform interoperability is a key success factor for hotel performance improvement. A fully-integrated PMS gives hoteliers a distinct advantage over competitors with legacy solutions and data silos. For starters, there are significant cost benefits associated with a PMS that enables “centralized shopping” of data through seamless interaction between the CRS and PMS and all other hotel solutions and modules. These benefits include reduction in losses related to errors in manual updates and delayed or lost room charge postings. Standalone solutions and data silos are the enemy of hoteliers who strive to streamline operations, which became a primary focus following the pandemic, and deliver a superior guest experience. Seamless integration between the CRS and the PMS should be top priority in order to support reservation delivery, modification, and cancellation, as well as new and modified prices, stay controls, and inventory synchronization. Similarly, if the hotel offers a restaurant or café, then those transactions need to be recorded in the PMS. Poor data integration can result in financial losses related to errors in manual updates and mistakes in POS consolidations at the front desk. Poor integration also prohibits the hotel from knowing how much money a guest spends with the property. CRM applications, sales and marketing systems, etc., all need to connect, interface and share data across the board.

Standalone solutions and data silos are the enemy of hoteliers who strive to streamline operations, which became a primary focus following the pandemic, and deliver a superior guest experience.



Chapter 1: Topic Overview

Rate distribution management. Many hoteliers, including major hotel brands, have invested heavily in recent years in efforts to limit the enormous influence of the leading OTAs and drive more direct bookings through their own website properties and distribution channels. They have not always been successful. While the OTAs will no doubt remain a necessary marketing and distribution partner, it seems likely that OTAs will not wield quite as much power as they did before the pandemic upended the industry. Still, as demand grows and occupancy eventually returns to pre-pandemic levels, hoteliers will need to maintain these partnerships in order to maximize success in securing guest bookings. That, in turn, means having technology capabilities in place that enable seamless distribution management. Hoteliers simply do not have the time and resources to manage multiple online channels manually any more than they have the time and resources to manage rates manually. In a dynamic market characterized by continuous fluctuations in inventory and prices, and, given the number of channels through which travelers can book inventory, automatic rate distribution is imperative. Fortunately, this feature is standard in a best-of-breed PMS, allowing hoteliers to focus on broadening their marketing and distribution reach without having to make any updates manually. The technology links the PMS, the central reservations system and the revenue management system into the OTAs and any other chosen marketing and booking channels the hotel uses to “get found” by potential guests searching for hotel accommodations. With this capability seamlessly integrated into the platform, information is instantly exchanged over a two-way connection between the hotel and the various online channels. Real-time rates, room availability and restrictions are automatically sent from the PMS to the online marketing and distribution channels, including the OTAs. When a guest room is booked via one of the third-party websites, the PMS is automatically updated to reflect the change in availability. Automatic rate distribution enables hoteliers to maximize room inventory while optimizing revenue (and mitigating the risk of overbooking, although that problem has lately been of less concern to most hoteliers).

In a dynamic market characterized by continuous fluctuations in inventory and prices, and, given the number of channels through which travelers can book inventory, automatic rate distribution is imperative.



Chapter 1: Topic Overview

Revenue management. The financial devastation wrought by the COVID-19 pandemic obliterated the normal fluctuations in demand for guest rooms and the normal functioning of a revenue management solution. An extended period of record-low occupancies has forced hoteliers to hit the “reset” button on their revenue management practices. The historical data upon which their forecasting models traditionally relied became a lot less relevant in the “new normal” while forward-looking data, including pre-booking data, which can point to early indications of demand, became a lot more relevant. During this period, hoteliers have had to reevaluate and re-prioritize their data inputs — and, also, migrate from using “static compsets” to using “dynamic compsets.” Fortunately, a next-generation PMS that captures and stores data related to everything from occupancy rates, ADR and booking pace to lengths of stay, booking channels and guest segments can also capture new sources of data, including “intent to travel” data that may be more suitable for forecasting in an uncertain market. Advanced revenue management solutions process increasingly large volumes of data, faster than ever before. Platform capabilities vary widely and come in a lot of different flavors in terms of how revenue management is handled. One flavor centers on a Best Available Rate (BAR) pricing strategy, which is a tiered rate structure that provides more flexibility over the traditional method of changing rack rates by date for each room type with additional follow-up required to make changes to other marketing programs. Other flavors automate pricing recommendations using more sophisticated and dynamic approaches to optimize RevPAR. Importantly, revenue management is never just about “heads in beds.” Nor, for that matter, is it just about rooms. Revenue streams such as conference hosting and recreational facilities usage — which, prior to the pandemic, typically accounted for one-quarter or more of a full-service hotel’s revenues — will need to factor into the equation with the return of large-scale group events. Whether in good times or bad, hotels will fail to achieve their full revenue potential without an integrated revenue management solution.

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Chapter 2

Buying Considerations and Evaluation Checklist



Chapter 2: Buying Considerations

All next-generation systems are mobile-enabled and offer platform delivery in the cloud, allowing for *anywhere, anytime* data and interface access. To that point, most PMS interfaces are intuitive and easy to use, with screens laid out in a logical and easy-to-understand format. Quick-feature icons help reduce the learning curve and speed workflow. In many instances, employees can be trained on a new system in as little as a few shifts. This is especially important as properties begin to see a steady increase in occupancy and a need to hire additional staff.

At the same time, not all systems are equally well-suited to the needs of all hoteliers. Different systems have different platform capabilities and competitive strengths, provide different user experiences and deliver different benefits, for both hotels and their guests, even resulting in different financial outcomes. Hoteliers need to do their due diligence before making a purchase decision, and that starts with knowing what factors to consider. Some factors are bound to carry more weight than others, depending on the hotelier's specific needs, situation (including category, size and star rating) and strategic priorities.

For starters, hoteliers would be well-advised to consider the extent to which the PMS would enable the property to streamline and automate its day-to-day operations, particularly those operations that are time- and labor-intensive. From facilitating housekeeping assignments and statusing to handling room block allocations, a next-generation PMS should be able to handle most of the heavy lifting. The extent to which the implementation of a new system would serve to enhance the quality of the guest experience — by integrating with guest-facing channels and touch points, for example, to facilitate more personalized guest experiences — may be more difficult to discern right off the bat but is nonetheless a consideration that should be investigated and understood as part of the evaluation process.

Different systems have different platform capabilities and competitive strengths, provide different user experiences and deliver different benefits, for both hotels and their guests.



Chapter 2: Buying Considerations

Ideally, a PMS should not only *handle* but also *automate* and *optimize* virtually all hotel operations, from complex reservation, group sales, staff scheduling and inventory management requirements to concierge, housekeeping, maintenance, function space and other facilities operations. The following are just a few considerations for hoteliers to keep in mind as they look to achieve this vision.

Reporting and analytics. Information is power. To make smart decisions and drive continuous performance improvement, hoteliers need access to a 360-degree view of their operations at all times. With an advanced PMS, built-in performance reporting and analytics tools are flexible and sophisticated, even mirroring robust business intelligence solutions. Hoteliers can monitor occupancy trends, guest spending, market position, channel profitability and countless other business drivers. They can gain insights that might improve the guest experience and identify opportunities to improve marketing, sales and service effectiveness. The best of today's PMS reporting and data analytics tools come with dozens of standard dashboards that should meet most hoteliers' day-to-day requirements and inform the decisions made in multiple departments and functions. Anyone at any technical skill level should be able to access large volumes of summarized data with sub-second response times and dynamic and high-impact reports.

Customer relationship management. A CRM solution allows hoteliers to capture guest behaviors and preferences that were previously handled in-person by hotel staff. Integrating CRM capabilities into the PMS and making the data available to all guest-facing touch points is imperative. A robust CRM should have multi-channel flexibility to incorporate all the various questions asked and requests put through on a guest messaging app as well as note all the types of transactions processed via contactless payment gateways. What people are buying, what they are asking about and what additional services they are demanding can all be used to formulate enticing offers beyond geographic and demographic targeting. With this kind of data at a hotelier's disposal, it becomes possible to anticipate service needs in advance of any inquiries to enhance the guest experience.

Transaction and interaction data from all sources, from retail and housekeeping to concierge and guest request systems, need to become part of the common data flow.



Chapter 2: Buying Considerations

Channel management. Rates and inventory information need to propagate accurately across all channels and touchpoints, including OTAs. Otherwise, the prices that are presented to travelers on some channels may be lower than desired or rooms presented on some channels as available may, in reality, be unavailable, and the property may be overbooked. Inputting room rate and availability changes manually can result in errors that damage the brand's reputation and at times can lead to revenue loss, which is nothing any hotelier right now can afford to risk.

Specialized modules. A golf pro shop management module with such features as tee time scheduling, profile/ billing and tournament management, allows a hotel to set up and maintain complete guest profiles and histories as they relate to golf activities, including financials, handicaps and records of purchases. A spa management module tracks guest histories, medical conditions, transaction logs and preferences. An advanced housekeeping module can assign cleaning services based on available staff and amount of work to calculate the most effective way to assign staff. A concierge module includes such features as request tracking, local vendor databases and inventory management tools. Specialized modules for valet, maintenance and other departments may also be important. Ensuring that the PMS has specialized modules built in or can accommodate add-on applications that manage specific hotel functions and facilities may be an important consideration.

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Booking Engine. An integrated booking engine gives hoteliers real-time direct website booking and customized control of rates and availability across online channels to maximize profitability. Guests and groups self-serve over the web, book amenities and activities and personalize their stay before they arrive at the property. The booking engine can boost reservations, reduce costs, and enhance guest loyalty. Guest-centric features offer guests options to personalize their stay with online booking of activities and amenities such as spa, dining, real-time online activity booking for theatre tickets, tee-times, loyalty signups and account access.

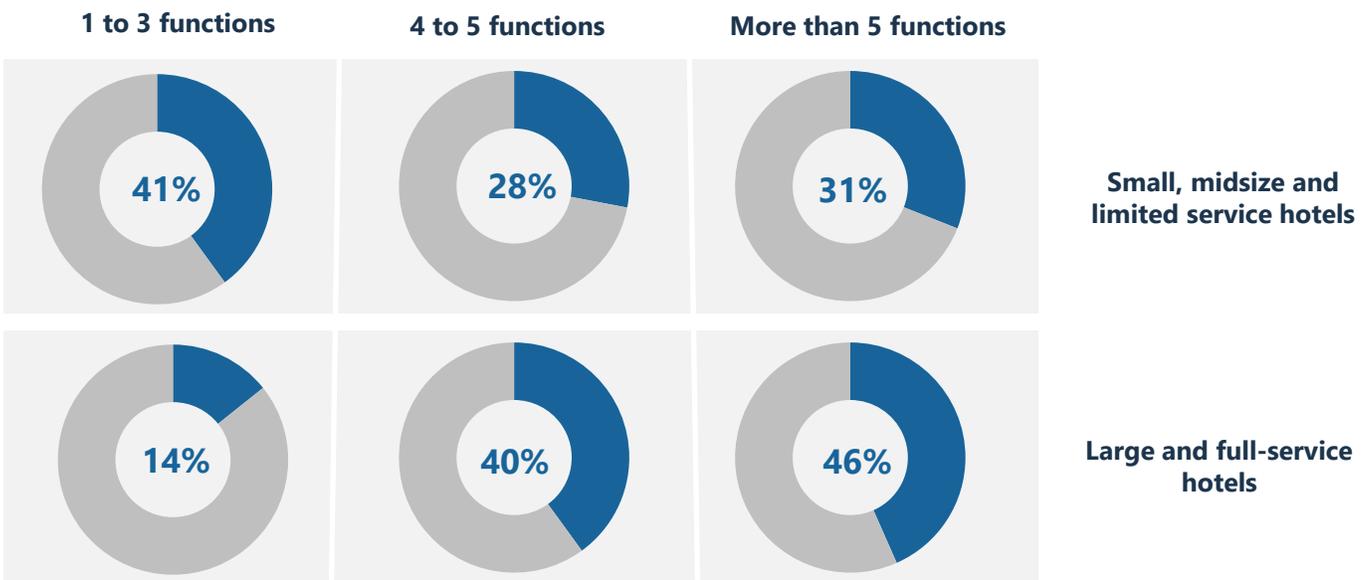


Chapter 2: Buying Considerations

Sales and catering. While the return of group events and large-scale gatherings, including business meetings and conferences, is a big question mark as of the publication date of this Smart Decision Guide, that day will come eventually. And when it does, hoteliers and event planners will want to do everything possible to minimize costs and maximize revenue. That starts with a solution, integrated directly into the PMS, that can facilitate fast and efficient execution of function space bookings and events. Group sales managers need to quickly view available inventory, price it and block it. Multi-property operations need to centrally manage function space inventory across all locations. Event planners need to drive operational efficiencies in planning and catering. Advanced group sales functionality maintains a tabulation of all venue spaces within and across properties, manages combinations of spaces, interacts seamlessly with event sales, and records and manages the booking of group guest rooms and allows delegates to make their reservations as part of the group. Hoteliers can access information about all groups across all properties. They can track expected event revenue, margins and final consumption based on customizable revenue types, leading to continuous performance improvement in group sales activities.

Research Data Point

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



Research findings are derived from the Q1 2020 survey on Hotel Property Management Systems.

Chapter 2: Evaluation Checklist

Hoteliers need to have the right technology foundation to streamline operations, optimize revenue performance and offer flawless guest services — or at least achieve some semblance of those goals against an ever-changing landscape, and even during a tumultuous period of unprecedented revenue loss. 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”).

Buying Consideration	Weighting	Vendor 1	Vendor 2	Vendor 3
1. Features and functionality				
a. Reservations / online bookings				
b. Registration and guest accounting				
c. Point of sale				
d. Guest Relationship Management				
e. Group sales / multi-property management				
f. Geographic / regional adaptability				
g. Marketing and sales enablement				
h. Data analysis and performance reporting				
i. Modules (golf, spa, housekeeping, etc.)				
j. Channel and revenue management				
k. Other feature(s) _____				
2. Technology interoperability/data integration				
3. Cloud hosting and mobile access				
4. Ease of use				
5. Flexibility / customization				
6. Training / support / reputation				
7. Expected costs and ROI				
Overall Rankings	N/A			



Chapter 3

Must-Ask Questions



Chapter 3: Must-Ask Questions

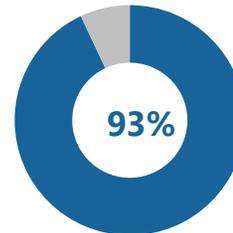
The COVID-19 pandemic has forced hoteliers to re-examine their fundamental strategies of business preparedness and technology investment. More than anything before it, the crisis has underscored the need to protect hotels from future existential threats.

When researching and evaluating a PMS, however, it probably makes no sense to ask technology solution providers: "Will this technology protect my hotel from future existential threats?" It does, however, make sense to ask questions that can provide assurance that the technology enables agility, as needed, to adapt to rapidly-changing market conditions and business environments.

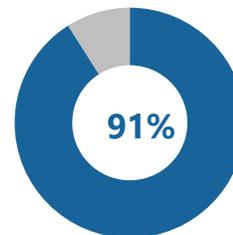
Asking the right questions of solution providers is key to putting hoteliers in a position to be able to better evaluate the different systems on the market and determine which one might best fit the needs of their property. The questions are bound to vary somewhat from one hotelier to another depending on the size and category of the property and whether, for example, function space is a significant part of their revenue mix.

Research Data Point

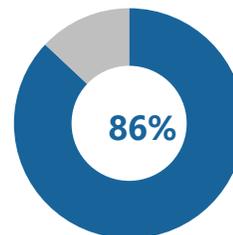
Percentages of hoteliers who view each of the following success factors as "important" or "very important."



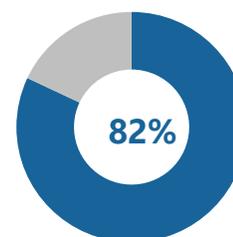
Integrate with different technologies to create a "command and control center" (with a 360-degree view of operations across the organization)



Use guest profile information to improve the overall guest experience and increase retention through loyalty and rewards programs



Generate analytical reports to reveal actionable insights that can help drive performance improvement



Drive increased efficiency and cost reduction across multiple hotel departments, operations and functions

Research findings are derived from the Q1 2020 survey on Hotel Property Management Systems.



Chapter 3: Must-Ask Questions

Large hotels may require a PMS that can integrate numerous applications across multiple outlets. Hotel chains may need a platform that allows them to share data from property to property for inventory management and performance analysis. Hoteliers should gain a clear understanding of their own requirements and weigh them accordingly (see the Evaluation Checklist in Chapter 2). The following are just a few questions that hoteliers may wish to explore with PMS solution providers.

Does the PMS allow for customization? Every property has a unique personality. A one-size-fits-all approach to technology is rarely a recipe for success. The PMS should allow for a certain degree of customization — including, for example, the ability to modify screen layouts or the way that printed folios and registration cards appear. Any solution under consideration should be sufficiently flexible and configurable to meet the needs of the property. These needs may include geographic and regional considerations, including multi-language screens and fiscalization and localization capabilities.

Any solution under consideration should be sufficiently flexible and customizable to meet the needs of the property.

What is involved in PMS deployment, staff training and support? Hoteliers should have the same high standards of service excellence from a solution provider that a guest would have of the hotel. That means knowing you can count on them for help with everything from implementation, including data migration and customization, to addressing day-to-day issues as they arise. That extends to ensuring that managers and other hotel staff get the training they need to master the new system quickly. More than three-quarters (78 percent) of hoteliers agree that user training ranks as a success factor in ensuring that a PMS is utilized effectively. Does the solution provider (or a certified subcontractor) offer training? Effective e-learning tools and other resources can shorten the learning curve. Also important is the software upgrade process, which should be worry-free. Hoteliers should get a clear sense for how upgrades are handled, how frequently they take place, and whether there is likely to be any service interruptions.



Chapter 3: Must-Ask Questions

Do the data analysis tools meet the needs of the hotel? According to the research conducted for this study, 87 percent of hoteliers rank the need to gain access to PMS data and business intelligence as “important” or “very important.” Does the solution use automated match-and-merge features to combine guest information, reducing inaccurate guest records and improving overall data quality? Will it enable them to manage guest profiles with greater efficiency and accuracy? Will it enable them to store and manage a single instance of a unique guest profile across all parts of the enterprise, regardless of where a guest may have stayed in the past, at what property or properties? Will it provide a real-time view of a guest’s past purchase behavior, their demonstrated preferences and any number of other details that may be pertinent in informing what specific offers, messages and treatments may resonate most effectively with — and be appreciated by — that individual guest? Most systems come equipped with a large number of standard dashboards that should meet most hoteliers’ day-to-day performance management requirements. Some reports are simple and straightforward. A good example is a housekeeping report, which should provide information related to the last cleaning date, occupancy and housekeeping statuses, and, for reserved and occupied rooms, information about guests such as reservation number, arrival date, departure date and time, and number of guests. This report should also list rooms selected by room type, building, availability, status, and type and within a range of rooms. Not all data queries can be anticipated in advance. Hoteliers may have special reporting needs on occasion, in which case they need to make sure that the PMS provides access to nonstandard data sets as well as customized dashboard settings. PMS capabilities should allow for ad-hoc queries that allow hoteliers to set new data parameters and generate custom reports and dashboards on the fly.

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Chapter 3: Must-Ask Questions

What is the solution provider's track record of success? Reputation and customer satisfaction are always important factors in a technology decision-making process. Nobody wants to purchase and implement a revenue management solution that falls short of expectations due to known shortcomings in stability, reliability or promised benefits. No input may be more important to the buying decision than that which can be gleaned from existing hotel customers, particularly properties with commonalities in terms of category, size, typography and existing technology infrastructure. A solution provider may be willing to provide one or more client references. And some clients, particularly those operating in noncompetitive markets, may be willing to share their experiences.

How easily does the PMS integrate with third-party technologies? In the pursuit of advancing their technology capabilities, hotels have tended to proliferate standalone platforms, function-specific modules and guest-facing apps. Seamless technology integration is key to optimizing hotel operations and improving the guest experience. If a significant portion of business comes through a central reservations system, seamless integration is required to support reservation delivery, modification, and cancellation, as well as new and modified prices, stay controls, and inventory synchronization. Similarly, poor POS integration can result in financial losses related to errors in manual updates and mistakes in POS consolidations at the front desk. Transaction and interaction data from all sources, from retail and housekeeping to concierge and guest request systems, need to become part of the common data flow. (As mentioned, using components from the same solution provider may enhance integration quality and multi-solution support and maintenance.) Other technologies that need to seamlessly integrate with the PMS may range from door lock and encoding systems for assigning room keys to telephony and call center management software. Ideally, a next-generation PMS should also integrate with guest loyalty management and rewards applications and the CRM solution, which enables marketing and sales teams to better target their campaigns.

No input may be more important to the buying decision than that which can be gleaned from existing hotel customers.



Chapter 3: Must-Ask Questions

What is the total cost of ownership? With most next-generation systems, data is stored in the cloud, eliminating the need for on-premise servers. 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. This may be an important consideration for smaller hotels with a limited budget. Cloud solutions are generally built to scale as the volume of business increases, so the costs are always in coordination with the size of the hotel's operations. 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.

What ROI can be expected? Making the business case for upgrading PMS capabilities means knowing the likely return on investment. To what extent will the new system reduce the time currently spent managing front desk activities, including check-ins and checkouts, and on other repetitive and 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 it likely to improve sales and revenue performance — 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 as well as through improved data analysis? Another key factor pertains to reduction in billing 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 IT maintenance and integration costs with third-party technologies.

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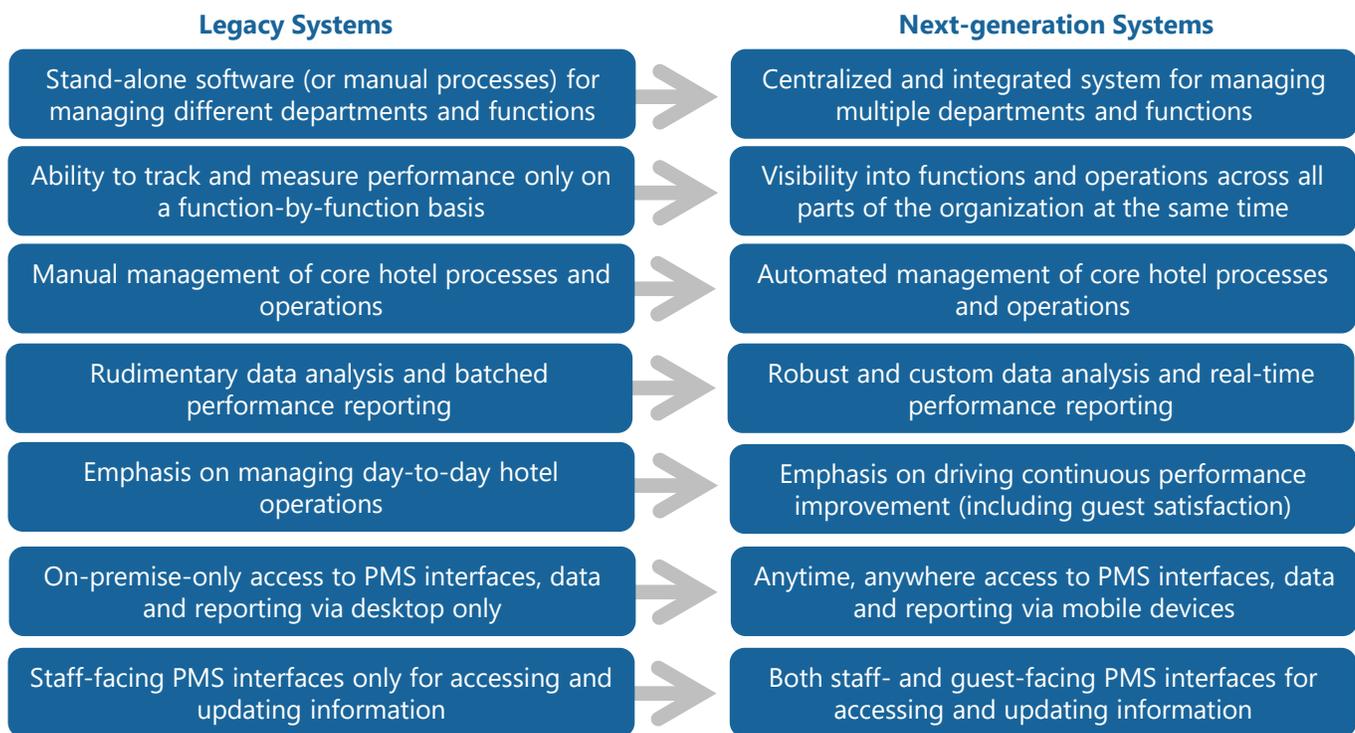
Chapter 4

Roadmap and Recommendations



Chapter 4: Roadmap

Hotel technology is in a perpetual state of transition. Moving past the confines of legacy infrastructure, hoteliers can now implement a cloud-based agile, customized, mobile, data-driven and personalized technology model that serves as the foundation for all hotel operations and can make a world of difference in terms of the guest experience management and financial outcomes. The Roadmap Diagram below offers a migration path for hoteliers to keep in mind along the journey toward 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. Utilizing the right business processes, organizational resources and performance metrics are also crucial pieces of the puzzle.



Chapter 4: Recommendations

The following are just a few recommendations to help steer PMS decision makers in the right direction.

Focus on guest personalization. Guest personalization is a function of capturing a vast ocean of guest profile information. All of the booking data, geo-demographic data, transaction data and behavioral data should reside in a centralized data repository. The repository should also include the complete folio history of charges incurred and payments made by an individual guest during a stay across all of the hotel group's properties. Every detail, from the food and drinks a guest orders to their usage of various hotel services and in-room amenities, to every interaction, transaction and documented experience that takes place between the guest and hotel can help paint a more robust portrait of the guest and better inform how a hotel can serve them best. The key is to be able to then act upon that guest data, serving up personally relevant and valuable communications, offers and services, at the right point in time in an automated fashion. To a large extent, this is the promise of a next-generation PMS.

Ensure automation of room and rate changes. Hotels need to customize the direct booking engine within the CRS, or channel manager with revenue decisions and to automate channel-specific offers via the call center and other channels. The CRS should integrate with OTAs specific to the market in which the hotel operates. Built-in mapping capabilities should make it possible to organize OTAs, which today serve as both booking engines and online shopping channels. Channel management integration ensures that room rates and inventory availability update quickly and accurately across all booking channels. Otherwise, prices presented on some channels may be lower than desired. Similarly, rooms presented as available may, in reality, be unavailable, in which case the property risks becoming overbooked. Manually inputting room and rate changes can result in errors that, ultimately, can damage the brand's reputation and result in revenue loss.

The key is to be able to act upon guest data, serving up personally relevant and valuable communications, offers and services, at the right point in time in an automated fashion.



Chapter 4: Recommendations

Focus on data analysis and business intelligence. Analytics tools should inform the decisions made in multiple departments and functions. As discussed, the insights gained from these tools can have far-reaching benefits, from improving marketing, sales and customer service effectiveness to generating competitive intelligence. Key revenue stakeholders should be able to monitor occupancy trends, guest demographics, market position, and channel profitability. Simply knowing what percentages of guests book their stays via travel agents, online travel agencies (OTAs), or the hotel website should have a direct impact on revenue management and marketing strategies. If, for example, it becomes clear a specific OTA is bringing in guests who stay longer at a higher ADR, then it may make sense to invest in improving the hotel's ranking on that site. Hoteliers need to understand relative channel performance at a granular level and place their bets accordingly. With the new breed of integrated tools tailored to meet the needs of the hoteliers, they can. In fact, 93 percent of hoteliers agree these tools are, or would be, either "effective" or "very effective" in helping them manage and optimize their market and channel mix, resulting in significantly increased hotel revenue and profitability for the same amount of marketing spend.

Focus on building a revenue management strategy and culture. A revenue management strategy is a blueprint for improving financial performance over a specific period of time. It should incorporate all of the revenue streams from across all parts of the hotel as well as all of the revenue drivers, from the sales department to the online distribution channels. The strategy should be built upon a solid foundation of revenue goals using targeted RevPAR, GOPPAR (gross operating profit per available room) and other relevant metrics for tracking progress. It should include a timeline with key milestones and spell out the tactics for achieving success. The strategy should be as specific as possible, detailing, for example, how the property approaches pricing, helping to create cognitive alignment amongst all employees regarding the value of revenue management.

The insights gained from these tools can have far-reaching benefits, from improving marketing, sales and customer service effectiveness to generating competitive intelligence.



Chapter 5

Inside Voices and Outside Voices



Chapter 5: Inside Voices

Hoteliers with first-hand experience with next-generation hotel property management systems often have a lot to say about the topic. Following are a few perspectives that first appeared in *Hotel Technology News*, a Starfleet Media publication and the hospitality industry's premier source of information and insights related to technology innovation at the world's leading hotels and resorts.

What will happen over the next six to twelve months is still unclear. It is still a turbulent time, and we are seeing a renaissance in the purpose of hotels. But one thing is for certain: technology is propelling us into the future.

Christopher Horn, vice president
of operations, SIXTY Hotels

The [pandemic] has accelerated a lot of the technology investments we were considering, and the slower business gave us the opportunity to implement them. Rolling out mobile check in alongside hand sanitizer stations and minimizing the unessential items available in a room goes a long way toward improving efficiency and guest confidence.

Jamie Simchik, owner,
The Hotel Concord

Hotel Zetta is one of 14 hotels in the Viceroy management portfolio to pilot a new mobile check in and mobile key program. As a relatively small hotel, pre-COVID it didn't make sense for us to make the investment; post-COVID, those contactless technologies will be transformative and quickly help in attracting more guests. We are also looking at QR code technology for room service and restaurants. Rather than requiring guests to touch physical menus, they can take a picture of the web based QR code that will upload the specific menu they wish to view. Orders can then be placed directly from guests' smartphones, so they don't have to touch menus that someone else just used. They can even pay the bill with a digital wallet or payment app. So, while COVID is forcing our hand, it's also pushing us — as operators and an industry — to be better ambassadors of hospitality.

Mark Beevor, General Manager,
Hotel Zetta



Chapter 5: Outside Voices

Following are a few additional perspectives from industry observers with insights into next-generation hospitality solutions. These perspectives also first appeared in *Hotel Technology News*, a Starfleet Media publication and the hospitality industry's premier source of information and insights related to technology innovation at the world's leading hotels and resorts.

Part of my job as an asset management consultant for hotel properties is to evaluate technology vendors to then decide which will have a meaningful impact on back-of-house operations and the front-of-use guest experience. Needless to say, Covid has amplified the need for connected management software to the nth degree.

Larry Mogelonsky, Principal of
Hotel Mogel Consulting Limited

Any time you have travelers checking into 4,000 hotel rooms, there will be friction points, especially in the arrival experience where long lines are prevalent. It is here where investment in contactless technologies will streamline guest service, drive satisfaction, boost traveler confidence, and distance workers from visitors to keep them safe. While technology should never replace service, in today's new world, it is proving to be essential and in high demand.

Shannon McCallum, Chairman of the
Nevada Hotel and Lodging Foundation

Guests today expect innovative ideas, unique experiences, and personalized interactions across every aspect of their journey. They see and experience your hotel through the lens of their own ecosystem (online and offline) that is substantiated by their lives, their unique needs and preferences, and their social network. It is the responsibility of hoteliers to leverage technology and data in a way that allows them to pull back the curtain on those ecosystems and meet guest expectations head-on.

Alan E. Young, Co-Founder,
Puzzle Partner



Chapter 6

Research Notes and Underwriters



Appendix: Research Notes

In Q1 2020, Starfleet Research conducted an online survey, consisting of both multiple choice and open text questions, to capture the perspectives of industry practitioners with first-hand 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 312 qualified survey respondents who participated. (Additional survey questions were asked in Q3 2020, with 167 qualified respondents.)

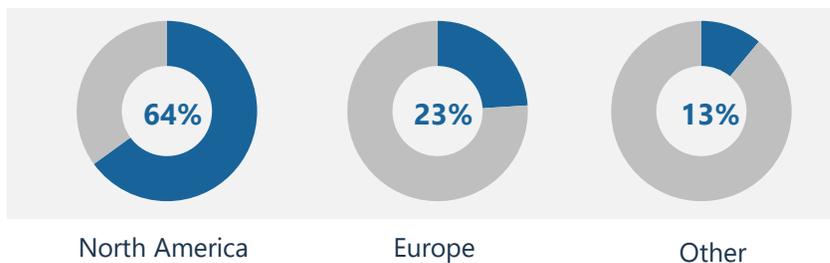
Job level / role of survey respondents



Size / category of survey respondents' hotel (or other lodging property) employers



Geographic location of survey respondents



Appendix: Underwriter

ORACLE Hospitality

Oracle Hospitality brings more than 40 years of experience in providing technology solutions to independent hoteliers, global and regional chains, gaming, and cruise lines. Our hardware, software, and services enable customers to act on rich data insights that deliver personalized guest experiences, maximize profitability and encourage loyalty. Cloud-based, mobile-enabled, with open APIs, Oracle's OPERA Cloud property management and distribution, Symphony point-of-sale, and reporting and analytics solutions accelerate innovation, lower IT cost and maximize operating efficiency. Our Hospitality Resource Center features an array of information to navigate challenges and seize opportunities in an altered marketplace.

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